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# INVESTOR CALL **Cut in Guidance 2024**

**7c solar**parken



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*Management has used the continental decimal system to present its figures (1.000 is "one thousand"; 1,00 is "one comma zero zero")*



# INITIAL GUIDANCE 2024

# LET'S GO BACK TO OUR Annual Guidance Publication



	Q1'24F	Q2'24F	Q3'24F	Q4'24F	2024F	
Weighted MWP	428	434	439	476	440	
KWH/KWP	126	<u>377</u>	339	110	952	
GWH	54	164	149	52	419	
PV Market Price EUR/MWH	52	<u>52</u>	52	52	52	
Capture Price EUR/MWH	172	164	165	164	166	
<b>Revenues EUR Mio</b>	<b>9,3</b>	<b>26,9</b>	<b>24,5</b>	<b>8,6</b>	<b>69,4</b>	
<b>EBITDA EUR Mio</b>	<b>6,4</b>	<b>23,7</b>	<b>21,4</b>	<b>5,6</b>	<b>57,0</b>	➔ EUR 46-52 Mio
Lease paid EUR Mio	-0,7	-0,7	-0,7	-0,7	-2,9	
Interest paid EUR Mio	-1,6	-1,1	-1,0	-1,0	-4,6	
Tax paid EUR Mio	-0,8	-0,8	-0,8	-0,8	-3,3	
Net Cash Flow EUR Mio	3,2	21,1	18,8	3,1	46,3	
Shares Mio.	81	81	81	81	81	
<b>CFPS</b>	<b>0,04</b>	<b>0,26</b>	<b>0,23</b>	<b>0,04</b>	<b>0,57</b>	➔ EUR 0,43 – 0,50
Net debt EUR Mio.	142,6	153,7	151,3	143,1	143,1	



## **EFFECT #1: WEATHER & PRICES**

# SPECIFIC OUTPUT IN GERMANY 13% Below Normal Levels in Q2 and H1



## EBITDA IMPACT EUR 4.0 MIO

PV-ERTRÄGE	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Q2	H1	YEAR
2011	21	41	101	132	147	122	112	116	100	75	41	15	401	564	1.023
2012	26	47	93	100	138	118	125	130	96	62	27	15	356	522	977
2013	12	25	74	98	103	125	148	124	82	59	26	24	326	437	900
2014	25	49	102	107	119	137	126	111	85	58	30	12	363	539	961
2015	18	44	86	127	124	129	136	126	87	55	34	28	380	528	994
2016	22	38	72	105	127	119	127	125	106	49	30	25	351	483	945
2017	28	43	90	104	130	134	122	114	81	58	23	13	368	529	940
2018	20	53	74	121	143	128	147	126	104	74	34	15	392	539	1.039
2019	21	61	77	119	117	146	132	122	93	58	26	24	382	541	996
2020	28	42	97	144	138	120	132	116	101	46	37	16	402	569	1.017
2021	15	48	87	111	114	134	117	101	97	64	25	17	359	509	930
2022	22	48	113	110	137	138	139	132	86	67	35	15	385	568	1.042
2023	17	47	68	96	129	145	123	105	109	56	23	14	370	502	932
<b>2024</b>	<b>27</b>	<b>35</b>	<b>70</b>	<b>92</b>	<b>115</b>	<b>115</b>							<b>322</b>	<b>454</b>	
<b>Normal</b>	<b>22</b>	<b>44</b>	<b>86</b>	<b>112</b>	<b>127</b>	<b>129</b>	<b>130</b>	<b>119</b>	<b>94</b>	<b>60</b>	<b>30</b>	<b>18</b>	<b>368</b>	<b>520</b>	<b>977</b>
StDev	23%	19%	16%	13%	10%	8%	8%	8%	10%	14%	19%	30%	7%	8%	5%
<i>2024 versus Normal</i>	<i>25%</i>	<i>-21%</i>	<i>-19%</i>	<i>-18%</i>	<i>-10%</i>	<i>-11%</i>							<i>-13%</i>	<i>-13%</i>	

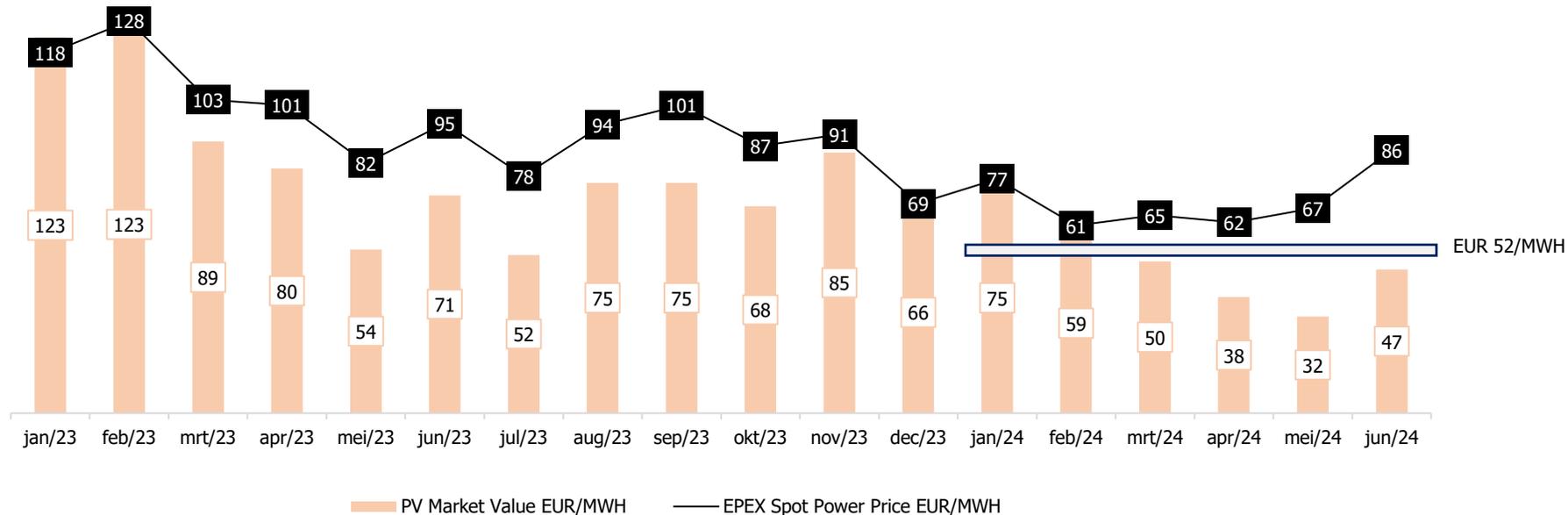
- The entire period Feb-Jun '24 showed irradiation and relative output even below the standard deviation range
- Yield of 7C Solarparken sharply mirrors Germany's average

# PV SPOT MARKET PRICE 2024 Remaining Below EUR 52/MWH Assumption



**EBITDA IMPACT EUR 0.6 MIO**

## MONTHLY POWER PRICE IN EUR/MWH



- > 50% of the group's production is sold at high Feed-In tariffs, irrespective of (negative) spot prices on the day-ahead market
- > 30% of the group's production is backed by a Swap agreement or on-site PPA
- < 20% of the production is exposed to spot prices via the 4-6h rule (§51 EEG) with production during negative hours not being reimbursed

# DELAYS IN GRID CONNECTION 31 MWP



**EBITDA IMPACT EUR 0.4 MIO**

## **BURGWINDHEIM II: 11 MWP**

- Own development, extension of Burgwindheim I
- FIT Tariff secured at EUR 65/MWH
- Delay in connection due to administrative hurdles, and an internal reorganisation of the EPC contractor
- Current plan: Q3'24

## **BITTERFELD: 20 MWP**

- Turnkey acquisition, pre-financing of the equity via a junior loan
- FIT Tariff secured at EUR 85/MWH
- Delay in connection mainly due to non-completion of the cable route as the seller is facing liquidity constraints
- Current plan: up to 12 months



## **EFFECT #2: IMPAIRMENT OF EUR 6MIO**

# BITTERFELD PROJECT: Key Details



## THE PROJECT

- 20 MWP with further project rights to lift capacity up to 23 MWP
- Feed-in Tariff via Tender: EUR 85/MWH
- Consists of different rooftops
- Location: nearby Bitterfeld
- ~30km cable route to grid connection point
- Panels and inverters for 90% installed
- Valid lease agreement, valid grid connection right, valid tariff
- Project financing agreement signed with one of Germany's leading banks (among the house banks of 7C Solarparken)
- Experienced regional developer/seller

# BITTERFELD PROJECT: Typical Structure of a German Limited Partnership Acquisition



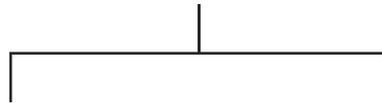
## PRE-ACQUISITION

Shareholder Loan  
By Limited Partner

Non recourse Project Finance  
(German) financial institution



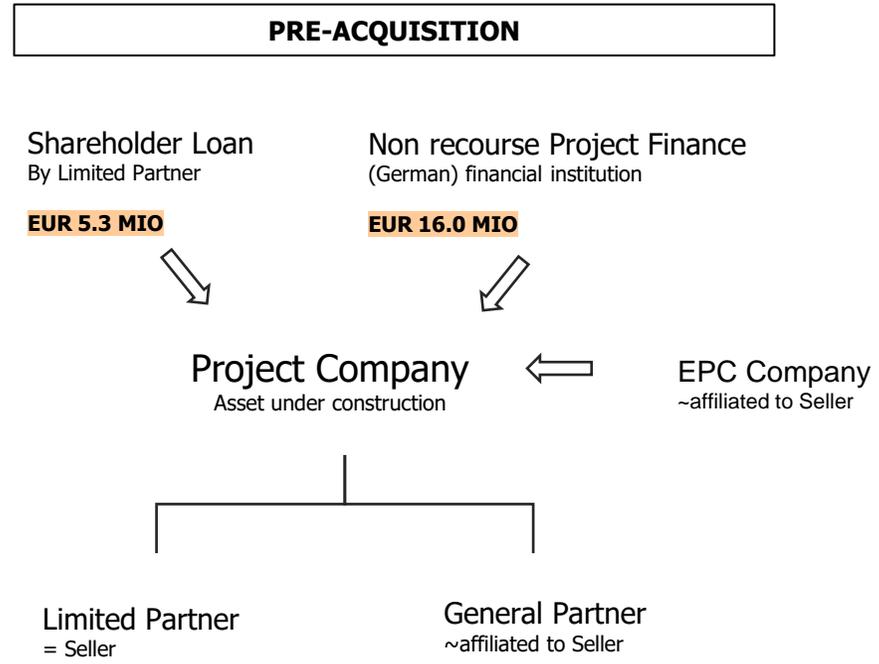
Project Company  
owning & operating solar asset



Limited Partner  
= Seller

General Partner  
~affiliated to Seller

# BITTERFELD PROJECT: Structure of The SPV



*Not disclosed to 7CSP  
Breach of warranty on free of lien  
and encumbrance under SPA*

**THIRD PARTY INVESTOR**  
Provided already financing to the seller with a pledge on the shareholder loan to the SPV and a pledge on the general and the limited partnership shares

*Not disclosed to 7CSP  
Breach of warranty on free of lien  
and encumbrance under SPA*

## Sales & Purchase Agreement and assignment of the shareholder loan of June 2023 ("SPA")

### Transaction elements:

1. Immediate purchase by 7CSP of the shareholder loan (EUR 5.3 Mio.) from the seller at nominal value.
2. Additional loan by 7CSP (EUR 0.7 Mio.)
3. Purchase of the limited partnership share and change in commercial register
4. Exchange of one General Partner affiliated to the seller by a General Partner of 7CSP
5. Transaction to be closed after to grid connection (at the latest 30 June 2024) in order for the EPC company and the Seller to complete the construction of the solar asset under construction
6. Transaction subject to approval by the German financial institution providing project finance.
7. Shareholder Loan to be repaid to 7CSP if the solar asset is not grid connected by June 2024 backed by a notarized pledge on project company shares and the shares of the general partner shares for 7C Solarparken.

**Reps & Warranties included a warranty on the full ownership of limited partnership share and the shareholder loan with no encumbrances or liens of third parties.**

# BITTERFELD PROJECT: **Developments Since Acquisition**



## **WHAT HAPPENED IN THE PERIOD SINCE ACQUISITION OF THE SHAREHOLDER LOAN UNTIL END OF JUNE 2024**

- 7CSP observed unacceptable delays in the construction of the solar asset Bitterfeld
- 7CSP performed several site visits and entered into conversations with subcontractors and came to the conclusion that the seller/EPC company will not be able to complete the construction of the solar asset
- 7CSP renegotiated the transaction, demanded and obtained : (1) a change in the general partnership in order to be able to directly instruct the EPC company and if need be find alternative suppliers to finish the installation, and (2) early entrance as second limited partner in order to exercise more control over the project company. 7CSP obtained both items in June 2024

## **END OF JUNE/EARLY JULY 2024**

- A third party investor noticed the change in the general partnership and identified himself
- it became apparent, that
  - the seller/EPC could not legally have sold neither the shareholder loan nor the limited partnership share as it was already pledged to the third investor. This was a deliberate act on the part of the seller.
  - The third investor was unaware of the investment of 7CSP and even of the project finance provided by the financial institution
- 7CSP has immediately acted with in-depth accounting & technical reviews and estimates that at least a further amount of EUR 5.0 Mio. is required to complete the construction of the solar asset.
- Negotiations with the German financial institution and the third party investor have started as to find out whether the project can still have a viable future

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Due to this obvious and severe breach of the SPA 7CSP will seek legal remedies vis-a-vis the Seller (who still owns many other PV projects) for the full amount of its investment (EUR 6.0 Mio.).

However, 7CSP decided to impair the full amount of EUR 6.0 Mio., which may constitute a non-recurring operating expense or a depreciation & amortisation.

# MANAGEMENT CONCLUSIONS



- The maximum financial impact of the announcement on the company's value is EUR 11 Mio. (EUR 0.13/share) of which EUR 5 Mio from weather & prices, the remainder from the impairment.
- The impairment of the receivable is maximal, there is no further exposure to the project
- No risk for other impairment of receivables within the group. Reference is made to the annual report which shows the amount of receivables to third parties (comparable shareholder loans provided to projects). On the total amount of EUR 6.5 Mio., 90% relates to the project in Bitterfeld.

Other current assets mainly relate to a receivable in connection with loans granted to third parties for solar assets (EUR 6,471 thousand). Other current assets also comprise derivative assets of EUR 4,134 thousand that result from the positive fair value of the electricity price swap agreement with a European utility concluded during the financial year, as well as receivables from advance VAT payments of EUR 1,979 thousand (previous year: EUR 2,638 thousand) and deferred income of EUR 442 thousand (previous year: EUR 1,317 thousand), and other current receivables of EUR 994 thousand (previous year: EUR 1,125 thousand).

- Share price reaction evidences a clear reputational damage for management as some shareholders seem to lose confidence.
- Management will present its Business Plan 2024-27 during the month of September. The group still sees value in the selective roll-out of its pipeline, particularly via new routes to sell the power.