



MPC Energy Solutions

H1 2023 Webcast

Monday, 31st July 2023

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MAKING CLEAN ENERGY HAPPEN

Heike Hülle (Company Secretary, MPC Energy Solutions)

WELCOME

Good morning to all and welcome to the first half 2023 webcast of MPC Energy Solutions. I have the pleasure of guiding you through the presentation and the Q&A later on. So this morning at 07.00 MPC Energy Solutions published its financial statements for the six months ended 30th June 2023. We would therefore like to take the opportunity to walk you through some of the highlights of the financial statements and share some insights into project updates of the last few weeks with you.

After our presentation we will, as usual, hold a Q&A session and we'd be happy, of course, to answer any questions that you might have. You can send in your questions via the text function in the webcast at any time during the presentation and we will answer them at the end. Just to let you know, the webcast is being recorded and will be published later, together with a transcript, which you can then find on our website.

FORWARD-LOOKING STATEMENTS

Before we get started, let me just remind everyone that certain statements made on this call, including financial estimates and comments about our plans, expectations, beliefs or business prospects and other statements that are not historical in nature, may constitute forward-looking statements under the securities laws. We make these statements on the basis of our views and assumptions regarding future events and business performance at the time we make them, and we do not undertake any obligation to update these statements in the future. Forward-looking statements are subject to a number of risks and uncertainties, and actual results may differ materially from the results expressed or implied in light of a variety of factors, including factors contained in our financial statements, filings and other releases.

Okay, so I would like to hand over now to Stefan Meichsner, the CFO of MPC Energy Solutions. Good morning, Stefan.

REVIEW H1 2023

Stefan H.A. Meichsner (Chief Financial Officer, MPC Energy Solutions)

MILESTONES IN H1

New projects in operation

Good morning, Heike, and good morning everyone else on the call. The first half of 2023 marked significant milestones for our young company. On the one hand, we increased our installed operating capacity by 37 MW to 53 MW after connecting three more projects to the respective power grids. These projects were, for example, Santa Rosa & Villa Sol in El Salvador, a 21-MW solar PV plant that we own 100%.

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The project was taken from greenfield development all the way through operation by MPC Energy Solutions, making it the first project that fully underlines our business model and our ambition to be a full-cycle IPP that covers greenfield development, construction and long-term operation of renewable assets throughout Latin America and the Caribbean. This is equally true for another solar PV plant called Los Girasoles in Colombia, also a project that we took from greenfield development all the way through construction and that was connected to the power grid in Colombia in late Q2 of this year.

New development activities

In addition, we continue to strongly focus on expanding our development backlog and maturing the projects that we have in the pipeline. In the first quarter, we entered the market in Guatemala by signing a long-term power purchase agreement with the IMSA Group, one of the true cornerstone companies in the region. A 65 MW solar PV plant is currently under development to serve this contract and we believe that we can start construction by the first quarter of 2024. A second project in Guatemala is also underway, but our team did not stop there. We signed a co-development agreement in Panama and intend to start developing 50 MW at least over the next few years. And in El Salvador, one of the core markets that we have now good experience with from our Santa Rosa & Villa Sol project, our own team has started development on at least 60 MW. And land securement is underway. In my view, development will continue to be a focus of our business activities as this is where we can create substantial shareholder value and eliminate risks within our pipeline.

H1 FINANCIAL REVIEW

Significant increase following expansion of operational portfolio – proportionate values

It was, as I said before, a half-year with significant progress for MPC Energy Solutions and this is also reflected in the financial numbers. Energy output is up significantly, nearly tripling the number that we reported one year ago, and we are well on track, only two and a half years after our IPO, to produce more than 100 GWh in energy in 2023. Consequently, both revenues and project EBITDA are also up. With \$4.1 million in revenues reported, we're in an excellent position to achieve our goal of \$10 million in revenues that we previously shared with you and the market.

Trading losses incurred in Colombia are now contained since the project Los Girasoles, as I highlighted earlier, is now connected to the grid. And with the strong equity position and the free cash of \$11 million, we remain flexible and in an excellent position. And I'm very excited to look forward to the second half of this year where the seasonal patterns of the core technology in our portfolio, solar PV, will certainly help us achieve the goals that we set.

This concludes my prepared remarks for this morning. I'm happy to answer any questions that you might have and hand the call back to my colleague, Heike. Thank you very much for your attention.

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Q&A

Heike Hülle: Thank you very much Stefan. So everybody, this was a short webcast this morning. Let me just remind you that you now have the opportunity to send in any questions that you might have, just by typing in the question into the chat function. And I can see the first question that came in already, Stefan. The first question that came in is whether there are actually any plans to take the company private in order to ensure the funding of the backlog and overheads for the portfolio going forward.

Stefan Meichsner: Thank you for that question. I'm not aware of any plans to take the company private. I think that would be a premature move. We still have plenty of options to finance expansion and the remark about overheads being too high, we have addressed this before, is a short-term phenomenon. As our asset base grows and as cash flows from projects grow, the cost digression, the scalability will impact the picture that we have today. And I have no doubt that with the pipeline that we have and the funding resources that we have and can generate, either internally or from different external sources, and there's more than equity out there in the market, we will be able to move past this point and become self-sufficient fairly shortly.

Heike Hülle: Okay. Then there is another question that just came in. Which country do you think will have the brightest prospect for the company going forward in your region of operation?

Stefan Meichsner: I think that there are several that are very, very promising and that we see a lot of activity, especially after entering the market. Guatemala is a market where we can certainly develop more than 100 MW over the next two years and 65 MW are already underway. Panama has already – always been a promising market and we now see projects with longer-term PPAs and bankable off-takers that we can enter. In El Salvador we've made good experience – not only us but also the MPC Group in the past – so that I believe Central America as a whole will remain a key focus for us, especially since additional projects in Mexico, at least for the foreseeable future, and an expansion in the Colombian portfolio is not necessary at this time because we see better, high-return projects elsewhere. In the Caribbean, the core focus for us will of course be our Jamaican project, Acacia, which we are getting ready for tender. It's a 90 MW project and if we can realize this successfully, alluding again to what I mentioned before – the overhead discussion, the scalability, the cost digression – this will happen instantly when getting a project like this online successfully. And our project is well positioned for the tender that has been announced. We're now waiting for the tender documents and we will submit our tender on time later this year. And we are quite confident that we can secure a PPA in Jamaica and thereby significantly increase the value of the project.

Heike Hülle: Thank you Stefan. Now there are a few more questions that just came in. The next question is from Magnus Solheim. Could you give an update on Planeta Rica? When do you expect this asset to become operational?

Stefan Meichsner: The asset itself has been constructed. We're now waiting for the substation to be ready to connect the plant to the grid. Testing and commissioning is supposed to start in mid-August and a successful full connection of the project and therefore the COD is now expected in September.

Heike Hülle: The next question is, what is the latest update on St. Kitts?

Stefan Meichsner: We have seen some delays in requesting and receiving final permits and waivers from the government. I'm actually on St. Kitts at this moment to lead further discussions with our stakeholders and we will have a more complete update in the near future. But for the moment this is all that I can share with you.

Heike Hülle: Now, the next question, can you comment a little bit on the management plans going forward as Martin stepped down from a CEO position?

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Stefan Meichsner: The Supervisory Board has already started looking for a replacement. Now that the summer break is over, I'm sure that the Nomination Committee of the Supervisory Board will convene shortly and then quickly move the search forward. But this question at this stage would have to be addressed to them and not to me. I will certainly be consulted but, as I said, most members of the Supervisory Board were still on break. Since Martin's departure has not left any decision vacuum, there's no urgent need to make any moves because both the Supervisory Board and myself, as well as the team, are more than prepared to continue running this operation without Martin at this point.

Heike Hülle: And there is a follow-on question for this topic. Are there any implications on the strategy of the company due to the departure of the CEO? Is the strategy going to change?

Stefan Meichsner: We will of course revisit the decisions that we've made and the focus for the future but I think the aspiration of becoming a leading IPP in Latin America and the Caribbean, that has not changed. And it's the market environment that will drive the short-term focus that we take. I believe at the moment, that development is the best option we have to significantly increase shareholder value, especially as interest rates remain high and therefore return expectations remain high. But the pipeline is strong enough to also deliver an expanding asset base for us down the road. So for the moment, I would say a strategy change is not what we can expect or what you can expect. But it's certainly finetuning certain aspects of the business that I would like to focus on.

Heike Hülle: Thanks, Stefan. Now I think this covers the questions we've received this morning. If there are no further questions? It seems there are none. Then I think this is it. We can close the call.

Stefan Meichsner: Thank you very much, Heike, and everyone else. Thanks for joining this morning.

Heike Hülle: Thanks a lot.

[End of transcript]