FINANCIAL REPORT Q2 2022

MPC Energy Solutions

MPC ENERGY SOLUTIONS IS A FULL-CYCLE INDEPENDENT POWER PRODUCER

MPC Energy Solutions (“MPCES”, “Company”, together with its subsidiaries “Group”) develops, builds, owns and operates renewable energy assets, including utility-scale solar photovoltaics (PV) and onshore wind farms, as well as combined-heat-and-power (CHP) installations, energy efficiency solutions and hybrid projects, combining renewable sources and storage technologies.

We generate and deliver clean and affordable energy to public and private commercial and industrial off-takers in developing markets, accelerating and driving the energy transition. To sell the energy we produce in our plants, we usually sign long-term power purchase agreements (PPA), which help us secure predictable cash flows for our projects while simultaneously allowing off-takers to purchase energy at reliable prices that are usually lower than the applicable tariffs from public utilities.

The Company is currently active in several countries across Latin America and the Caribbean. MPCES intends to expand globally and replicate its business model in other attractive regions, e.g. Asia-Pacific.

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HALF-YEAR 2022 RESULTS

Performance

in million USD unless stated otherwise	H1 2022	H1 2021
Energy output (GWh, proportionate)	14.7	-
Revenue (proportionate)	1.5	-
EBITDA (proportionate, project-level)	1.1	-
EBITDA (consolidated, group-level)	(1.1)	(1.7)
Total assets	122.5	85.0
Equity	80.3	84.3
Equity ratio	66%	99%
Cash and cash equivalents	30.7	81.0
Cash flow from operations	(5.5)	(2.4)
Cash flow from investing activities	(31.9)	(2.8)
Cash flow from financing activities	11.2	85.8
FX differences	(0.1)	-
Total cash flow for the period	**(26.1)**	**80.6**

Note: Rounding differences may occur.

Consolidated EBITDA reconciliation, in million USD	H1 2022	H1 2021
Profit / loss before income tax (EBT)	(1.8)	(1.8)
Share of result in joint ventures	(0.3)	-
Financial income and expenses	0.5	(0.0)
Depreciation and amortization	0.4	(0.0)
EBITDA	**(1.1)**	**(1.7)**

Note: Rounding differences may occur.

MPC ENERGY SOLUTIONS N.V.

MPC ENERGY SOLUTIONS IN BRIEF

MPCES was founded on June 4 2020 as a Dutch public limited liability company incorporated in the Netherlands and governed by Dutch law. The Company is registered with he Dutch company register under the organization number 78205123, and its registered office is at Koningin Wilhelminaplein 1, 1062 HG Amsterdam. MPCES has additional offices in Bogotá (Colombia) and Panama City (Panama).

The shares of the Company are listed on the Euronext Growth segment of the Oslo Stock Exchange under stock ticker MPCES.

Solar PV **Wind power** **Hybrid** **Energy Efficiency**

LETTER FROM THE MANAGEMENT BOARD

Dear Shareholders,
Dear Readers,

The second quarter of 2022 saw us achieve important milestones, but also displayed the challenging environment our sector is currently facing. As we continue to execute on our operational priorities, we navigate through continuing supply chain disruptions, sustained high prices for PV modules and other major equipment components, and localized delays from grid operators and project partners caused by material shortages and long delivery times. While our company remains well-positioned to scale up and deliver long-term value to our shareholders, keeping originally anticipated timelines is demanding for us and our colleagues.

Basseterre (St. Kitts): Early Works Started, Financial Close in August 2022, Increased CapEx

We are pleased to report that our largest investment to-date, the 36 MW solar PV and 46 MWh BESS hybrid project Basseterre on the Caribbean island of St. Kitts, has officially commenced early works, which include engineering, land clearing and fencing activities. In addition, the financing bank CIBC First Caribbean has approved a USD 54.6 million non-recourse project financing construction and term loan to finance the project, and our team is in the final stages of formally achieving financial close. The 15-year loan is provided in local currency (XCD) and thus not affected by the recent USD interest rate increases, protecting the project's returns.

The facility from CIBC First Caribbean will also cover an increase in the capital expenditures to erect the project, from USD 75 million to about USD 79 million, caused by higher prices for PV modules, batteries, and sub-structures. MPC Energy Solutions is not required to provide additional funding on top of the already committed capital. Our anticipated return from the project does also not change, as the agreement with our project partners include an arrangement to protect our company from such downsides.

The project company, SOLEC Power, will build, own and operate a solar plant and battery energy storage system, which is scheduled to commence operations in 2023. The plant is the first utility-scale power plant to combine these two technologies in the Caribbean. Once operational, it will demonstrate the material advantages that hybrid projects can offer for the generation and storage of energy, grid integration and grid support – on a competitive cost basis compared to conventional power.

Although the Caribbean island nations are enriched with renewable energy sources like sunlight and wind, they still rely heavily on foreign oil and gas imports to meet growing electricity demands. St. Kitts & Nevis have set ambitious goals for renewable energy and we are confident that the newly elected Prime Minister Hon. Dr. Terrance Michael Drew, will continue to enable the energy transition and support our project.

Construction Progress

Our ongoing construction projects in Colombia (Planeta Rica, Los Girasoles) and El Salvador (Santa Rosa & Villa Sol) are progressing as planned. However, we foresee negative effects caused by delays from local grid operators. Upgrade interconnection points, substations and transmission lines became a major bottleneck for renewable energy projects in Colombia as grid operator face the same issue of delayed deliveries for high-voltage equipment and transmission line cables. This will likely impact the commercial operation dates of our projects by about three months to Q1 2023.

In addition, our project Neol CHP, a combined-heat-and-power (CHP) plant in Puerto Rico which was developed and built by our partner Enernet Global, has experienced a setback during the second quarter. While the plant is ready-to-operate and first kilowatt hours were produced in March, it has not officially achieved commercial operation and therefore has not yet delivered energy under the power purchase agreement with the off-taker. The plant was supposed to start operations in early Q2 2022 after completing final grid acceptance tests, but is still awaiting pending approvals from the local grid operator (LUMA) since the plant does not yet comply with local specifications for grid protection and communication equipment. MPC Energy Solutions will seek full financial compensation for the delays from its project partners under the contractual agreements. As of today, we do not expect the plant to deliver energy in 2022, given long lead times for the equipment required to meet the grid operator's specifications.

Operational Performance

Our first operational solar PV project Los Santos I in Mexico, which we acquired in February of this year, continues to perform as planned. From February to June, the plant generated 14.7 GWh in 2022 and generated USD 1.5 million in revenues with an EBITDA margin of 74%, which is in line with our expectations.

Outlook 2022

In light of the delayed commercial operation start for Neol CHP and the expected later energization of our projects in Colombia and El Salvador, we find it prudent to adjust the year-end outlook we communicated in the previous quarter. We now expect revenues of USD 3.5 million (down from USD 4.5 to 5.0 million compared to the previous outlook) and EBITDA of USD 2.2 million (previous: USD 3.1 to 3.5 million). This revised guidance includes revenues and EBITDA from Los Santos I (USD 3.0 million revenue, USD 2.2 million EBITDA) and from energy trading activities related to delivering energy under the power purchase agreement for Los Girasoles (USD 0.5 million revenue, no EBITDA contribution).

Sincerely,

Martin Vogt
Chief Executive Officer

Stefan H.A. Meichsner
Chief Financial Officer

HALF-YEAR HIGHLIGHTS

Energy Output

During the first six months of this year, MPCES generated proportionate 14.7 GWh (H1 2021: nil) of energy. The entire output was produced by Los Santos I (Mexico).

Income Statement

In the first half of 2022, the Company generated revenues in the amount of USD 1.5 million (H1 2021: nil). Cost of revenues in the amount of USD 0.4 millions (H1 2021: nil), personnel expenses of USD 1.0 million (H1 2021: USD 0.2 million) and other operating expenses of USD 1.2 million (H1 2021: USD 1.5 million) resulted in an operating loss (EBIT) of USD 1.6 million (H1 2022: USD 1.7 million).

Financial Position

As of 30 June 2022, MPCES had non-current assets of USD 88.4 million and current assets of USD 34.0 million, including cash and cash equivalents of USD 30.7 million (30 June 2021: USD 3.6 million, USD 81.4 million and USD 81.0 million, respectively). The equity position was USD 80.3 million, with non-current liabilities of USD 38.7 million and current liabilities of USD 3.5 million (30 June 2021: USD 84.3 million, nil and USD 0.7 million, respectively). The non-current liabilities relate to project finance debt for Los Santos I (Mexico) and Santa Rosa & Villa Sol (El Salvador).

Cash Flow

MPCES recorded negative operating cash flows of USD 5.5 million for the first half of 2022 (H1 2021: negative USD 2.4 million), as well as negative cash flows from investing activities of USD 31.9 million (H1 2021: negative USD 2.8 million) and cash flows from financing activities in the amount of USD 11.2 million (H1 2021: USD 85.8 million). Including effects from currency translations, the total negative cash flow for the first half of the year was USD 26.1 million (H1 2021: positive USD 80.6 million).

Outlook 2022

We expect proportionate total revenues of USD 3.5 million in 2022, and total proportionate EBITDA of USD 2.2 million (before corporate expenses). This confirms the Company's previous outlook.

COVID-19 Pandemic

The effects of the COVID-19 pandemic on MPCES and its projects have mostly been contained, and no further delays caused by the pandemic occurred in 2022 so far. However, as communicated in previous reports, the pandemic may impact the Company's business and the global economy negatively as long as it prevails.

War in Ukraine

As the Company's business activities are focused in Latin America and the Caribbean, there is no immediate direct impact from the devastating war in Ukraine on our activities or prospects. However, indirect effects may impact the business, both positively and negatively.

Potential negative effects include, without being limited to, higher transportation costs and delayed shipments, volatility in commodity prices and currencies, and cyberattacks. Potential positive impacts are mainly twofold. Firstly, the increase in energy prices (fossil fuels like oil and gas) have accelerated the political will to transition to alternative sources, including renewable energies, potentially increasing investments and political support for the sector. And secondly, higher energy prices will likely be reflected in the price level of PPAs we intend to close for several of our projects in the coming months.

The management is actively monitoring the situation and potential detrimental impacts closely. As of the writing of this report, the recoverability and value of the Company's assets is not negatively affected. There is no loss of control or of the Company's abilities to exercise influence on the assets and projects it controls. Contractual agreements were not cancelled or modified as a result of the war and its effects, and the Company has not seen any negative effects on foreign currency transactions. The Company does not have suppliers from Russia or Ukraine.

Risk Factors

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 2021. The risks position of the Company has not changed substantially after 31 December 2021.

Forward-Looking Statements

Certain statements made in this quarterly report, including financial estimates and comments about the Company's 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.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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Consolidated Interim Statement of Financial Position

(before appropriation of results)

Assets, Equity and Liabilities	Notes	30/06/2022 (unaudited) USD	31/12/2021 (audited) USD	30/06/2021 (unaudited) USD
Assets		**122,485,403**	**86,116,488**	**84,953,664**
I. Non-current assets		**88,447,587**	**28,930,151**	**3,608,852**
Intangible assets (preliminary)	1	14,090,462	-	-
Property plant and equipment		48,909,293	2,598,057	601,136
Right-of-use assets		478,165	2,503,044	7,716
Investments in joint ventures	2	7,234,652	7,403,530	-
Financial fixed assets	3	17,735,015	16,425,520	3,000,000
II. Current assets		**34,037,816**	**57,186,337**	**81,344,812**
Trade and other receivables		1,200,588	270,386	298,643
Prepayments		2,169,986	-	-
Cash and cash equivalents		30,667,242	56,915,951	81,046,169
Equity and liabilities		**122,485,403**	**86,116,488**	**84,953,664**
I. Equity		**80,300,613**	**82,773,575**	**84,289,140**
Shareholder's equity		79,827,104	82,773,575	84,289,140
Non-controlling interest	4	473,509	-	-
II. Provisions		**-**	**-**	**-**
III. Non-current liabilities		**38,678,089**	**492,154**	**-**
Project finance loans	5	38,183,920	-	-
Lease liabilities		494,169	492,154	-
IV. Liabilities		**3,506,701**	**2,850,759**	**664,524**
Trade and other payables		2,330,610	544,471	588,702
Payable to other related parties	6	325,419	119,855	305
Lease liabilities		-	2,010,890	-
Other payables		435,420	-	-
Taxes and other social securities		318,027	21,653	38,552
Accruals and deferred income		97,225	153,890	36,965

Note: Rounding differences may occur.

Consolidated Interim Income Statement

	01/01/2022 - 30/06/2022 (unaudited) USD	01/01/2021 to 31/12/2021 (audited) USD	01/01/2021 to 30/06/2021 (unaudited) USD
Revenue	1,491,001	-	-
Cost of revenue	(400,294)	-	-
Employee expenses	(1,040,172)	(862,401)	(186,494)
Depreciation	(429,410)	(1,821)	(550)
Other operating expenses	(1,197,034)	(2,023,252)	(1,537,906)
Operating result (EBIT)	**(1,575,909)**	**(2,887,474)**	**(1,724,950)**
Financial income	150,611	306,710	11,321
Financial expenses	(617,603)	(83,728)	(38,183)
Share of result of joint ventures	265,517	(61,338)	-
Profit / loss before income tax (EBT)	**(1,777,384)**	**(2,725,830)**	**(1,751,812)**
Income tax expense	-	-	-
Profit / loss for the period	**(1,777,384)**	**(2,725,830)**	**(1,751,812)**
Attributable to:			
- Equity holders of the Company	(1,777,384)	(2,725,830)	(1,751,812)
- Non-controlling interest	-	-	-
Basic earnings per share - in USD	**(0.08)**	**(0.12)**	**(0.08)**
Diluted earnings per share - in USD	**(0.08)**	**(0.12)**	**(0.08)**

Note: Rounding differences may occur.

Consolidated Interim Statement of Cash Flows

	01/01/2022 to 30/06/2022 (unaudited) USD	01/01/2021 to 31/12/2021 (audited) USD	01/01/2021 to 30/06/2021 (unaudited) USD
Operating activities			
Profit / Loss before income tax	(1,777,384)	(2,725,830)	(1,751,812)
Depreciation	429,410	1,821	550
Net changes in working capital	(3,772,692)	(409,442)	(625,771)
Financial income	(150,611)	(306,710)	(11,439)
Financial expenses	617,603	83,728	36,694
Share of result in joint venture	(265,517)	61,338	-
Interest received	28,973	471	-
Interest paid	(617,603)	(83,728)	(12,057)
Income tax paid	-	-	-
Net cash flow from / (used in) operating activities	**(5,507,821)**	**(3,378,352)**	**(2,363,835)**
Investing activities			
Investments in property, plant and equipment	(23,269,261)	(2,250,100)	(285,052)
Investments in rights-of-use assets	-	(6,859)	18,569
Acquisition of subsidiaries	(7,520,376)	-	-
Investments in financial fixed assets (equity)	-	(2,500,000)	(2,500,000)
Investments in financial fixed assets (debt and derivatives)	(1,093,007)	(12,545,955)	-
Investments in joint ventures	-	(8,342,169)	-
Net cash flow from / (used in) investing activities	**(31,882,644)**	**(25,645,083)**	**(2,766,483)**
Financing activities			
Change in share capital	-	2,454,200	2,454,200
Proceeds from common share issuance	-	84,229,331	84,133,407
Proceeds from project finance loans	11,521,938	-	-
Repayment of project finance loans	(277,689)	-	-
Other net borrowing activities	-	(822,602)	(822,602)
Net cash flow from / (used in) financing activities	**11,244,249**	**85,860,929**	**85,765,005**
Net change in cash and cash equivalents	(26,146,216)	56,837,494	80,634,687
Effects of currency translation	(102,493)	(333,025)	-
Cash and cash equivalents at beginning of the period	56,915,951	411,482	411,482
Cash and cash equivalents at end of the period	**30,667,242**	**56,915,951**	**81,046,169**

Note: Rounding differences may occur.

Notes to the Consolidated Interim Financial Statements

Company profile

As an integrated full-cycle independent power producer, the principal activities of the Company and its subsidiaries are to develop, build, own and operate renewable energy projects. This includes, without being limited to, solar and wind assets, energy efficiency solutions and hybrid installations.

The registered and actual address of MPC Energy Solutions N.V. is Koningin Wilhelminaplein 1 in 1062 HG Amsterdam, the Netherlands. The Company is registered at the Dutch chamber of commerce under number 78205123. The Company was incorporated on 4 June 2020. MPCES has additional offices in Bogotá (Colombia) and Panama City (Panama).

Going concern

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

Segment information

As of 30 June 2022, the Group is organized in one operating segment only and does therefore not yet provide information for different segments. The Group is, as of the writing of this report, active in Latin America and the Caribbean. In the future, it is expected that the Group will be active in several segments and expand globally.

General Accounting Principles for the Preparation of the Unaudited Interim Financial Statements

The unaudited interim financial statements for the period ended 30 June 2022 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 an 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 2021.

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 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 2021. Please refer to the Group's consolidated financial statements for the period ended 31 December 2021 for details.

Notes to the Unaudited Interim Financial Statements

1: Following the acquisitions of Los Santos I (Mexico) and Neol CHP (Puerto Rico), purchase price allocations have been performed by an external party to assess the fair market value of the acquired assets. As of 30 June 2022, the results of the assessment were not yet approved by MPCES and the Company's auditor. Therefore, the previously communicated preliminary recognition of intangible asset values associated with the acquisitions are included. An update will be made once the results of the assessment have been finalized and approved. No impact on the Company's profit and loss has been recognized to-date.

2: Investment in joint ventures relate to equity contributions for our joint ventures Planeta Rica (Colombia) and Leclanche (St. Kitts) Energy Holdings Ltd. (Barbados).

3: Financial fixed assets include equity and debt instruments related to our investments in Enernet Global (USA), Planeta Rica (Colombia) and Leclanche (St. Kitts) Energy Holdings Ltd. (Barbados).

4: A non-controlling interest for an equity stake in Neol CHP (Puerto Rico) held by Enernet Global has been recognized.

5: Project finance loans relate to our projects Los Santos I (Mexico) and Santa Rosa & Villa Sol (El Slavador).

6: Payables to other related parties includes pending payments for project Neol CHP (Puerto Rico) to Enernet Global. The final payment and amounts will be settled after achieving commercial operation of the plant.

Commitments

The Group had the following off-balance sheet commitments as of 30 June 2022:

The share purchase agreement with the sellers of Bonilla Zelaya Ingenieros Constructores, S.A. contains provisions regarding contingent purchase price payments depending on certain milestone events in the operational phase of the solar PV project. Depending on the commercial success of the project, such contingent purchase price payments may accumulate to a maximum total amount of USD 7.2 million over a period of 20 years (i.e. the operational phase of the asset after successful construction).

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