

MPC ENERGY SOLUTIONS N.V.

|→ 2021

FINANCIAL REPORT Q1



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MPC ENERGY SOLUTIONS N.V.

MPCES in Brief

MPC Energy Solutions N.V. (“MPC Energy Solutions” or the “Company”, together with its subsidiaries the “Group”) was founded on 4 June 2020 as a Dutch public limited liability company incorporated under the laws of the Netherlands and governed by Dutch law. The Company is registered with the Dutch company register under the organisation number 78205123 and its registered office is at Strawinskylaan 1547 Tower C, 1077 XX, Amsterdam, the Netherlands. The shares of the Company have been listed on the Euronext Growth segment of the Oslo Stock Exchange under the ticker “MPCES” since 22 January 2021. As of 31 March 2021, the Company’s share capital is USD 2,728,700 comprised of 22,250,000 shares with a nominal value of EUR 0.10 per share. The Group’s consolidated financial statements include the financial reports of the Company and its subsidiaries.

The principal activity of the Group is to act as an integrated independent power producer (IPP) focused on renewable energy and energy efficiency projects. MPC Energy Solutions will develop, operate and own clean energy assets including utility-scale solar PV and wind farms, energy storage, co-generation as well as other infrastructure that helps reduce energy consumption and carbon emissions, supporting the transition towards a net zero-emission future.

The Company will operate its projects globally with an initial focus on Latin America including the Caribbean as its launch region and with an opportunistic approach to replicate the business model in other regions, e.g. Asia-Pacific.



Solar PV



Wind power



Hybrid



Energy Efficiency

Letter from the Management Board

Dear Shareholders,

The first quarter of 2021 marked the operational launch of our Company. We have already made tremendous progress developing our projects and growing our pipeline through exclusive access to several projects throughout our initial target investment region, namely Latin America and the Caribbean.

We expect to close acquisitions of first assets and begin construction for some of our solar PV plants over the next few months. As several projects quickly approach greater maturity, we are further expanding our local resources and corporate structure along with the anticipated growth, focusing on a lean and high-quality setup.

The global pandemic was and is still a big challenge, and we undertake every possible effort to protect the health and safety of our employees. Latin America and the Caribbean, among many other regions, have been severely affected by COVID-19. We have nonetheless managed to stick to our time schedules so far, thanks to the great effort of our employees and local partners.

MPC Energy Solutions is in the early stages of its way to becoming a global, independent power producer with a strong base of sustainable energy assets. We will develop and build a diversified portfolio of low-carbon infrastructure in the years to come. And we sincerely thank you for your trust and support since our IPO in January, and hope we continue to build on it in the upcoming years.

Sincerely,



Martin Vogt

Chief Executive Officer



Stefan H.A. Meichsner

Chief Financial Officer

Management Board's Report

FIRST QUARTER 2021 HIGHLIGHTS

- + The Company successfully closed a private placement and subsequent listing of its shares.
- + Revenues in Q1 2021 were still zero due to the early development stage of the Company.
- + Net loss for Q1 2021 was USD 0.36 million.
- + In Q1 2021, the Group secured exclusivity for a number of attractive projects in our focus region.

MAJOR EVENTS Q1 2021

Private placement on Euronext growth in Oslo

On 11 January 2021, we completed a private placement and raised equity from institutional and retail investors. The private placement included 2,250,000 shares at an issuing price of NOK 38.50 and resulted in gross proceeds of USD 90 million. Demand for the stock was high, and the placement was multiple times oversubscribed. On 22 January 2021, our shares were listed on the Euronext Growth segment of the Oslo Stock Exchange and are since then traded under the ticker symbol MPCES.

The raised funds will be used to develop, build and operate renewable energy, co-generation and energy efficiency projects in Latin America and the Caribbean, with later expansion in regions with similar market characteristics (e.g. Asia and Australia).



“THE CARIBBEAN BASIN IS A VERY SPECIAL REGION AND BRINGING RENEWABLE ENERGIES TO THESE HEAVILY FOSSIL FUEL DEPENDENT COUNTRIES IS A BIG STEP TO SECURING A CLEANER ENVIRONMENT FOR FUTURE GENERATIONS.”



Partnership with Enernet Global

MPC Energy Solutions entered into a strategic partnership and asset development agreement with Enernet Global Inc., a US-based distributed energy service company that develops micro-grid projects in Latin America, Australia, Africa and Asia. In the process, we took a minority shareholding in Enernet Global and secured exclusive rights to acquire projects from Enernet Global prior to operation. In February 2021, we exercised our call option to purchase additional shares in Enernet Global, growing our stake to 8.21%.

This partnership gives us access to the distributed generation segment utilizing a broad range of technologies including solar PV, wind power, battery storage, mini-hydro, and/or combined heat and power technologies to establish the optimal energy solution with clients (off-takers) from the corporate and utility sector. This strategic partnership shall support the quick growth of our operational asset base.

Growing project pipeline and exclusivity for new projects

In the first quarter of 2021, we were able to continue the growth of our project pipeline. In early March, we gained exclusivity for a series of new projects in the region incl. Colombia (solar PV), the Eastern Caribbean (energy efficiency), Panama (wind) and Mexico (solar PV). The total installed capacity can be expanded to as much as 190 MW over the next two years. With the addition of these assets, the pipeline of exclusively secured projects increases to about 300 MW, including the initial IPO pipeline of 136 MW. This is in addition to the already owned development portfolio of 334 MW solar PV projects in Colombia, El Salvador and Jamaica.

At the end of April 2021, we signed our first power purchase agreement (PPA) for Parque Solar Los Girasoles, a solar PV project in final stage of development in Colombia. The agreement has been secured through a private renewable energy auction of Grupo Renovatio, a leading Colombian energy trading firm and electricity supplier, and is the first of a series of collaborations that MPC Energy Solutions is discussing in Colombia. The COP-denominated agreement includes the delivery of around 23 GWh a year over a 12 year period starting in Q2 2022.

Parque Solar Los Girasoles is located in the region of Norte de Santander, in a privileged radiation zone with nearby urban centres and transportation infrastructure, which ensures excellent conditions for construction and operation stages. Construction of the solar park is expected to start in Q3 2021, with energy production expected to start in Q2 2022. The project is part of our 240 MWp solar portfolio, with five solar PV plants across three different regions within Colombia. Parque Los Girasoles has a nominal capacity of 12 MWp and will avoid close to 100,000 tons of CO2 emissions during the asset lifetime, considering the country's CO2 emission factor.

We also continued the development of our projects in El Salvador and Jamaica that combine a total capacity of approximately 90 MW. In El Salvador, the completion of the remaining development milestones is well on track and we expect to commence the construction of the solar PV plant in the third quarter of this year with commissioning expected for the first quarter of 2022.

All of these activities helped us further expand and diversify our project and investment pipeline regarding country focus and technology, thus enabling us to adequately manage country-, project- and counterparty risks.

FIRST QUARTER 2021 RESULTS

Income Statement

In the first quarter of 2021, the Group's projects were still in the development stage and no revenue was generated from the sale of electricity yet. Personnel expenses, depreciation and other operating expenses between January and March amounted to an operating loss (EBIT) of USD 0.35 million (USD 0.87 million for the seven months ended 31 December 2020), underlying that the Company was still in the early stages of its operation.



Financial Position

The Group's total assets amounted to USD 86.3 million as of 31 March 2021 (USD 1.3 million as at 31 December 2020). Non-current assets in the amount of USD 3.5 million mainly comprise of a strategic minority participation in Enernet Global and capitalized development costs as well as right-of-use assets. Current assets consisted mainly of cash and cash equivalent in the amount of USD 82.7 million (USD 0.4 million as at 31 December 2020).

Following the private placement and listing of new shares in January 2021, the Company repaid its shareholder loan and intercompany payables to achieve an independent financing structure. The Group's total equity was USD 85.8 million as of 31 March 2021 (negative equity of USD 0.5 million as at 31 December 2020). Current liabilities amounted to USD 0.5 million (USD 1.9 million as at 31 December 2020) and mainly comprise payables to MPC Capital and other related parties of USD 0.3 million. Following the equity raise in January 2021, the Group is well capitalized in order to execute on the existing project pipeline.

Cash Flow

During the first quarter of 2021, the Group generated a negative cash flow from operating activities of USD 0.95 million (USD 0.1 million for the seven months ended 31 December 2020). The cash flow absorbed by investing activities was USD 2.6 million (USD 0.8 million for the seven months ended 31 December 2020) and mainly related to an additional investment into the strategic partnership with Enernet Global of USD 2.5 million and investments into further project developments of USD 0.1 million. The positive cash flow from financing activities of USD 85.9 million (USD 1.1 million for the seven months ended 31 December 2020) mostly reflects the net proceeds of the private placement completed in January 2021.

Cash and cash equivalents are USD 82.7 million as of 31 March 2021 compared to USD 0.4 million as at 31 December 2020.

OUTLOOK

Renewable energies were the only energy source for which demand increased in 2020 despite the pandemic, while consumption of all other fuels declined¹. The strong growth trend in the renewable energy market is expected to continue in the current year driven by an increasing energy demand and stricter emission reduction targets in more and more countries. The exceptional level of renewable energy capacity additions is expected to be maintained, with 270 GW becoming operational in 2021 and 280 GW in 2022, accounting for 90% of total global power capacity increases in both 2021 and 2022².

MPC Energy Solutions is well connected and staying close to market developments in Latin American and the Caribbean region and is well-positioned to address the clean energy market opportunity.

RISK FACTORS AND FORWARD-LOOKING STATEMENTS

The Company is exposed to a variety of risks. It is considered practically impossible to systematically and sustainably generate risk-free profit. Risks are part and parcel of every company's business activities, and dealing with these risks is among the most important entrepreneurial duties.

The Management Board aims to ensure that the Company has sound internal controls and systems for risk management that are appropriate in relation to the extent and nature of the Company's objectives and activities. For a summary of the Company's risk categories, please refer to the corresponding section of the Company's Annual Report 2020. The risk position of the Company has not changed substantially after 31 December 2020.

Forward-looking statements presented in this interim report are based on various assumptions. The assumptions are subject to uncertainties and contingencies that are difficult or impossible to predict. MPC Energy Solutions cannot give assurances that expectations regarding the outlook will be achieved or accomplished.



¹ IEA Renewable Renewable Energy Market Update 2021

² Ibid

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CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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1. Consolidated Interim Statement of Financial Position

(before appropriation of results)

Assets, Equity and Liabilities	Notes	31/03/2021 (unaudited) USD	31/12/2020 (audited) USD
A. Assets		86,293,200	1,307,503
I. Non-current Assets		3,458,034	842,919
1. Property plant and equipment		440,396	316,634
2. Right-of-use assets		17,638	26,285
3. Financial fixed assets	1	3,000,000	500,000
II. Current assets		82,835,166	464,584
1. Trade and other receivables		117,993	53,102
2. Cash and cash equivalents		82,717,173	411,482
B. Equity and Liabilities		86,293,200	1,307,503
I. Equity		85,785,463	-546,655
1. Shareholder's equity		85,784,713	-547,405
2. Non-controlling interest		750	750
II. Current Liabilities		507,737	1,854,158
1. Trade and other payables		179,016	146,527
2. Payables to group companies		292,557	1,056,224
3. Payables to other related parties		0	539,740
4. Taxes and other social securities		0	3,773
5. Accruals and deferred income		36,164	107,894

2. Consolidated Interim Income Statement

	Q1 2021 (unaudited) USD	04/06/2020 - 31/12/2020 (audited) USD
Employee expenses	-48,074	-48,079
Depreciation	-270	-501
Other operating expenses	-305,297	-821,793
Operating result (EBIT)	-353,641	-870,373
Finance income	7,185	14,158
Finance costs	-18,233	-20,660
Profit/Loss before income tax (EBT)	-364,689	-876,815
Income tax expenses	0	0
Profit/Loss for the period	-364,689	-876,815
Attributable to:		
Equity holders of the Company	-364,689	-876,801
Non-controlling interest	0	-14
Basic earnings per share – in USD	-0.016	-0.67
Diluted earnings per share – in USD	-0.016	-0.67

3. Consolidated Interim Statement of Comprehensive Income

	Q1 2021 (unaudited) USD	04/06/2020 - 31/12/2020 (audited) USD
Profit/loss for the period	-364,689	-876,815
Items that may be subsequently transferred to profit or loss		
Foreign currency effects, net of taxes	13,276	35,126
Items that will not be subsequently transferred to profit or loss	0	0
Other comprehensive profit/loss, net of taxes	0	0
Total comprehensive profit/loss	-351,413	-841,689
Attributable to:		
Equity holders of the Company	-351,413	-841,675
Non-controlling interest	0	-14

4. Consolidated Interim Statement of Changes in Equity

	Share capital USD	Other capital reserves USD	Legal reserves USD	Retained losses USD	Total equity attributable to the equity holders of the Company USD	Non-controlling interest USD	Total equity USD
Equity as at 1 January 2021	274,500	19,770	35,126	-876,801	-547,405	750	-546,655
Capital increase	2,454,200	84,229,331	0	0	86,683,531	0	86,683,531
Exchange rate results	0	0	13,276	0	13,276	0	13,276
Result of the period	0	0	0	-364,689	-364,689	0	-364,689
Equity as at 31 March 2021	2,728,700	84,249,101	48,402	-1,241,490	85,784,713	750	85,785,463

	Share capital USD	Other capital reserves USD	Legal reserves USD	Retained losses USD	Total equity attributable to the equity holders of the Company USD	Non-controlling interest USD	Total equity USD
Equity as at 4 June 2020	54,900	0	0	0	54,900	0	54,900
Capital increase	219,600	0	0	0	219,600	754	220,354
Exchange rate results	0	-9,450	35,126	0	25,676	0	25,676
Capital increase asset acquisition	0	29,220	0	0	29,220	10	29,230
Result of the period	0	0	0	-876,801	-876,801	-14	-876,815
Equity as at 31 December 2020	274,500	19,770	35,126	-876,801	-547,405	750	-546,655

5. Consolidated Interim Statement of Cash Flows

	Q1 2021 (unaudited) USD	04/06/2020 - 31/12/2020 (audited) USD
Operating activities		
Profit/Loss before income tax	-364,689	-876,815
Depreciation	270	501
Adjustments in working capital:		
- Net change in current assets	-64,891	-53,102
- Net change in current liabilities	-523,819	1,049,446
Finance income	-7,185	-14,158
Finance costs	18,233	20,600
Interest received	7,185	0
Interest paid	-18,233	-4,266
Income tax paid	0	0
Net cash flow from / (used in) operating activities	-953,129	122,206
Investing activities		
Investments in property, plant and equipment	-124,315	-317,135
Exchange rate results	283	0
(Dis) investments in rights of use assets	8,647	-26,285
Investment in financial fixed assets	-2,500,000	-500,000
Net cash flow from / (used in) investing activities	-2,615,385	-843,420
Financing activities		
Proceeds from share issuance	2,454,200	265,050
Capital increase share premium	84,242,607	64,346
Loan from related party	-822,602	803,300
Net cash flow from / (used in) financing activities	85,874,205	1,132,696
Net change in cash and cash equivalents	82,305,691	411,482
Cash and cash equivalents at beginning of period	411,482	0
Cash and cash equivalents at the end of period	82,717,173	411,482

6. Notes to the Consolidated Interim Financial Statements

GENERAL

Company profile

As an integrated independent power producer, the principal activities of the Company and its subsidiaries are to develop, construct and operate sustainable energy projects, including solar and wind assets, and other hybrid and energy efficiency solutions.

The registered and actual address of MPC Energy Solutions N.V. is Strawinskylaan 1547, in Amsterdam and is registered at the chamber of commerce under number 78205123. The Company was incorporated on 4 June 2020.

Going concern

The unaudited interim financial statements are based on the going concern assumption.

Segment information

As of the date of the financial statements, the Group is organized in one operating segment, i.e. development of solar PV projects.

As of 31 March 2021, the Group is active in the Caribbean and Latin America as its launch region and going forward it is expected that the Group will expand its business globally.

The Group is in the ramp-up phase of its business with no operational assets as of 31 March 2021. Therefore, at this stage, the Group has not generated revenues and has no major customers yet.

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE UNAUDITED INTERIM FINANCIAL STATEMENTS

The unaudited interim financial statements for the period ended 31 March 2021 are prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”) and as adopted by the European Union (“EU”). The statements have not been subject to audit. The statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements as at 31 December 2020.

The consolidated financial statements have been prepared on a historical cost basis, except otherwise stated.

The consolidated financial statements are presented in US Dollars (USD). All financial information presented in USD has been rounded to the nearest USD, except where otherwise indicated.

Only standards and interpretations that are applicable to the Group have been included and the Group reviews the impact of these changes in its financial statements. The Group will adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued.

The accounting policies adopted in the preparation of the condensed consolidated interim financial reporting are consistent with those applied in the preparation of the Group's consolidated financial statements for the period ended 31 December 2020. There are no new standards effective as at 1 January 2021 with a significant impact on the Group.

7.

Notes to the Consolidated Interim Statement of Financial Position

1. FINANCIAL FIXED ASSETS

	31/03/2021 (unaudited) USD	31/12/2020 (audited) USD
Investment in equity instruments	3,000,000	500,000
Investment in equity instruments		
Enernet Global Inc. Delaware, USA	3,000,000	500,000

The Company has made a financial investment in Enernet Global, a distributed energy service company that develops microgrid projects in Latin America, Africa, Australia and Asia. In addition, the Company and Enernet Global have agreed on a strategic partnership with a focus on asset development.

On 28 January 2021, the Company made use of its option to increase its participation in Enernet Global by an amount of USD 2.5 million.

2. GROUP EQUITY

Shareholder's equity

The Company was incorporated by MPC Capital Beteiligungsgesellschaft mbH & Co. KG, a limited partnership incorporated and domiciled in Germany, with registered address at Palmaille 67, 22767 Hamburg, Germany and German commercial registry number HRA 121346, on 4 June 2020 with EUR 45,000 in issued share capital (45,000 shares outstanding each with a par value of EUR 1.00) and authorized share capital of EUR 180,000.

On 3 September 2020, the Company reduced the nominal value per share from EUR 1.00 to EUR 0.10 and issued 1,800,000 new shares to MPC Capital Beteiligungsgesellschaft mbH & Co. KG against cash consideration.

As of 31 December 2020, the sole shareholder of the Company is MPC Capital Beteiligungsgesellschaft mbH & Co. KG. The total number of outstanding shares was 2,250,000 at par value was EUR 0.1 per share as of 31 December 2020.

On 7 January 2021, the Company closed an equity private placement of 20,000,000 new shares at a nominal value of EUR 0.10 and a subscription price of NOK 38.50 per share in an equity private placement, resulting in gross proceeds of USD 90 million (approx. EUR 75 million). Following the corresponding share capital increase completed on 19 January 2021, the Company has a share capital of EUR 2,225,000 (USD 2,728,700) divided into 22,250,000 shares, each with a nominal value of EUR 0.10.

On 19 January 2021, the Company entered into a warrant agreement with MPC Capital Beteiligungsgesellschaft mbH & Co. KG: MPC Capital Beteiligungsgesellschaft mbH & Co. KG has been given the right, but not the obligation, to acquire shares in the amount equal to 10% of all shares issued in the pre-listing placement, each at an exercise price which starts at NOK 38.50 per share and which increases by 8% over five tranches. The subscription rights may not be exercised later than eight (8) years after the first Euronext Growth Oslo listing date.

On 22 January 2021, the shares of the Company were listed on the Euronext Growth segment of the Oslo stock exchange.

8. Other Notes to the Consolidated Interim Accounts

Commitments

The Group has the following off-balance sheet commitments as at 31 March 2021:

The share purchase agreement with the sellers of Bonilla Zelaya Ingenieros Constructores, S.A. contains provisions regarding performance-based purchase price payments depending on certain milestone events in the development and operational phase of the solar PV project. Depending on the commercial success of the project, such performance-based purchase price payments may accumulate to a maximum total amount of USD 7.5 million over a period of 20 years (i.e. the operational phase of the asset after successful development and construction).

On 10 March 2021, the Company entered into a land lease agreement for the purpose of developing a 72.5 MWp solar PV project in Jamaica. Under the agreement, the Company leases approx. 220 acres of land for a term of at least 25 years. Given that the project is in the development phase, the lease agreement contains termination options so that the fixed commitment amounts to approx. USD 20,000.

Post balance sheet events

On 21 April 2021, a subsidiary of the Company signed a 12-year power purchase agreement for Parque Solar Los Girasoles, a 9.5 MW solar PV project under development in Colombia.

