Edisun Power Europe Ltd.

Consolidated Interim Financial Statements 2022

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Content

All values are rounded individually.

Consolidated Interim Balance Sheet

	Notes	30.06.2022 TCHF	31.12.2021 TCHF
Assets			
Cash and cash equivalents		14 133	29 216
Trade receivables		2 293	2 232
Other receivables and current assets		6 201	7 149
Inventories		41 944	0
Financial assets		632	656
Total current assets		**65 204**	**39 254**
Land, plant and equipment	5.1	310 077	358 454
Intangible assets		767	152
Financial and other long term assets		8 566	7 542
Total non-current assets		**319 410**	**366 147**
Total assets		**384 614**	**405 401**
Liabilities and equity			
Borrowings	5.2	16 354	16 500
Trade payables		1 780	2 276
Other payables		24 297	36 961
Accrued cost		4 423	2 269
Income tax liabilities		282	272
Total current liabilities		**47 137**	**58 278**
Borrowings	5.2	255 088	263 006
Provisions		1 457	1 324
Other long-term liabilities		5 597	2 697
Total non-current liabilities		**262 142**	**267 028**
Total liabilities		**309 279**	**325 306**
Share capital		31 075	31 075
Share premium		44 498	45 638
Retained earnings and currency translation differences		- 238	3 382
Total equity		**75 335**	**80 095**
Total liabilities and equity		**384 614**	**405 401**

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

Consolidated Interim Income Statement

	Notes	01.01.2022 – 30.06.2022 TCHF	01.01.2021 – 30.06.2021 TCHF
Revenue from sale of electricity		9 182	8 474
Other operating income		48	74
Total revenues	**7.1**	**9 230**	**8 548**
Personnel expenses		- 347	- 433
Rental and maintenance expenses		- 839	- 754
Administration expenses		- 644	- 342
Advertising expenses		- 2	- 2
Other operating expenses		- 475	- 487
Earnings before interest, tax, depreciation and amortization (EBITDA)		**6 922**	**6 530**
Depreciation and amortization	7.2	- 3 444	- 3 015
Earnings before interest and taxes (EBIT)		**3 478**	**3 515**
Financial income	7.3	5 543	824
Financial expenses	7.4	- 1 904	- 1 378
Net profit before income tax		**7 117**	**2 961**
Income tax		- 928	- 428
Net profit		**6 189**	**2 533**
attributable to shareholders of Edisun Power Europe Ltd.		6 189	2 533
Earnings per share attributable to shareholders of Edisun Power Europe Ltd. (expressed in CHF per share):			
basic and diluted		5.98	2.45

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

Consolidated Interim Cash-flow Statement

	Notes	01.01.2022 – 30.06.2022 TCHF	01.01.2021 – 30.06.2021 TCHF
Net profit (CF)		**6 189**	**2 533**
Reversal of non-cash items:			
Depreciation and amortization	7.2	3 445	3 015
Change in accruals and provisions		855	178
Financial income		- 5 543	- 824
Financial expense		1 904	1 378
Income tax expense		928	428
Change in receivables and other current assets		- 1 767	- 1 940
Inventory		- 162	0
Change in payables		2 546	362
Interest paid		- 882	- 835
Taxes paid		- 555	- 107
Other non-cash items		132	54
Cash-flow from operating activities		**7 091**	**4 242**
Investments in plant and equipment		- 18 406	- 9 988
Investments in intangible assets		- 657	- 15
Business acquisition, incl. capitalized cost		- 2 219	0
Investments in / repayment from financial assets		- 1 366	- 281
Interest received		6	1
Cash-flow from investing activities		**- 22 642**	**- 10 283**
Increase of other borrowings	5.2	3 997	8 732
Repayment of other borrowings	5.2	- 1 907	- 1 589
Distribution of capital contribution reserves		- 1 139	- 1 139
Increase of short-term borrowings		21	0
Cash flow from financing activities		**972**	**6 004**
Net change in cash and cash equivalents		**- 14 579**	**- 38**
Cash and cash equivalents at the beginning of the year		**29 216**	**28 409**
Exchange effects on cash and cash equivalents		- 532	347
Cash and cash equivalents at the end of the period		**14 133**	**28 719**

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

Consolidated Statement of Changes in Equity

	Attributable to shareholders of the Company				Total equity
TCHF	Share capital	Share premium	Retained Earnings	Currency translation differences	
December 31, 2020	**31 075**	**46 777**	**9 151**	**- 5 262**	**81 741**
Distribution of capital contribution reserves		- 1 139			**- 1 139**
Net profit			2 533		**2 533**
Currency translation foreign subsidiaries				1 663	**1 663**
June 20, 2021	**31 075**	**45 638**	**11 684**	**- 3 599**	**87 798**
December 31, 2021	**31 075**	**45 638**	**13 659**	**- 10 276**	**80 095**
Distribution of capital contribution reserves		- 1 139			**- 1 139**
Net profit			6 189		**6 189**
Currency translation foreign subsidiaries				- 9 809	**- 9 809**
June 30, 2022	**31 075**	**44 498**	**19 848**	**- 20 086**	**75 335**

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

Notes to the Consolidated Interim Financial Statements

All amounts are in CHF 000 unless otherwise noted

1 General Information

Edisun Power Group finances and operates solar power installations in a number of European countries. Edisun Power began its involvement in this sector as far back as 1997. The company has been listed on the Swiss Stock Exchange since September 2008. Edisun Power has amassed extensive experience in the realization and acquisition of both national and international projects. Currently, the company owns a total of 38 solar energy installations in Switzerland, Germany, Spain, France, Italy and Portugal. With a pipeline of 940 MW of solar development projects and the need to accelerate its completion and to finance its construction, Edisun Power has announced on 25th March this year an extension of its existing "buy-and-hold" with a "buy-and-sell" business model. On May 2nd, Edisun Power announced additionally mid-term targets to reflect the extended business model. Hereby, Edisun Power envisages to ramp-up its operating asset base from currently 84 MW to 300-350 MW (c. 1/3 of secured portfolio). For its "buy-and-sell" business, Edisun Power plans to sell 600-700 MW of projects (c. 2/3 of secured portfolio) to green infrastructure funds, utilities, pension funds and large corporates. This proportion shall remain as a goal for the business going forward. Further, until 2025, Edisun Power targets a revenue CAGR of 20% and an average EBITDA margin of more than 70 %, with an equity ratio of more than 40 %, while continuously increasing its dividends.

2 Basis of Preparation and Significant Accounting Policies

The consolidated financial statements cover the unaudited interim results for the six months ending 30 June 2022. They have been prepared in accordance with Swiss GAAP FER (Accounting and Reporting Recommendations). The consolidated interim financial statements for 2022 have been prepared in accordance with FER 31 “Complementary Recommendation for Listed Companies”. Furthermore, the accounting complies with the provisions of the listing rules of the SIX Swiss Exchange and with Swiss company law.

The interim financial statements do not contain all the information and disclosures required in the annual consolidated financial statements. They should therefore be read in conjunction with the annual financial statements for the year ended 31 December 2021. The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2021.

The consolidated interim financial statements were approved for issue by the Board of Directors on 26 August 2022.

All amounts in these financial statements are denominated in TCHF unless otherwise noted. The values are rounded individually.

All amounts are in CHF 000 unless otherwise noted

2.1 Accounting Policies Inventories

With the expanded Business Model to include a pro-active portfolio management ("Buy and Sell"), the accounting policies were updated accordingly.

The assets hold for sale, with ongoing active negotiations, are accounted as Work in Progress (WIP) in inventories. It includes the capitalizable costs incurred in bringing the project to a saleable condition.

2.1.1. Accounting and measurement

Inventories are measured at the lower of cost or net realizable value. The cost of inventories comprises all individually captured costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Projects included in inventories are individually assessed for a write-down to net realisable value if there any indications that the costs capitalised at the balance sheet date may not be recoverable through the subsequent sale of the project. When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

2.1.2. Accounting for projects under development

A part of the future revenues of Edisun Power Group will be derived from selling a renewable energy power plant project to an acquirer who is interested in completing its development until operation (COD Commercial Operation Date).

Equally, Edisun Power Group may decide to finalize the construction of the solar plant and subsequently operate the project. Therefore, for each project under development, the Group defines whether the project is aimed to be continued being developed towards (a) a future sale or (b) a future operation as part of the Group's asset base.

The classification of a project impacts the group reporting as follows:

Project classification	**Accounting treatment**
Future sale	Capitalizable costs incurred prior to the sale of the project are recorded as inventory. The inventory is removed against the income statement with the sale of the project and related revenue recognition
Future operation as own plant	Capitalizable costs incurred until the commercial operation date (COD) are recorded as assets under construction in tangible fixed assets and acquired intangible assets respectively

If the aim of the project is changed, the cost would be reclassified accordingly.

All amounts are in CHF 000 unless otherwise noted

3 Changes to Group Structure

There were no changes to Group structure during the period under review.

4 Currency Translation Rates

The CHF/EUR exchange rates relevant for the consolidated interim financial statements were:

	Closing rate 30.06.2022	Average HY 2022	Closing rate 31.12.2021	Average HY 2021
1 EUR	**0.9984**	**1.0161**	**1.0355**	**1.0940**

The Euro depreciated by 3.6 % between 31.12.2021 and 30.6.2022 and by 7.1 % between average first half year 2021 and average first half year 2022.

5 Balance Sheet

In the first half year of 2022, the balance sheet positions were impacted by the Euro depreciation versus the Swiss Franc and the reclassifications due to the new expanded business model of “buy and sell”. In view of progressed negotiations to sell the first solar projects, capitalized acquisition and development costs of solar projects in Portugal were reclassified from Assets under Construction to Inventory for the value of CHF 41.9 million.

The Fixed Asset amount decreased from CHF 358.4 million to CHF 310 million due to the reclassification of some portuguese solar projects to inventory 41.9 million and due to the weaker Euro by CHF 10.5 million. Edisun Power further invested CHF 8.7 million in the development and construction of solar plants, whereas the portuguese solar plant “Betty” consumed the largest part of it (CHF 7.6 million).

The intangible assets increased by CHF 0.7 million due to the patents and know-how values acquired mostly in the Spanish entities at year-end 2021.

The increase of the other financial assets is due to bank guarantees of CHF 1.3 million that is related to the project financing of EUR 8.7 million for the solar “Betty” project.

Overall, total assets decreased by 5.1 % from CHF 405.4 million to CHF 384.6 million.

All amounts are in CHF 000 unless otherwise noted

5.1 Land, PV-Plants and Equipment

HY 2022	Land	PV Plants	Assets under construction	FF&E	Total
Gross values					
Opening gross book amount as at January 1, 2022	989	150 452	244 591	251	396 282
Exchange differences	- 35	- 5 380	- 7 284	- 4	- 12 704
Additions	-	198	8 699	-	8 897
Disposals	-	-	- 237	-	- 237
Change in consolidation scope	-	-	-	-	-
Reclassifications	-	-	- 42 206	-	- 42 206
Closing gross book amount - June 30, 2022	**953**	**145 269**	**203 563**	**246**	**350 032**
Accumulated depreciation					
Opening amount as at January 1, 2022	590	36 989	-	249	37 828
Exchange differences	- 21	- 1 272	-	- 4	- 1 298
Disposals	-	-	-	-	-
Depreciation charge	-	3 424	-	-	3 424
Impairment	-	-	-	-	-
Reclassifications	-	-	-	-	-
Closing amount - June 30, 2022	**569**	**39 141**	**-**	**245**	**39 955**
Net book value January 1, 2022	**398**	**113 463**	**244 591**	**2**	**358 454**
Net book value June 30, 2022	**384**	**106 128**	**203 563**	**1**	**310 077**

All amounts are in CHF 000 unless otherwise noted

HY 2021	Land	PV Plants	Assets under construction	FF&E	Total
Gross values					
Opening gross book amount as at January 1, 2021	1 033	146 622	51 318	256	199 229
Exchange differences	14	1 892	608	2	2 516
Additions	-	1 331	6 025	-	7 356
Disposals	-	-	-	-	-
Change in consolidation scope	-	-	-	-	-
Reclassifications	-	-	-	-	-
Closing gross book amount - June 30, 2021	**1 047**	**149 845**	**57 951**	**258**	**209 101**
Accumulated depreciation					
Opening amount as at January 1, 2021	617	32 213	-	254	33 084
Exchange differences	8	395	-	2	405
Disposals	-	-	-	-	-
Depreciation charge	-	2 994	-	-	2 994
Reclassifications	-	-	-	-	-
Closing amount - June 30, 2021	**625**	**35 601**	**-**	**256**	**36 482**
Net book value January 1, 2021	**416**	**114 410**	**51 318**	**2**	**166 146**
Net book value June 30, 2021	**422**	**114 244**	**57 951**	**2**	**172 619**

On the liabilities and equity side, total liabilities decreased by about CHF 16 million mainly due to the weaker Euro versus the Swiss Franc as well as to the following transactions:

– decrease by CHF 4.7 million of the non-interest bearing loan provided by Smartenergy Group (SEGAG) due to the Euro depreciation, from CHF 130.7 million down to CHF 126.0 million;

– payment of CHF 2 million to SEGAG out of CHF 7.7 million liabilities for the acquired loans granted of the entities as per transaction at year-end 2021;

– offset of the accounts payable to Smartenergy Invest (SEIAG) with the accounts receivable from SEIAG to a net liability position to the benefit of SEIAG for CHF 14.7 million;

– payments of CHF 7.2 million related to Spanish entities acquired at year-end.

The increase of the project financing loan for the Betty project (CHF 4.2 million) was compensated by other amortizations of bank loans for existing PV plants (CHF 1.9 million) and by the Euro depreciation effect on the third party related and Euro nominated loans.

All amounts are in CHF 000 unless otherwise noted

5.2 Borrowings

	30.06.2022	31.12.2021
Current		
Loans from third-party	3 039	3 185
Straight bonds from third-party	13 315	13 315
Total current borrowings	**16 354**	**16 500**
Non-current		
Loans from third-party	62 807	62 961
Straight bonds from third-party	66 299	66 276
Other long-term loans	125 983	133 769
Total non-current borrowings	**255 088**	**263 006**

The Accrued Costs (note 5.1) increased due to the accrued interests on bonds (CHF 1.1 million) and on the accrued costs for the Spanish and Italian entities (CHF 1.2 million).

6 Segment Information

Switzerland, France and Portugal are the countries with the highest profitability of over 85% EBITDA margin. As most solar plants are selling based on contracted feed-in-tarifs (FiT) or power purchase agreements (PPA) the strong increase of electricity prices had only a limited beneficial impact.

The EBITDA margin of Italy (51.1 %) is strongly impacted by the administration costs related to the acquisition of the nine solar SPVs on 31.12.2021.

Segment

HY 2022	Switzerland	Germany	Spain	France	Italy	Portugal	EPE	Group
Total segment revenue	589	882	4 080	1 339	317	2 052	346	9 605
Other operating income	-	-	- 29	-	-	-	- 346	- 375
External revenue	**589**	**882**	**4 051**	**1 339**	**317**	**2 052**	**0**	**9 230**
EBITDA	**529**	**702**	**3 237**	**1 148**	**162**	**1 790**	**- 645**	**6 922**
EBITDA in % of revenue	89.8 %	79.6 %	79.9 %	85.7 %	51.1 %	87.2 %	n.a.	75.0 %

HY 2021	Switzerland	Germany	Spain	France	Italy	Portugal	EPE	Group
Total segment revenue	542	729	3 673	1 493	267	1 845	354	8 902
Inter-segment revenue	-	-	-	-	-	-	- 354	- 354
External revenue	**542**	**729**	**3 673**	**1 493**	**267**	**1 845**	**0**	**8 548**
EBITDA	**475**	**581**	**2 672**	**1 229**	**202**	**1 719**	**- 348**	**6 530**
EBITDA in % of revenue	87.7 %	79.7 %	72.8 %	82.4 %	75.8 %	93.2 %	n.a.	76.4 %

7 Income Statement

The total revenues (note 7.1) increased by 8 % in CHF and by 14.7 % in local currencies. The growth is mainly attributable to the favourable weather conditions and the contribution of the largest solar plant (49 MW Mogadouro plant) in Portugal.

The rental expenses and the administrative costs increased mainly due to the large solar projects pipeline acquired in 2021. The EBITDA margin remained above the mid-term target of 70 % at 75 %; slightly lower compared to 76.4 % in H1 2021.

The depreciation (note 7.2) increased to CHF 3.4 million mainly due to the investments in the fully operational Mogadouro plant in Portugal.

The Financial Income (note 7.3) increase is mainly due to the FX gain of CHF 5.5 million due to the weaker Euro versus CHF.

The Financial expense (note 7.4) is mainly due to the interests on straight bonds (CHF 0.9 million) and on the interests on borrowings third party (CHF 0.7 million).

Driven by an improved operational performance and the financial income, the net profit yielded to a new record amount of CHF 6.2 million, compared to CHF 2.5 million in H1 2021.

8 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.

	HY 2022	**HY 2021**
Profit attributable to equity holders of the Group	6 189	2 533
Weighted average number of ordinary shares outstanding	1 035 821	1 035 821
Basic and diluted earings per share (CHF per share)	**5.98**	**2.45**

9 Dividends

Dividends of TCHF 1 139 in form of a distribution of capital contribution reserves were paid out in the first six months of 2022, unchanged from the corresponding period of the prior year.

10 Events after the Balance-Sheet Date

There are no subsequent events which would have a material impact on the consolidated interim financial statements 2022.

Notes

The Half-Year Report 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