Edisun Power Europe Ltd.

MANAGEMENT REPORT

2023

- Record results thanks to a one-off capital gain of MCHF 18.7 from the project sales end of 2023
- Strategy will strongly be focused on large-scale plants
- Major success with the issue of a new bond

Installed capacity

105.7 MW

– 1.3 % YoY

Net profit in Mio.

CHF 23.353

+ 128.4 % YoY

Solar power production

165 094 MWh

+ 33.8 % YoY

Dividend

CHF 1.70[1)]

+ 6.3 % (last year CHF 1.60)

Revenue in Mio.

CHF 37.651

+ 98.5 % YoY

Capacity in Development

1153.0 MW

+ 26 % YoY

1) Proposal of the Board of Directors to the General Meeting of April 26, 2024

Strategy with focus on large-scale solar plants

Dear Investor

Edisun Power continues to make progress with its growth strategy. On the one hand, 2023 was again characterized by great volatility on the energy markets and political discussions to help renewable energies achieve a breakthrough. On the other hand, rising interest rates and inflation expectations have noticeably curbed investors' willingness to invest in renewable energies.

In this environment, the Board of Directors of Edisun Power approved the reallocation of a significant portion of its solar projects on December 27, 2023. Edisun is increasingly focusing on large solar plants and acquired three advanced 'Fuencarral' solar projects with a capacity of 941 MWp. Those are located at strategic sites in the greater Madrid area. In return, Edisun reduced its project portfolio of smaller plants by 706 MWp and realized a one-off capital gain of CHF 18.7 million from the project sales. For 2024 / 25, Edisun plans to further optimize its portfolio by selling smaller solar plants. At the same time, the focus will be on financing the large-scale solar plants and strengthening the balance sheet.

We are presenting a record result for the 2023 financial year. The Board of Directors will therefore propose a dividend of CHF 1.70 per share (previous year CHF 1.60 per share) for approval at the Annual General Meeting on April 26, 2024.

We would like to thank you for the trust you have placed in us.

Edisun Power Europe AG

Horst H. Mahmoudi
Chairman of the Board and
Executive Chairman

Fulvio Micheletti
Vice Chairman of the
Board of Directors

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Edisun Power is taking solid steps towards a meaningful renewable energy transition.

Horst H. Mahmoudi
Executive Chairman
of the Board of Directors

Amidst Challenges: Green Transformation Accelerates in Difficult Times

In 2023, Europe's power sector made significant progress in transitioning to renewable energy following a period of high power prices due to energy market disruptions, and political intervention. However, EU member states are not yet fully aligned with common EU goals, with the transition speed still too slow. The 2022 gas crisis highlighted the high costs of fossil fuel dependency, causing economic hardship and contributing to climate change.

Edisun Power Europe AG is doing its part to further drive the green transformation with its expanding fleet of solar installations and rising electricity generation. The company is well positioned to play a growing role in the European energy transition and benefit from the strong market fundamentals and its dynamic momentum.

The urgency of clean energy increase

The European energy crisis, market shifts and policy changes in 2023 translate into a record fossil collapse, more demand for renewables, faster deployment, and a continued momentum for solar and related sectors such as green hydrogen. While high interest rates are weighing on project financing, the sector remains extremely attractive due to the strong fundamentals of the energy market.

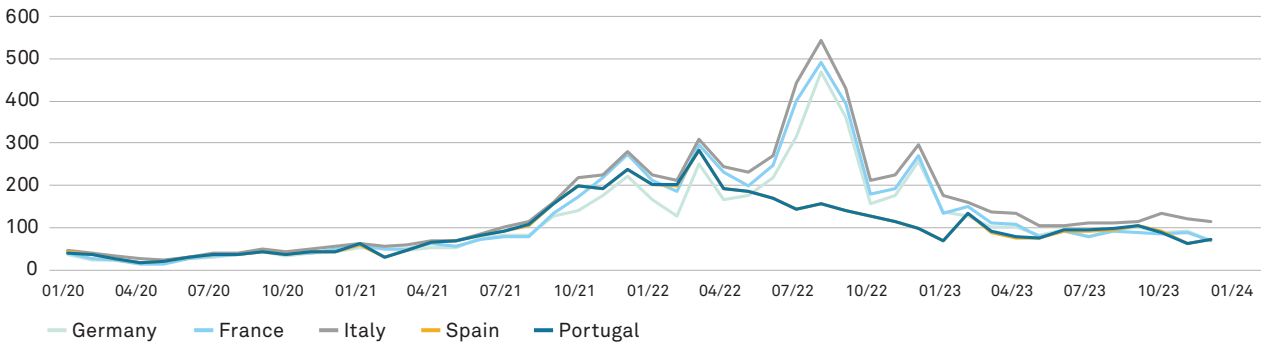
The following developments in 2023 shaped the market environment for Edisun Power.

European electricity prices stabilized at slightly higher than pre-crisis levels

After 21 months of consecutive declines in Europe, electricity demand stabilized and began to slightly increase since October 2023. Current electricity prices are the lowest since August 2021, when gas prices began to rise. At year end 2023, monthly wholesale electricity prices average at €69/MWh in Germany, €115/MWh in Italy and €72/MWh in Spain/Portugal (Figure 1).

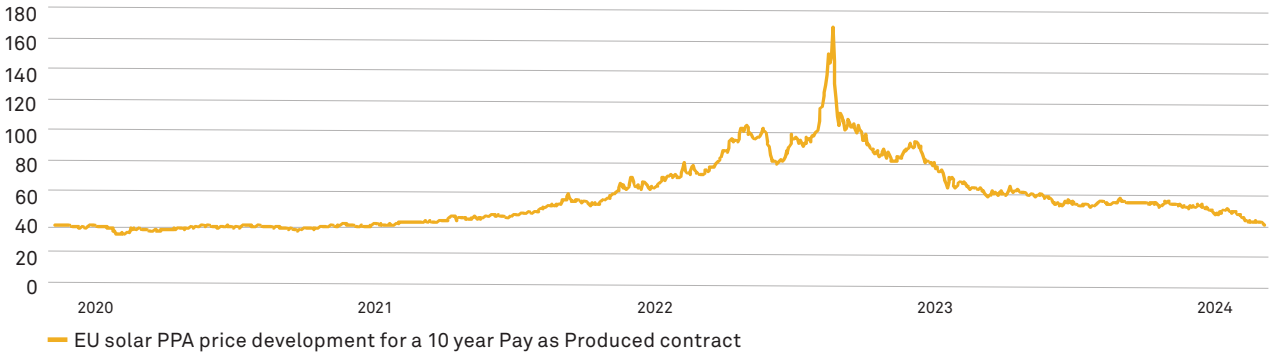
With energy costs being a key concern for many industrial and manufacturing sectors, there is a strong surge in demand for PPAs by companies seeking to lock-in power prices and hedge against market volatilities and the risk of price increases. According to Energy Monitor, companies have procured a record-breaking 7.8 GW of new corporate renewable power purchase agreements (PPA) in Europe in 2023, beating the previous 7.6 GW record set in 2021.

Figure 1 Avg. monthly wholesale electricity prices in selected EU countries (EUR per MWh)



Source: Ember Climate

Figure 2 10-year solar PPA in Europe (EUR per MWh)



Source: Pexapark

Similar to wholesale electricity prices, PPA prices also saw a steady decline in 2023 from the record highs seen in 2022. A 10-year PPA from solar in Europe is now estimated to cost in the range of €40-50/MWh (Figure 2). This is slightly higher compared to pre-crisis levels.

Edisun is well positioned to leverage its asset portfolio and benefit from corporate appetite for clean electricity with its balanced business model resting on two pillars: Selling electricity via PPAs or the spot market as IPP **("buy and hold")**, and selectively selling sought-after renewable generation assets to investors as part of its active portfolio management model **("buy and sell")**.

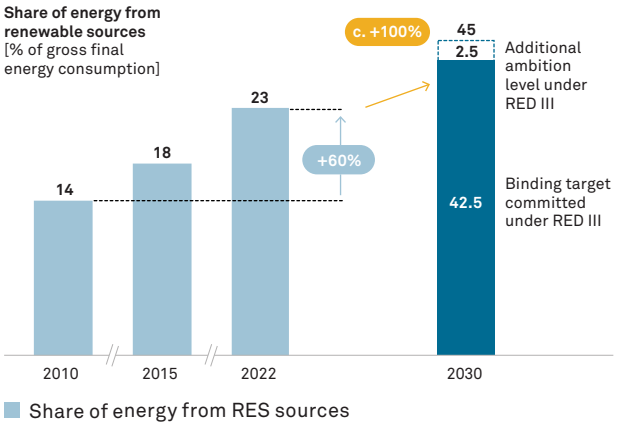
Political momentum for renewable energies continues

As Europe experiences record levels of wind and solar power production, the EU and its member states are adjusting their goals to envision a future energy system predominantly powered by renewables. The REPowerEU plan foresees that at least 42.5% of final energy consumption will come from renewables by 2030 (with an ambition level of 45%), a significant increase from 23% in 2022, largely driven by wind and solar. As part of the REPower EU plan, the EU solar energy strategy aims to bring online over 320 GW of solar photovoltaic by 2025 (more than doubling compared to 2020) and 600 GW by 2030 (Figure 3).

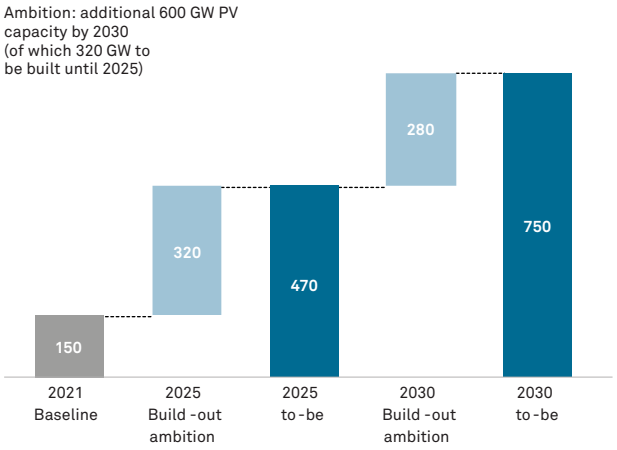
EU member states are adjusting their National Energy and Climate Plans (NECPs) accordingly, raising their 2030 wind and solar targets by 45% and 70% respectively, compared to four years ago. While these plans are not yet enough to meet EU goals, they set wind and solar on a path to provide the majority of EU power by 2030.

The commitment to clean power in Europe was further reinforced by significant political declarations in 2023. Seven interconnected member states committed

Figure 3 Renewable energy share and PV capacity build-out under "REPowerEU plan"



Deep dive: PV capacity build-out ambitions as per "REPowerEU plan" [in GW]



Source: Eurostat, Europäische Kommission

to decarbonizing their power systems by 2035, bringing the total number of member states aligned with this crucial net-zero milestone to ten.

In 2023, the EU made considerable strides towards its ambitious 2030 targets: For the first time, wind and solar accounted for over a quarter (27%) of the EU's electricity, with 10 countries exceeding this percentage. Wind and solar also pushed renewable electricity past the 40% threshold for the first time in the EU's history, making up 44% of the EU's electricity generation in 2023.

An additional 56 GW of solar capacity was installed in 2023, marking a significant increase from the 41 GW added in 2022. The total solar capacity now stands at 263 GW (Figure 4). The growth in installed capacity this year aligns with SolarPower Europe's most probable scenario, which projected 54 GW additions for 2023. However, the expansion of solar energy in the EU will have to accelerate in order to achieve the 2025 target of 470 GW of total installed capacity.

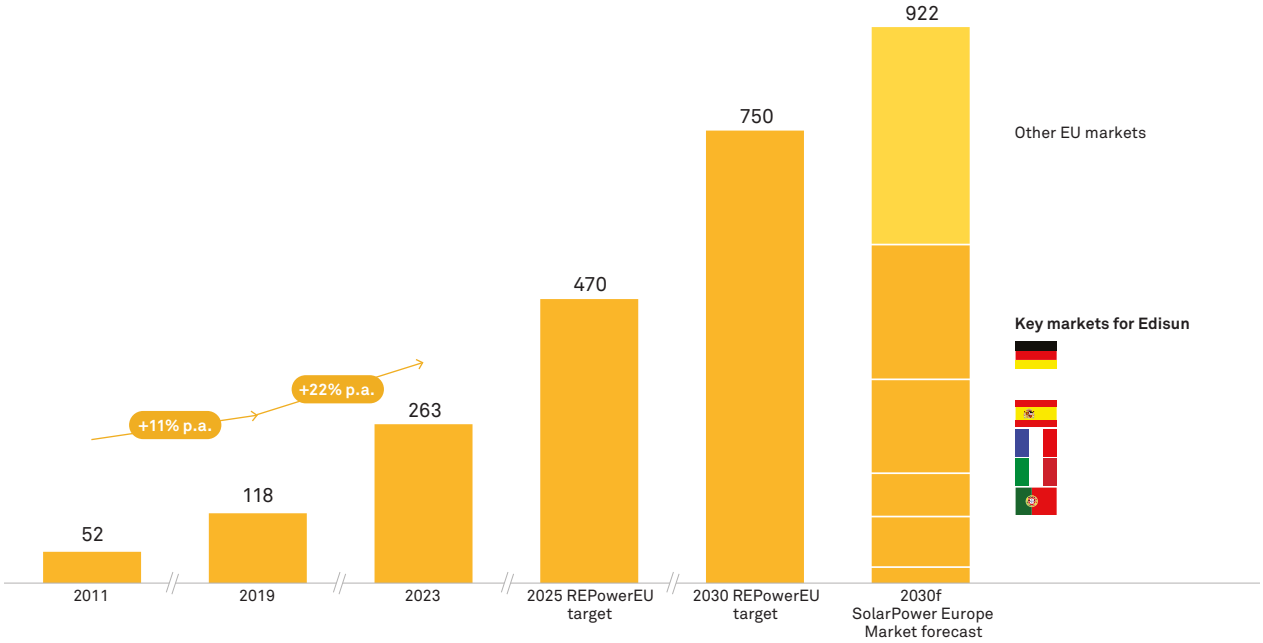
We recognized several hurdles currently that might slow-down the needed growth of installed capacity: High interest rates combined with low forecasted electricity prices, curtailment, panel stockpiling, grid connection queues, local resistance as well as lack of engineering and construction capacities (EPC) to name the most important ones.

Hydrogen growing in importance as the "missing link" for the energy transformation

While the rising renewable energy capacity targets at both the EU level and in many member countries are certainly progressing Europe's green energy transformation, challenges persist from the recent natural gas shortage.

In particular, several industrial processes that cannot be directly electrified require green hydrogen as a clean feedstock, e.g. in the fertilizer, steel or plastics industries, or as a green fuel for high-temperature process heat in industrial processes. Decarbonizing these industries and replacing the use of natural gas and other fossil fuels necessitates green molecules from green hydrogen and its derivatives. Moreover, current gas-fired power plants provide a base load of energy that is independent of seasons and weather conditions, and thus, cannot be directly replaced by intermittent renewable energy sources in the short term. In this context, green hydrogen, produced from renewables, will play a crucial role in achieving full decarbonization. It will provide intermediate energy storage and facilitate reconversion to clean electricity.

Figure 4 PV market development in GW



Source: Eurostat, Europäische Kommission, SolarPower Europe

In response, the EU is pushing for the use of green hydrogen in accordance with its Hydrogen Strategy and has recently raised its ambition with the "Hydrogen Accelerator" initiative under the REPowerEU package. This sets a target of a total domestic production capacity of 10 million tons (equivalent to 65 to 100 GW of electrolysis capacity) by 2030. Additionally, the plans include the annual import of 10 million tons of green hydrogen. To run the targeted 65 to 100 GW electrolyzer capacity, the EU anticipates a requirement for at least 130 GW of installed renewable electricity capacity, with higher-end estimates reaching about 300 GW. Furthermore, individual member states have increased their national targets in 2023 (Figure 5).

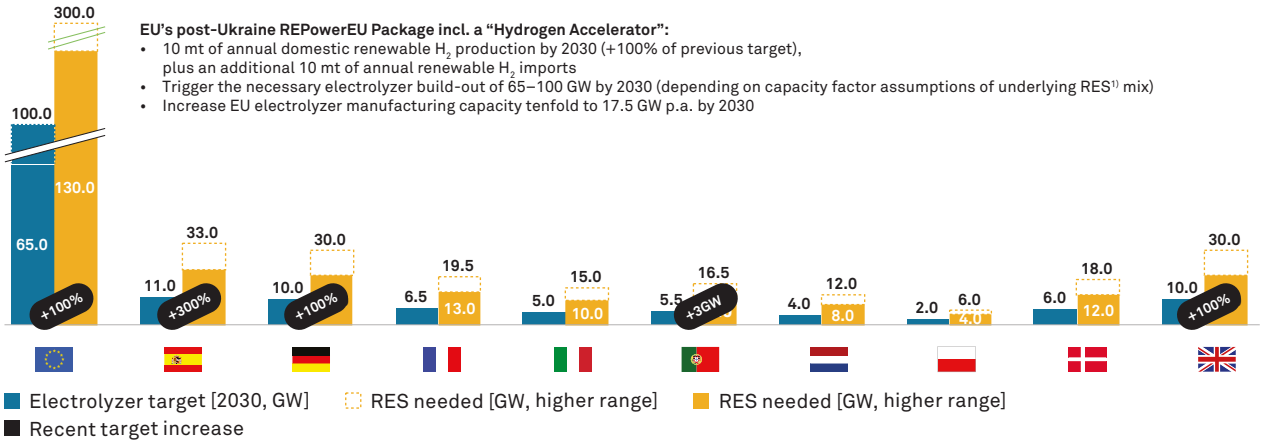
Policymakers stepping up hydrogen support mechanisms on EU and national level

Driven by policy targets, decarbonization pressure, and public funding support, demand for hydrogen in Europe is poised for substantial growth. According to a study published by Roland Berger, hydrogen production in Europe is projected to reach c.15 million tons annually by 2030, of which around 5 million tons will be green hydrogen (Figure 6).

A key bottleneck in financing commercial hydrogen production is the lack of buyers willing to enter long-term offtake agreements. On November 23, 2023, the first EU-wide pilot auction under the "Hydrogen Bank" was launched to support the domestic production of renewable hydrogen for European consumers with a total budget of €800 million out of a total budget of €3 billion for further auction rounds in 2024. Germany became the first EU country to participate in the "auction-as-a-service" scheme and will make €350 million available from its national budget for hydrogen production in Germany. Both measures catalyze further capital deployment in the nascent hydrogen economy, and in turn accelerate demand for renewable electricity to power electrolyzers.

Additionally, much needed regulatory clarity on what qualifies as renewable hydrogen has been achieved through the recently adopted first and second Delegate Acts[1]. The first one covers renewable fuels of non-biological origin (RFNBOs) and sets the criteria for products that fall under the 'renewable hydrogen' category. The directive imposes strict requirements on the electricity from renewable energy sources used for hydrogen production (i.e. additionality, temporal and geographical correlation), resulting in a large capacity expansion requirement for renewable energy installations, as the electricity used as feedstock must be sourced from dedicated and newly constructed renewable energy installations. The other one puts forward a detailed scheme to calculate the life-cycle emissions of renewable hydrogen and recycled carbon fuels to meet the greenhouse gas emission reduction threshold set in the directive.

Figure 5 European electrolyzer capacity targets for 2030



Note: Calc. of required RES capacity for countries based on ratio in EU strategy (2-3 GW inst. RES capacity per 1 GW electrolyzer capacity)

Source: Europäische Kommission, nationale Wasserstoffstrategien

[1] Delegated Act (EU) 2023/1184 & Delegated Act (EU) 2023/1185

Edisun Power strongly positioned to drive the green transformation

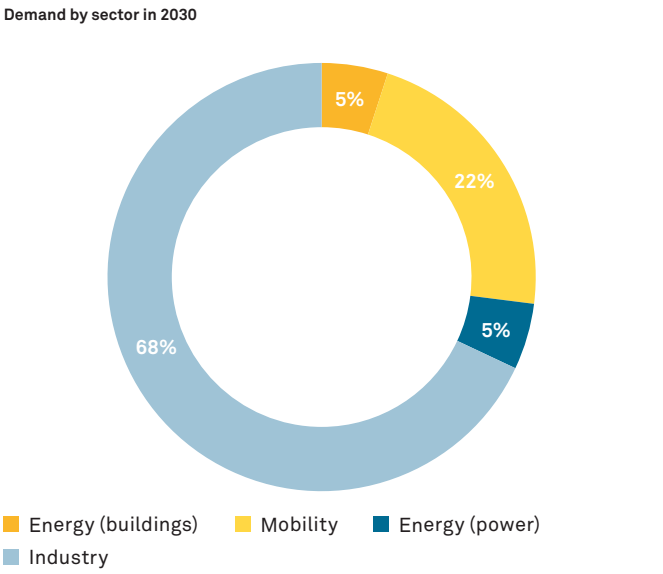
The highlighted market developments strengthen Edisun's market position and create opportunities to increase the value captured from Edisun's assets. Based on the increasing demand for renewable energy sources, Edisun is operating in a strategically even more important energy market. With its geographically diversified base of operating renewables assets and its strong pipeline of projects under development, Edisun boasts a strong portfolio of high-value assets, which are highly sought after in the market.

Continuously sourcing high-quality assets in the renewable energy sphere and deepening its access to a growing renewables project pipeline will be the key success factors for further development of Edisun's business. This will set the basis for maximizing value creation through two strategic dimensions:

1) Development of a well-balanced revenue model for green power, through an optimized mix of long-term PPAs and power sales at the spot market
2) Combination of Edisun's renewable energy assets with opportunities from adjacent energy assets, such as batteries, wind turbines or electrolyzers

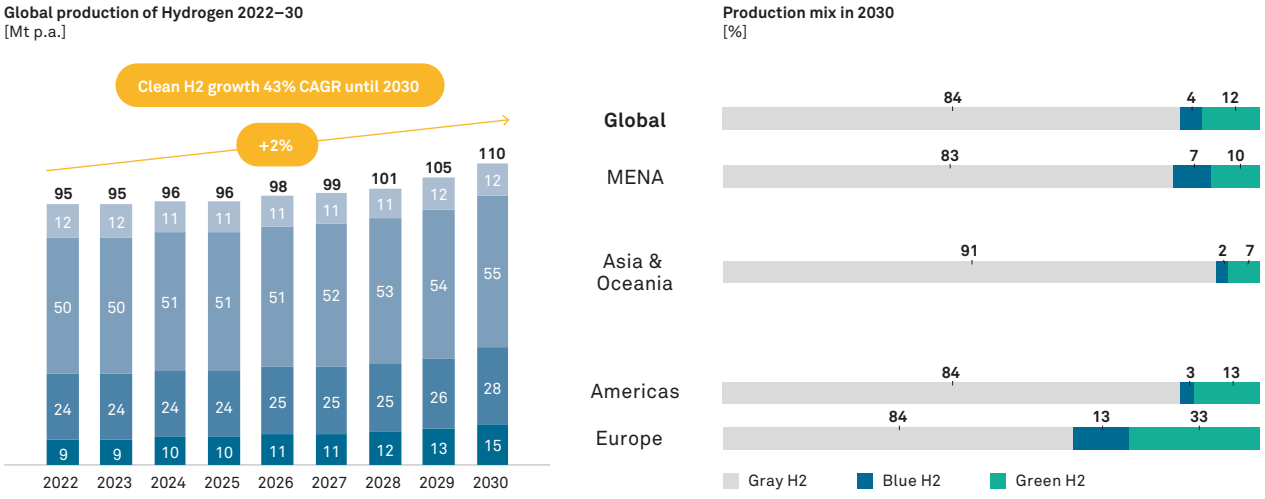
Building on its own 1.1 GW renewable energy project pipeline Edisun Power is well positioned to capitalize on these trends and continue its successful growth path in 2024.

Figure 6 Global H2 production and demand by sector in 2030



Source: Roland Berger

Figure 6 Global H2 production and demand by sector in 2030



Source: Roland Berger

Environmental, Social and Governance (ESG)

As the first listed European solar power producer, active in the field of solar power production since 1997, Edisun Power has always been at the forefront of sustainability. Ensuring ecologically sound energy supply is at the heart of our business and forms our company's DNA.

ESG

"ESG has a strategic, intrinsically motivated priority for us."

RISK MANAGEMENT

The convergence of sustainable and climate risks with financial risks underscores their profound impact on our business operations. Recognizing and effectively navigating these risks and opportunities stand as critical pillars within our comprehensive planning, oversight, and reporting endeavors.

The Group Management Board is responsable for diligently monitoring and regulating overarching risks, establishing regulatory guidelines, and defining minimum standards. It decides on the risk management framework and the overall risk management strategy. Furthermore, the CFO team plays a pivotal role in championing the implementation, refinement, and alignment of this framework across all facets of our operations.

ESG STRATEGY

Edisun strives to enhance sustainability practices and contribute positively to the communities and environments in which it operates.

Sustainability has always been – and continues to be the drive of Edisun's core business activities. Having said that, Edisun is also conscious that it may no longer be enough to be engaged in the renewable energy sector to evidence this commitment and is taking steps to systematize its ESG approach.

We are closely monitoring new regulations coming into force at both Swiss and European levels. Our commitment to compliance is demonstrated by adhering to the Responsible Business Initiative (RBI), the Ordinances on Climate Reporting (TCFD) and the Transparency Minerals and Metals from Conflict Affected Areas and Child Labour (DDTrO). Additionally, we align with the principles provided by the Swiss Stock exchange SIX.

While Edisun Power is not subject to reporting obligations under the EU's Corporate Sustainability Reporting Directive (CSRD), we have proactively embraced these standards voluntarily, as evidenced through this section of its annual management report. In defining its ESG strategy, Edisun is considering both European and global standards such as the European Sustainability Reporting Standards (ESRS), International Sustainability Standards Board (ISSB), the Sustainability Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI).

In 2023, Edisun embarked on a thorough examination of its existing ESG (Environmental, Social, and Governance) initiatives, coupled with a comprehensive benchmark analysis of industry peers. This endeavor serves as the groundwork for an upcoming materiality assessment slated for 2024. The aim of this assessment is to identify and prioritize key ESG issues relevant to our business and various stakeholders, and which have the most impact on our operations and value chain. By delving into this process, Edisun aims to refine and steer its ESG strategy with enhanced precision and clarity.

ENVIRONMENTAL

Helping to combat climate change is fundamental to our business concept by creating opportunities to invest in solar. According to SolarPower Europe's 100% renewable study, solar electricity could deliver over 60% of Europe's electricity generation by 2050.

ESG

"We are committed to minimize CO_2 emissions."

By deploying and operating large scale renewable capacity in Europe, Edisun's core business activity has a direct positive environmental impact by significantly reducing carbon emissions during power generation compared to conventional power generation.

We have been increasing our solar production each year. In 2023, the total solar production was 165'094 MWh, which enabled a **reduction of 58'834 tons of CO2** (this is detailed below in the "operation" section).

Total Solar production 2022:	123'359 MWh
Total Solar production 2023:	165'094 MWh

Evidence demonstrates that Edisun's most significant contribution to CO2 reduction stems from its deployment of renewable assets. These assets produce substantially fewer CO2 emissions compared to conventional power generation methods. Additionally, Edisun's operations and assets play a **pivotal role in diminishing Scope 2 emissions in Europe**. By 'greening' the electricity consumed for companies' internal operations and activities, Edisun contributes positively to reducing environmental impact (see figure 1).

Each industry entails distinct processes, products, or services that contribute to direct and/or indirect emissions stemming from various sources. The following diagram illustrates the **carbon footprint and emissions associated with the renewable energy sector.**

Figure 1 Greenhouse Gas emissions (net) in the solar industry

Sheeps grazing in Mogadouro

Edisun is dedicated to comprehensively understanding and mitigating its carbon footprint, including the CO2 emissions stemming from its operations. The company is poised to initiate transparent reporting on its Scope 1 and 2 emissions beginning in 2024.

Edisun's emissions during the planning, construction, installation, and operational phases (domains where the company wields direct influence and control) are minimal in comparison to other facets of the solar value chain. Nevertheless, stringent environmental oversight remains a priority, particularly during construction and operational phases (see details below).

In the solar value chain, the carbon footprint per kWh of solar electricity is primarily influenced by emissions during the manufacturing phase, particularly in the production of PV modules and associated materials. This underscores the strategic significance for Edisun to prioritize sustainable material sourcing. The EPC management team diligently monitors this aspect during the selection of EPC contractors and suppliers through a rigorous supplier pre-qualification process. Furthermore, they carefully define module specifications during the design phase to ensure adherence to sustainability standards

The remaining of this section focuses on the environmental performance of Edisun's renewable assets.

Biodiversity and Environmental Management Systems

Besides its broader contribution to fight climate change by deploying large scale renewable capacity, the deployment and installation of such capacity is done in the strict respect of environmental protection standards, particularly to protect biodiversity. Mitigation measures protecting biodiversity are detailed in the following sections focused on development and construction.

Licensing procedures initiated during the development stage impose stringent environmental requirements spanning from development and design stage, through to construction and operational stage. Besides its broader contribution to fight climate change by deploying large scale renewable capacity, the deployment and installation of such capacity is done in the strict respect of environmental protection standards.

At **development** stage, when detailing the layout of renewable power plants, the project design is conditioned to take account and **protect the existing geology, soil, water bodies, fauna and flora**, as well as natural spaces and landscape. Projects are designed in line with environmental legal requirements to leave a minimal footprint on the environment while achieving robust investor returns. Project designs are engineered to blend in with the natural topography, reducing the need

for artificial conditioning. Design and component choices avoid the use of cement, chemicals, and plastic piping when possible. All projects undergo the legally required assessment and adjustments to provide safeguards for the local ecosystem and conserve its biodiversity.

During 2023, substantial work and effort went into arranging for the financing of the **PQS solar plants** in Portugal. Being financed by an Equator Principles Financial Institution meant that these projects underwent a thorough independent review, based on IFC´s environmental and social screening criteria, confirming the projects had been developed in a manner that is socially responsible and reflect sound environmental management practices. The projects were categorized as projects with "potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures". Environmental Impact Reports were prepared for all these projects, assessing impacts on climate change and air quality, geology, geomorphology and soils, water resources, biodiversity, noise, population, socioeconomics and human health, territory planning, land use, cultural heritage, landscape, cumulative impacts, in line with the Portuguese Environmental Agency's requirements. As a final step in the development of the projects, the issuance of building permits in the fourth quarter of 2023 confirmed compliance with local laws and environmental standards.

Project Fuencarral, Edisun's newly acquired and largest solar cluster amounting to almost 1 GWp capacity, is composed of 3 sub-clusters of 3 solar plants each. Whilst efficiently using shared infrastructures, the solar plants are spread over nine separate locations, thereby minimizing the impact of continuous land coverage.

To give a few examples in terms of infrastructure, underground power lines will be designed along existing roads and overhead power lines away from protected vegetation. To **protect biodiversity and fauna**, specialized surveys will be prepared or referred to, and guide the solar plant design layout. For example, existing tree vegetation will be preserved, imperial eagle nests will be protected by a 1.5km radius, other bird collision measures will be devised and unnecessary illumination of the solar plant will be avoided. Finally, special care will be taken to develop the plant minimizing the impact on the landscape, including specifications (both in terms of materials and colors) to respect the agricultural landscape and surface permeability.

During **construction stage**, Edisun prioritizes the implementation of environmental management systems in accordance with ISO 14001 in order to ensure the existence of specific environmental procedures and controls, to follow a certain number of standards and procedures to protect the environment and biodiversity from adverse impact included in a **broad Environmental Management Plan**.

As the environmental performance during construction is mostly determined by the impact of contractors at the construction sites, all contractors engaged must adhere to this Environmental Management Plan.

The construction period for Betty project was officially concluded with the achievement of Provisional Acceptance Certificate (PAC) during 2023 and provides a good example of Edisun's construction management from an ESG perspective. An Environmental Management Plan was devised specifically for the its construction, ensuring modifications in the soil and areas would be limited to those strictly necessary and natural water flows being preserved and protected from contamination.

In that respect, the Environmental Management Plan contains waste management procedures to ensure adequate sorting, storage and routing of waste resulting from construction activities.

In terms of landscape, all trees and shrub species, that did not disturb the execution of the work were safeguarded and a Landscape Recovery Plan was implemented after completion of the construction to revive affected areas.

Finally, the Betty Project was built so as to minimize the changes in the natural drainage of the land by using piles as foundations for the metal structure supporting the modules to reduce the use of waterproof materials, such as concrete. These are lasting measures protecting the environment beyond the construction period.

During the construction, the environmental performance is mainly determined by the impact of our main contractors at the construction sites. Amongst other critical criteria, contractors and suppliers are also selected based on their own ESG rating and credentials (see below section on sustainable sourcing). Further, to monitor this performance, we have developed minimum environmental Key Performance Indicators (KPI) that all chosen contractors are required to meet.

Finally, the environmental performance of the PV plant construction follows requirements according ISO 14001, depending on the activities to carry out, and the main suppliers and contractors of Edisun's projects are all certified in the Environmental ISO 14001 standard.

For the construction of Betty, we are pleased to report that there were **no environmental incidents nor environmental non-conformities**.

For all of Edisun's assets under operation across Switzerland, Germany, Spain, France, Italia and Portugal, we measure the respective contribution to fighting climate change through the following KPIs (shown below in an aggregate form):

KPIs	2022	2023	Variation
Solar Energy Production (in MWh)	123 359	165 095	+33.8 %
CO2 Reduction (in Tons)	43 707	58 834	+34.6 %
Coal Saving (in Tons)	59 002	78 955	+33.8 %
Equivalent Household Consumption (on average)*	40 126	46 679	+16.3 %
Equivalent number of Trees planted	1 986 713	2 674 286	+34.6 %

* The formula to calculate a household consumption was updated in 2023, the calculation in 2022 took in consideration the data from 2011 and in the meantime the consumption rose per household.

The substantial variation reflects a complete year of operation of the new 'Betty' solar plant and evidences that the biggest contribution to the environment derives from Edisun's large scale power plants Mogadouro and Betty.

To guarantee the performance of suppliers and subcontractors, an annual periodic evaluation is carried out and a dedicated Annual Performance Report is issued for each large scale renewable power plant focusing on ESG matters and measuring the number of non-conformities, non-compliance and incidents detected in the development of their activities.

As part of our regular preventative undertaking, safety and environmental drills were conducted for Mogadouro and Betty plants. In 2023, the drills were conducted together with Mogadouro's Firefighters Corporation to develop knowledge of local firefighters in the area.

In addition to the aforementioned environmental benefits, our initiatives facilitate sheep grazing within the Mogadouro PV plant sites. This practice not only optimizes land utilization but also fosters natural vegetation control without resorting to chemical interventions.

As a component of its financial commitments for the PQS solar portfolio with an Equator Principle Financial Institution, power plant owners are required to engage qualified and experienced external environmental experts to validate ESG monitoring and reporting data post-financial close and throughout the plants' operational lifespan.

Circular Economy and End of life management

Finally, as some of its renewable assets approach the end of their lifetime (particularly rooftop renewable power plants in Germany and Switzerland), Edisun is particularly attentive to its product's end of life management. Edisun is committed to transition from a linear to a Circular Economy in all phases of an energy facility's lifetime. As such, various measures are implemented to extend the operation phase and efforts are made to re-use or recycle materials.

To extend the lifetime of its assets, Edisun's focus has been on the implementation of thorough monitoring and preventative maintenance systems. Besides ensuring an optimal performance of panels and power plants, this has allowed to extend the lifespan of modules, reduce the frequency of replacements and, as a consequence, minimise overall environmental impact.

In terms of **circular economy**, Edisun plans to sell solar panels older than twenty years but with efficiency still above 65% in the second-hand market. In particular, the modules totaling 30KWp of the dismantled plant of Kempten Buro PV in Germany will be sold in a second-hand platform during 2024. Whilst the economic benefit is residual, this measure enables materials to be kept in use, reduces waste, and fully utilizes the intrinsic value of products and materials. In addition, since these modules are sold at lower prices, this measure helps bringing renewable energy to disadvantages communities.

Supply chain and Sustainable Sourcing

The manufacturing stage of PV modules (and their components) is a critical area in terms of ESG impact. Effective supply chain management and sustainable sourcing assume paramount importance to prevent and alleviate potential adverse environmental, social, and economic ramifications stemming from improper procurement of goods and services. Although Edisun may not have direct control over downstream activities, it holds a crucial responsibility in ensuring the **careful selection of contractors and suppliers**. This selection process should not only prioritize technical expertise, competitiveness, and quality but also include rigorous evaluation based on ESG criteria and ratings, encompassing fundamental aspects such as health, human rights, and safety).

To control the ESG impact of the products deployed at its solar plants, Edisun Power requires its module suppliers to have sustainable sourcing policies in place and for all PV modules supplied to be duly certified, regarding their Management Systems by ISO 14001, the standard relevant for environmental performance, and ISO 45001, the standard relevant for Health and Safety conditions.

For the three projects **PQS** in Portugal, as part of the ESG Due Diligence conducted in 2023, a review of the supply chain management of Jinko Solar, the chosen modules supplier, was conducted by third-party ESG assessor Enertis, confirming adherence to ESG standards in the manufacturing of modules supplied to build Edisun's projects.

SOCIAL

Diversity, equality and inclusion

We support and respect the principles contained in the UN Guiding Principles on Business and Human Rights (UNGPs) and other internationally recognized principles regarding human rights. We are committed to provide equal opportunities to all employees, independent of race, gender, religion or sexual orientation. We do not tolerate any form of harassment or maltreatment at the workplace.

We continue to increase our path towards a high standard in gender diversity. Our service providers are located in Switzerland, Germany, France, Spain, Italy and Portugal.

Our supplier must be aligned with a correct and responsible ethic management through standards, internal policies and codes of ethics, particulary in Human Rights Protection and Health and Safety (see below for more detail). In the context of the ESG financing due diligence exercise, the PQS cluster was screened by specialist advisors Enertis, confirming that none of its intended suppliers were included in the UFLPA Entity List against forced labor.

Social

"We support and respect each other and all our stakeholders according to highest ethical standards."

Health and safety

Our objective is **"Zero accidents"**. Health and safety of our people and third parties who collaborate in our activities are top priorities. The company complies with current health and safety legislation in the countries in which it operates and takes all necessary measures to protect its employees and all persons involved.

In Portugal, an annual performance report was issued in 2023 for the photovoltaic projects Mogadouro and Betty confirming the absence of any accidents. An annual review and report of this kind will be conducted for all new solar plants being built by Edisun power.

Results of Portugal in 2023:

Health & Safety at work	Target	Mogadouro	Betty
Frequency Rate	< 5	0	0
Severity Rate	0	0	0
Safety & Environment Drills	1 per year	1	1

Creation of local jobs

At Edisun Power, together with our partner Smartenergy Group, it is of high importance to ensure employment of the local service provider workforce during project construction as well as operations. In very specific terms, this means that we target a local employment rate of at least 10% during project construction and minimum 50% during project operations (measured by % of hours-worked by local workers.)

Local Engagement	Mogadouro	Betty
% hours worked by local workers	85 %	60 %

Mogadouro indoor soccer training academy

Mogadouro Firefighters Corporation

Portuguese football team visiting our solar plant Mogadouro

Social

"We try to make a lasting local impact in promoting the renewable energy transformation."

Impact on the local communities

At Edisun Power, we believe it is part of our social responsibility to be engaged with and give back to our local communities.

A Corporate Social Responsibility Plan (CRS) is defined at the beginning of the construction describing all the activities that will occur in collaboration with the local communities. In 2023, the CRS Plan was prepared for the PQS projects.

For our large-scale PV plants Mogadouro and Betty, we have a grievance mechanism in place to allow local inhabitants to request project information and/or submit a complaint. Further, we have continued our engagement with local communities whilst the project are in operation.

As an example, since 2022, we have developed close relationships with local shepherds to allow sheep's grazing on PV plant sites in Mogadouro (PT) – a natural and sustainable way to enable cheap and efficient vegetation control activities, preventing the use of any type of chemicals in an healthy and protected environment.

In Betty, we improved the access of local roads to the solar park to increase local accessibility. Additionally, we performed a safety and environmental drill with the **Mogadouro Firefighters Corporation** to develop knowledge of the local firefighters for the prevention of the local areas.

Edisun Power proudly sponsored the Mogadouro indoor soccer training academy, enabling the club to provide new sportswear for its junior teams and establish a new group of future local players aged 4 to 7. Our goal is to foster local engagement by nurturing the development of young individuals through sports participation.

Visit of students at our solar plant Requena in Spain

To foster energy literacy and provide young Spanish individuals with a tangible understanding of photovoltaic technology, we organized an educational visit to our Requena photovoltaic plant (12 MWp) for students at intermediate and advanced levels in the fields of electricity and automation. This initiative aims to offer hands-on experience and practical insights into the workings of a photovoltaic facility, thereby promoting greater awareness and knowledge in sustainable energy practices. With about 50 participating students, the event was a full success and our goal is that these events motivate students to engage with and promote the renewable sector and photovoltaics as a clean energy solution going forward.

In this report, we highlighted our actions in Portugal and Spain. We will continue looking for additional opportunities to support local communities in the countries where Edisun is present.

GOVERNANCE

Edisun Power is committed to a sustainable growth in the company value. As a listed and privately owned company, it upholds the interests of its customers, employees, and shareholders.

In order to guarantee these interests, Edisun Power is committed with the development of all activities ensuring a ethical behavior according to the company's code of conduct.

Code of conduct

The company's code of conduct is a binding statement of its values. It is therefore of strategic importance for the company's internal organization but also for its external stakeholder community, as we expect ethical business practices from our customers, suppliers and business partners too.

We strongly believe that our community should have clear guidance and transparent rules on how we do business and engage with each other as well as our partners. Therefore, we have established our Code of Conduct **"RISE"**.

Supply chain management

As a company dedicated to sustainability, we prioritize the highest standards of quality in the procurement of goods and services. In line with this commitment, we mandate our primary contractors and suppliers to demonstrate adherence to rigorous Sustainable Purchase Policies.

The main objectives are:

- Ensure principles of ethics and integrity, equal opportunities, free competition, transparency and independence to be respected in the purchasing process.
- Promote the preservation of the natural environment through the identification and evaluation of suppliers with a good environmental performance.
- Train and sensitize buyers through ESG aspects.
- Verify suppliers on technical, competitiveness, quality and sustainability criteria including fundamental health and safety aspects.

Business practices and compliances

Our business and processes are transacted and monitored by the Code of Conduct, our Environmental Management Plan as well as our Annual Performance Reports and must be in compliance with our corporate and legal regulations.

Our code of conduct combines and incorporates compliance and ethical standards. While this has always been at the heart of our business activities, a stance against corruption and a zero-tolerance policy cannot be taken often enough.

In order to ensure our compliance as well as to enable and encourage our employees and wider community to speak up for a better change, we have introduced a whistleblower system. While we strongly believe that trusting ourselves is important to do business in an ethical way, we are also very proud to have recorded zero compliance cases during 2023.

We are committed to enhancing our compliance systems while steadfastly adhering to corporate standards and policies. In 2024, our focus is on finalizing the ESG materiality assessment, a pivotal step aimed at highlighting and prioritizing the key ESG issues pertinent to our business and diverse stakeholders. Additionally, we aim to bolster our ESG data infrastructure and foster heightened ESG consciousness across all levels of the organization and its value chain.

OUR CORPORATE CULTURE

Edisun Powers culture is guided along our four main characteristics

Responsibility

Do business in a professional and ethical manner

Strive for sustainable success

Support, respect and foster human rights in daily business

Always play fair and by the rules

Integrity

Do not use insider information for trading

Ensure true and fair accounting and reporting

Avoid any potential conflicts of interest

Protect our intellectual and physical property at all times

Never tolerate any form of bribery & kickbacks

Safety

Everyone is the first line of defence of our cybersecurity

Privacy of data is always respected and protected

Promote and encourage diversity and inclusion

Health and safety are everyone's concern

Engagement

Pursuit of excellence is our way of working

Communicate with respect and openness

Use social media responsibly and respectfully

See something, say something!

Fuencarral projects in Spain

Edisun Power acquires three photovoltaic projects in Spain in its largest operation to date.
Edisun Power has reached a milestone in its history by announcing the acquisition of three photovoltaic projects in Spain, in collaboration with its strategic partner Smartenergy Group. This operation, the largest carried out to date by the company, adds a total capacity of 941 MW, thus consolidating its position as a reference in the European renewable market.

The acquired projects represent a significant advance in Edisun Power's investment strategy, which is now focused on larger initiatives. In addition, the company has long-term optimization plans, with the intention of restructuring its portfolio by selling smaller solar plants over the next two years, aiming to complete this process by mid-2025.

The acquisition of this package responds to the strategic vision of developing energy projects close to the capital of Spain. This choice is based on the fact that Madrid is one of the country's largest energy consumption epicentres. By generating clean energy close to consumption points, these projects not only optimize distribution efficiency, reducing transport losses, but also contribute to meeting energy demand in a more direct and sustainable way.

The decision to invest in those large-scale projects is aligned with the commitments established in the National Integrated Energy and Climate Plan (PNIEC) 2023-2030. This plan sets ambitious goals in terms of renewable energy and greenhouse gas emission reduction, with large-scale photovoltaic projects being essential for their fulfilment. By significantly increasing the solar energy generation capacity in the country, Edisun Power is directly contributing to the transition towards a more sustainable and environmentally friendly energy model.

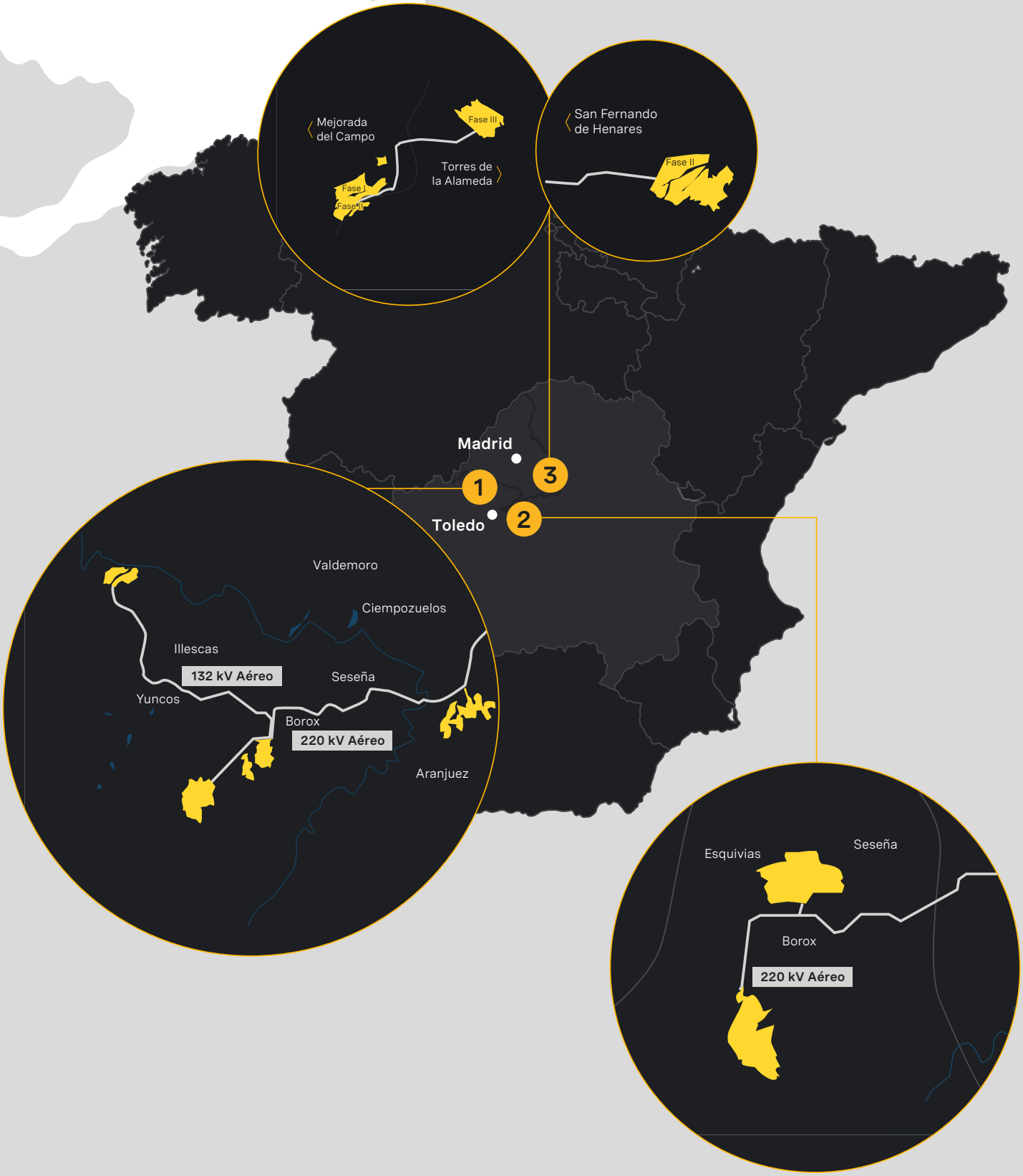
In addition, all the solar project locations acquired by Edisun Power are in grade IV solar radiation zones. These zones provide optimal conditions for the use of photovoltaic solar energy, guaranteeing maximum and constant performance throughout the year. The combination of high solar radiation with large-scale projects close to consumption centers represents an exceptional opportunity to maximize the efficiency and profitability of solar energy generation in Spain.

The first project of the acquired package, with an installed capacity of 361.40 MW, corresponds to the **Pradillos** Photovoltaic Project. It is located between the province of Toledo and the Community of Madrid and has a total area of 761.68 hectares. Pradillos obtained the Prior Administrative Authorization in August 2023 and the Administrative Authorization for Construction is expected to arrive during the second quarter of 2024, estimating the 'ready-to-build'-status by the end of 2024. Once in operation, Pradillos will evacuate electricity at the Fuencarral 400 kV electrical substation.

The second project, the **Envatios Fuencarral** Photovoltaic Project, has a capacity of 291.19 MWp and, with a total area of 443.65 hectares, is located between the provinces of Toledo and Madrid. Like Pradillos, it obtained the Prior Administrative Authorization in August 2023 and is expected to reach RTB at the end of 2024. Envatios Fuencarral will inject energy into the Fuencarral 220 kV Node.

The last of the projects acquired by Edisun Power is **Loeches**, with a capacity of 259.98 MWp. This project has an area of 595.56 hectares distributed among the municipalities of Mejorada del Campo, Valdilecha and Torres de la Alameda, all in the Community of Madrid. This project will evacuate electricity to the Fuencarral 220 kV Node, owned by Red Eléctrica Española. The Loeches Photovoltaic Park obtained the Prior Administrative Authorization on September 21, 2023 and is expected to reach Ready-to-Build (RTB) end of 2024.

These projects not only represent an advance in the expansion of renewable energy capacity in Spain, but also underline Edisun Power's commitment to the transition towards a more sustainable and energy-efficient future.


Mejorada
del Campo
Fase III
Torres de
la Alameda
Fase I
Fase II
San Fernando
de Henares
Fase II
Madrid
1
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Toledo
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Valdemoro
Ciempozuelos
Illescas
132 kV Aéreo
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Yuncos
Borox
220 kV Aéreo
Aranjuez
Esquivias
Seseña
Borox
220 kV Aéreo

“

Driving the energy transformation with large solar plants and gaining profitable returns is no contradiction – even without subsidies.

Dr. René Cotting
CFO (mandated)
Edisun Power

Record results with sales transactions

→ Sales almost doubled **to CHF 37.65 million** thanks to sales transaction with CHF 18.7 million one-off capital gain

→ EBITDA up by **118.4 %** **to CHF 30.91 million** and 82.1 % margin

→ Record solar electricity production of 165 094 MWh, increased **by 33.8 %**

→ Proposed dividend increase of **6.3 %** **to CHF 1.70 / share**

2023 was a record year for Edisun Power in various respects: financially, new record values were achieved with the sales of a project portfolio of smaller plants of 706 MWp to its strategic partner Smartenergy Group and the realization of a one-off capital gain of 18.7 MCHF. In return, Edisun decided to strongly focus on large-scale solar plants only and acquired three large-scale solar plant projects of totally 941 MWp in the region of Madrid in Spain (Fuencarral). The Board of Directors recommends to the Annual General Meeting the distribution of a continued increased dividend of CHF 1.70 per share compared to CHF 1.60 last year. The main focus for Edisun Power is the further development and construction of large-scale solar projects and its financing.

New record sale

Total Group sales increased by 98.5 % to CHF 37.65 million (2022: CHF 18.97 million) and in local currencies 101.9 %. The increase in sales was mainly triggered by the sales of a portfolio of PV project rights end of 2023. Without the resulting capital gain, the total group sales were reduced by 6.8 % (in local currency -3.3 %), primarily due to lower electricity prices in Spain (negative impact of CHF 2.8 million or -32 %) as well as due to worse weather conditions and the operational discontinuance of a PV plant in Germany (negative impact of CHF 1.9 million or -52 %). Specifically, the energy market rate in Spain experienced a notable decline of 54.3 %, dropping from an average sales price of 151 Euros per MWh in 2022 to an average of 69 Euros per MWh. These reductions were partially offset by improved outcomes in Portugal, attributed to the commencement of production at the new large-scale power plant, Betty, and the proceeds from selling Guarantees of Origins, resulting in a positive impact of CHF 2.6 million, representing a 63 % increase. Overall, the solar electricity production of 165,094 MWh was 33.8 % higher than in 2022. Despite this positive volume effect, the revenues from sale of electricity were reduced by 7.2 % (in local currency -3.8 %) to CHF 17.45 million (2022: CHF 18.81 million). Several significant factors contributed to these results. Firstly, there was a decline in the average euro exchange rate by 3.8 %. Secondly, we experienced a substantial decrease in the electricity price mix compared to the previous year, down by 28.1 %. Latter was triggered by the impact of the sales price from the new large-scale solar plant Betty in Portugal as we can no longer benefit from high feed-in-tariffs. Thirdly, the normalization to lower electricity prices on the market, as well as the emergency legal measures to contain energy prices in Spain and the repatriation of excess profits in Italy and Germany limited better results.

The solar electricity production was particularly lower in Germany (-24.1 %), Switzerland (-15.8 %) and Italy (-7.6 %) when comparing to 2022. Those reductions were triggered by worse weather conditions, technical impacts in some rather old plants and the temporarily discontinuance of a plant in Germany (Hörselgau, 1 MW rooftop plant). Production in France and Spain was practically flat compared to the prior year and the production in Portugal

surged from 77 268 MWh to 120 903 MWh due to the new large-scale solar plant Betty (23.4 MWp). Portugal's solar electricity output alone equals almost the solar electricity production of the total Edisun Group in 2022 and constitutes 73.3% of the group's total output in 2023.

Strong increase of profitability with sales transaction

With the recognition of the capital gain of 18.7 MCHF from the sales of solar plant projects as well as the better economies of scale from the new large-scale plants the earnings before interest, taxes, depreciation and amortization (EBITDA) more than doubled by 118.4 % to CHF 30.91 million (2022: CHF 14.15 million). The EBITDA margin experienced a notable increase, rising from 74.6 % to 82.1 %.

The operational costs increased with the accelerated activities in Italy, Spain and Portugal related to its project portfolio. The plants in Switzerland demonstrated the highest EBITDA margins at 85.6% (compared to 89.9 % in 2022), largely attributable to the advantageous fixed feed-in tariffs. Following Switzerland, France maintained strong margins at 84.4 % (compared to 83.4 % in 2022), while Portugal also saw an improvement, reaching 83.0 % (compared to 80.9 % in 2022). However, EBITDA margins in Italy experienced a decline to 26.8 % (compared to 44% in 2022) due to the impact of a new tax on solar revenues. Similarly, in Spain, revenues decreased, leading to a decline in EBITDA margin from 81.7 % to 68.3 %.

Edisun Power's strategic focus on large-scale solar plants proved effective, with the EBITDA margins for the "Mogadouro" plant (49 MWp) reaching 91.2 % and the new "Betty" plant (23.4 MWp) achieving 89.0 %. Remarkably, these results were attained without subsidies for construction or subsidized solar electricity sales prices.

Depreciation of the solar plants increased to CHF 6.63 million (2022: CHF 5.94 million). Due to the higher cost of capital, an impairment of CHF 0.2 million in France and Germany was needed. Compared to the previous year, operating profit reached with CHF 24.1 million (2022: CHF 8.0 million) an exceptional new record EBIT margin of 63.9 % (2022: 42.2%).

Net financing costs including the effects of exchange rate changes decreased CHF 3.2 million thanks to currency gains on third party loans. These currency gains are due to the 6.5 % stronger CHF closing rate at the end of 2023 compared to the previous year. Hedging of this position has been waived until now. Income taxes were reduced to CHF 1.1 million as the capital gain only triggered limited taxation expenses (2022: CHF 1.5 million).

Overall, net profit more than doubled by 128.4 % to CHF 23.35 million (2022: CHF 10.23 million), which corresponds to earnings per share of CHF 22.55 (2022: CHF 9.87) based on the weighted average number of shares outstanding.

With this annual result, the Edisun Power Group has achieved a new record with the proactive sales of PV project pipelines and the focus on large-scale solar projects.

High investments and new financing

At CHF 7.3 million, cash flow from operating activities is above the previous year's result (2022: CHF 3.1 million). This is mainly due to the higher profitability, lower inventories, increase in accounts payable and lower tax payments. The development of the PV plants, which were acquired with a total of 783.6 MW in 2021, continued to progress. The cash flow from investing activities amounted to over CHF 25.0 million (2022: 22.8 million due to acquisitions). Edisun Power was able to issue a new five-year bond with a coupon of 3.25 % for almost CHF 25.3 million. These funds have been used for the development and construction of solar plants as well as for the repayment of debts.

At CHF 346.1 million, total assets were lower than in the previous year (2022: CHF 394.3 million). With the sales and purchase transactions at year-end and the positive operating results, the equity ratio increased sharply to 27.8 % (2022: 19.4 %). Net debt decreased by 26.6 % to CHF 191.0 thanks to the offsetting of outstanding loans with the sale of PV projects to Smartenergy Group (2022: CHF 260.4 million); despite an uptick in bond debt to CHF 126.1 million (2022: CHF 101.2 million).

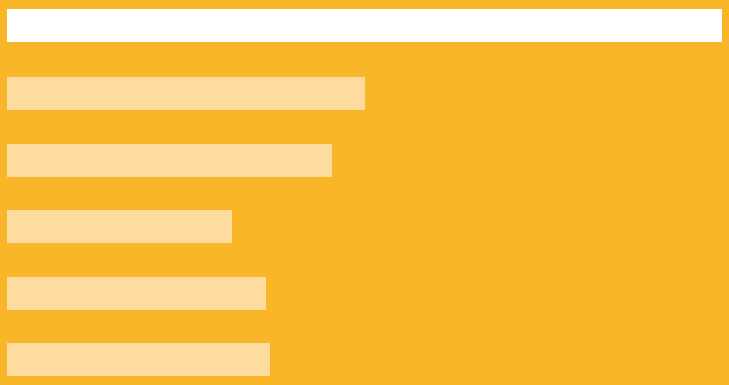
Outlook for the current year and dividend proposal

Operationally, the first few months of 2024 business year have been challenging due to adverse weather conditions and a decline in electricity prices. Moving forward, the focus will be on the development of the new large-scale project portfolio of over 941 MW (Fuencarral), the accomplishment of its financing, and on the sale of project rights of smaller solar projects. A new bond emission of up to CHF 30 million will be launched soon.

The Board of Directors proposes the distribution of a dividend of CHF 1.70 per share, increased by 10 centimes.

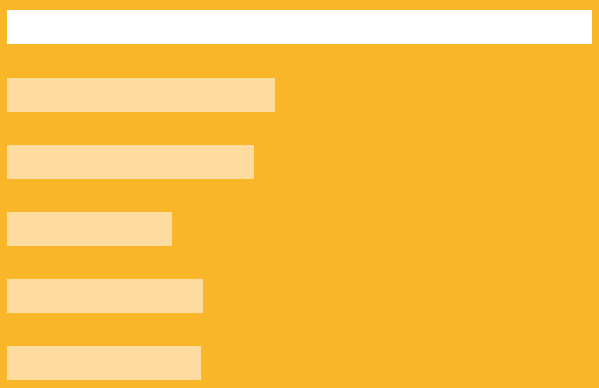
Dr. René Cotting
CFO (mandated) Edisun Power

Revenues



2023	**CHF 37.651 Mio.**
2022	CHF 18.970 Mio.*
2021	CHF 17.160 Mio.*
2020	CHF 12.367 Mio.*
2019	CHF 14.262 Mio.*
2018	CHF 13.872 Mio.*

EBITDA



2023	**CHF 30.911 Mio.**
2022	CHF 14.154 Mio.*
2021	CHF 13.043 Mio.*
2020	CHF 8.700 Mio.*
2019	CHF 10.343 Mio.*
2018	CHF 10.224 Mio.*

Cash flow from operating activities

2023	**CHF 7.827 Mio.**
2022	CHF 3.096 Mio.*
2021	CHF 10.214 Mio.*
2020	CHF 6.720 Mio.*
2019	CHF 7.196 Mio.*
2018	CHF 7.649 Mio.*

* For the years 2018 to 2022 the original foreign exchange rates were used.

Three year overview

Key figures Edisun Power Europe AG	2023 in TCHF	2022 in TCHF	2021 in TCHF
Income statement			
Total revenues	37 651	18 970	17 160
Revenue from sale of electricity	17 450	18 806	17 065
Other operating income	20 201	163	95
EBITDA	30 911	14 154	13 043
in % of total revenues	82.1 %	74.6 %	76.0 %
Depreciation and amortization	- 6626	- 5 940	- 6 075
Impairment	- 214	- 209	- 247
EBIT	24 071	8 006	6 721
in % of total revenues	63.9 %	42.2 %	39.2 %
Net profit	23 353	10 225	4 508
in % of total revenues	62.0 %	53.9 %	26.3 %
per share in CHF	22.55	9.87	4.35
Balance sheet			
Land, plant and equipment	288 868	319 018	358 454
Total assets	346 118	394 256	405 401
Total equity	96 350	76 458	80 095
in % of total assets	27.8 %	19.4 %	19.8 %
Net debt*	190 993	260 353	250 290
Cash flow			
From operating activities	7 827	3 096	10 214
From investing activities	- 25 032	- 22 757	- 45 470
From financing activities	8 832	18 796	37075
Photovoltaic plants			
Number of photovoltaic plants	36	39	38
Installed capacity	105.7 MW	107.1 MW	83.7 MW
Solar power production	165 094 MWh	123 359 MWh	120 254 MWh
Number of photovoltaic plants in development	15	25	26
Capacity in development	1153.0 MW	914.8 MW	938.2 MW

Corporate Governance: Further information on finances and corporate governance is to be found in a separate report, available for download at www.edisunpower.com > Investors > Reporting.

*Net debt is calculated as current and non-current borrowings minus cash and cash equivalents

The annual report is available on the internet:
www.edisunpower.com > Investors > Reporting > 2023

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