



Edison Power Europe Ltd
Universitätstrasse 51
8006 Zurich

**Consolidated Interim
Financial Statements (unaudited)**

June 30, 2019

Consolidated Interim Balance Sheet (unaudited)

| | <u>Notes</u> | <u>30.06.2019</u> | <u>31.12.2018</u> |
|--|--------------|-------------------|-------------------|
| <u>Assets</u> | | TCHF | TCHF |
| Cash and cash equivalents | | 6'698 | 5'613 |
| Trade receivables | | 3'245 | 2'070 |
| Other receivables and current assets | | 775 | 512 |
| Financial assets | | 4 | 4 |
| Total current assets | | 10'722 | 8'198 |
| Land, plant and equipment | 6.1 | 90'410 | 85'405 |
| Intangible assets | | 270 | 217 |
| Financial assets and other long term assets | | 777 | 813 |
| Total non-current assets | | 91'456 | 86'435 |
| Total assets | | 102'178 | 94'634 |
| <u>Liabilities and equity</u> | | | |
| Borrowings | 6.2 | 2'615 | 2'832 |
| Trade payables | | 343 | 299 |
| Other payables | | 443 | 423 |
| Accrued cost | | 1'491 | 1'378 |
| Income tax liabilities | | 294 | 194 |
| Total current liabilities | | 5'187 | 5'126 |
| Borrowings | 6.2 | 69'572 | 68'431 |
| Provisions | | 883 | 885 |
| Total non-current liabilities | | 70'455 | 69'315 |
| Total liabilities | | 75'641 | 74'441 |
| Share capital | | 17'794 | 15'371 |
| Share premium | | 7'832 | 4'943 |
| Acc. profits/deficits and currency translation differences | | 911 | -121 |
| Total equity | | 26'537 | 20'192 |
| Total liabilities and equity | | 102'178 | 94'634 |

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

Consolidated Interim Income Statement (unaudited)

| | <u>Notes</u> | 01.01.2019 - 30.06.2019 | 01.01.2018 - 30.06.2018 |
|--|--------------|------------------------------------|------------------------------------|
| | | TCHF | TCHF |
| Revenue from sale of electricity | | 7'158 | 6'555 |
| Other operating income | | 48 | 77 |
| Total revenue | 5, 7, 11 | 7'206 | 6'632 |
| Personnel expenses | | -420 | -383 |
| Rental and maintenance expenses | | -735 | -693 |
| Administration expenses | | -309 | -238 |
| Advertising expenses | | -4 | -5 |
| Other operating costs | | -406 | -410 |
| Earnings before interest, tax, depreciation and amortization (EBITDA) | 5, 7, 11 | 5'333 | 4'903 |
| Depreciation and amortization | 6.1 | -2'313 | -2'217 |
| Earnings before interest and taxes (EBIT) | 5, 7, 11 | 3'019 | 2'686 |
| Financial income | | 69 | 0 |
| Financial expense | | -1'269 | -1'199 |
| Net profit before income tax | | 1'820 | 1'487 |
| Income tax | | -174 | -58 |
| Net profit | 7, 11 | 1'646 | 1'429 |
| Attributable to shareholders of Edisun Power Europe Ltd. | | 1'646 | 1'429 |
| Attributable to non-controlling interests | | 0 | 0 |
| Earnings per share (EPS) - expressed in CHF per share: | | | |
| Basic earnings per share | | 3.18 | 2.79 |
| Diluted earnings per share | | 3.18 | 2.79 |

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Consolidated Interim Cash-flow Statement (unaudited)

| | Notes | 01.01.2019 - 30.06.2019 | 01.01.2018 - 30.06.2018 |
|---|-------|----------------------------|----------------------------|
| | | TCHF | TCHF |
| Net profit | | 1'646 | 1'429 |
| Reversal of non-cash items: | | | |
| Depreciation and amortization | 6.1 | 2'313 | 2'217 |
| Change in accruals and provisions | | -1 | -5 |
| Financial income | | -69 | 0 |
| Financial expense | | 1'282 | 1'199 |
| Income tax expense | | 174 | 58 |
| Change in receivables and other current assets | | -1'427 | -1'380 |
| Change in payables | | 73 | -137 |
| Interest paid | | -1'094 | -1'152 |
| Taxes paid | | -67 | -33 |
| Other non-cash items | | 0 | 6 |
| Cash-flow from operating activities | | 2'831 | 2'202 |
| Investments in plant and equipment | | 0 | -18'326 |
| Investments in intangible assets | | -118 | 0 |
| Business acquisition, incl. capitalized cost | 3 | -2'560 | 0 |
| Investments in financial assets | | -3 | -27 |
| Interest received | | 1 | 0 |
| Cash-flow from investing activities | | -2'680 | -18'353 |
| Issuance of bonds, net of transaction costs | | 1'360 | 0 |
| Repayment of bonds | 6.2 | 0 | -5'000 |
| Increase of other borrowings | 6.2 | 1'525 | 4'074 |
| Repayment of other borrowings | 6.2 | -1'364 | -1'025 |
| Dividends paid | 8 | -512 | -307 |
| Cash-flow from financing activities | | 1'009 | -2'258 |
| Net change in cash and cash equivalents | | 1'159 | -18'409 |
| Cash and cash equivalents at the beginning of the year | | 5'613 | 22'576 |
| Exchange effects on cash and cash equivalents | | -74 | -76 |
| Cash and cash equivalents at the end of the period | | 6'698 | 4'091 |

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 |
|---|---|---------------|------------------------|----------------------------------|---------------|
| | Share capital | Share premium | Acc. profits/ deficits | Currency translation differences | |
| TCHF | | | | | |
| December 31, 2017 | 15'371 | 5'250 | -777 | -623 | 19'222 |
| Net profit | | | 1'429 | | 1'429 |
| Currency translation foreign subsidiaries | | | | -486 | -486 |
| Dividend payment | | -307 | | | -307 |
| June 30, 2018 | 15'371 | 4'943 | 652 | -1'109 | 19'858 |
| December 31, 2018 | 15'371 | 4'943 | 2'261 | -2'382 | 20'192 |
| Capital increase | 2'423 | 3'402 | | | 5'825 |
| Net profit | | | 1'646 | | 1'646 |
| Currency translation foreign subsidiaries | | | | -615 | -615 |
| Dividend payment | | -512 | | | -512 |
| June 30, 2019 | 17'794 | 7'832 | 3'907 | -2'996 | 26'537 |

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

Notes to the Consolidated Interim Financial Statements of Edisun Power Europe Ltd. (unaudited)

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 the local electricity companies. The Group is present in Switzerland, Germany, Spain, France, Italy and Portugal.

Edisun Power Europe Ltd. is a limited company domiciled and incorporated in Switzerland. The address of the registered office is: Universitätstrasse 51, 8006 Zürich, Switzerland. The Company is listed on the "Swiss Reporting Standard" segment of the SIX Swiss Exchange.

2. Basis of preparation and significant accounting policies

The consolidated financial statements cover the unaudited interim results for the six months ending 30 June 2019. They have been prepared in accordance with Swiss GAAP FER (Accounting and Reporting Recommendations). The consolidated interim financial statements for 2019 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 2018. The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018.

The consolidated interim financial statements were approved for issue by the Board of Directors on 29 August 2019.

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

3. Changes to Group structure

Edisun Power acquired the two Portuguese companies Smartenergy 1706 SA and Ignichoice Renewable Energy SA in the first half of the year in order to build a 49 MW PV plant in north-eastern Portugal. The two companies have been purchased for a total consideration of CHF 8.39 million, partially via a consideration of CHF 2.56 million net of cash received and CHF 5.83 million via a capital increase by contribution in kind on 20 June 2019 out of authorized capital. The investment is shown under "land, plant and equipment" in the balance sheet and as "assets under construction" in the asset schedule (see also note 6.1 on the next page).

4. Currency translation rates

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

| | Closing rate 30.06.2019 | Average HY 2019 | Closing rate 31.12.2018 | Average HY 2018 |
|-------|----------------------------|--------------------|----------------------------|--------------------|
| 1 EUR | 1.1104 | 1.1300 | 1.1263 | 1.1672 |

5. Segment information

| HY 2019 | Switzerland | Germany | Spain | France | Italy | Portugal | EPE | Group |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|--------------|
| Total segment revenue | 579 | 822 | 3'998 | 1'487 | 314 | 0 | 340 | 7'540 |
| Inter-segment revenue | 0 | 0 | 0 | 0 | 0 | 0 | -333 | -333 |
| External revenue | 579 | 822 | 3'998 | 1'487 | 314 | 0 | 7 | 7'206 |
| EBITDA | 493 | 645 | 3'107 | 1'193 | 233 | 0 | -339 | 5'333 |
| <i>EBITDA in % of revenue</i> | <i>85.1%</i> | <i>78.5%</i> | <i>77.7%</i> | <i>80.3%</i> | <i>74.3%</i> | <i>n.a.</i> | <i>n.a.</i> | <i>74.0%</i> |

Notes to the Consolidated Interim Financial Statements of Edison Power Europe Ltd. (unaudited)

| HY 2018 | Switzerland | Germany | Spain | France | Italy | EPE | Group |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Total segment revenue | 529 | 821 | 3'535 | 1'435 | 312 | 351 | 6'983 |
| Inter-segment revenue | 0 | 0 | 0 | 0 | 0 | -351 | -351 |
| External revenue | 529 | 821 | 3'535 | 1'435 | 312 | 0 | 6'632 |
| EBITDA | 429 | 659 | 2'668 | 1'133 | 222 | -208 | 4'903 |
| <i>EBITDA in % of revenue</i> | <i>81.2%</i> | <i>80.3%</i> | <i>75.5%</i> | <i>79.0%</i> | <i>71.2%</i> | | <i>73.9%</i> |

With the acquisition of the Portuguese Smartenergy 1706 SA and Ignichoice Renewable Energy SA in the first half of 2019, Edison Power has entered the Portuguese PV market. Consequently, Portugal has been added as new reporting segment.

6. Balance sheet

Mainly due to the acquisition of the Portuguese PV project during the first quarter of this year, partially compensated with the weakening of the Euro, total assets increased by CHF 7.5 million to CHF 102.2 million compared to the end of 2018. Besides that, the structure of the balance sheet remained largely unchanged. The value of the PV plants amounted to roughly 90% of total assets, see also note 6.1. On the other hand, current assets were driven by temporarily high trade receivables of almost CHF 3.2 million due to the seasonality pattern of the business.

On the liabilities and equity side, total liabilities increased by about CHF 1.2 million mainly due to the financing of the acquisition mentioned above (see also note 6.2). In addition, equity increased by about CHF 6.3 million thanks to both the capital increase of CHF 5.8 million in connection with the purchase of the two Portuguese companies (see also note 3) and the half-year profit of CHF 1.6 million. The increase in equity was partially compensated with a negative impact from the dividend payment (CHF 0.5 million) and the weakening of the Euro against the Swiss franc (CHF 0.6 million). All in all, the equity ratio increased from 21.3% at December 31, 2018 to 26.0% at the end of the first semester of the current year.

6.1 Land, PV-Plants and equipment

| HY 2019 | Land | PV Plants | Assets under construction | FF&E | Total |
|--|--------------|----------------|---------------------------------|------------|----------------|
| Gross values | | | | | |
| Opening gross book amount as at January 1, 2019 | 1'075 | 109'988 | 0 | 254 | 111'318 |
| Exchange differences | -15 | -1'470 | 0 | -2 | -1'487 |
| Additions | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | 0 |
| Change in consolidation scope | 0 | 0 | 8'389 | 0 | 8'389 |
| Reclassifications | 0 | -9 | 0 | 7 | -2 |
| Closing gross book amount - June 30, 2019 | 1'060 | 108'509 | 8'389 | 259 | 118'217 |
| Accumulated depreciation | | | | | |
| Opening amount as at January 1, 2019 | 642 | 25'017 | 0 | 254 | 25'913 |
| Exchange differences | -9 | -377 | 0 | -2 | -388 |
| Disposals | 0 | 0 | 0 | 0 | 0 |
| Depreciation charge | 0 | 2'284 | 0 | 1 | 2'285 |
| Reclassifications | 0 | -5 | 0 | 3 | -2 |
| Closing amount - June 30, 2019 | 633 | 26'918 | 0 | 256 | 27'808 |
| Net book value January 1, 2019 | 433 | 84'971 | 0 | 0 | 85'405 |
| Net book value June 30, 2019 | 427 | 81'590 | 8'389 | 3 | 90'410 |

Notes to the Consolidated Interim Financial Statements of Edisun Power Europe Ltd. (unaudited)

| HY 2018 | Land | PV Plants | Assets under construction | FF&E | Total |
|--|--------------|----------------|---------------------------------|------------|----------------|
| Gross values | | | | | |
| Opening gross book amount as at January 1, 2018 | 1'117 | 88'212 | 24'914 | 259 | 114'502 |
| Exchange differences | -12 | -855 | -259 | -1 | -1'127 |
| Additions | 0 | 975 | 0 | 0 | 975 |
| Disposals | 0 | -141 | 0 | 0 | -141 |
| Change in consolidation scope | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 0 | 24'655 | -24'655 | 0 | 0 |
| Closing gross book amount - June 30, 2018 | 1'105 | 112'846 | 0 | 258 | 114'209 |
| Accumulated depreciation | | | | | |
| Opening amount as at January 1, 2018 | 667 | 21'171 | 193 | 259 | 22'290 |
| Exchange differences | -7 | -223 | -2 | -1 | -232 |
| Disposals | 0 | -5 | 0 | 0 | -5 |
| Depreciation charge | 0 | 2'188 | 0 | 0 | 2'188 |
| Reclassifications | 0 | 191 | -191 | 0 | 0 |
| Closing amount - June 30, 2018 | 660 | 23'322 | 0 | 258 | 24'240 |
| Net book value January 1, 2018 | 450 | 67'041 | 24'721 | 0 | 92'212 |
| Net book value June 30, 2018 | 445 | 89'524 | 0 | 0 | 89'969 |

Total depreciation and amortization in the interim income statement 2019 includes a depreciation charge of TCHF 28 for intangible assets (2018: TCHF 29).

As per June 30, 2019 there were no impairment indicators and therefore no impairment test has been performed.

6.2 Borrowings

| Current | 30.06.2019 | 31.12.2018 |
|-------------------------------------|-------------------|-------------------|
| Loans from third-party | 2'615 | 2'832 |
| Straight bonds from third-party | 0 | 0 |
| Total current borrowings | 2'615 | 2'832 |
| Non-current | 30.06.2019 | 31.12.2018 |
| Loans from third-party | 38'814 | 39'013 |
| Straight bonds from third-party | 30'758 | 29'418 |
| Total non-current borrowings | 69'572 | 68'431 |

The decrease of current borrowings in the first half of the year is due to the regular repayment of debt.

On the other hand, non-current borrowings increased slightly by CHF 1.1 million due to the purchase of the Portuguese PV project.

Notes to the Consolidated Interim Financial Statements of Edisun Power Europe Ltd. (unaudited)

7. Income statement

Total revenue increased by 9% year-on-year to CHF 7.21 million. The growth is mainly attributable to the pleasing production of the Spanish 12 MW plant Requena which was connected to the grid in March 2018. Growth through acquisition amounted to 10%. In addition, revenue increased by 2% due to a favourable price and volume (weather) development. On the other hand, the weakening of the Euro reduced sales by 3% compared to the first half of 2018.

Operating costs increased in line with the expansion of the plant fleet. Overall, earnings before interest, taxes, depreciation and amortization (EBITDA) rose by 9% to CHF 5.33 million. Depreciation and amortisation increased by 4% to CHF 2.31 million mainly due to the Requena acquisition, resulting in a 12% higher operating profit (EBIT) of CHF 3.02 million. Financing costs remained stable at CHF 1.20 million despite the higher debt level thanks to a successful renegotiation of interest rates in Spain. Finally, tax cost tripled to CHF 0.17 million because of both increasing profits and the usage of tax loss carry forwards in previous periods. Overall, net profit increased by 15% to CHF 1.65 million.

8. Dividends

Dividends of CHF 0.5 million were paid out in the first six months of 2019 while CHF 0.3 million were paid during the corresponding period of the prior year.

9. Seasonality

The solar electricity business is depending on the sun radiation. Typically, the first semester of the year has a slightly higher production (approx. 50-55%) than the second half of the year (approx. 45-50%). Due to the fixed-cost nature of the group's business, the pattern of this seasonality is usually also visible on the earnings side.

10. Events after the balance-sheet date

On 5 July 2019, Edisun Power Europe Ltd. signed the contracts for the purchase of another photovoltaic construction project in Portugal with a capacity of 23 MW. The investment will be covered by existing funds, project financing and a capital increase in the form of a contribution in kind.

On 29 August 2019, Edisun Power Europe Ltd. acquired the project rights, including production licences, for three further PV development projects in southern Portugal totaling 134 MW. The evaluation of the options for financing these projects is in progress. In particular, the company is considering raising additional funds with a capital increase with subscription offer to existing shareholders and the free placement of unsubscribed shares.