



Edison Power Europe Ltd.

Corporate Governance Report 2018 Financial Statements 2018

18

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Corporate Governance Report 2018

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All values are rounded individually.

Corporate Governance Report 2018

Edisun Power has high standards when it comes to effective Corporate Governance. This ensures responsible and transparent company leadership and management and contributes to our long-term success. It is the key to meeting the demands of our various stakeholder groups, including shareholders, customers, employees and the local communities in which we operate.

Corporate Governance describes how management is organized and how it operates. Ultimately, it contributes to our success by protecting the interests of our shareholders while at the same time creating value for all

stakeholders. The Board of Directors is committed to maintaining the highest standards of integrity and transparency in the governance of the company. In this, it is guided by the Swiss Code of Best Practice and the most recent principles of Corporate Governance.

Good Corporate Governance seeks to balance entrepreneurship, control and transparency, while promoting an efficient decision-making process within the company. The Board of Directors and the Management Board work constantly to improve the quality of Corporate Governance.

1 Executive Summary

Changes in share capital

As of December 31	2018	2017	2016
Ordinary share capital (in CHF)	15 370 920.00	15 370 920.00	17 949 818.80
Total shares	512 364	512 364	341 576

Significant Shareholders as of December 31

	2018 Number of Shares	2018 in %	2017 in %
Nef Hans	163 343	31.9 %	31.1 %
Eberhard Martin	87 775	17.1 %	17.1 %

Auditors

The auditors are appointed annually at the General Assembly of Shareholders. The term of office is one year. BDO AG, Zurich, was first elected at the General Assembly of Shareholders of May 12, 2017 and Christoph Tschumi has been serving as lead auditor since then.

Shareholders' participation rights

- Each registered ordinary share bears one voting right at the General Assembly of Shareholders and entitlement to dividend payments.
- Extraordinary General Assemblies are convened by the Board of Directors if shareholders representing at least 10% of the share capital request such meetings.

Compensation in CHF

	2018
Total compensation of the Board of Directors	92 495
Total compensation of the Management Board	522 409

Highest total compensation in CHF

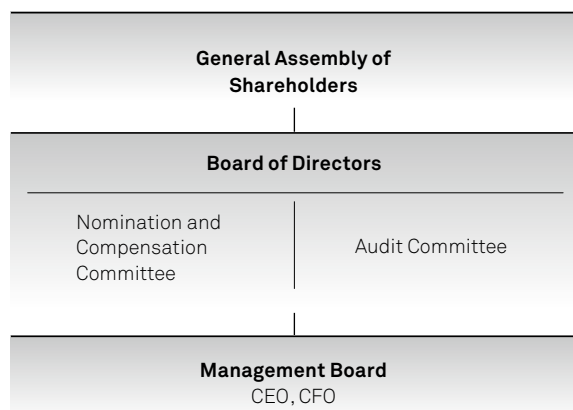
	2018
Board of Directors:	
Rainer Isenrich	33 499
Management Board:	
Rainer Isenrich	292 424

2 Group Structure

Operational Group structure

The headquarter of Edisun Power Group is in Zurich, Switzerland. Group subsidiaries operate in Switzerland, Germany, Spain, France and Italy. Edisun Power Europe Ltd. is the parent company and has been listed on the domestic segment of the SIX Swiss Exchange since November 4, 2013, having previously been listed on the main segment since the IPO in 2008.

The following chart shows the Group's operational structure as of December 31, 2018:



Listed companies

Apart from Edisun Power Europe Ltd. no other companies belonging to the consolidated Edisun Power Group have equity securities listed on a stock exchange.

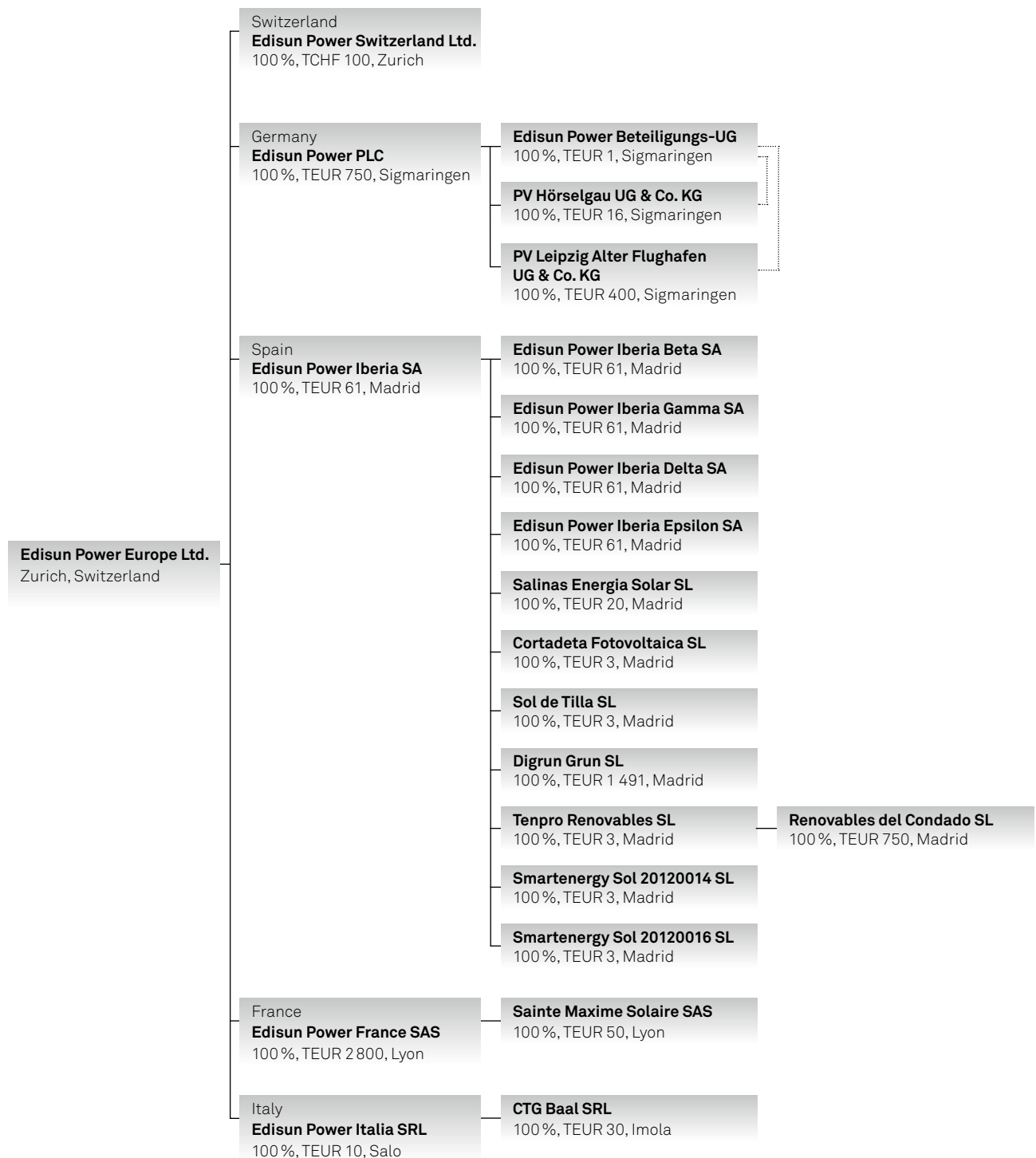
Key data for the shares of Edisun Power Europe Ltd. as of December 31:

	2018	2017	2016
Market capitalization (CHF m)	36.9	21.3	16.0
As a % of equity	182.7	110.6	169.2
Share price (CHF)	72.00	41.50	46.70

Registered office:	8006 Zurich, Switzerland
Listing:	SIX Swiss Exchange
Valor number:	2 473 640
ISIN:	CH0024736404
Ticker symbol:	ESUN
Nominal value:	CHF 30.00

Non-listed companies

The following organizational chart shows all the companies in the Edisun Power Group as of December 31, 2018 (share of ownership, share capital in local currency and registered office):



3 Shareholders

Registered shareholders

As of December 31, the holdings of registered shareholders were distributed as follows:

Number of shares held	2018	2017
1 – 100	320	303
101 – 1 000	361	342
1001 – 10 000	37	36
10 001 – 100 000	2	2
100 001 – 1 000 000	1	1
Total registered shareholders	721	684

Significant shareholders / Groups of shareholders

As of December 31, the significant shareholders and their holdings were as follows:

	2018 shares	2018 % of total	2017 % of total
Nef Hans	163 343	31.9 %	31.1 %
Eberhard Martin	87 775	17.1 %	17.1 %
Registered shareholders with holdings of less than 3 %	219 358	42.8 %	42.4 %
Not registered	41 888	8.2 %	9.4 %
Total shares	512 364	100.0 %	100.0 %

In the year 2018, there were no significant shareholder notifications occurring.

All significant shareholder notifications of previous years can be accessed on the SIX website:
<https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>

Shareholder structure

On December 31, the distribution of shareholders by type was as follows:

Type	2018	2017
Individual shareholders	84 %	83 %
Legal entities	3 %	3 %
Nominees, fiduciaries	5 %	5 %
Not registered	8 %	9 %
Total	100 %	100 %

On December 31, the distribution of shareholders by domicile was as follows:

Origin	2018	2017
Switzerland	91 %	90 %
Europe (other than Switzerland)	1 %	1 %
Not registered	8 %	9 %
Total	100 %	100 %

Cross-shareholdings

Edisun Power Europe Ltd. has no cross-shareholdings with other companies.

4 Capital Structure

On December 31, 2018, the capital of Edisun Power Europe Ltd. was as follows:

Ordinary share capital (CHF)	15 370 920.00
Total shares	512 364

Authorized share capital

The General Assembly of Shareholders held May 18, 2018, approved the creation of authorized share capital of 250 000 registered shares with a par value of CHF 30.00 per share. The Board of Directors decides on the conditions of the capital increase. According to the General Assembly of Shareholders of May 18, 2018, the subscription rights of shareholders might only be limited for the acquisitions of companies, parts of companies or, equity stakes, for the financing of investment projects, for a quick and flexible equity raising through a share placement, which would be difficult or result in considerably

worse conditions if the subscription rights were preserved, or for employee benefit programs.

The authorization granted to the Board of Directors to increase the company's share capital with the authorized share capital created has not been used in 2018 and expires on May 17, 2020.

As announced on February 4th, 2019, CHF 2 423 460.00 (80 782 shares) of the authorized share capital is planned to be used in the second quarter of 2019 for a capital increase through contribution in kind for the acquisition of a 49 MW photovoltaic power plant in Portugal.

Changes in share capital

As of December 31, the capital of Edisun Power Europe Ltd. comprises the following:

Changes in share capital	2018	2017	2016	2015	2014	2013	2012
Ordinary share capital (CHF)	15 370 920.00	15 370 920.00	17 949 818.80	17 949 818.80	17 949 818.80	17 949 818.80	34 157 600
Total shares	512 364	512 364	341 576	341 576	341 576	341 576	341 576
Authorized share capital (CHF)	7 500 000.00		5 000 000.00	5 000 000.00	-	-	-
Authorized shares	250 000		95 147	95 147	-	-	-

Shares and participation certificates

Edisun Power Europe Ltd. registered shares have been listed on the SIX Swiss Exchange since September 26, 2008. Since May 12, 2017, the par value is CHF 30.00 per share. Before, since May 7, 2013, the par value has been CHF 52.55 per share, and prior to that it was CHF 100 per share. The share capital is fully paid up. Each ordinary share bears one voting right at the General Assembly of Shareholders and entitlement to dividend payments.

Edisun Power Europe Ltd. has not issued any participation certificates.

Profit sharing certificates

Edisun Power Europe Ltd. has not issued any profit sharing certificates.

Limitations on transferability and nominee registrations

To be recognized as a shareholder with comprehensive rights, an acquirer of shares must submit an application for entry in the share register. The Corporation may refuse the entry in the share register if the applicant does not explicitly declare that it has acquired and will hold the shares in its own name and on its own account. Parties who act together are considered as one person. The Board of Directors may approve exceptions with good reason and no special quorum is required for such a decision.

Granting exceptions in the year under review

During the reporting period, no exceptions to the above listed rules were granted by the Board of Directors.

Admissibility of nominee registration

Nominees are persons who have filed an application for registration, and who do not expressly declare themselves to be holding shares for their own account, and with whom the Board of Directors has reached an agreement to this effect. The Board of Directors may enter a nominee in the register of shareholders when the nominee holds voting rights for up to 3% of the share capital recorded in the commercial register. When a nominee holds 3% or more of the share capital, the Board of Directors may enter shares held by the nominee in the register of shareholders if the nominee discloses the name, address and number of shares held by each person on whose account the shares are held.

Legal entities and associations that are linked through capital ownership or voting rights, through common management or in like manner, as well as individuals, legal entities or partnerships that act in concert, syndicate or in like manner with the intent to evade the entry restriction, are considered as one nominee within the meaning of this article.

Procedures and conditions for cancelling statutory privileges and limitations on transferability

In the event that such a situation arises, an absolute majority of the votes represented at the General Assembly of Shareholders and, in case of statutory privileges, an absolute majority of the votes of the beneficiaries represented at the General Assembly of Shareholders, is sufficient to proceed with cancellation of statutory privileges and limitations on transferability.

Convertible bonds and warrants/options

Edisun Power Europe Ltd. has not issued any convertible bonds, warrants or options.

5 Board of Directors

The Board of Directors may take decisions on all matters that are not reserved for the General Assembly of Shareholders. The Board of Directors is responsible for the ultimate management of the Company as well as for the ultimate supervision of the management. The Board of Directors' non-transferable and inalienable duties according to Swiss corporate law include the establishment of the organizational structure and the accounting system of the Company, financial control and financial planning, appointment and dismissal of management, overall supervision of management, preparation of the annual report, as well as the General Assembly of Shareholders and making legal notification in the event of qualified indebtedness. The Board of Directors can delegate the management entirely or in part to individual members of the Board of Directors or to third persons. To this end, the Company has enacted organizational regulations, which further detail the duties and competence of the Board of Directors in particular with regard to planning, regulation, supervision and personnel matters.

The Articles of Association restrict the number of group-external mandates for each member of the Board to 5 mandates for listed companies and 15 for other legal entities. Further, a maximum of 10 honorary positions in non-profit organizations are allowed.

Rainer Isenrich, holding both positions, Chairman and CEO, is the only executive member of the Board of Directors. The other members of the Board of Directors have not been members of the Executive Board during the three years prior to the reporting period, nor do any of them have material business relationships with companies in the Edisun Power Group.

Rainer Isenrich, Chairman of the Board

born 1960, Swiss national
executive member

Rainer Isenrich has been a member of the company's Board of Directors since May 29, 2015, and has been elected by the General Assembly of Shareholders to serve as the Chairman from that date.

He studied electrical engineering at the Swiss Federal Institute of Technology (ETH) Zurich, gained a master's degree in Management from Georgia Institute of Technology (Atlanta, USA) and completed further studies in Innovation Management at IMD in Lausanne. Rainer Isenrich has accumulated extensive international professional and management experience in a diverse range of industries and roles. From 1990 to 2005 he worked for Georg Fischer, where, among other positions, he served as Chief Information Officer from 1997-2000 and was head of various business units and divisions from 2000-2005. From 2005-2008 he was CEO of Multi-Contact Group (today: Stäubli Electrical Connectors) and thereby also responsible for Multi-Contact's activities as the market leader in electrical connectors for photovoltaic modules. Subsequently Rainer Isenrich held various positions with automation specialist Infranor and plastics manufacturer Fischer Söhne AG.

He is a member of the board of directors of the following non-listed companies: Verpama AG (member since 2012), Younergy Solar AG (member and President since 2017) and Insolight SA (member since 2018).

Hans Nef, Vice-Chairman of the Board

born 1944, Swiss national
non-executive member

Hans Nef has been a member of the company's Board of Directors since August 28, 2014, and has served as a Chairman ad interim from February 21 until May 29, 2015.

He graduated as an engineer from the Swiss Higher Technical Institute (HTL). Hans Nef started his own engineering firm (Ingenieurbüro H. Nef) in 1969, and with his company he was predominantly involved in urban civil engineering and water supply for the public utilities of the city of Zurich. In 1984 he founded Primag Management AG, which operates in the areas of property management and sales, construction management and the realisation of various building projects (multiple-family homes and industrial buildings) as well as in the hotel industry (as the operator of two hotels).

Hans Nef was a member of the board of directors of Galenica AG. He is currently a board member of Ingenieurbüro H. Nef AG, Primag Management AG, Nef Weine AG and Freetex AG in Zurich as well as of UTA Immobilien AG in Baden.

Fulvio Micheletti, Member of the Board

born 1957, Swiss and Italian
non-executive member

Fulvio Micheletti has been a member of the company's Board of Directors since May 29, 2015.

Fulvio Micheletti began his career in 1973 with a commercial apprenticeship at the Swiss Bank Corporation, and went on to spend almost 40 years at the bank, (which became UBS following a merger in 1998), in various management positions. Most recently, as director for corporate clients, he had overall responsibility for the bank's business customers in Switzerland. He studied at the American Institute of Banking and Finance in New York (1982-1984), at the Swiss Finance Institute in Zürich (1991-1994) as well as at the Wharton Business School (University of Pennsylvania) in Philadelphia (1996). In subsequent years he attended numerous internal training seminars on leadership and management within UBS. Fulvio Micheletti has been an independent business consultant since 2012 and has taken on directorships at several medium-sized Swiss companies. He is also an established expert financial specialist and coach for the Swiss Economic Forum.

Fulvio Micheletti was a board director and the CEO of the Federation of Swiss Finance Directors (VSF) (2007-2011) and a non-executive director of Würth Finance International B.V. (2007-2011). Since 2012 he has served on the boards of Priora Holding AG and AgricoGas AG.

Reto Klotz, Member of the Board

born 1952, Swiss national
non-executive member

Reto Klotz has been a member of the company's Board of Directors since May 18, 2018.

Reto Klotz began his professional career in an architectural office with basic training as a draftsman/construction engineer TS. He then continued his education in spatial planning, real estate and construction and administrative law. From 1977 he worked for the city of Rapperswil for 30 years, from 1977-1989 as Construction Secretary and from 1990-2006 as head of the construction department with responsibility for urban planning, structural and civil engineering, work services, real estate and construction police. In addition, he served as Deputy City Secretary and for 7 years as President of Rapperswil Tourism. In 2007, Reto Klotz founded KLOTZ Immobilien/Bau GmbH, based in Rapperswil. KLOTZ Immobilien/Bau GmbH is a regionally well-established company specializing in real estate trading and management as well as planning, construction and building law. At the end of 2018, after eleven years, he handed over the operational management to his son but remains owner and president of the company and will continue to act as a consultant. His new challenge is the management of the partner company KLOTZ Investment GmbH, which was established in 2018 and is involved in larger and smaller construction projects.

Reto Klotz is a member of the board of directors of the Hoch-Etzel cooperative (since 2009).

Election procedure and limits on the term of office

The Articles of Association of Edisun Power Europe Ltd. provide that the Board of Directors consists of three to nine members. As of December 31, 2018, the Board of Directors had four members. The members of the Board of Directors are elected individually at the General Assembly of Shareholders. All members are elected for a period of one year. The term ends on the day of the General Assembly of Shareholders. In the event that a substitute is elected to the Board of Directors during a term, the newly elected member finishes the term of his or her predecessor. Re-election for successive terms is possible.

Allocation of tasks within the Board of Directors

The Chairman is elected by the General Assembly of Shareholders, which also elects the members of the Nomination and Compensation Committee. Apart from these functions, the Board appoints itself and its Secretary. The secretary need not be a member of the Board of Directors or a shareholder. Since October 1, 2014, Reto Simmen, CFO of the Group, has been Secretary of the Board of Directors.

The adoption of resolutions by the Board of Directors requires an absolute majority of the votes cast. In the event of a tie, the chairman of the Board of Directors has the deciding vote. Resolutions to a motion may also be reached in writing if no member of the Board of Directors objects to this process. Minutes of the deliberations and resolutions must be kept and must be signed by the Chairman and Secretary of the Board of Directors. The allocation of assignments between the Board of Directors and the CEO is defined in the Edisun Power Europe Ltd. Organizational Regulations. In accordance with the Organizational Regulations, the Board has appointed an Audit Committee.

Tasks and area of responsibility for Board of Director's committees

The duties and authorities of the committees are defined in the Committee Charters of the Board of Directors of Edisun Power Europe Ltd. The committees report to the Board on their activities and findings. The overall responsibility for duties delegated to the committees remains with the Board. The committees were established during the course of the initial public offering in September 2008. Until then the entire Board of Directors was responsible for all duties.

Audit Committee

As of December 31, 2018, the Audit Committee had three members: Fulvio Micheletti (Chairman of the Committee), Hans Nef and Rainer Isenrich. All members are independent, which ensures the degree of objectivity required for them to exercise their functions. The Audit Committee meets at least twice a year, or as often as required. In the year under review, two regular meetings of the Audit Committee were held. All of the meetings were attended by all members of the committee as well as by the head of Finance and Accounting as a guest. Furthermore, all meetings were also attended by the auditors. The average duration of the meetings was 65 minutes.

Within the context of its overall remit, the Audit Committee assesses the work and effectiveness of the external auditor on behalf of the Board of Directors, by evaluating their level of competence, independence, communication, quality of deliverables as well as fees. Furthermore, the Audit Committee assesses the financial control, the financial structure and risk management mechanisms of the company, and reviews the interim and annual financial accounts of the Group.

Nomination and Compensation Committee

As of December 31, 2018, the Nomination and Compensation Committee, which was elected at the General Assembly of Shareholders, had three members: Fulvio Micheletti (Chairman of the Committee), Hans Nef and Reto Klotz (new member since May 18, 2018, replacing Rainer Isenrich for corporate governance reasons). The Nomination and Compensation Committee meets at least once a year, or as often as required. In 2018 the Committee met two times during a regular Board meeting with an average duration of 20 minutes. The meetings were attended by all members of the Committee. Before May 18, 2018, Rainer Isenrich abstained from decisions on the compensation of the Management Board.

The primary tasks of this Committee are to review and propose the compensation structure and the amount of compensation for the members of the Board of Directors and the Management Board, to select and propose suitable candidates for election to the Board of Directors and for appointment to the Management Board. The Committee submits the relevant proposals and nominations to the Board of Directors.

Working methods of the Board of Directors and its Committees

The Board of Directors convenes ordinary meetings as often as required by the business and the affairs of the Company. Additional meetings or telephone conferences are held as needed. The Board may pass resolutions if the majority of its members is present (including presence via phone or electronic media), except with respect to resolutions regarding the implementation of capital increases, for which there is no statutory quorum. In 2018, the Board of Directors held seven meetings and one telephone conference, which were always attended by all members of the Committee. The ordinary meetings of the

Board of Directors last half a day. The members of the Management Board take part regularly in meetings of the Board of Directors to report on special projects in their areas of responsibility. In addition, the Board of Directors receives monthly written reports on current projects, liquidity planning, sale of electricity and budget variances.

Definition of areas of responsibility

The Board of Directors has delegated the day-to-day management of Edisun Power to the Executive Management, except as otherwise provided by law and the Articles of Association. The CEO heads the operational business and is empowered to fulfill his duties, unless otherwise provided by law, the Articles of Association or the organizational regulations. The specific tasks and areas of authority are specified in the organizational regulations and in the annex to the Company's organizational regulations.

The primary tasks reserved for the Board of Directors are the definition of principles and decisions concerning the subjects of corporate strategy, financial planning, organizational structure, human resources policy and supervision of top management. The Board of Directors is also responsible for the preparation of the annual report, the preparation for the General Assembly of Shareholders and the implementation of the resolutions adopted at General Assemblies of Shareholders. Last but not least, the Board approves the formal risk assessment which is required by Article 663b of the Swiss Code of Obligations. The Board has approved the design, implementation and maintenance of the Internal Control System required under applicable law.

Information and controlling instruments vis-à-vis the Management Board

The Management Board reports regularly, during the Board and Committee meetings, to the Board of Directors on the course of business. Should extraordinary events occur, the Management Board is required to inform the Board of Directors immediately. In connection with meetings of the Board of Directors, the members of the Management Board report to the Board of Directors on their respective business areas.

The standardized reporting consists of monthly written reports on current sale of electricity, projects, liquidity planning and budget variances of the Group. The resulting analysis and action taken are presented at each Board meeting by the Management Board. Complete consolidated financial statements under Swiss GAAP FER are prepared on a semi-annual basis and submitted to the Board of Directors.

Risk management analyzes the Group's overall risk exposure and supports the strategic decision-making process. It is therefore linked closely with the Group's strategic management process. The types of risks considered include those concerning the market, business environment, operations, financial risks (including currency, interest, cash-flow and liquidity risks), compliance and risks concerning company reputation. The examination of exposure to risk includes the identification of possible opportunities as well as an analysis of threats. The Board of Directors analyzes Group risk at least once a year and discusses it with the Management Board.

6 Management Board

The Management Board is responsible for the operational management of the company. Furthermore, it prepares for and then executes decisions made by the Board of Directors. According to the Organizational Regulations of Edisun Power Europe Ltd. it must, as a minimum requirement, include the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO). The Management Board is appointed by the Board of Directors and currently includes only the CEO and the CFO.

The Articles of Association restrict the number of group-external mandates for each member of the Management Board to 2 mandates for listed companies and 8 for other legal entities. Further, a maximum of 10 honorary positions in non-profit-organizations are allowed.

Rainer Isenrich, CEO

born 1960, Swiss national

Rainer Isenrich has been CEO of Edisun Power since March 1, 2012. Since May 29, 2015 he was elected to be Chairman of the Board of Directors. From March 1, 2012 until April 30, 2016 he was additionally holding the position of CFO.

Rainer Isenrich studied electrical engineering at the Swiss Federal Institute of Technology (ETH) Zurich, gained a master's degree in Management from Georgia Institute of Technology (Atlanta, USA) and completed further studies in Innovation Management at IMD in Lausanne. Rainer Isenrich has accumulated extensive international professional and management experience in a diverse range of industries and roles. From 1990 to 2005 he worked for Georg Fischer, where, among other positions, he served as

Chief Information Officer from 1997-2000 and was head of various business units and divisions from 2000-2005. From 2005-2008 he was CEO of Multi-Contact Group (today: Stäubli Electrical Connectors) and thereby also responsible for Multi-Contact's activities as the market leader in electrical connectors for photovoltaic modules. Subsequently Rainer Isenrich held various positions with automation specialist Infranor and plastics manufacturer Fischer Söhne AG.

He is a member of the board of directors of the following non-listed companies: Verpama AG (member since 2012), Younergy Solar AG (member and President since 2017) and Insolight SA (member since 2018).

Reto Simmen, CFO

born 1971, Swiss national

Reto Simmen joined Edisun Power on October 1, 2014 as head of finance and accounting. Effective May 1, 2016 he was elected by the Board of Directors to become a member of the Executive Board and Group CFO.

Reto Simmen is an Economics graduate (lic. oec. HSG), qualified as a CAIA (Chartered Alternative Investment Analyst) and has more than 20 years of experience in various functions in the area of corporate finance. After completing his studies in 1996, he began his career in corporate banking with Credit Suisse, and then worked as a corporate finance consultant with PricewaterhouseCoopers from 1999 to 2000. After that, he spent 10 years in investment banking as a financial analyst and partner with Swiss stockbroker NZB Neue Zürcher Bank. From 2010, Reto Simmen worked as an analyst for Rimesa Unternehmensberatungs AG, a consulting and investment firm, before joining Edisun Power Group on October 1, 2014.

7 Compensation and Remuneration Report

Composition and method of determining compensation

The compensation principles of Edisun Power Europe Ltd. are based on performance. The compensation packages of Edisun Power Group employees comprise a fixed salary and a variable performance-related salary for middle and top management.

Fixed salary

The fixed salary is intended to give each employee a regular and predictable salary that does not depend on the annual performance of the employee or of Edisun Power Europe Group's business. Salary levels depend on job descriptions and market competitiveness as well as on the skills of each employee. Salaries are reviewed annually and their evolution depends on the individual performance of each employee.

Variable salary

In 2009 the Group introduced a variable salary component to middle and top management depending on job description and management level.

The variable salary component of the Management Board is determined by the Nomination and Compensation Committee based on yearly objectives with a maximum amount being 30% of the fixed salary for the CEO and 20% for the CFO. The variable part of the salary is calculated as follows: 70% is based on quantitative targets and 30% on qualitative and strategic targets.

For 2018 the quantitative targets were: achieving the budgeted net profit and the planned financial performance of the newly acquired plants. The qualitative and strategic targets for 2018 were: preparation of the next growth step and the acquisition of new plants.

Statutory rules concerning compensation and remuneration for members of the Board of Directors and the Management Board

The company's Articles of Association (available online at: <http://www.edisunpower.com/en/home-en/investors-en/corporate-governance-en/articles-of-association>) state in article 13a and 20a rules regarding the variable compensation and the issuance of shares, conversion or option rights, the additional amount of compensation for members of the Management Board elected after the resolution of the General Assembly of Shareholders, possible credits and loans to members of the Board of Directors or the Management Board and regarding the voting by the General Assembly of Shareholders regarding the compensation.

Determination of compensation for members of the Board of Directors and the Management Board

In accordance with the Articles of Association (article 13a para 1) each year, at the General Assembly of Shareholders, a decision is made on the maximum total remuneration of the Board of Directors for the period until the next General Assembly of Shareholders, and on the compensation of the Management Board for the coming financial year.

If members join the Management Board during a period for which the remuneration has already been decided, or if they take on additional responsibilities, then the company is authorized to increase the total remuneration already agreed by a maximum of 37% (article 13a para 5 of the Articles of Association).

In compliance with the Articles of Association (article 20a para 8) the company does not grant credit or loans to members of the Board of Directors or the Management Board.

Board of Directors

According to the Articles of Association (article 20a para 1), all members of the Board of Directors receive a fixed fee. The total maximum compensation of CHF 110 000 for the compensation until the next General Assembly has been approved by the General Assembly 2018. The total compensation includes all social benefits as well as other possible compensations. The Nomination and Compensation Committee sets the individual fixed fee for the Chairman and the members of the Board.

Management Board

The Management Board of Edisun Power Europe Ltd. consists of the CEO and the CFO. Its annual financial compensation consists of a fixed and a variable salary, with customary social benefits (employer's contribution)

and expenses (article 20a para 2 ss. of the Articles of Association). The fixed salary is paid in cash on a monthly basis (1/13th with the 13th monthly salary in December) and the variable salary (if any) is paid in cash at the beginning of the next fiscal year. In case of a termination of the contract the variable part is paid out on a pro rata basis only in case of a termination by the company.

According to the Articles of Association the total maximum compensation of CHF 600 000 for the year under review has been approved by the General Assembly 2017. For 2018, a total Management Board bonus of CHF 60 000 was granted. No further compensation in shares or options of the Group was granted.

The employment contracts of the CEO and the CFO were concluded for an indefinite period of time and may be terminated with six months' notice. These contracts of employment do not include severance compensation.

Remuneration Report according to Swiss Law and the Ordinance against Excessive Compensation in Stock Exchange listed Companies

This remuneration report is subject to the audit by the external auditors.

The following table shows compensation granted to the individual members of the Board of Directors for their activities in the year under review and in the previous year in CHF:

	Financial year	Fixed fee	Social benefits (employer's contribution)	Total cash compensation	Total compensation
Rainer Isenrich Chairman from 29.5.2015	2018	28 000	5 505	33 505	33 505
	2017	25 000	4 535	29 535	29 535
Hans Nef Vice-Chairman from 29.5.2015	2018	22 000	331	22 331	22 331
	2017	20 000	164	20 164	20 164
Fulvio Micheletti Member from 29.5.2015	2018	22 000	1 640	23 640	23 640
	2017	20 000	1 245	21 245	21 245
Reto Klotz Member from 18.5.2018	2018	12 833	193	13 026	13 026
	2017	-	-	-	-

	2018	2017
Total compensation of the Board of Directors in CHF	92 502	70 944

The following table shows the compensation granted to the CEO and the CFO for their activities in the year under review and in the previous year in CHF:

	Financial year	Fixed salary	Variable salary	Social benefits (employer's contribution)	Expenses	Total compensation
Rainer Isenrich	2018	199 000	40 000	47 180	6 300	292 480
CEO	2017	194 000	35 000	45 745	6 135	280 880
Reto Simmen	2018	176 000	20 000	34 010	0	230 010
CFO	2017	170 000	18 000	30 554	0	218 554

	2018	2017
Total compensation of the Management Board in CHF	522 490	499 434

Additional payments to members of the Board of Directors and the Management Board

Neither in the reporting period nor in the previous year were additional fees paid for services on top of the ordinary compensation, nor were any loans awarded or guarantees given to members of the Board of Directors or the Management Board or persons closely linked to them.

Related parties transactions

There were no other transactions with related parties in 2018.



Phone +41 44 444 35 55
 Fax +41 44 444 35 35
 www.bdo.ch

BDO Ltd
 Schiffbaustrasse 2
 8031 Zurich

REPORT OF THE STATUTORY AUDITOR

To the General Meeting of
Edisun Power Europe Ltd., Zurich

We have audited the accompanying remuneration report of Edisun Power Europe Ltd. (pages 19-20) for the year ended 31 December 2018.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 - 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 - 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report of Edisun Power Europe Ltd. for the year ended 31 December 2018 complies with Swiss law and articles 14 - 16 of the Ordinance.

Zurich, 10 April 2019

BDO Ltd

Christoph Tschumi

Auditor in Charge
 Licensed Audit Expert

Guido Schwengeler

Licensed Audit Expert

8 Shareholders' Participation Rights

Voting rights and representation restrictions

Each registered ordinary share bears one voting right at the General Assembly of Shareholders and entitlement to dividend payments (Art. 6 para. 1 of the Articles of Association).

Statutory quorums

To the extent that neither the law nor the Articles of Association provide otherwise, an absolute majority of share votes must be represented at the General Assembly of Shareholders for resolutions to be passed and elections to be conducted.

Convocation of the General Assembly of Shareholders

The General Assembly of Shareholders is held within six months after the financial year is closed.

Extraordinary General Assemblies of Shareholders can be called as often as necessary, particularly in cases required by law.

General Assemblies of Shareholders are convened by the Board of Directors and, if necessary, by the auditors. Extraordinary General Assemblies of Shareholders are convened by the Board of Directors if shareholders representing at least 10% of the share capital request such meetings in writing, setting forth the items to be discussed and the proposals to be decided upon.

Agenda

Shareholders who are entitled to vote and who represent at least CHF 1 million or 10% of the share capital may request items to be added to the agenda. Such requests must be addressed in writing to the Chairman of the Board of Directors no later than 45 days before the meeting.

Entries in the share register

The closing date before the General Assembly of Shareholders for registered shareholders to be entered in the share register will be given each time in the invitation to the General Assembly of Shareholders.

Changes of control and defense measures

There are no clauses relating to changes of control or defense measures.

9 Auditors

Duration of the mandate and term of office of the lead auditor

During the General Assembly of Shareholders of May 12, 2017, BDO AG was appointed as new auditor based on their level of competence, their independence and the economic offer. BDO AG was elected for a term of one year with Christoph Tschumi being the lead auditor. In 2018 BDO AG has been reappointed and Christoph Tschumi continues to be responsible for the existing auditing mandate.

Fees

The fees charged by BDO AG to the Edisun Power Group during the financial years 2018 and 2017, were as follows (in CHF):

	2018	2017
Audit services	46 000	42 000
Other services	8 500	2 100
Total	54 500	44 100

Audit services are defined as the standard audit work that needs to be performed each year in order to issue opinions on the Consolidated Financial Statements of the Edisun Power Group, the Remuneration Report as well as opinions on the local statutory accounts of Edisun Power Europe Ltd.

Other services include consulting, legal and tax support.

Information instruments pertaining to the external audit

Prior to the start of the annual audit, BDO presented a detailed annual audit plan to the Audit Committee, including the proposed audit fees. At the end of the audit, BDO presents a detailed report to the Audit Committee on the conduct of the financial statements audit, the findings (if any) on significant financial accounting and reporting issues as well as the findings (if any) on the Group's internal control system (ICS). The Audit Committee of the Board of Directors reviews the performance, compensation and independence of the external auditors on a regular basis. The Audit Committee regularly reports its findings to the Board of Directors.

10 Information Policy

The Edisun Power Group reports to shareholders, the capital market, employees and the public at large in a transparent and timely manner, concerning its strategy, its global activities and the current state of the company. We nurture an open dialogue with our most important stakeholders, based on mutual respect and trust. This enables us to promote an understanding of our objectives, strategy and business activities, and to ensure a high degree of awareness about our company.

As a listed company, Edisun Power Europe Ltd. is committed to disclosing facts that may materially affect the share price (ad-hoc disclosure, Art. 53 of the SIX listing rules). Members of the Board of Directors and the Management Board are subject to SIX rules on the disclosure of management transactions. These can be accessed on the SIX website (www.six-swiss-exchange.com).

The most important information tools are the annual and semi-annual reports, the website (www.edisunpower.com), the newsletter and media releases (subscription on: <http://www.edisunpower.com/en/home-en/investors-en/ad-hoc-press-release/subscribe-en>), as well as the General Assembly of Shareholders.

11 Financial Calendar

May 17, 2019

General Assembly of Shareholders of Edisun Power Europe Ltd. at Hotel Glockenhof in Zurich

August 29, 2019

Publication of Semi-Annual Report as of June 30, 2019
Media Information

March 26, 2020

Publication of the Annual Report as of December 31, 2019
Media Information

April 24, 2020

General Assembly of Shareholders of Edisun Power Europe Ltd.

Contact

Edisun Power Europe Ltd.
Investor Relations
Universitätstrasse 51
8006 Zurich
Switzerland
Phone +41 44 266 61 20
Fax +41 44 266 61 22
E-Mail: info@edisunpower.com
www.edisunpower.com

Investor Relations

Reto Simmen

Share register

Computershare Schweiz AG
Baslerstrasse 90
Postfach
4601 Olten
Switzerland

Consolidated Financial Statements of Edisun Power Europe Ltd.

Consolidated Balance Sheet

	Notes	31.12.2018 TCHF	31.12.2017 TCHF
Assets			
Cash and cash equivalents	7	5 613	22 576
Trade receivables	6	2 070	1 931
Other receivables and current assets	6	512	774
Financial assets		4	4
Total current assets		8 198	25 285
Land, plant and equipment	4	85 405	92 212
Intangible assets	5	217	279
Financial and other long term assets		813	822
Total non-current assets		86 435	93 313
Total assets		94 634	118 598
Liabilities and equity			
Borrowings	10	2 832	7 341
Trade payables	9	299	410
Other payables	9	423	404
Accrued cost	9	1 378	18 882
Income tax liabilities	12	194	69
Total current liabilities		5 126	27 106
Borrowings	10	68 431	71 213
Provisions	12	885	1 057
Total non-current liabilities		69 315	72 269
Total liabilities		74 441	99 376
Share capital	8	15 371	15 371
Share premium	8.1	4 943	5 250
Accumulated deficits and currency translation differences	8.3	- 121	-1 399
Total equity		20 192	19 222
Total liabilities and equity		94 634	118 598

The notes are an integral part of these consolidated financial statements.

Consolidated Income Statement

	Notes	2018 TCHF	2017 TCHF
Revenue from:			
sale of electricity	3	13 747	9 452
Other operating income		124	70
Total revenues		13 872	9 522
Personnel expenses	13	- 759	- 738
Rental and maintenance expenses		- 1 461	- 946
Administration expenses		- 470	- 369
Advertising expenses		- 7	- 18
Other operating costs		- 951	- 515
Earnings before interest, tax, depreciation, amortization and deconsolidation (EBITDA)		10 224	6 936
Depreciation and amortization	4, 5	- 4 545	- 3 330
Operating profit (EBIT)		5 679	3 606
Financial income	14	60	14
Financial expenses	14	- 2 438	- 2 062
Net profit before income tax		3 301	1 558
Income tax	15	- 264	- 6
Net profit		3 037	1 552
attributable to shareholders of Edisun Power Europe Ltd.		3 037	1 552
Earnings per share attributable to shareholders of Edisun Power Europe Ltd. during the year (expressed in CHF per share):			
basic and diluted	17	5.93	3.95

The notes are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

	Notes	2018 TCHF	2017 TCHF
Net profit		3037	1552
Reversal of non-cash items:			
Depreciation and amortization on plant, equipment, intangible assets and other assets	4, 5	4545	3330
Change in accruals and provisions		112	-97
Financial income	14	-60	-14
Financial expenses	14	2438	2062
Income tax expense	15	264	6
Change in receivables and other current assets		11	-74
Change in payables		-106	167
Interest paid		-2528	-2128
Taxes paid		-71	-15
Other non-cash items		7	61
Cash flow from operating activities		7649	4850
Investments in plant and equipment	4	-17854	-7558
Investments in intangible assets	5	-4	-53
Business acquisition, incl. capitalized cost	4	0	-1952
Investments in financial assets		-27	0
Interest received		32	1
Cash flow from investing activities		-17853	-9562
Capital increase, net of transaction costs		0	4856
Issuance of bonds, net of transaction costs		0	8264
Repayment of bonds		-5000	-7830
Increase of other borrowings		1300	17914
Repayment of borrowings		-2335	-5885
Dividends paid		-307	0
Cash flow from financing activities		-6343	17319
Net change in cash and cash equivalents		-16547	12607
Cash and cash equivalents at the beginning of the year	7	22576	8320
Exchange effects on cash and cash equivalents		-415	1649
Cash and cash equivalents at the end of the year	7	5613	22576

The notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

TCHF	Attributable to shareholders of the Company				Total equity
	Share capital	Share premium	Acc. deficits/ retained earnings	Currency translation differences	
December 31, 2016	17950	- 2 185	- 2 328	- 4 010	9 428
Capital reduction	- 7 703	7 703			0
Capital increase	5 124	- 268			4 856
Net profit			1 552		1 552
Currency translation foreign subsidiaries				3 386	3 386
December 31, 2017	15371	5 250	- 777	- 623	19 222
Distribution of capital contribution reserves		- 307			- 307
Net profit			3 037		3 037
Currency translation foreign subsidiaries				- 1 759	- 1 759
December 31, 2018	15371	4 943	2 261	- 2 382	20 192

The notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements of Edisun Power Europe Ltd.

All amounts are in CHF 000 unless otherwise noted

1 General Information

Edisun Power Europe Ltd. ('the Company') and its subsidiaries (together 'the Group') finance and operate photovoltaic systems (PV) in Europe and sell solar energy to local electricity companies. The Group is present in Switzerland, Germany, Spain, France and Italy.

Edisun Power Europe Ltd. is a limited company domiciled and incorporated in Switzerland. The address of the registered office is Universitätstrasse 51, 8006 Zurich, Switzerland.

The Company is listed on the SIX Swiss Exchange.

These consolidated financial statements were authorized for issue by the Board of Directors on April 10, 2019. They are subject to formal approval by the annual general meeting.

1.1 Group companies

The consolidated financial statements include Edisun Power Europe Ltd. and the companies under its control.

	Ownership 2018	Ownership 2017	Activity ¹⁾
Switzerland			
Edisun Power Europe Ltd., Zurich			●
Edisun Power Switzerland Ltd., Zurich	100.0%	100.0%	■
Germany			
Edisun Power PLC, Sigmaringen	100.0%	100.0%	■
Edisun Power Beteiligungs UG, Sigmaringen	100.0%	100.0%	●
PV Hörselgau UG & Co. KG, Sigmaringen	100.0%	100.0%	■
PV Leipzig Alter Flughafen UG & Co. KG, Sigmaringen	100.0%	100.0%	■

	Ownership 2018	Ownership 2017	Activity ¹⁾
Spain			
Edisun Power Iberia SA, Madrid	100.0%	100.0%	■
Edisun Power Iberia Beta SA, Madrid	100.0%	100.0%	■
Edisun Power Iberia Gamma SA, Madrid	100.0%	100.0%	■
Edisun Power Iberia Delta SA, Madrid	100.0%	100.0%	■
Edisun Power Iberia Epsilon SA, Madrid	100.0%	100.0%	■
Salinas Energia Solar SL, Madrid	100.0%	100.0%	■
Cortadeta Fotovoltaica SL, Madrid	100.0%	100.0%	■
Sol de Tilla SL, Madrid	100.0%	100.0%	■
Digrun Grun SL, Madrid	100.0%	100.0%	■
Tenpro Renovables SL, Madrid	100.0%	100.0%	●
Renovables del Condado SL, Madrid	100.0%	100.0%	■
Smartenergy Sol20120014 SL, Madrid	100.0%	100.0%	■
Smartenergy Sol20120016 SL, Madrid	100.0%	100.0%	■
France			
Edisun Power France SAS, Lyon	100.0%	100.0%	■
Sainte Maxime Solaire SAS, Sainte-Maxime	100.0%	100.0%	■
Italy			
Edisun Power Italia SRL, Salò	100.0%	100.0%	●
CTG Baal SRL, Imola	100.0%	100.0%	■

- ¹⁾ ● Services, holding company functions
 ■ Operation of photovoltaic systems (PV),
 selling of solar energy

All amounts are in CHF 000 unless otherwise noted

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently in all the years presented, unless otherwise stated.

2.1 Basis for the Preparation of the Consolidated Financial Statements

The consolidated financial statements of Edisun Power Europe Ltd. have been prepared in accordance with the Accounting and Reporting Recommendations Swiss GAAP FER. The entire framework has been applied. The consolidated financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below, where a standard or an interpretation requires a different measurement method.

All amounts in these financial statements are rounded individually.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all the entities over which the Group has the power to govern the financial and operating policies, which generally accompanies a shareholding that represents more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls a given entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for acquisition of subsidiaries. The consideration transferred includes the fair value of any asset or liability. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are capitalized as incurred.

Goodwill is measured initially as the excess of the aggregate of the consideration transferred and the fair value of minority interest over the net identifiable assets acquired and liabilities assumed.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

All fully consolidated subsidiaries are listed in the General Information. December 31 represents the uniform closing date for all companies included in the consolidated financial statements. The accounting policies of the subsidiaries are consistent with the policies adopted by the Group.

(b) Transactions and Non-controlling Interests

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions. Any difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received shall be recognized directly in equity. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

All amounts are in CHF 000 unless otherwise noted

2.3 Foreign Currency Translation

(a) Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in CHF, which is the Company's functional and the Group's presentation currency.

(b) Transactions and Balances

Transactions in foreign currency are recorded and translated into CHF using the actual exchange rate on the transaction date. The resulting translation differences are included in the income statement as exchange gains or losses.

Monetary assets and liabilities in foreign currencies are translated into the functional currency on the balance-sheet date at the year-end rates of exchange. Non-monetary items are translated using the exchange rate prevailing on the transaction date. Translation differences are recorded in the income statement.

(c) Group Companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated using the closing rate on the date of that balance sheet;
- income and expenses for each income statement are translated using average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated on the dates of the transactions);
- all resulting exchange differences are recognized in accumulated deficits.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

The Group has offset the accumulated exchange gains and losses that result from translating the financial statements of subsidiaries and associates up to the date of transition to Swiss GAAP FER on January 1, 2012 directly against retained earnings, and no longer reports them separately in equity.

Goodwill and fair-value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated using the closing rate.

The CHF/EUR exchange rates relevant to the annual consolidated financial statements were:

	31.12.2018	Average 2018	31.12.2017	Average 2017
1 EUR	1.1263	1.1549	1.1695	1.1082

2.4 Land, Plant and Equipment

Land consists of property that has been bought on which to build PV plants and is shown at cost. All other plant and equipment are stated at cost less cumulative depreciation. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the items. Borrowing costs that are directly attributable to the construction of PV plants are capitalized as part of the cost of this asset when specific criteria according to Swiss GAAP FER 18 are met.

All amounts are in CHF 000 unless otherwise noted

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost in excess of their residual values over their estimated useful lives, as follows:

Plant	20-30 years
<u>Furniture, fittings and equipment (FF&E)</u>	<u>3 – 4 years</u>

The assets' residual values and useful lives have been reviewed and updated at the balance-sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized within "Other operating income" in the income statement.

Grants from electricity operators related to the construction of PV plants are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. The costs of the plant are reduced by the grant received resulting in a reduced depreciation charge in the future.

2.5 Intangible Assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in "intangible assets". Goodwill on acquisitions of associates is included in 'investments in associates' and is tested for impairment as part of the overall balance. Goodwill is amortized over a period of 5 years.

(b) Trademarks and Licenses

Acquired trademarks and licenses are shown at historical cost. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives (15 – 20 years).

(c) Other Intangibles

Other intangibles include capitalized software expenses and are carried at historical cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of software over its estimated useful life (5 years).

2.6 Impairment of Intangible and Tangible Assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable at every balance sheet date. If indicators for a continuous impairment exist, the recoverable amount is determined. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the pur-

All amounts are in CHF 000 unless otherwise noted

poses of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.7 Trade Receivables

Trade receivables, which generally have a 30-day term, are recognized initially at nominal value less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the income statement.

2.8 Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.9 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to issuing new shares are shown in equity as a deduction, net of tax, from the proceeds.

When any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income tax), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued.

2.10 Trade Payables and Other Payables

Trade payables and other payables are recognized at nominal value.

2.11 Borrowings

Borrowings (loans and straight bonds) are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless payments can be deferred for at least 12 months.

2.12 Current and Deferred Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance-sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

All amounts are in CHF 000 unless otherwise noted

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax assets on tax loss carry forwards are not recognized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.13 Employee Benefits

Pension Obligations

The Group only has employees in Switzerland under a single plan. The plan is funded through payments to a collective pension fund.

2.14 Provisions

Provisions are recognized when the Group has a legal or constructive obligation as a result of past events (e.g. dismantling cost for PV plants) when it is likely that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. The costs associated with the dismantling of PV plants are capitalized in the carrying value of property, plant and equipment and depreciated over the life of the asset. The total provisions related to the PV plants, discounted to present value, are recorded under long-term provisions.

2.15 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured, when it is likely that future economic benefits will flow to the entity, and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be measurable reliably until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction, and the specifics of each arrangement.

(a) Revenues from Sale of Electricity

The Group sells solar energy to local electricity firms. These sales are usually based on a long-term (20 to 30-year) fixed-price contract and recognized in the period the delivery took place. In Switzerland, there are contracts with Zurich's electricity supplier EWZ (Elektrizitätswerk der Stadt Zürich) with SIG (Service industriels de Genève). One contract is based on KEV (Kostendeckende Einspeisevergütung) since 1.1.2009. In Germany, the amount of the compensation is based on the German Renewable Energy Sources Act (EEG) dated 2000 and amended in later years. In Spain, the current regulatory framework is as of July 12, 2013, embodied in the Royal Legislative Decree 9/2013, the Royal Decree 413/2013 as well as the ministerial order 1045/2014. Until July 12, 2013, the compensations were based on the Royal Decrees 661/2007, 1578/2008 as well as in the Royal Decree 6/2009. The compensation in France is based on the "Arrêté du 10 juillet 2006" and the "Arrêté du 12 janvier 2010" as well as on Decrees 2000-1196 and 2009-252. In Italy, the compensation is based on the II Conto Energia (Ministerial Decree 19/02/07 and AEEG resolution No. 90/07).

All amounts are in CHF 000 unless otherwise noted

If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that have given rise to the revision become known by management.

(b) Interest Income

Interest income is recognized on a time-proportion basis using the effective interest method.

2.16 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.17 Dividend Distribution

The distribution of dividends to shareholders of Edisun Power Europe Ltd. would be recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

All amounts are in CHF 000 unless otherwise noted

3 Information by Segment

The segment revenues for the year ended December 31, 2018, are as follows:

	Switzerland	Germany	Spain	France	Italy	EPE	Group
Total segment revenue	1 061	1 582	7 743	2 886	600	650	14 521
Inter-segment revenue	0	0	0	0	0	-650	-650
Revenue from external customers	1 061	1 582	7 743	2 886	600	0	13 872
EBITDA	884	1 236	5 843	2 275	449	-463	10 224
<i>EBITDA in % of revenue</i>	83.4%	78.1%	75.5%	78.8%	74.8%		73.7%

With the acquisition of the Italian CTG Baal SRL at the end of 2017, Edisun Power has entered the Italian PV market. Consequently, Italy has been added as new reporting segment.

The segment revenues for the year ended December 31, 2017, are as follows:

	Switzerland	Germany	Spain	France	Italy	EPE	Group
Total segment revenue	1 045	1 032	4 583	2 862	0	611	10 133
Inter-segment revenue	0	0	0	0	0	-611	-611
Revenue from external customers	1 045	1 032	4 583	2 862	0	0	9 522
EBITDA	890	745	3 448	2 306	0	-453	6 936
<i>EBITDA in % of revenue</i>	85.1%	72.1%	75.2%	80.6%	<i>n.a.</i>		72.8%

All amounts are in CHF 000 unless otherwise noted

4 Land, Plant and Equipment

2018	Land	PV Plants	Assets under construction	FF&E	Total
Gross value					
Opening gross book amount - January 1, 2018	1 117	88 212	24 914	259	114 502
Exchange differences	- 41	- 3 030	- 919	- 5	- 3 995
Additions	0	811	0	0	811
Disposals	0	0	0	0	0
Change in consolidation scope	0	0	0	0	0
Reclassifications	0	23 995	- 23 995	0	0
Closing gross book amount - December 31, 2018	1 075	109 988	0	254	111 318
Accumulated depreciation					
Opening amount - January 1, 2018	667	21 171	193	259	22 290
Exchange differences	- 25	- 826	- 7	- 5	- 863
Disposals	0	0	0	0	0
Depreciation charge	0	4 476	10	0	4 486
Impairment	0	0	0	0	0
Reclassification	0	196	- 196	0	0
Closing amount - December 31, 2018	642	25 017	0	254	25 913
Net book value - January 1, 2018	450	67 041	24 721	0	92 212
Net book value - December 31, 2018	433	84 971	0	0	85 405
2017	Land	PV Plants	Assets under construction	FF&E	Total
Gross value					
Opening gross book amount - January 1, 2017	1 024	73 875	400	248	75 547
Exchange differences	93	6 159	37	11	6 300
Additions	0	42	24 477	0	24 519
Disposals	0	0	0	0	0
Change in consolidation scope	0	8 136	0	0	8 136
Reclassifications	0	0	0	0	0
Closing gross book amount - December 31, 2017	1 117	88 212	24 914	259	114 502

All amounts are in CHF 000 unless otherwise noted

	Land	PV Plants	Assets under construction	FF&E	Total
Accumulated depreciation					
Opening amount - January 1, 2017	611	16 348	168	246	17 373
Exchange differences	56	1 540	15	11	1 622
Disposals	0	0	0	0	0
Depreciation charge	0	3 283	10	2	3 295
Impairment	0	0	0	0	0
Reclassification	0	0	0	0	0
Closing amount - December 31, 2017	667	21 171	193	259	22 290
Net book value - January 1, 2017	413	57 527	232	2	58 174
Net book value - December 31, 2017	450	67 041	24 721	0	92 212

The PV Plants' current and future receivables from the sale of solar power to local electricity companies are partially pledged to secure third-party loans (see note 20).

4.1 Impairment of PV Plants

The Company performed a detailed impairment test for each PV plant individually as per December 31, 2018.

Interest rates after tax (Weighted Average Cost of Capital, WACC) have been reviewed and adjusted for each segment as follows:

	2018	2017
Spain	5.5%	6.6%
Germany	3.6%	4.6%
Switzerland	4.2%	4.9%
France	4.3%	5.2%
Italy	6.8%	7.1%

As of the end of 2018, no book value adjustments had to be made.

All amounts are in CHF 000 unless otherwise noted

4.2 Purchase and sale of PV Plants / Subsidiaries

In February 2017, the Company signed a contract to purchase a 12 MW PV construction project near Valencia in Spain for a total consideration of about CHF 25 million. Construction of the plant was largely completed in mid-December 2017 and the connection to the Spanish electricity grid followed in March 2018. In the balance sheet, the construction project was shown as an asset under construction at the end of 2017 since the execution of the project was not entirely completed. In addition, as per December 31, 2017, the company was paid out the planned financing of around CHF 18 million by the financing bank. At the same time, however, the plant constructor's invoice was still outstanding at that time. This explains the high value of both cash and cash equivalents and the accrued costs in the balance sheet at the end of 2017.

In November 2017, the Company acquired 100% of the shares of the company PV Leipzig Alter Flughafen UG & Co. KG, domiciled in Sigmaringen, Germany, which owns and operates a 3.6 MW PV system in the province of Sachsen in the East of Germany. Finally, it bought 100% of the shares of the company CTG Baal SRL, domiciled in Imola, Italy in December 2017. CTG Baal owns and runs a 1.0 MW PV plant in the Emilia-Romagna province in the North-east of Italy.

The acquired companies consisted of the following positions:

	PV Leipzig	CTG Baal
Cash and cash equivalents	73	462
Land, plant and equipment	4 876	3 261
Other assets	94	448
Interest-bearing liabilities	3 699	2 673
Other liabilities	246	107
Net assets acquired	1 097	1 390
Acquisition price	1 097	1 390

Consequently, no goodwill was acquired through these acquisitions.

All amounts are in CHF 000 unless otherwise noted

5 Intangible Assets

2018	Total
Gross value	
Opening gross book amount - January 1, 2018	836
Exchange differences	- 10
Additions	4
Disposals	0
Change in consolidation scope	0
Reclassifications	0
Closing gross book amount - December 31, 2018	829
Accumulated depreciation	
Opening amount - January 1, 2018	557
Exchange differences	-3
Disposals	0
Depreciation charge	58
Impairment	0
Reclassification	0
Closing amount - December 31, 2018	612
Net book value - January 1, 2018	279
Net book value - December 31, 2018	217
2017	
Gross value	
Opening gross book amount - January 1, 2017	622
Exchange differences	11
Additions	89
Disposals	0
Change in consolidation scope	114
Reclassifications	0
Closing gross book amount - December 31, 2017	836

All amounts are in CHF 000 unless otherwise noted

	Total
Accumulated depreciation	
Opening amount - January 1, 2017	518
Exchange differences	4
Disposals	0
Depreciation charge	35
Impairment	0
Reclassification	0
Closing amount - December 31, 2017	557
Net book value - January 1, 2017	104
Net book value - December 31, 2017	279

Intangible Assets include capitalized software expenses, licenses and capitalized transaction costs.

6 Trade and Other Receivables

	31.12.2018	31.12.2017
Trade receivables (gross)	2070	1931
Other receivables and current assets	512	774
Less: provision for impairment of trade receivables	0	0
Trade and other receivables – net	2582	2705
Current portion	2582	2705

7 Cash and Cash Equivalents

	31.12.2018	31.12.2017
Cash on hand	0	0
Banks	5613	22576
Total	5613	22576

8 Share Capital

The share capital of Edisun Power Europe Ltd. entered in the commercial register amounts to TCHF 15371 and is fully paid up. It consists of 512364 ordinary shares with a nominal value of CHF 30.00 each.

The Annual General Shareholders Meeting held on May 12, 2017 decided to reduce the share capital of Edisun Power Europe Ltd. from TCHF 17950 to TCHF 10247 via a reduction of the nominal value from CHF 52.55 to CHF 30.00 per share. The reduction amount of TCHF 7703 has been allocated to the capital contribution reserves. On September 12, 2017 the share capital of Edisun Power Europe Ltd. was increased from TCHF 10247 to TCHF 15371 through the issue of 170788 fully paid registered shares with a par value of CHF 30.00 each. In addition, the Board of Directors has been granted the right to increase the share capital of Edisun Power Europe Ltd. until May 17, 2020 by a maximum aggregate amount of CHF 7.5 million (250000 fully paid registered shares with a par value of CHF 30.00 each).

All amounts are in CHF 000 unless otherwise noted

8.1 Share Premium

In 2017, a capital contribution reserve of TCHF 7 703 was created in the Share Premium in the course of a capital reduction carried out in May. In addition, transaction cost of TCHF 268 relating to a subsequent capital increase were deducted from the Share Premium. No internal expenses from management etc. were included in the transaction cost. Any internal cost had been charged to the income statement as incurred.

In 2018, the distribution of TCHF 307 of the capital contribution reserve was recorded to the Share Premium.

8.2 Own Shares

As of the balance sheet date, neither Edisun Power Europe Ltd. nor any of its subsidiaries hold their own shares.

8.3 Accumulated Deficits/Retained Earnings and Currency Translation Differences

Accumulated deficits/retained earnings comprise accumulated and unappropriated earnings.

The consolidated accumulated deficits/retained earnings include non-distributable legal reserves of TCHF 431 (2017: TCHF 448).

Total currency translation differences amount to TCHF -1 759 (2017: 3 386), of which TCHF -1 575 (2017: 3 133) are arising from equity loans.

9 Trade and Other Payables

The following table provides details on trade payables and other payables:

	2018	2017
Trade payables	299	410
Value added tax	26	0
Social security and other taxes	9	4
Other	388	400
Total	722	814

The following table provides details on accrued costs:

	2018	2017
Interest on borrowings	188	404
Other accrued cost	1 190	18 478
Total	1 378	18 882

In 2017, other accrued cost included TCHF 17 944 outstanding invoices for the construction of the 12 MW PV plant in Requena, Spain, which in 2018 have been paid (see also Note 4.2).

All amounts are in CHF 000 unless otherwise noted

10 Borrowings

	2018	2017
Current		
Loans from third-parties	2 832	2 382
Straight bonds from third-parties	0	4 959
Total current borrowings	2 832	7 341
Non-current		
Loans from third-parties	39 013	41 828
Straight bonds from third-parties	29 418	29 385
Total non-current borrowings	68 431	71 213

The carrying amounts (in TCHF) of the Group's borrowings are denominated in the following currencies:

	2018	2017
CHF	29 868	34 794
EUR	41 395	43 760
Total	71 262	78 554

At the end of 2018, the Group had unused credit lines amounting to TEUR 5 740 in total (2017: 7 725).

10.1 Loans from third-parties

At year-end, maturities of debt were as follows:

	2018	2017
Within 1 year	2 832	2 382
Within 2 to 5 years	12 684	12 219
After 5 years	26 329	29 609
Total loans from third parties	41 845	44 210

The following tables provide details on the conditions of the loans from third-parties:

2018		
Final maturity	Interest rate	amount
2019	1.3%	202
2020	2.5%	450
2024	2.5%	1 126
2025	4.5–5.9%	1 089
2026	1.8–6.1%	6 417
2027	2.9–5.1%	3 355
2029	4.0%	3 666
2031	1.9–4.5%	7 806
2034	2.0–2.9%	745
2038	3.8%	16 989
Total		41 845

2017		
Final maturity	Interest rate	amount
2020	2.5–4.5%	1 408
2025	5.8–5.9%	341
2026	1.8–6.1%	7 184
2027	2.9–5.1%	3 851
2029	4.0%	4 085
2031	1.3–4.5%	8 620
2034	2.0–2.9%	782
2038	3.8%	17 939
Total		44 210

All amounts are in CHF 000 unless otherwise noted

10.2 Straight Bonds

The Group has issued several straight bonds:

		<u>31.12.2018</u>	<u>31.12.2017</u>
	Nominal value in local currency (000)	Bookvalue in TCHF	Bookvalue in TCHF
Edisun Power Europe Ltd.			
4.50 % 2014 – 2024 (CHF) ¹⁾	0	0	4 959
2.25 % 2015 – 2023 (CHF)	3 980	3 915	3 901
2.00 % 2016 – 2021 (CHF)	12 250	12 228	12 220
2.00 % 2017 – 2022 (CHF)	13 315	13 275	13 264
Total		29 418	34 344

¹⁾The bond has been repaid as per February 28, 2018.

All amounts are in CHF 000 unless otherwise noted

11 Pension Fund Liabilities

Economic benefit/economic obligation and pension plan expenses:

	Surplus / Deficit according to Swiss GAAP FER 26	Economic impact Group		Change to prior year or charge to income current year	Contri- butions for the period	Pension plan expenses in personnel expenses	
	31.12.2018	31.12.2018	31.12.2017			2018	2017
Pension schemes with funding surplus/deficit Switzerland	0	0	0	0	53	53	49
Pension institutions without funding surplus/ deficit abroad	0	0	0	0	0	0	0
Unfunded pension schemes abroad	0	0	0	0	0	0	0
Total	0	0	0	0	53	53	49

	Surplus / Deficit according to Swiss GAAP FER 26	Economic impact Group		Change to prior year or charge to income current year	Contri- butions for the period	Pension plan expenses in personnel expenses	
	31.12.2017	31.12.2017	31.12.2016			2017	2016
Pension schemes with funding surplus/deficit Switzerland	0	0	0	0	49	49	52
Pension institutions without funding surplus/ deficit abroad	0	0	0	0	0	0	0
Unfunded pension schemes abroad	0	0	0	0	0	0	0
Total	0	0	0	0	49	49	52

The employees of Edisun Power Europe Ltd. are insured under a collective pension plan. Consequently, due to its joint and several nature, the information to be disclosed cannot be determined on the basis of the individual participation agreement. The level of coverage of the collective plan as a whole, however, amounted to 108.1 % at the end of 2018 (112.9% at the end of 2017).

All amounts are in CHF 000 unless otherwise noted

12 Provisions

	Deferred tax liabilities	Provision for dismantling	Other provisions	Total
Year ended December 31, 2018				
At beginning of the year	547	454	56	1 057
Exchange differences	- 20	- 13	- 2	- 36
Additions	5	94	0	99
Use	0	0	0	0
Reversal	0	- 235	0	- 235
Change in consolidation scope	0	0	0	0
At the end of the year	532	299	53	885
thereof short-term	0	0	0	0
thereof long-term	532	299	53	885
Year ended December 31, 2017				
At beginning of the year	373	384	51	808
Exchange differences	34	27	5	66
Additions	0	21	0	21
Use	0	0	0	0
Reversal	0	0	0	0
Change in consolidation scope	140	22	0	162
At the end of the year	547	454	56	1 057
thereof short-term	0	0	0	0
thereof long-term	547	454	56	1 057

Deferred tax liabilities have been reclassified from income tax liabilities to provisions in the current year. Prior year figures have been adjusted accordingly.

Provisions for dismantling PV plants after termination of the contract with the owner (generally 20 – 30 years after construction of the PV plant) are based on future estimated costs discounted at a rate of 5% (2017: 5%).

Other provisions (long-term) include a provision in the amount of TCHF 53 (2017: TCHF 56) for a potential lawsuit regarding a defective construction of a rooftop installation. Group management has used best estimates to measure the potential outcome and came to the conclusion that provisions are still accurate for this case.

All amounts are in CHF 000 unless otherwise noted

13 Personnel Expenses

	2018	2017
Wages and salaries	- 615	- 595
Social security costs	- 99	- 96
Other personnel costs	- 45	- 47
Total	- 759	- 738

14 Financial Income and Expenses

	2018	2017
Interest income on loans	0	1
Other financial income	29	0
Foreign exchange gains	31	13
Financial income	60	14

Borrowings third-party	- 1631	- 1019
Straight bonds	- 712	- 986
Foreign exchange losses	- 8	- 3
Other financial expenses	- 88	- 54
Financial expenses	- 2438	- 2062

Net finance cost	- 2378	- 2048
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15 Income Tax Expenses

	2018	2017
Current income tax expenses	259	6
Deferred income tax expenses	4	0
Total income tax expenses	264	6
Reported tax rate	8.0%	0.4%

The weighted average tax rate amounts to 24.8% in the current year (2017: 27.9%). The decline is due to the increase of profits in countries with a relatively lower tax burden. The reported tax rate is lower than the weighted average tax rate due to the usage of previously unrecognized tax loss carry-forwards.

No deferred income tax assets are recognized for tax loss carry-forwards.

As of December 31, 2018, the Group has tax losses for which no deferred tax asset has been recognized with an amount of TCHF 12 467 (2017: 19 226). The total deferred income tax asset arising from unused tax loss carry-forwards in the individual countries would amount to TCHF 2 434 (2017: 3 896).

16 Leasing commitments

The Group's fixed operating leasing commitments that cannot be cancelled within 12 months and which are not recognized in the balance sheet are due as follows (not discounted):

	31.12.2018	31.12.2017
Less than 1 year	529	464
Between 1 and 5 years	2 117	2 042
Over 5 years	8 830	9 036
Total	11 476	11 543

The figures in the preceding table exclusively include rental contracts for land and roofs on which the Group's PV systems are built.

All amounts are in CHF 000 unless otherwise noted

17 Earnings per Share

Basic earnings per share is calculated by dividing the earnings attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares.

	2018	2017
Profit attributable to equity holders of the Group	3 037	1 552
Weighted average number of ordinary shares outstanding	512 364	392 812
Basic and diluted profit per share (CHF per share)	5.93	3.95

18 Dividends per Share

In 2018, a dividend of CHF 0.60 per share was paid out (2017: 0).

19 Contingencies

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for.

20 Commitments and Collaterals

The following current and future receivables from the sale of solar power to local electricity companies have been pledged to secure third-party borrowings:

	31.12.2018	31.12.2017
To banks	40 307	44 039
To bond-holders	0	0
Total	40 307	44 039

The book value of the receivables and PV plants pledged to secure bank financings amount to TCHF 1 503 (2017: 1 195) and TCHF 63 772 (2017: 43 896), respectively. There were no other commitments as of December 31, 2018 and December 31, 2017, respectively.

21 Related-Party Transactions

Key Management and Board Compensation:

	2018 ¹⁾	2017
Salaries and other short-term employee benefits	526	488
Social benefits (employer's contribution)	89	82
Termination benefits	0	0
Total compensation	615	570

¹⁾ As per May 18, 2018 the Board includes the new member Reto Klotz.

22 Events after the Balance-Sheet Date

In February 2019, the Company signed a contract to acquire a 49 MW photovoltaic construction project in north-eastern Portugal.

There are no other relevant events after the balance sheet date which would have a significant impact on the 2018 financial statements.



Phone +41 44 444 35 55
Fax +41 44 444 35 35
www.bdo.ch

BDO Ltd
Schiffbaustrasse 2
8031 Zurich

STATUTORY AUDITOR'S REPORT

To the General Meeting of Edisun Power Europe Ltd., Zurich

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Edisun Power Europe Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2018 and the consolidated income statement, consolidated cash flow statement and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 26 to 49) give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key Audit Matter

How our audit addressed the key audit matter

Recoverability of property, plant and equipment (PV plants)

The property, plant and equipment amount to CHF 85.4 million (90.2% of total assets) as of December 31, 2018. Property, plant and equipment mainly consist of photovoltaic systems (PV plants).

We consider the valuation of PV plants as a particularly significant area due to the size of the carrying value and judgements involved in assessing the recoverability of these assets. Those judgments relate to the future performance of the PV plants and the discount rates applied to future cash flow forecast.

We refer to Note 4 to the consolidated financial statements for the Group's disclosure on property, plant and equipment.

Financing and compliance with loan covenants

The borrowings amount to CHF 71.3 million (95.7% of total liabilities) as of 31 December 2018. Borrowings mainly consists of bank loans and bonds.

We consider the financing and compliance with loan covenants to be a key risk area as the Group has a significant level of external debt. Bonds expire regularly and financing needs to be successfully replaced to ensure the future financing needs of the Group are met.

We refer to Note 10 to the consolidated financial statements for the Group's disclosure on borrowings.

Management assessed the recoverability of PV plants and shared the results with us. We critically evaluated and challenged the assumptions made by management. Management had followed a clearly documented process for drawing up future cash flow forecasts, which was subject to timely oversight and challenge by the Board of Directors.

We compared the current year actual results with the figures included in the prior year forecast to consider whether any forecasts included assumptions that, with hindsight, had been optimistic.

We challenged management's assumptions on the revenue and long term growth rates, by comparing them to economic and industry forecasts and the discount rate, by assessing the cost of capital for comparable organisations, as well as considering territory specific factors.

Management prepared an assessment of refinancing and shared the results with us.

We critically reviewed and evaluated the assumptions used by the management in regards to the development of liquidity, future income and the amount of possible refinancing by considering historical data as well as economic and industry forecasts.

The Board of Directors and management monitored compliance with covenants in order to proactively identify possible breaches and apply the relevant measures early. We obtained external confirmations of the Groups banking arrangements, covenant requirements and checked the Group's calculations that the covenants are complied with.



Responsibility of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTSuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Zurich, 10 April 2019

BDO Ltd

Christoph Tschumi
Auditor in Charge
Licensed Audit Expert

Guido Schwengeler
Licensed Audit Expert

Statutory Financial Statements of Edisun Power Europe Ltd.

Statutory Balance Sheet

	Notes	31.12.2018 TCHF	31.12.2017 TCHF
Assets			
Cash and cash equivalents		65	310
Other current receivables			
due from third parties		0	23
due from group companies	2.2/3.1	8 745	12 797
Accrued income and deferred expenses	2.6	14	30
Total current assets		8 824	13 160
Financial assets			
Loans to group companies	2.3/3.1	32 644	33 662
Investments in subsidiaries and associates	2.4/3.2	8 928	8 928
Plant and equipment		0	0
Accrued income and deferred expenses		173	254
Total non-current assets		41 746	42 844
Total assets		50 569	56 004
Liabilities and equity			
Trade payables			
due to third parties		63	77
Short-term interest-bearing liabilities			
due to third parties	2.7/3.3	0	5 000
due to group companies		0	0
Other short-term liabilities			
due to third parties		9	2
Accrued expenses and deferred income		217	406
Total current liabilities		288	5 485
Long-term interest-bearing liabilities			
due to third parties	2.7/3.3	31 121	29 995
Long-term provisions		53	335
Total non-current liabilities		31 175	30 330
Total liabilities		31 463	35 815
Share capital		15 371	15 371
Reserves from capital contributions		7 395	7 703
Loss brought forward		- 2 885	- 5 996
Profit/loss for the year		- 775	3 111
Total equity		19 106	20 189
Total liabilities and equity		50 569	56 004

The notes are an integral part of these financial statements.

Statutory Income Statement

	Notes	31.12.2018 TCHF	31.12.2017 TCHF
Revenue from sales of services	2.10	650	611
Personnel expenses		- 759	- 738
Rental and maintenance expenses		- 45	- 45
Administration expenses		- 261	- 204
Advertising expenses		- 7	- 18
Other operating expenses		- 9	- 291
Earnings before interest, tax, depreciation and amortization (EBITDA)		- 431	- 685
Depreciation and amortization		- 84	- 81
Earnings before interest and tax (EBIT)		- 515	- 766
Financial income		2 042	4 929
Financial expenses		- 2 269	- 1 016
Earnings before taxes (EBT)		- 742	3 147
Taxes		- 33	- 36
Net loss/profit for the year		- 775	3 111

The notes are an integral part of these financial statements.

Notes to the Financial Statements

1 General Information

1.1 Legal form, registered office and capital

Edisun Power Europe Ltd. ("the Company"), which is listed on the SIX Swiss Exchange in Zurich (Switzerland), is the holding company of the Edisun Power Group. The Company was established on December 1, 2005 as a stock corporation and is domiciled in Zurich.

The share capital of Edisun Power Europe Ltd. amounts to CHF 15 370 920.00 and consists of 512 364 registered shares with a par value of CHF 30.00 each.

2 Key accounting and valuation principles

2.1 Accounting principles applied in the preparation of the financial statements

These financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (Art. 957 to 963b CO). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

Edisun Power Europe Ltd. is presenting consolidated financial statements according to Swiss GAAP FER. As a result, these financial statements and notes do not include additional disclosures, the cash flow statement and the management report.

All amounts in these financial statements are rounded individually.

2.2 Trade and other current receivables

Trade and other short-term receivables mainly include receivables from subsidiaries and are carried at their nominal value. Impairment charges are calculated for these assets on an individual basis.

2.3 Financial assets

Financial assets mainly include loans to subsidiaries and are carried at their nominal value. Impairment charges are calculated for these assets on an individual basis.

2.4 Investments in subsidiaries and associates

Investments in subsidiaries and associates are carried at cost less impairment charges. Impairment charges are calculated on an individual basis.

2.5 Property, plant and equipment

Tangible fixed assets are valued at acquisition or manufacturing costs less accumulated depreciation. The straight-line depreciation method is used for tangible fixed assets according to their expected useful life.

2.6 Accrued income and deferred expenses

Accrued income and deferred expenses mainly include capitalized borrowing costs. Capitalized costs are amortized using the straight-line method over the contractual duration of the financing.

2.7 Interest-bearing liabilities

Interest-bearing liabilities are valued at their nominal value. Issuing costs of bonds are carried in accrued income and deferred expenses and are amortised using the straight-line method over the term of the bond.

2.8 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. All leasing contracts are terminable within 12 months of the balance sheet date.

2.9 Foreign currency items

The currency in which Edisun Power Europe Ltd. operates is CHF. Transactions in foreign currencies are converted into the currency in which the Company operates (CHF) at the exchange rate on the day the transaction takes place.

Monetary assets and liabilities in foreign currencies are converted into the currency in which the Company operates (CHF) at the exchange rate on the balance sheet date. Any profits or losses resulting from the exchange are recorded in the income statement with the exception of unrealized exchange gains on non-current monetary assets and liabilities which are accrued in provisions.

Exchange rate applied on balance sheet 31.12.2018: EUR 1.1263 (31.12.2017: 1.1695)

2.10 Revenue recognition

Edisun Power Europe Ltd. records the gross invoice amount from the sale of services as revenues from sales of services. Edisun Power Europe Ltd. recognizes revenue when the amount of revenue can be reliably measured and it is likely that future economic benefits will flow to the entity. The sale of services is invoiced twice a year at the end of each semester.

3 Information relating to items on the balance sheet and profit and loss accounts

3.1 Intercompany loans and receivables

	31.12.2018 TCHF	31.12.2017 TCHF
Other receivables from group companies (gross amount)	8 745	12 797
Impairment	0	0
Other receivables from group companies (net amount)	8 745	12 797
Loans to group companies (gross amount)	45 163	46 181
Impairment	- 12 519	- 12 519
Loans to group companies (net amount)	32 644	33 662

Loans to group companies include subordinated loans in the amount of CHF 19.6 million (2017: CHF 19.9 million).

3.2 Equity participations

Direct equity participations

		31.12.2018		31.12.2017	
		Capital	Share	Capital	Share
Edisun Power Switzerland Ltd., Zurich	TCHF	100	100 %	100	100 %
Edisun Power Iberia SA, Madrid	TEUR	61	100 %	61	100 %
Edisun Power PLC, Sigmaringen	TEUR	750	100 %	750	100 %
Edisun Power France SAS, Lyon	TEUR	2 800	100 %	2 800	100 %
Edisun Power Italia SRL, Salò	TEUR	10	100 %	10	100 %

Indirect equity participations

		31.12.2018		31.12.2017	
		Capital	Share	Capital	Share
Edisun Power Beteiligungs UG, Sigmaringen	TEUR	1	100 %	1	100 %
PV Hörselgau UG & Co. KG, Sigmaringen	TEUR	16	100 %	16	100 %
PV Leipzig Alter Flughafen UG & Co. KG, Sigmaringen	TEUR	400	100 %	400	100 %
Edisun Power Iberia Beta SA, Madrid	TEUR	61	100 %	61	100 %
Edisun Power Iberia Gamma SA, Madrid	TEUR	61	100 %	61	100 %
Edisun Power Iberia Delta SA, Madrid	TEUR	61	100 %	61	100 %
Edisun Power Iberia Epsilon SA, Madrid	TEUR	61	100 %	61	100 %
Salinas Energia Solar SL, Madrid	TEUR	20	100 %	20	100 %
Cortadeta Fotovoltaica SL, Madrid	TEUR	3	100 %	3	100 %
Sol de Tilla SL, Madrid	TEUR	3	100 %	3	100 %
Digrun Grun SL, Madrid	TEUR	1 491	100 %	1 491	100 %
Tenpro Renovables SL, Madrid	TEUR	3	100 %	3	100 %
Renovables del Condado SL, Madrid	TEUR	750	100 %	750	100 %
Smartenergy Sol20120014 SL, Madrid	TEUR	3	100 %	3	100 %
Smartenergy Sol20120016 SL, Madrid	TEUR	3	100 %	3	100 %
Sainte Maxime Solaire SAS, Lyon	TEUR	50	100 %	50	100 %
CTG Baal SRL, Imola	TEUR	30	100 %	30	100 %

3.3 Interest bearing liabilities

	31.12.2018 TCHF	31.12.2017 TCHF
4.50 % Bond 2014 – 2024 ¹⁾	0	5 000
Total short-term interest bearing liabilities	0	5 000
2.25 % Bond 2015 – 2023	3 980	3 980
2.00 % Bond 2016 – 2021	12 250	12 250
2.00 % Bond 2017 – 2022	13 315	13 315
Loans from third parties	1 576	450
Total long-term interest bearing liabilities	31 121	29 995

¹⁾The bond has been repaid as per February 28, 2018.

3.4 Collateral for third-party liabilities

Neither in 2018 nor in 2017 any receivables from energy deliveries from the sale of solar power to local electricity companies of the subsidiaries of Edisun Power Europe Ltd. have been pledged to secure third-party loans or straight bonds. However, Edisun Power Europe Ltd. has provided a guarantee of TCHF 4 389 (2017: TCHF 4 673) to secure bank financing for Edisun Power France SAS.

3.5 Pension fund

	31.12.2018 TCHF	31.12.2017 TCHF
Pension fund liabilities	2	0

4 Other information not visible in the balance sheet or income statement

4.1 Significant shareholders

Significant shareholders (>3%) and their direct holdings	31.12.2018 in %	31.12.2017 in %
Nef Hans ¹⁾	31.9 %	31.1 %
Eberhard Martin	17.1 %	17.1 %

¹⁾ Member of the Board of Directors

4.2 Shares held by management and administrative bodies

Board of Directors

	31.12.2018	31.12.2017
Rainer Isenrich	2 250	2 250
Hans Nef	163 343	159 193
Fulvio Micheletti	2 004	1 922
Reto Klotz ¹⁾	2 852	2 602
Total	170 449	165 967

¹⁾ The total is comprised of directly and indirectly held shares.

Management Board

	31.12.2018	31.12.2017
Rainer Isenrich, CEO	2 250	2 250
Reto Simmen, CFO	0	0
Total	2 250	2 250

All management transactions can be accessed on the SIX website:

<https://www.six-exchange-regulation.com/en/home/publications/management-transactions.html>

4.3 Full-time equivalents

The annual average number of full-time equivalents for both 2018 and 2017 did not exceed 10.

4.4 Subsequent events

In February 2019, the Company signed a contract to acquire a 49 MW photovoltaic construction project in north-eastern Portugal.

There are no other relevant events after the balance sheet date which would have a significant impact on the 2018 financial statements.

Appropriation of Available Earnings

Proposal for the appropriation of reserves from capital contribution

	2018	2017
Capital contribution reserves before proposed distribution	7 395 120.40	7 702 538.80
Proposed distribution of capital contribution reserves (2018: CHF 1.00 per share; 2017: CHF 0.60 per share)	- 512 364.00	- 307 418.40
Capital contribution reserves after proposed distribution	6 882 756.40	7 395 120.40

The Board of Directors proposes to the annual general meeting of shareholders a cash distribution of CHF 1.00 per registered share payable out of capital contribution reserves.



Phone +41 44 444 35 55
Fax +41 44 444 35 35
www.bdo.ch

BDO Ltd
Schiffbaustrasse 2
8031 Zurich

STATUTORY AUDITOR'S REPORT

To the General Meeting of Edisun Power Europe Ltd., Zurich

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Edisun Power Europe Ltd. (the Company), which comprise the balance sheet as at 31 December 2018 and income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion the financial statements (pages 54-61) as at and for the year ended 31 December 2018 comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key Audit Matter

How our audit addressed the key audit matter

Valuation of investments in subsidiaries, other current receivables and loans to group companies

The investments in subsidiaries, other current receivables and loans to group companies amount to CHF 50.3 million (99.5% of assets) as of December 31, 2018.

We consider the valuation of investments, loans and receivables from group companies as a particularly significant area due to the size of the carrying value and judgement involved in assessing the recoverability of these assets.

Investments are not subject to scheduled depreciation, but impairments for possible value adjustments. The valuation methods imply considerable judgment with respect to assumptions about the future results of the business and the discount rates applied to future cash flow forecast.

Management assessed the recoverability of investments in subsidiaries, other current receivables and loans to group companies and shared the results with us. We critically evaluated and challenged the assumptions made by management. As a basis for the valuation the earnings of individual solar power plants were used. Management had followed a clearly documented process for drawing up future cash flow forecasts, which was subject to timely oversight and challenge by the Board of Directors.

We compared the current year actual results with the figures included in the prior year forecast to consider whether any forecasts included assumptions that, with hindsight, had been optimistic.

We challenged management's assumptions on the revenue and long term growth rates, by comparing them to economic and industry forecasts and the discount rate, by assessing the cost of capital for comparable organisations, as well as considering territory specific factors.

Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Zurich, 10 April 2019

BDO Ltd

Christoph Tschumi
Auditor in Charge
Licensed Audit Expert

Guido Schwengeler
Licensed Audit Expert

The Corporate Governance Report as well as the Financial Statements can be downloaded at: www.edisunpower.com

Contact and Address: Edisun Power Europe Ltd., Universitätstrasse 51, 8006 Zurich, Switzerland, Phone +41 44 266 61 20, Fax +41 44 266 61 22, info@edisunpower.com, www.edisunpower.com **Publisher:** Edisun Power Europe Ltd.

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Edisun Power Europe Ltd.

Universitätstrasse 51
8006 Zurich, Switzerland

Telephone +41 44 266 61 20
Fax +41 44 266 61 22

info@edisunpower.com
www.edisunpower.com