7C SOLARPARKEN ANNOUNCES FIGURES FOR THE FIRST 9 MONTHS OF 2023

- DROP IN ELECTRICITY PRICES AND ADVERSE WEATHER CONDITIONS LEAD TO A DECLINE OF SALES TO EUR 60.8M (-18%) IN THE FIRST NINE MONTHS OF 2023
- IPP PORTFOLIO ROSE TO 461 MWP. WEIGHTED AVERAGE CAPACITY INCREASED BY 20% COMPARED TO 9M/2022.
- EBITDA GUIDANCE 2023 RAISED TO EUR 58.0M AND CFPS GUIDANCE TO “AT LEAST 0.60 PER SHARE”.
- SHARE REPURCHASE PROGRAM OF UP TO EUR 6M WAS DECIDED TODAY

OPERATIONAL ACTIVITY

POWER PRODUCTION

In the first nine months of 2023 electricity production rose to 331 GWh, a 7% increase compared to the same period last year. This was achieved by expanding the weighted average capacity by 20% to 409 MWp, as the specific yield declined by 11% to 810 kWh / kWp (previous year’s period: 909 kWh / kWp).

		2023 9M*	2022 9M*	Δ
Weighted average capacity*	MWp	409	340	+20%
Production*	GWh	331	309	+7%
Specific yield*	kWh/kWp	810	909	-11%
Capture Price*	EUR/MWh	180	238	-24%

**incl. wind farms*

Generally, the adverse weather conditions, as well as an increased prevalence of production curtailments related to Redispatch 2.0 in the first nine months, resulted in the solar and wind farms’ specific yield decreasing by 6% in the third quarter of 2023 compared to the third quarter of 2022 and a 14% drop in specific yield of 2023 H1 compared to the first half of 2022.

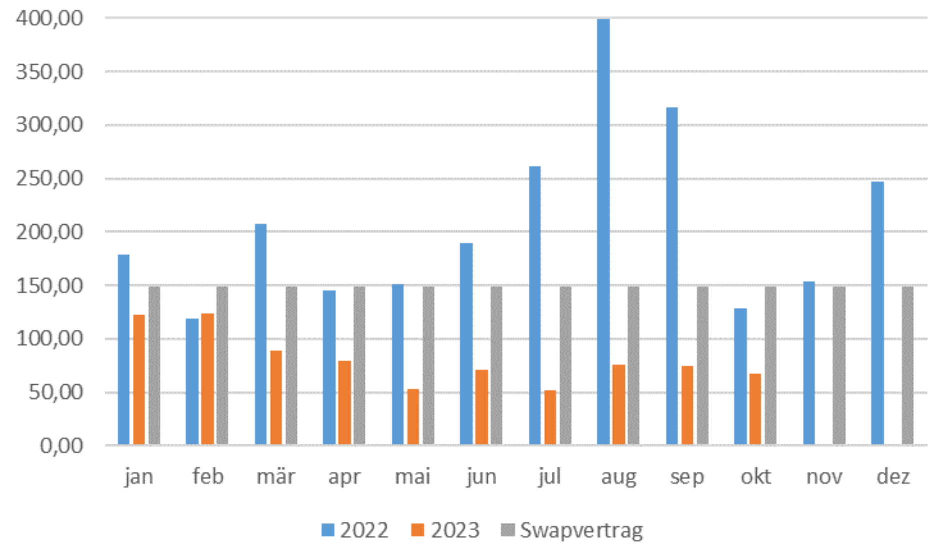
		2023 Q3*	2022 Q3*	Δ	2023 H1*	2022 H1*	Δ
Weighted average capacity*	MWp	413	343	+20%	402	338	+19%
Production*	GWh	135	119	+13%	196	190	+3%
Specific yield*	kWh/kWp	327	346	-6%	483	563	-14%

** incl. wind farms*

POWER PRICES – SWAP CONTRACT

Under the current German Renewable Energy Act, the realised price for solar power is in principle the maximum between the fixed feed-in tariff and the market price for solar power on the EEX exchange. This market price has increased substantially in the 2022 finance year off the back of the gas crisis, caused by the war in Ukraine. During the reporting period, however, electricity prices declined heavily, leading to a capture price, - i.e. the price which the Group actually realised on its sale of electricity, of EUR 180 per MWh in first nine months of 2023, which is 24% lower compared to 2022 9M.

EEX PV-power price (January 2022 until October 2023)



Source: EEX, own graph (in EUR per MWh)

In April 2022, the Group entered into its first swap agreement with a large European electricity provider to hedge electricity price risks. The swap agreement, with a term from 1 June 2022 until 31 December 2023, covers about one quarter of the Group's IPP portfolio (93 MWp). The solar assets under contract have a weighted average statutory feed-in tariff of 58 EUR per MWh. Under the swap agreement, the Group receives a fixed price of 149.5 EUR per MWh over the term of the swap agreement for those assets, irrespective of the EEX electricity prices for PV. This swap agreement has materially supported the capture price (EUR 180 per MWh) in the first nine months of 2023. In the reporting period, the swap agreement contributed EUR 5.5M to revenues.

ASSET PORTFOLIO AND PV ESTATE

As of September 30th, 2023, the capacity of the total IPP portfolio reached 461 MWp (year-end 2022: 404 MWp). In addition to a commissioned asset base of 355 MWp, assets with a capacity of 15 MWp were under construction with a further 10 MWp of solar assets currently being acquired.

In addition to an asset base of 415 MWp in operation as at the balance sheet date, PV plants with a capacity of 25 MWp were under construction and one plant with a capacity of 20 MWp was being acquired. If the latter plant is not connected to the grid by 31 December 2023, the Group may withdraw from this purchase.

The PV Estate Portfolio, i.e. real estate which is mostly used for the production of solar electricity, has increased by 5 ha to 199 ha compared to year-end 2022.

OPERATIONAL RESULTS

In the first nine months of 2023, 7C Solarparken generated revenues of EUR 60.8M, which is a decrease of 18% compared to the same period in the previous year (EUR 74.1M). 98.1% of revenues in the first 9 months consisted of electricity sales (previous year's period: 98.7%). The sale of services increased slightly to EUR 0.9M (previous year: EUR 0.8m) and contributed 1.5% to revenue.

in EUR M	2023 9M	2022 9M	Δ
Revenue	60.8	74.1	-17.9%
EBITDA	55.8	66.8	-16.6%

The sale of electricity amounted to EUR 59.7M after the first three quarters of 2023 (2022 9M: EUR 73.1M). The decrease in sales from power production stems primarily from lower electricity prices (minus EUR 17.4M) as well as a decrease in specific yield (minus EUR 6.1M). The full inclusion of the solar plants acquired or built in the previous year and during the reporting period, on the other hand, increased revenues by EUR 10.0M.

The earnings before Interest, taxes, depreciation and amortization (EBITDA) for the reporting period came in at EUR 55.8m which is a 16.6% increase compared to the first nine months of 2022. The EBITDA decrease is exclusively due to lower power sales. The EBITDA margin improved from 90.1% to 91.7%.

7C Solarparken generated other operating income of EUR 5.7M (2022 9M: EUR 1.6M). Particularly noteworthy is the income from the receipt of damages for production curtailments related to Redispatch 2.0 in the amount of EUR 4.1M (comparative period: EUR 0.6M), of which EUR 2.3M pertains to the previous year and EUR 1.8M to the 2023 financial year. In addition, other operating income amounting to EUR 0.6M was realised due to reversal of warranty provisions (2022 9M EUR 0.2M).

Personnel expense increased by EUR 0.2M to EUR 1.6M compared to the first three quarters of 2022. Other operating expenses rose from EUR 7.5M to EUR 9.1M. This was mainly due to increase in cost for service from energy traders (+EUR 0.6M), the outsourcing of maintenance of solar- and wind parks (+EUR 0.2M), an increase in cost of electricity (+EUR 0.2M); insurance costs (+EUR 0.1M) and variable lease payments (+EUR 0.2M).

FINANCIAL POSITION

The net debt is shown in the table below and amounted to EUR 134.2M as of September 30th 2023. The Group's long-term and short-term financial liabilities totaled EUR 258.4M as of September 30th 2023 (2022: EUR 266.1M). This decrease of EUR 7.7M stems from the regular repayment of project finance as well as the promissory note in the amount of EUR 44.0M., in addition to securing of new financial liabilities of EUR 20.2M, assuming EUR 6.6M debt related to the acquisition of subsidiaries, the issue of the option bond 2023 (EUR 6.9M) and the net increase of the lease liabilities.

Lease liabilities in the amount of EUR 41.7M increased (2022: EUR 39.1M), mainly off the back of the expansion of solar parks, containing lease liabilities for right of use assets (+ EUR 5.6M) counterbalanced by lease redemptions (minus EUR 3.0M).

Cash and cash equivalents amounted to EUR 86.4M (of which restricted cash: EUR 21.8M) at the closing date which represents a decrease of 4.5% compared to the end of the 2022 financial year.

in TEUR	30.09.2023	31.12.2022
Long and short-term financial debt	216,772	227,040
Long and short-term lease liabilities	41,664	39,057
Financial assets resulting from interest rate swap, which are carried at fair value	-240	-189
Minus Cash and cash equivalents*	-86,387	-90,486
Minus long and short-term lease liabilities (IFRS 16) related to right of use assets from lease agreements of solar and wind parks	-37,614	-34,512
Net Debt	**134,195**	**140,910**
Total equity w/o hedging reserve	**259,789**	**227,817**
Total assets	582,113	550,354
Equity ratio (%)	**44.6**	**41.4**

**of which restricted cash TEUR 21,795 (2022: TEUR 18,766)*

The Group monitors its financial position specifically based on net debt and the equity ratio. The equity ratio reached 44.6% on September 30th 2023. This increase is mainly due to a capital increase totaling EUR 11.3M and the net result of the first nine months of the year. Equity also reflected the Group's annual dividend to shareholders (EUR 10.7M).

OUTLOOK 2023

The Management Board increases its guidance for the current 2023 financial year, backed by the positive 9 month figures. The revenues are estimated at EUR 67.0M, whereas EBITDA is expected to reach EUR 58.0M. Lastly, the Management Board increases its guidance for the Cashflow Per Share (CFPS) for the financial year 2023, which is now guided at “at least EUR 0.60 per share”.

Full year guidance 2023 (in EUR)	New guidance	Previous guidance
Revenues	**67.0 M**	66.0 M.
EBITDA	**58.0 M**	57.0 M
CFPS	**at least 0.60**	0.60

OTHER SIGNIFICANT EVENTS

GREEN CERTIFICATES

In 2022, the Flemish Minister for Energy and the Environment, Mrs. Zuhal Demir, declared her intention to submit a draft law to the Flemish Parliament which would stipulate that solar installations commissioned between 2006 and 2012 would no longer receive green certificates. Originally, the green certificates were awarded for a period of 20 years. According to the last amendment to the law, the green electricity certificate scheme was to be scrapped from January, 1st 2024. Upon review, the Belgian Council of State expressed its concerns about the unconstitutionality of the law. The Flemish Government in its annual September statement, announced that it would no longer seek to abolish the green certificates system.

SUBSEQUENT EVENTS

CONCLUSION OF TWO NEW ELECTRICITY PRICE SWAP AGREEMENTS

After the balance sheet date, 7C Solarparken concluded electricity price swap agreements with two major European energy suppliers: the first agreement, which relates to a part of the IPP portfolio with a capacity of 110 MWp, secures an electricity price of EUR 106 per MWh for the financial year 2024. The second swap contract runs from January 2024 to December 2025 and secures an electricity price of EUR 89 per MWh for a part of the IPP portfolio totaling 22 MWp.

SHARE REPURCHASE PROGRAM

The Management Board with the approval of the Supervisory Board has resolved yesterday to buy back up to 1,666,666 shares of the company for a purchase price (excluding transaction costs) of up to EUR 6.0M on the stock exchange. The share buy back is executed using the authorization as resolved at the General Assembly of the company on July 17th 2020. The repurchases will be executed at a maximum share price of EUR 3.60 per share. The repurchase program will start today and will end at the latest on February 28th 2024. The repurchased shares could be used for any purpose described in the authorization resolution of the General Assembly of July 17th 2020.

This quarterly trading update presents Group financial figures (IFRS), which have not been reviewed by an auditor.

Bayreuth, November 28 th 2023

Steven De Proost
CEO

Koen Boriau
CFO

Contact

7C Solarparken AG
An der Feuerwache 15
95445 Bayreuth
Germany
FON: +49 (0) (921) 230557 77
FAX: +49 (0) (921) 230557 79
EMAIL: info@solarparken.com
www.solarparken.com