ORION

CAPITAL MARKETS | INVESTMENT BANKING

Sun Investment Group, UAB

One of the leading solar PV developers

Public offering – Presentation

November 9, 2023

Sun Investment Group

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Presenters

Deivadas Varabauskas
Sun Investment Group
Founder and CEO

Mykantas Urba
Orion Securities
Head of Corporate Finance

Simonas Žirgulis
Orion Securities
Corporate Finance Associate

Si Sun Investment Group

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Abbreviations

Abbreviation	Meaning
PV	Photovoltaics
RtB	Ready-to-Build
EPC	Engineering, procurement, and construction
CfD	Contract for Difference
COD	Commercial operation date
O&M	Operation and maintenance
C&I	Commercial and industrial
PPA	Power purchase agreement

Investment Summary

Investment offer

Offer

One of leading vertically integrated European solar PV developers is seeking to borrow up to EUR 5M to finance Group‘s investment and working capital needs.

Key terms

- **Issuer** – Sun Investment Group UAB
- **Issuer‘s country of registration** – Lithuania
- **Public bond issue**
- **Total Issue size** – up to EUR 5m
- **Coupon rate** – 13%
- **Coupon payment** – semi annual
- **Term** – 12 months
- **Collateral** – First rank pledge of subsidiary companies in Italy, controlling portfolio of 340MW solar development projects. Estimated current value is ~ EUR 12M.
- **Use of proceeds** – Financing of Group’s investment and operational activities.

Main terms of the Bond offering

Issuer	Sun Investment Group UAB
Bonds	Secured Fixed Rate Bonds with the maturity of 12 months
Specified Currency	Euro (EUR)
Issue Price	100% of the Nominal Amount
Nominal Amount (Denomination)	EUR 1,000
Issue Amount	Up to EUR 5,000,000
Subscription period	30 October 2023 – 24 November 2023
Issue Date	29 November 2023
Maturity Date	29 November 2024
Interest Rate	13% per annum
Interest Payment Date(s)	29 May 2024 and 29 November 2024
Day Count Fraction	ACT/ACT ICMA
Use of proceeds	The net proceeds from the issue of the Bonds will be used to finance the Group's working capital and further project portfolio development costs.

Collateral	The Bonds will be secured by the *first rank pledge* of 100% shares of the paid-up share capital and voting rights of Issuer's Subsidiaries in Italy: *SIG Project Italy 3 S.r.l.*, registration No. 05555130284, registered at address Largo degli Obizzi n.19/5, sotto, Albignasego, Italy. *SIG Project Italy 4 S.r.l.*, registration No. 05555140283, registered at the address Largo degli Obizzi n.19/5, sotto, Albignasego, Italy *SIG Project Italy 5 S.r.l.*, (registration No. 05555230282, registered at the address Largo degli Obizzi n.19/5, sotto, Albignasego, Italy. The Collateral will be provided on the Issue Date latest.
Early redemption	None.
Early redemption (Investor Put option)	At 102% of the Nominal Amount only in case of De-listing Event or Listing Failure.
Special Undertakings	Limits on Dividends; Restrictions on Disposal of Assets of Pledged Subsidiary; Financial Indebtedness Restrictions on Pledged Subsidiary; Change of Control Event over Key Subsidiaries; Financial Reporting.
Events of default	Non-payment; Breach of Collateral; Breach of Special Undertakings; Breach of other obligations; Liquidation; Insolvency; Insolvency proceedings; Impossibility or illegality.
Late payment interest	19%
Admission to Trading	To be admitted to the First North (Nasdaq Vilnius) Bond list within 3 months after the Issue Date.

Sun Investment Group

Investment highlights

Experienced player

- “Sun Investment Group” (SIG) is one of the leading solar PV development groups in Europe
- Successful implementation and development of solar power projects of various types and scales
- Strong in-house development capabilities, from greenfield to construction, operation and maintenance

Secure and liquid green sector

- Given the recent European energy crisis, the solar PV sector is seen as a strategic way to gain energy independence and security
- Strong role for the sector in the European Green Deal
- Highly liquid asset class with high demand from financial investors, strategic players, and other institutions

Strong financial position of the Group

- Strong equity position of the Issuer – close to EUR 10M with 2.7 GW of asset portfolio (market value > EUR 80M, based on Group‘s estimates)
- More than 200 MW of projects are already in Ready-to-Build stage
- Issuer is operating in two of the most promising markets for solar development in Europe – Poland and Italy

Secured high-yield investment

- Short-term debt – up to 12 months
- 13% interest rate
- Secured bond structure with first lien pledge on project SPVs that develop solar portfolio Italy with a current estimated market value of over EUR 12M

Description of the Issuer and its Business

"Sun Investment Group" overview

- Established in 2017, "Sun Investment Group" is a vertically integrated PV developer focused on delivering high-quality solutions in the solar energy industry.
- The Group covers the entire solar PV value chain from development, construction to operation and maintenance, with the ability to optimize costs and generate value in each stage of the asset lifecycle
- PV development activities in Lithuania, Poland, and Italy. In 2022 development activities were launched in Spain.
- Proven track record of PV power plants development, construction & realization.

Key facts

>100	>200MW	2.7GW	6 offices
In-house experts	Executed utility scale, C&I & B2C projects in Poland, UK & Lithuania	Portfolio in development in Poland, Italy & Lithuania	2 in Poland, 2 in Lithuania, Italy, Spain

Geographical presence

Lithuania	Poland	Italy
Si Sun Investment Group	Si Sun Investment Development	Si Sun Investment Development
eternia solar	eternia solar	eternia solar
Services	Services	

Si Sun Investment Group

Proven track record of solar PV development and divestment

2017

Establishment of the Group. Development and sale of 2 MW with the UK's multi family office

Establishment of Lithuanian B2B EPC company in JV with I+D Energias

Acquisition and development of 43 MW projects in Poland

2018

Acquisition of RTB 66 MW in Poland

2019

In house development of 400 MW+ Greenfield portfolio

Commissioning of 43 MW

2020

Listed among Solar Plaza TOP 50 European Companies

Sale of 43 MW operational solar portfolio in Poland to Aberdeen Standard Investments

Entered new market in Italy

In-house development of greenfield portfolio reached 1GW

Commissioning of 66 MW

2021

Acquisition of RTB 24 MW in Poland, and start of construction

"Sun Investment Group's" Portfolio ranks 40 among TOP 50 Largest in Europe

Sale of 13 MW operational portfolio as part of 24 MW contract to Alternus Energy

2022

Sale of 11 MW operational portfolio as part of 24 MW contract to Alternus Energy

Entered new market in Spain

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Business lines

“Sun Investment Group” operates two main business lines related to solar PV project development and construction

Business line	Target market	Description
1 Solar PV greenfield developments	• Poland • Italy • Spain • Lithuania	Full PV project development and management from greenfield to COD: • Plant development from scratch to RTB stage: land acquisition, obtaining environmental and zoning permits, grid connection agreement and building permit. • Development management during construction phase until generation license is obtained • Completed projects are sold to institutional investors • Remote power plants development to commercial and retail customers in Lithuania, sold through proprietary online platform.
2 EPC and O&M	• Lithuania • Poland	• Construction of Utility scale projects for: – Projects developed by “Sun Investment Group” – Third parties • Professional and long-term O&M services for PV projects

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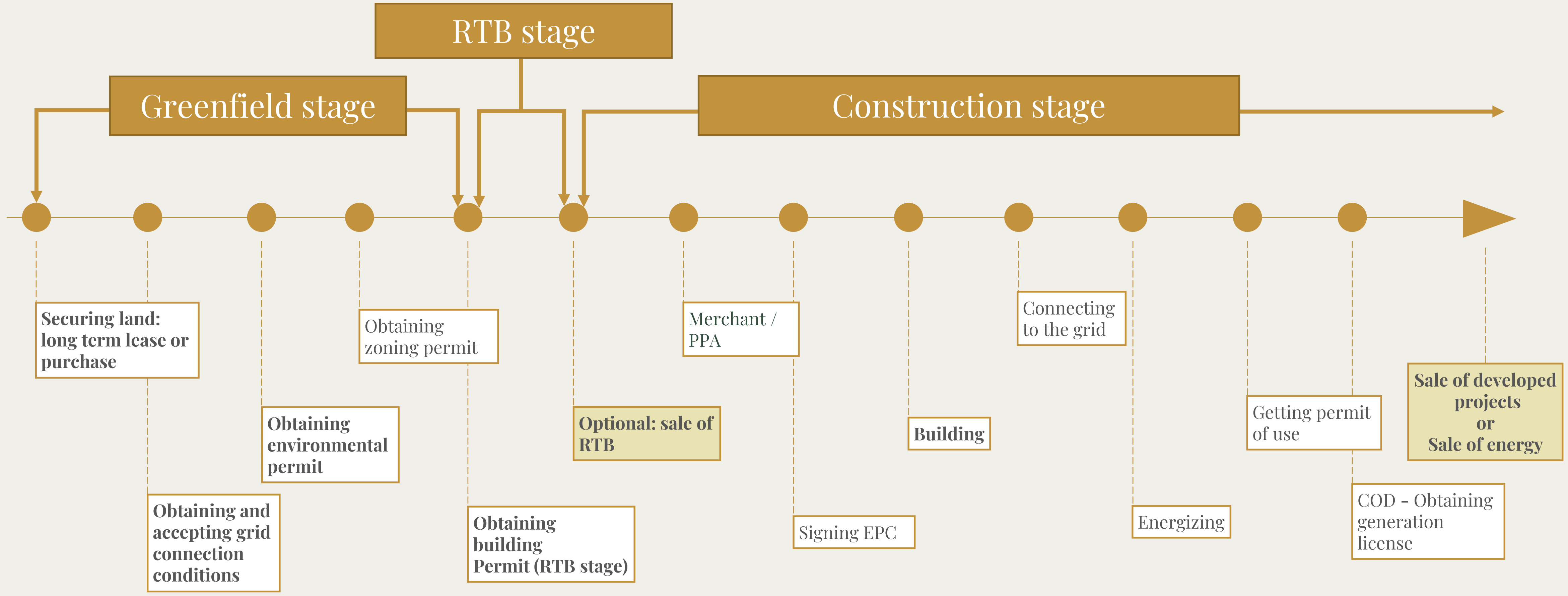
Typical PV development process

The Group can cover all stages of PV development, nowadays focusing mostly on taking projects to COD (operational) stage



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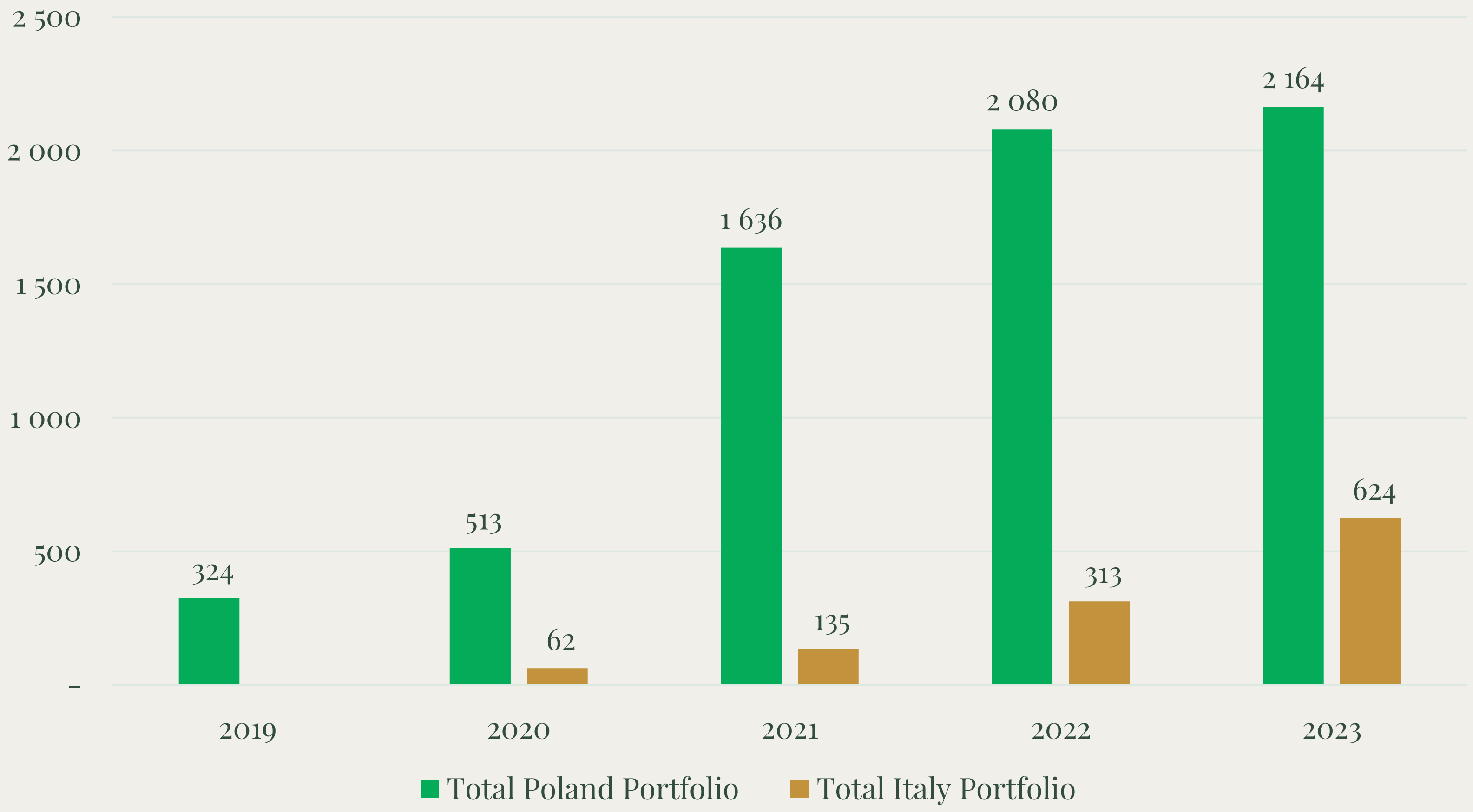
Project portfolio

Rapid growth of portfolio, which now amounts to almost 3GW in total

Development project portfolio in key markets, MWp



Comments

- In the last 5 years "Sun Investment Group" has demonstrated significant portfolio growth
- Total size of the portfolio (at different development stages) is now close to 3GW
- From 2022, the Group did not sell operating solar power plants but concentrated on increasing the number of projects under development and taking existing development and taking existing developments to a more advanced stage. As a result, no significant sales revenues were generated in 2022
- Despite this, the number of ready-to-build solar projects has consistently increased
- The Group is preparing for numerous project exits (sales) starting with 2024

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Polish developments overview

More than 2GW of develoments with ~200MW at Ready-to-Build stage

Land secured	Environmental impact assessment done	Grid connection secured	Ready-to-Build	In construction
836 MW				
	1,035 MW			
		64 MW		
			229 MW	

**Data at the date of Information Document*

Why Polish market?

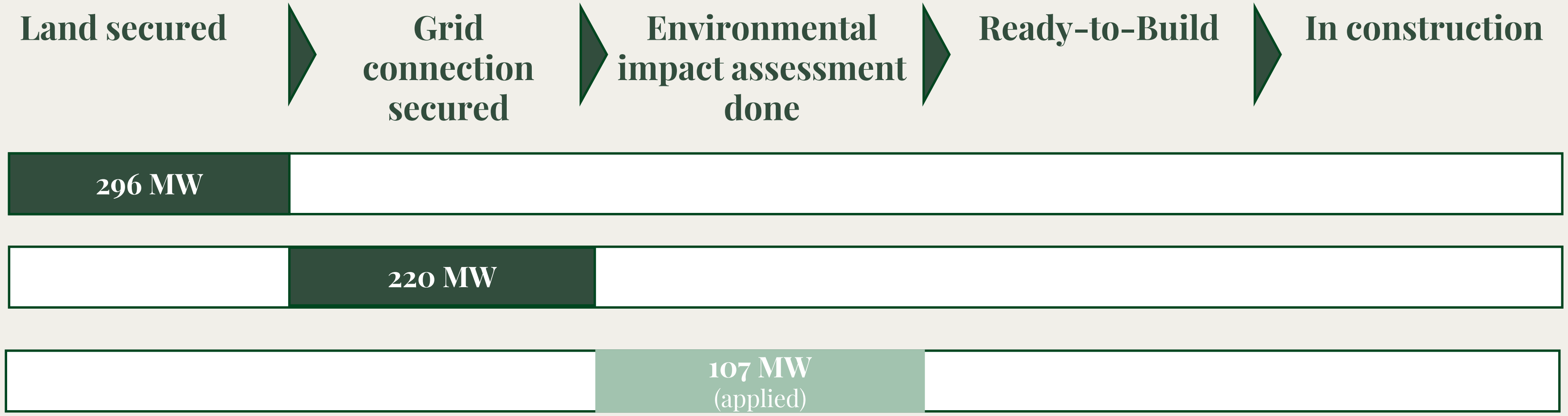
- **Familiar market:** the Group has extensive experience in this market as the Group has been operating in it since the beginning of its operations. The market is relatively matured with established funding and other mechanisms set in place.
- **Energy Transition:** Poland is making efforts to transition to cleaner and more sustainable energy sources. This transition is driven by environmental concerns and the need to reduce greenhouse gas emissions as Poland is still very much reliant on coal.
- **International Commitments:** Poland, as an EU member, is committed to meeting renewable energy targets set by the EU. This includes a goal to generate a certain percentage of energy from renewables, which drives investment in solar power projects.

Development & exit plans

- "Sun Investment Group's" biggest portfolio is in Poland
- Total size of developments here exceed 2 GW, of which more than 200 MW are in Ready-to-Build (RtB) stage
- 114 MW of RtB projects are being prepared for construction stage and later on could be sold at an operational phase
  - Construction would be financed with bridge financing
  - Part (~60MW) of operational projects are planned to be sold until bond maturity date, which would generate roughly EUR 50M of proceeds.

Italian developments overview

More than 600MW portfolio of solar developments



**Data at the date of Information Document*

Why Italian market?

- **Abundant Sunshine:** Italy enjoys abundant sunlight throughout the year, particularly in southern regions. This high solar irradiance makes it an ideal location for solar power generation. On average, Italy receives about 1,300 to 1,800 kWh/m² of solar radiation annually.
- **High electricity price**: Dependence on natural gas fired generation and weak grid interconnection infrastructure are the structural reasons why Italy has one of the highest electricity prices in EU. High electricity prices make alternative energy sources, like solar PV, more economically attractive.
- **EU Renewable Energy Targets:** Italy is obligated to meet renewable energy targets set by the EU. Investing in solar power is a way for Italy to contribute to these goals. Italy is one the largest countries in Europe, hence the transition to hit the EU target is still a long way to go

Development & exit plans

- Group's portfolio in Italy consists of over 600 MW of developments in pre Ready-to-Build stages
- More than half of current pipeline has already secured grid connection conditions and paid grid desposits
- It is planned that 135 MW of Italian portfolio will reach RtB stage until end of 2024
- SIG has 12 people team, focusing on Italian market

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Lithuanian developments overview

Remote power plant projects

Internally developed projects

7.7 MW
Completed projects

4.6 MW
Projects under construction

34 MW
Projects under development

**Data at the date of Information Document*

Approach to Lithuanian market

- "Sun Investment Group" has development projects in its home market Lithuania, however, it is not a strategic priority due to market size and growth potential
- Existing developments focus on remote power plant models for individual and business users as well as public institutions. "Sun Investment Group" has its own online sales platform where it can directly sell to end users
- Lithuanian projects are developed under the entity, which is a sister company to the Issuer

EPC business

"Sun Investment Group" company Eternia Solar is one of the leading EPC and O&M providers in the Baltics and Poland

eternia solar

- Eternia Solar is a solar energy company that provides full-scope solar power contracting services for businesses from design and installation (EPC) to operation & maintenance (O&M)
- According to the Group, Eternia Solar is one of the leading C&I EPC companies in the Baltic region and a fast-growing player in Poland and other markets.
- The company supplies its customers with equipment from top-class manufacturers and offers a wide range of operation and maintenance solutions, ensuring the long-term performance of solar power plants.
- The company can build 50-70 MW yearly with the current facilities.
- In 2022 revenue was EUR 17M and net profit was EUR 1.4M, based on annual financial accounts

>40
solar experts

>200 MW
of finished solar power plants

>270
completed international projects

>30 MW
of projects in the advanced stages of development


Gardno, 10 MW


Ignitis, 6 MW

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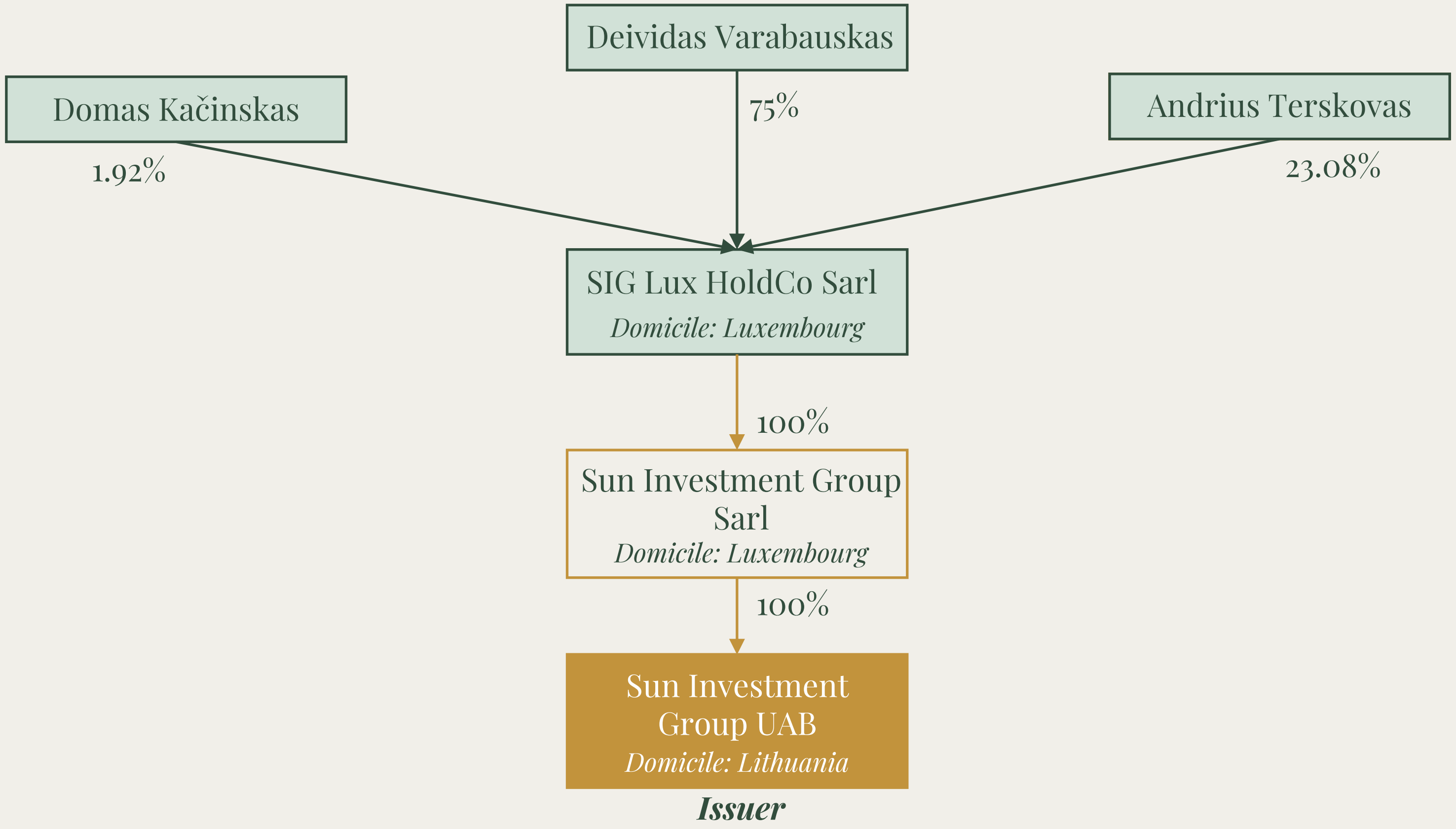
Shareholders structure



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Management & team (I)

According to the Articles of Association, the Issuer is managed by the Chief Executive Officer (CEO) only.

Deividas Varabauskas
Founder
Chief Executive Officer

Past experience

- Founder and CEO of "Sun Investment Group", has been working in the solar industry since 2007. Deividas has a successful track record in leading various areas related to solar energy projects, such as greenfield development, M&A, EPC management and financing.
- Deividas is in charge of strategic planning at SIG.

Luis Romanos
Chief Financial Officer

Past experience

- Luis has more than 20 years of professional experience, both in various areas of Investment Banking and several business executive positions as CFO.
- Luis has diverse experience in M&A advisory across multiple sectors and countries, including Spain, Italy, France, Portugal, Poland, and Brazil. He worked on renewable energy projects in Spain's Project Finance operations at Bankinter.

Enrique Gomez de Priego Fernandez
Chief Operating Officer

Past experience

- Experienced Senior Executive with more than 20 years of experience in Renewable Energy, being involved in more than 13 GW of renewable projects in different phases
- Expertise covering the whole cycle from development to construction, commissioning, and asset management and different technologies such as PV, Onshore wind, Floating Offshore Wind, Biomass, Mini Hydroelectric, Storage and Hydrogen.

Employee count by occupation

6	Top management
22	Administration
45	EPC
33	Development

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Management & team (II)

Giuseppe D'Elia
Country manager in Italy

Past experience

- Giuseppe holds more than 20 years of professional experience, the last 16 spent in the PV market.
- His experience spans across the whole PV value chain, from cells and modules manufacturing (XGroup, Upsolar, Solon), to EPC and O&M (Solon, Sunpower O&M/Novasource) and PV project development.

Lolita Šileikienė
Country manager in Lithuania

Past experience

- Lolita has a 25-year track record in sales and management within the private sector. Throughout her career, she has devoted four years to the PV industry, catering to both B2C and B2B clients.
- She recently served as the CEO of the PV company Nogrid for the past four years. She possesses experience in the insurance sector, having assumed the role of the Head of Group Sales Manager at MetLife.

Adam Kampa
Country Manager in Poland

Past experience

- Energy industry manager, experienced in the preparation, development, implementation, supervision of construction of new energy units.
- The portfolio of completed projects includes heating plants, multi-fuel CHP plants co-firing RDF waste fraction, biomass and coal, photovoltaic farms, and other renewable energy sources in the companies such as Tauron Wytwarzanie and Fortum Power and Heat Polska.

Employee count by occupation

6	Top management
22	Administration
45	EPC
33	Development

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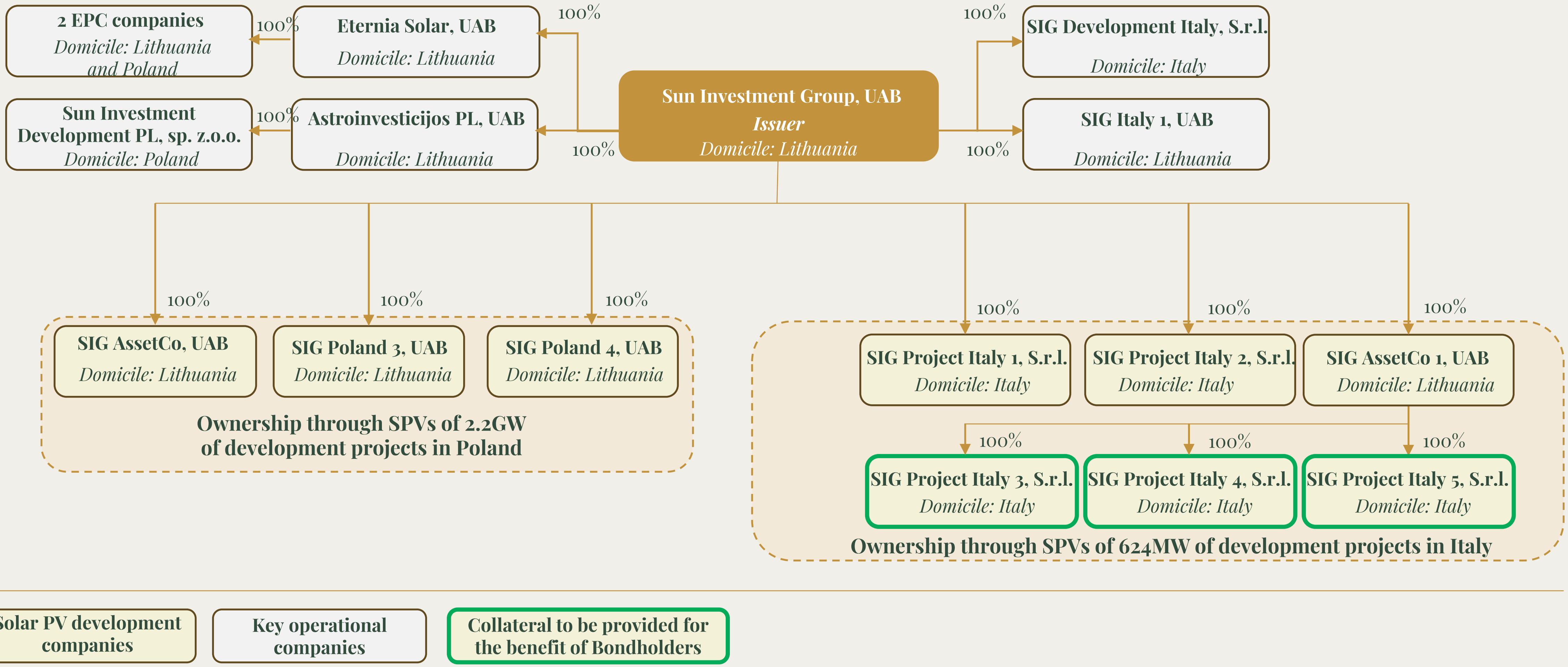
Issuer‘s group structure



Complete structure with all operational companies and all SPV companies can be found in the Annex 1

Key Financial Highlights

Historical financial information (I)

Issuer‘s consolidated audited profit (loss) statement

Consolidated profit (loss) statement, kEUR	2021[1]	2021[1, 2] (restated)	2022	2023 H1[2]
Revenue	39,000	28,507	23,554	6,613
Cost of sales	-28,693	-19,943	-22,970	-5,105
Gross profit	**10,307**	**8,564**	**584**	**1,508**
Other activity income	54	54	170	83
Other activity expenses	-21	-21	-186	-13
Selling expenses	-309	-309	-71	0
Administrative expenses	-8,807	-2,205	-2,816	-953
Operating profit (loss)	**1,224**	**6,083**	**-2,320**	**625**
Profit (loss) on disposal of investments into subsidiaries	**659**	**659**	**642**	**-**
Finance income	88	87	209	183
Finance costs	- 1,179	-1,177	-613	-179
Result from financing activities	**-1,091**	**-1,090**	**-403**	**4**
Operating profit (loss) before tax	**792**	**5,652**	**-2,082**	**629**
Corporate income tax	-333	-333	-210	285*
Net profit (loss)	**459**	**5,319**	**-2,292**	**914**
EBITDA	1,475	6,336	-2,096	854

[1] The 2021 revenue figures have been recalculated in the financial statements. Considering the specifics of the business model, the Group's Management revised the applied accounting methodologies for revenue recognition in financial statements in 2022 and to recalculated in the comparative figures of 2021, the articles of "Revenue" – 10 492,5 thousand Eur, and “Cost of sales” – 8 750,30 thou Eur, "Contractual assets"- 1,742 thousand EUR in accordance with the 15th IFRS.

The 2021 administrative expenses figures have been recalculated in the financial statements. Considering the change in the business model and the assessments made regarding the possibilities of obtaining future economic benefits, in 2022 the Group Management reviewed the applied development works and cost accounting methodologies and decided to reclassify 6,602 thousand Eur in the comparative figures of 2021 from "Administrative expenses" to "Fixed intangible assets" according to IAS 38

[2] Results are not audited

*Change in deferred income tax

Comments

- In 2022 the Issuer recorded a consolidated loss due to significant investments in expansion of project portfolio, which will be realized (exited) in the coming 2-3 years.
  - As a development company SIG has high upfront costs (development and admin team payroll, various deposits and other)
  - At the same time, it can take more than two years to develop a from greenfield
  - Projects are usually sold in „batches“, which might not occur every year

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Historical financial information (II)

Issuer‘s consolidated audited balance sheet statement - assets

Consolidated balance statement, kEUR	2021[1]	2021[1, 2] (restated)	2022	2023 H1[2]
Property, plant and equipment	2,002	2,002	2,724	3,841
Investment property	–	–	–	–
Intangible assets	535	12,196	30,458	33,656
Granted long-term loans and long-term deposits	97	97	514	257
Other investments	3	3	–	–
Trade and other receivables	111	112	–	–
Deferred income tax asset	2	2	5	5
Total non-current assets	**2,750**	**14,412**	**33,702**	**37,759**
Loans granted and term deposits	95	95	60	30
Other investments	–	–	–	–
Inventories	8,816	8,815	1,499	2,363
Trade and other receivables	2,277	2,276	1,859	775
Contract assets	4,396	2,654	2,261	1,597
Prepayments, deferred costs and accrued income	2,739	2,739	2,508	2,141
Advance corporate income tax	165	166	9	–
Cash and cash equivalents	667	667	3,173	4,787
Assets held for sale	–	–	–	–
Total current assets	**19,155**	**17,412**	**11,368**	**11,693**
TOTAL ASSETS	**21,905**	**31,824**	**45,070**	**49,452**

[1] The comparative figures have been recalculated in the financial statements. Considering the specifics of the business model and the assessments made regarding the possibilities of obtaining future economic benefits, in 2022 the Group Management reviewed the applied development works and cost accounting methodologies and decided to reclassify EUR 6,602 thousand in the comparative figures of 2021 from "Administrative expenses" to "Fixed intangible assets" according to IAS 38.

The comparative figures have been recalculated in the financial statements. Considering the change in the business model, the Group's Management revised the applied accounting methodologies for revenue recognition in financial statements in 2022 and to recalculated in the comparative figures of 2021, 1,742 thousand EUR, the articles of "Net profit" and "Contractual assets" in accordance with the 15th IFRS.

[2] Results are not audited

Comments

- 2.7 GW of developments portfolio, according to IFRS guidelines, is valued at cost and is recorded as „intangible assets“. The balance sheet value of these assets is then EUR 30M as of end of 2022.
- According to the Group’s internal estimates, the market value of this portfolio could be around EUR 80M.

Historical financial information (III)

Issuer's consolidated audited balance sheet statement – equity and liabilities

Consolidated balance statement, kEUR	2021	2021[1] (restated)	2022	2023 H1[1]
Share capital	101	101	101	101
Legal reserve	–	–	10	10
Revaluation reserve	–	–	–	–
Currency exchange translation reserve	-15	-14	-51	-50
Retained earnings (loss)	908	10,826	8,525	9,439
Equity attributable to shareholders of the parent company	**994**	**10,913**	**8,584**	**9,500**
Non-controlling interest	**-54**	**-54**	**–**	**–**
Total equity	**940**	**10,859**	**8,584**	**9,500**
Bank loans and lease liabilities	235	235	96	20,243
Other borrowings	231	231	24,466	–
Corporate income tax liabilities	–	–	–	3
Deferred tax liabilities	–	–	576	291
Trade and other payables	-	-	–	249
Total non-current liabilities	**466**	**466**	**25,138**	**20,786**
Bank loans and lease liabilities	2,492	2,492	3,955	14,945
Other borrowings	10,844	10,843	3,621	–
Corporate income tax liabilities	354	354	–	13
Prepayments received, accrued liabilities and deferred income	1,502	1,503	1,538	2,986
Contract liabilities	246	246	161	159
Employment related liabilities	697	697	677	629
Trade and other payables	4,364	4,364	1,396	434
Total current liabilities	**20,499**	**20,499**	**11,348**	**19,166**
Total liabilities	**20,965**	**20,965**	**36,486**	**39,952**
TOTAL EQUITY AND LIABILITIES	**21,905**	**31,824**	**45,070**	**49,452**

[1] Results are not audited

Information about debts

As of 30 September 2023, on a consolidated level the total financial debts of the Issuer were equal to 32 894 999 EUR, comprising of

- 13,864,273 EUR debts payable within 1 year and
- 19,030,726 EUR debts with longer maturity.

Out of total financial debt

- 29,198,717 EUR is secured with a pledge of shares of subsidiary companies;
- 3,493,163 EUR is secured by pledge of Eternia Solar LT (EPC company) inventories, receivables and promissory note;
- 203,120 EUR of debt is unsecured.

- 3,513,459 EUR of debt is received from credit institutions,
- 29,381,540 EUR of debts is payable to non-credit institution debt providers.

- Majority of financial debt are private loans for development purposes, issued on project company level (in Poland)

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Historical financial information (IV)

Issuer‘s standalone audited profit (loss) statement

Standalone profit (loss) statement, kEUR	**2021**	**2022**	**2023 H1[1]**
Revenue	915	1,215	604
Cost of sales	–	-40	–
Gross profit	**915**	**1,175**	**604**
Other activity income	847	15	40
Other activity expenses	–	-2	-2
Selling expenses	-145	-38	29
Administrative expenses	-1,614	-1,443	-553
Impairment loss on trade receivables and contract assets	–	–	–
Operating profit (loss)	**3**	**-293**	**118**
Finance income	6,586	813	893
Finance costs	-194	-666	-677
Share of profit of associated or jointly controlled entities	–	–	–
Operating profit (loss) before tax	**6,395**	**-146**	**334**
Corporate income tax	7	–	–
Net profit (loss)	**6,402**	**-146**	**334**
EBITDA	6,656	599	562

[1] Results are not audited

Sun Investment Group

Historical financial information (V)

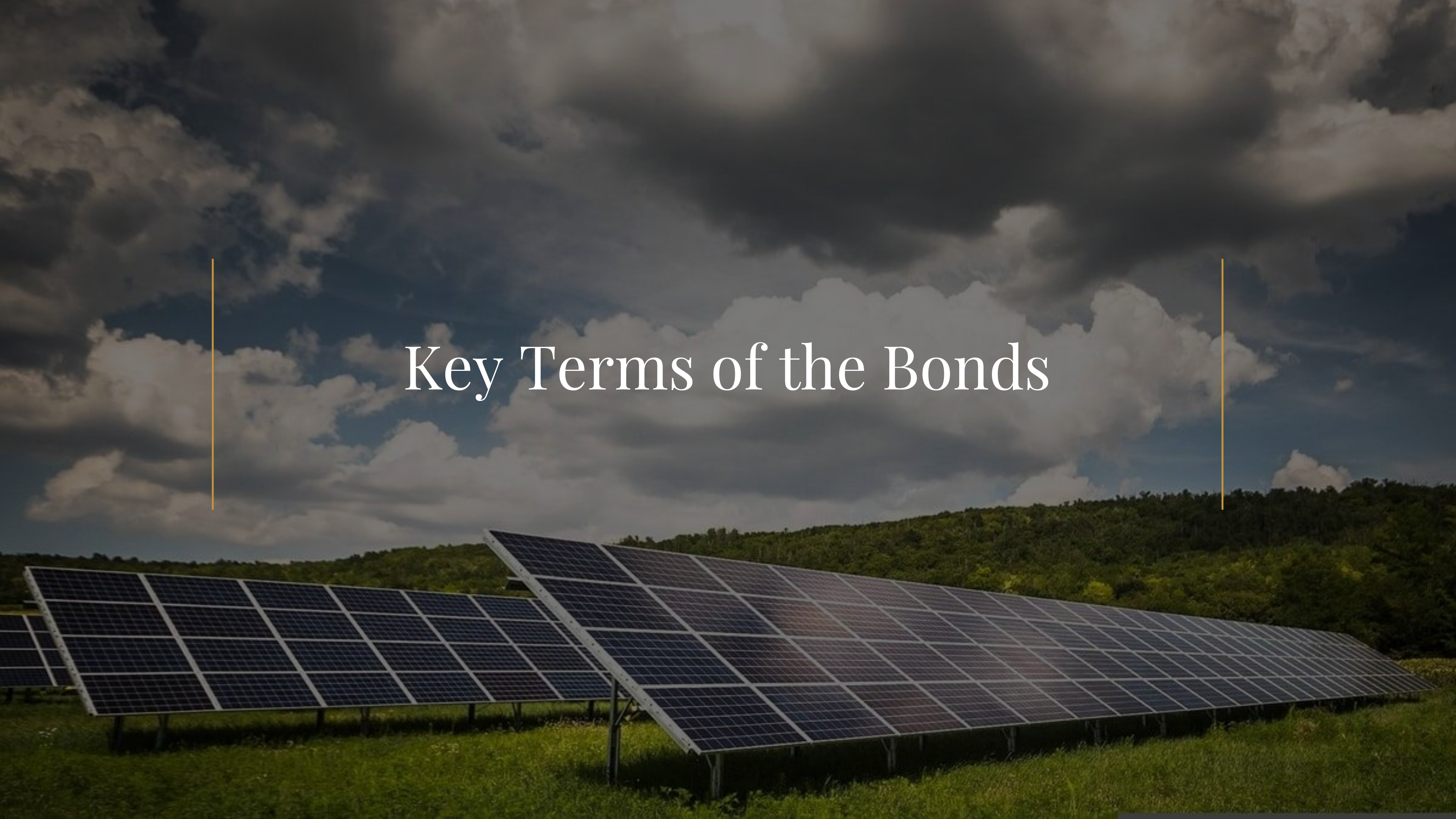
Issuer's standalone audited balance sheet statement

Standalone balance statement, kEUR	2021	2022	2023 H1[1]
Property, plant and equipment	157	97	47
Investment property	–	–	–
Goodwill	–	–	–
Intangible assets	3	1	–
Granted long-term loans and long-term deposits	6,186	19,472	24,692
Other investments	181	85,632	86,182
Trade and other receivables	–	13	-38
Deferred income tax asset	–	–	–
Total non-current assets	**6,526**	**105,215**	**110,883**
Loans granted and term deposits	1,139	108	108
Other investments	–	–	–
Inventories	33	30	31
Trade and other receivables	8,030	901	2,684
Contract assets	–	1,207	–
Prepayments, deferred costs and accrued income	159	164	122
Advance corporate income tax	78	–	–
Cash and cash equivalents	14	13	19
Assets held for sale	–	–	–
Total current assets	**9,453**	**2,423**	**2,964**
TOTAL ASSETS	**15,979**	**107,638**	**113,847**

Authorised capital	101	101	101
Legal reserve	–	10	10
Revaluation reserve	–	82,243	82,244
Currency exchange translation reserve	–	–	–
Retained earnings (loss)	6,804	6,648	6,986
Non-controlling interest	–	–	–
Total equity	**6,905**	**89,002**	**89,341**
Bank loans and lease liabilities	45	–	–
Other borrowings	3,332	17,077	22,876
Total non-current liabilities	**3,377**	**17,077**	**22,876**
Bank loans and lease liabilities	59	44	–
Other borrowings	1,465	–	–
Prepayments received, accrued liabilities and deferred income	3,766	621	557
Employment related liabilities	70	–	-3
Trade and other payables	337	894	1,076
Total current liabilities	**5,697**	**1,559**	**1,630**
Total liabilities	**9,074**	**18,636**	**24,506**
TOTAL EQUITY AND LIABILITIES	**15,979**	**107,638**	**113,847**

[1] Results are not audited

Si Sun Investment Group



Key Terms of the Bonds

Financing need and repayment

Reason for the Bond issue

- Growing number of projects with reached Ready-to-Build stage
- Increasing share of projects sold on operational stage
- Diversifying sources of working capital financing

Use of proceeds

- Further financing of project portfolio development costs
- Working capital

Bonds repayment

Within the next 12 months after the bond issue "Sun Investment Group" plans to implement one or several of the following alternatives that would generate more than sufficient cash inflows for bond repayment:

- Up to 60 MW of operational small-scale (~1 MW each) project sales in Poland, which would bring >EUR 50 M of proceeds.
- Forward COD (operational stage) sale from larger-scale (>1MW) projects (in total up to 230 MW) in Poland, which would bring advance payments and/or construction debt
- Forward COD sale of 100 – 200 MW in Italy
- New project/corporate bond issue as there is a big project pipeline that continues to mature, meaning more free value to monetize via M&A (as is, RTB or forward COD) or debt

Collateral overview

Collateral will include shares of SIG's SPVs companies in Italy, consolidating more than 300MW of Italian PV projects

Pledged Italian SPVs shares

- The Issuer is the main group company registered in Lithuania, which directly owns shares of SIG Project Italy 3 S.r.l., SIG Project Italy 4 S.r.l. and SIG Project Italy 5 S.r.l.
- Shares will be pledged for the benefit of Bondholders (first ranking). The SPVs have no 3rd party debts and a commitment not to take any debt until the Bonds Maturity Date.
- The SPVs own a total of 340 MWp of solar projects in Italy at different stages of project development (pre-"ready to build" - from land lease to accepted grid connection conditions).
- Portfolio is worth close to EUR 12.3M, based on Group's knowledge of market prices and development stage of each particular project – EUR 25k/MW for securing land and EUR 60k/MW for securing land + grid connection.
- The portfolio value is going to increase until maturity as the projects reach new development phases. All projects are expected to reach grid connection with multiple also gaining positive Environmental Impact Assessment, which would correspond to a total value of collateral of more than EUR 20M.

PV projects in the pledged SPV companies (SIG Project Italy 3 S.r.l. and SIG Project Italy 4 S.r.l., SIG Project Italy 5 S.r.l.)

Project no.	Capacity (MWp)	Ha in contract	Region	Development status*				Internally estimated value, kEUR
				Land secured (and grid applied)	Grid conditions obtained	Environmental Impact Assessment obtained	RTB Date	
1	4.4	25.0	Sardinia	2022 Jul	2023 Nov	2024 Nov	2026 Jan	111
2	153.9	213.0	Apulia	2023 Mar	2023 Dec	2025 May	2026 Jul	3,847
3	24.9	66.6	Sardinia	2022 May	2022 Sep	2024 Aug	2025 Nov	1,495
4	33.1	98.5	Apulia	2022 Sep	2023 Feb	2024 Sep	2025 Dec	1,985
5	9.7	23.1	Apulia	2022 Oct	2023 Feb	2024 Sep	2025 Dec	583
6	20.5	37.4	Apulia	2022 Oct	2023 Feb	2024 Sep	2025 Dec	1,231
7	14.8	31.0	Sardinia	2022 Dec	2023 Mar	2024 May	2025 May	887
8	3.8	7.7	Lazio	2022 Sep	2023 Nov	N/A**	2025 Mar	94
9	10.8	16.0	Sicily	2022 Dec	2024 Jan	N/A**	2025 Nov	270
10	49.1	132.5	Piedmont	2023 Jun	2023 Dec	2025 May	2026 Jul	1,228
11	5.7	27.5	Apulia	2023 Jun	2023 Feb	2024 Sep	2025 Dec	341
12	9.3	21.3	Emilia-Romagna	2023 Jul	2023 Dec	N/A**	2024 Jun	232
TOTAL	**340**	**699**						**12,304**

*The green color shows that the development stage is already completed. The grey color indicates the expected dates when the stage should be completed

**These projects are developed through a different mechanism, which does not require Environmental Impact Assessment

Sun Investment Group

Risk factors

Risk Factors associated with the Issuer
Holding company risk
Risks Relating to the Group’s Business in Solar Electricity Generation Projects
The Group’s business, financial condition and operating results are affected by macroeconomic trends in the markets in which it operates
Interest rate risk
The Group’s development plan is capital-intensive and subject to uncertainty
Unfavourable changes in existing regulations or government policies in support of renewable energies could significantly affect the performance of the Group’s existing operations
The Group may not be able to complete projects under construction
Dependence on licences, permits and authorisations from various regulators
The Group depends on financing from various sources, in particular external debt financing, for the development and construction of its projects and any additional indebtedness could have an adverse effect on the Group’s operations and financial condition
Dependence on the team of top managers and key personnel
Dependence on IT
The Group is subject to risks related to ethical misconduct or breaches of applicable laws by its employees and suppliers

Risk Factors associated with the Bonds
Credit risk
Liquidity risk
Inflation risk
Collateral risk
Regulatory and withholding tax risk
Decisions on Bondholder meeting
Interest rate Risk

**For a full description of the risk factors, please see the Annexes*

Sun Investment Group

Main terms of the Bond offering

Issuer	Sun Investment Group UAB
Bonds	Secured Fixed Rate Bonds with the maturity of 12 months
Specified Currency	Euro (EUR)
Issue Price	100% of the Nominal Amount
Nominal Amount (Denomination)	EUR 1,000
Issue Amount	Up to EUR 5,000,000
Subscription period	30 October 2023 – 24 November 2023
Issue Date	29 November 2023
Maturity Date	29 November 2024
Interest Rate	13% per annum
Interest Payment Date(s)	29 May 2024 and 29 November 2024
Day Count Fraction	ACT/ACT ICMA
Use of proceeds	The net proceeds from the issue of the Bonds will be used to finance the Group's working capital and further project portfolio development costs.
Collateral	The Bonds will be secured by the *first rank pledge* of 100% shares of the paid-up share capital and voting rights of Issuer's Subsidiaries in Italy: *SIG Project Italy 3 S.r.l.,* registration No. 05555130284, registered at address Largo degli Obizzi n.19/5, sotto, Albignasego, Italy. *SIG Project Italy 4 S.r.l.*, registration No. 05555140283, registered at the address Largo degli Obizzi n.19/5, sotto, Albignasego, Italy *SIG Project Italy 5 S.r.l.*, (registration No. 05555230282, registered at the address Largo degli Obizzi n.19/5, sotto, Albignasego, Italy. The Collateral will be provided on the Issue Date latest.
Early redemption	None.
Early redemption (Investor Put option)	At 102% of the Nominal Amount only in case of De-listing Event or Listing Failure.
Special Undertakings	Limits on Dividends; Restrictions on Disposal of Assets of Pledged Subsidiary; Financial Indebtedness Restrictions on Pledged Subsidiary; Change of Control Event over Key Subsidiaries; Financial Reporting.
Events of default	Non-payment; Breach of Collateral; Breach of Special Undertakings; Breach of other obligations; Liquidation; Insolvency; Insolvency proceedings; Impossibility or illegality.
Late payment interest	19%
Admission to Trading	To be admitted to the First North (Nasdaq Vilnius) Bond list within 3 months after the Issue Date.

Get in touch

Deividas Varabauskas
Sun Investment Group
Founder and CEO

Mykantas Urba
Orion Securities
Head of Corporate Finance

Simonas Žirgulis
Orion Securities
Corporate Finance Associate

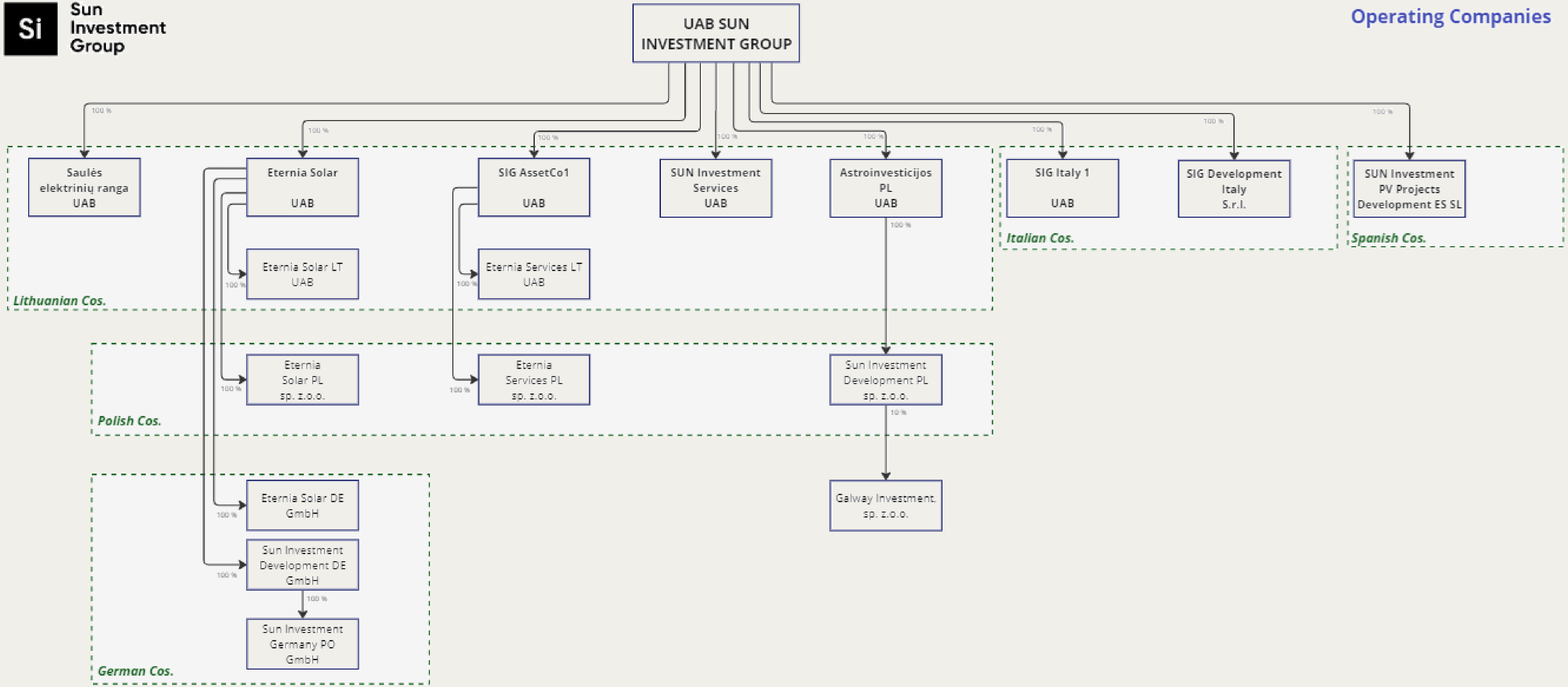
Contacts

Orion Securities UAB FMĮ (Dealer):
bonds@orion.lt

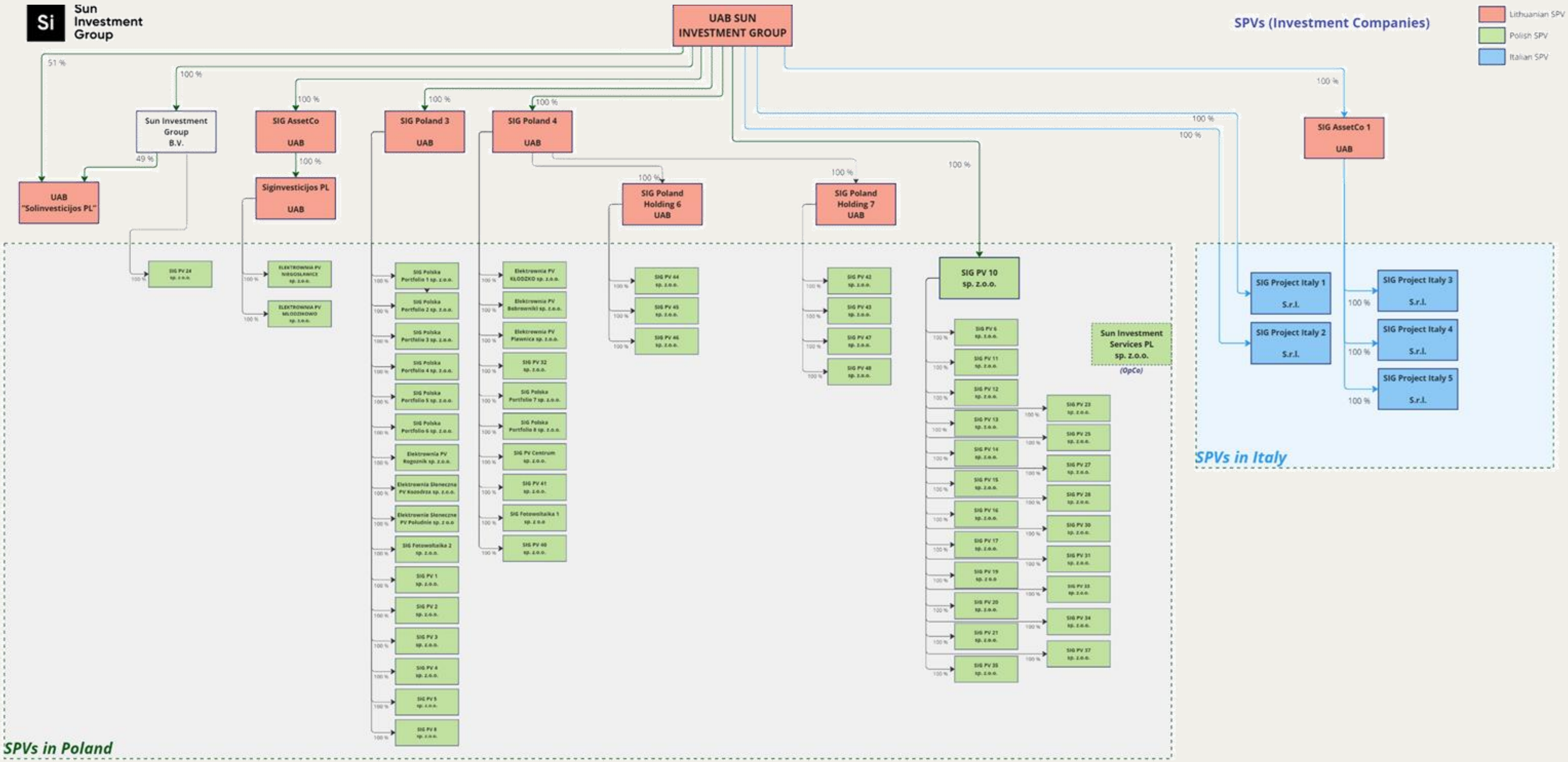
Sun Investment Group, UAB (Issuer):
bonds@suninvestmentgroup.com

Annexes

Annex 1
Group structure of operating companies



Group structure of SPVs



Sun Investment Group

Annex 2
Risk Factors associated with the Issuer

Holding company risk

The Issuer is the holding company of the Group. The principal assets of the Issuer are the equity interests it directly or indirectly holds in its operating subsidiaries and loan balances receivable from Group entities. As a result, the Issuer is largely dependent on loans, interest, dividends, and other payments from its subsidiaries to generate the funds necessary to meet its financial obligations, including the payment of interest and principal to its creditors, including the holders of the Bonds. The ability of the Issuer's subsidiaries to make such distributions and other payments depends on their earnings and may be subject to statutory or contractual restrictions. Consequently, if amounts that the Issuer receives from its subsidiaries are not sufficient, the Issuer may not be able to service its obligations under the Bonds.

Risks Relating to the Group's Business in Solar Electricity Generation Projects

The Group invests in and plans to continue to invest in electricity generation projects that depend on solar resources. Market valuation of solar power plant projects developed by the Group depends on expected electricity generation of solar power plants which depends largely on the amount of solar irradiance available to such solar facilities. These resources are outside of the Group's control and may vary significantly over time. General meteorological conditions such as seasonal changes in resources are complex and difficult for the Group to predict, especially since exceptionally poor meteorological conditions may lead to one-time drops in production levels and in the associated levels of revenue generated by solar power plant projects. If unfavourable meteorological conditions were to continue over the long term, they could negatively affect the profitability of impacted projects. To the extent that climate change causes variations in cloud cover, it may have an adverse effect on the Group's assets and business. Insufficient solar irradiance could lead to a decrease in the generation of electricity. The Group bases projected electricity production of developed solar PV projects in part upon statistical studies of historical weather conditions at its sites. Unfavourable weather conditions, changes in climate, technological failures and significant discrepancies between estimates and actual electricity production may have a material adverse effect on the Group's business, financial condition, results of operations or prospects

The Group's business, financial condition and operating results are affected by macroeconomic trends in the markets in which it operates

The Group's business is influenced by macroeconomic factors affecting the economies of the markets in which it operates (namely, Poland, Italy, as well as the Baltic States). Further, the Group's business is also impacted by macroeconomic factors affecting the Nordic, and the Eastern and Central Europe countries. Generally, there is a positive correlation between energy prices in a given region and the level of demand. One driver of energy demand is economic output: greater economic output can lead to increased demand for energy, since prices often reflect the state of the economy as a whole. For example, the price of electricity rose in the six months ended 31 December 2021 as compared with the equivalent period in 2020 due to higher demand arising from the combined impact of COVID-19, the decreased supply from hydropower plants in the Nordics, and the cold weather during winter.

Also, COVID-19 and similar level global pandemics pose various supply-chain risks for the operations of the Group, primarily the development and construction schedules of renewable energy projects. In the solar energy sector, the module ordering price is greatly affected by the desired delivery term, i.e., short-term delivery price will be significantly higher than the price for long-term delivery schedules. Thus, supply-chain bottlenecks caused by global pandemics can not only delay the development of renewable energy projects, but also increase overall costs for it.

In addition, in February 2022, the Russian Federation invaded Ukraine. The military actions affect not only the economy in Ukraine, Russia and Belarus, but also the European Union and global economy. The situation in Ukraine is extremely volatile and inherently uncertain. Currently, considering the ongoing and dynamic nature of the situation, a reliable estimate of the financial and non-financial impact cannot be presently made, although such macroeconomic events pose similar supply-chain risks similar to those of a global pandemic.

Such macroeconomic trends in the countries in which the Group operates, and in Europe more broadly, have a significant impact on the Group's business and financial position and any negative macroeconomic trends could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

Risk Factors associated with the Issuer

Interest rate risk

Most of the Issuer's Group borrowings have fixed interest rate. However, for EUR 6.8 M the Issuer's Group is exposed to interest rate risk, which mainly arises from 2 borrowings at variable interest rates comprising 6-month EURIBOR rate and a margin. Variable interest rates expose the Issuer's Group to a very limited risk that financing costs might increase significantly as EUR benchmark rates rise

Unfavourable changes in existing regulations or government policies in support of renewable energies could significantly affect the performance of the Group's existing operations

The Group's activities are to a significant extent dependent on incentive-based public policies in the countries in which the Group operates, which aim to promote the production and sale of energy from renewable resources. These policies and mechanisms typically enhance the commercial and financial viability of renewable energy installations. Changes in the regulatory environment and the government subsidies for renewable energy production could distort supply and demand-based prices, reduce the profitability of projects, or otherwise have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

The continuing availability of subsidy programmes for the renewable energy sector in which Group operates depends on political and policy developments relating to environmental concerns in a given country or region, which can be affected by a wide range of factors, including macroeconomic conditions in the relevant country or region, changes in governments and lobbying efforts by various affected stakeholders (including the renewable energy industry), other producers and consumers of electricity, environmental groups, agricultural businesses and others.

Any reversal of, or unfavourable changes to, such governmental incentive policies or interpretive ambiguities and uncertainties around their implementation (including, but not limited to, those described above) could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

The Group's development plan is capital-intensive and subject to uncertainty

The Group operates in a capital-intensive industry and any new development projects will require substantial investments. The Group expects to make significant capital expenditures in the short- and medium-term to further develop its current projects' portfolio indicated in the Group's corporate structure below. If the Group decides to proceed with any of these or other new investments, new funding would have to be secured. There is no certainty that the Group will be able to procure funding on acceptable terms, if at all.

The Group's success in implementing its strategy will depend on, among other things, its ability to identify and assess potential investments, successfully finance and integrate such investments, control costs and maintain sufficient operational and financial controls. The Group's expenditure is and will continue to be made on the basis of forecasts of production and projected prices of electricity. The Group also makes certain assumptions regarding long-term interest rates and electricity prices in its decisions on making capital expenditures. These forecasts, judgments and assessments may be inaccurate, which could undermine the economic viability of such investments and could have a material adverse effect on the Group's business, financial condition, results of operations or prospects. In addition, some of the Group's development projects and prospects may require greater investment than currently planned. Moreover, certain newly constructed facilities and projects may not perform as expected. The Group forms its expectations around the performance of new facilities and projects based on assumptions, estimates, data provided by third parties and experience with similar assets that the Group has previously managed. The ability of these assets to meet the Group's performance expectations is subject to the risks inherent in newly constructed solar plants, including, but not limited to, degradation of equipment in excess of the Group's expectations, system failures and outages.

Such matters arising during development stages may result in delays or additional costs that could render the projects less competitive than the Group initially anticipated and the Group's actual capital expenditure may differ from anticipated figures. This may adversely affect the Group's ability to execute its investment plan and growth strategies. The foregoing could have a material adverse effect on the Group's business, financial condition, results of operations or prospects

Risk Factors associated with the Issuer

The Group is materially dependent on licences, permits and authorisations from various regulators and expiry, revocation or inability to renew licences, permits or authorisations could have a material adverse effect on the Group

In connection with its activities, the Group is subject to significant demands with respect to obtaining permits, licences and authorisations required by applicable regulations and issued by national or local authorities. Depending on the country, these permits, licences and authorisations may take the form of urban planning authorisations (such as construction permits), mandatory environmental impact assessments or studies, production and operation authorisations, authorisations to connect to the grid, and other specific authorisations.

National governments and local authorities may, depending on the country, have a high degree of discretion in issuing such permits, licences and authorisations, and they may exercise their discretion arbitrarily or unpredictably. In addition, the multitude of government agencies involved may make the process of obtaining these authorisations long, complex and expensive. As a result, there can be no assurance that the Group will obtain the permits, licences and authorisations necessary for the construction of a given project or for the exercise of the business that it intends to conduct in a given country at a reasonable cost or within the expected time periods operations or prospects

The Group may not be able to complete projects under construction

All of the development and construction phase projects are subject to risks in the development and construction phase relating in particular to engineering and design, equipment supply and construction performance. The inability to complete construction, or to complete it on a timely basis, may result in contractual defaults, contractual liability payments, impairment of assets, loss of income or a reduction in the period of eligibility for specified tariffs as a result of a failure to meet certain milestones, among other adverse consequences. Eligibility for certain subsidies may be compromised or lost if assets are not commissioned on schedule, and time-consuming and costly litigation may result among the Issuer or other members of the Group and the parties participating in or financing the project's development. Projects may encounter a range of difficulties in the construction phase that result in delays or higher than expected costs that may not be fully covered or adequately addressed by performance guarantees from contractors, damages clauses or insurance.

The Group depends on financing from various sources, in particular external debt financing, for the development and construction of its projects and any additional indebtedness could have an adverse effect on the Group's operations and financial condition

The Group currently intends to finance a portion of its capital expenditures for the development and construction of its projects through debt financing. The Group's access to debt financing is subject to many factors, many of which are outside of the Group's control. For example, political instability, economic downturns, social unrest or changes in the regulatory environment in which the Group has or plans to have operations could increase the Group's cost of borrowing with respect to new financing arrangements or restrict the Group's ability to obtain debt financing. Access to debt financing may be further restricted by financial covenant obligations under the Group's existing financings. There can be no assurance that it will be able to arrange financing on acceptable terms, if at all.

The inability of the Group to obtain debt financing from banks and other financial institutions, or otherwise through the capital markets, could adversely affect its ability to execute its investment plan and growth strategies, which could have a material adverse effect on the Group's business, financial condition, results of operations or prospects. In addition, there is a risk that the companies of the Group will fail to fulfil their obligations in time – this would have a negative effect on the operating profit of the Group. In case of late performance of a large part of obligations, the ordinary business of the Issuer and/or companies (directly or indirectly) owned by it may be disrupted, it may be necessary to search for additional sources of financing, which may be not always available.

Risk Factors associated with the Issuer

Dependence on the team of top managers and key personnel

The Group's success and its ability to carry out its growth initiatives depend on qualified executives and employees, in particular certain executive officers of the Issuer and employees with special expertise in the development, financing, engineering, construction, operation and maintenance of projects. Given their expertise in the industry, their knowledge of the Group's business processes and their relationships with the Group's local partners, the loss of the services of one or more of these individuals could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

Furthermore, as the Group expands its operations, portfolio and geographic footprint, the Group's operating success and ability to carry out its business plan depend in a large part upon its ability to attract and retain additional qualified personnel who have specific technical or industry expertise, including people in the locations where the Group has operations. The Group is also routinely required to assess the business, financial, legal and tax impacts of the complicated business transactions that the Group enters into, whether in connection with evaluating and developing new projects or overseeing asset construction and operation. The success of these projects is dependent on hiring and retaining personnel with sufficient expertise to allow the Group to accurately and timely complete its analysis and reporting requirements. There is significant competition in the renewable energy industry in attracting qualified personnel with the necessary expertise, and there can be no assurance that the Group will be able to hire a sufficient number to support its business plan and growth. The inability to attract and retain qualified personnel could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

Additionally, from time to time, executives and other employees with technical or industry expertise may leave the Group. The Group's failure to promptly appoint qualified and effective successors for such individuals or inability to effectively manage temporary gaps in expertise or other disruption created by such departures, could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

Dependence on IT

The Issuer's Group is dependent on an efficient and uninterrupted operation of its information and communication systems. Information and communication systems are generally prone to failures, damage, power outages, computer viruses, cyberattacks (risk increased due to war in Ukraine), fire and similar events. Failures or interruptions in the operation of the computer and data processing systems used by the Issuer's Group could result in interruption or loss of business and/or cause reputational damage to the Issuer's Group. This could have a material adverse effect on the net assets, financial position, and financial performance.

The Group is subject to risks related to ethical misconduct or breaches of applicable laws by its employees and suppliers

The Group has implemented compliance policies and procedures with respect to applicable anti-corruption laws. However, there can be no assurance that all of the Group's employees and suppliers will not violate the Group's policies or applicable laws. Any incidents of ethical misconduct or non-compliance with applicable laws and regulations, including anti-corruption, sanctions, anti-money laundering or other applicable laws, by the Group's employees may subject the Group to significant fines or may lead to other consequences, such as damage to the Group's reputation. Any such non-compliance could have a material adverse effect on the Group's business, financial condition, operating results and prospects

Risk Factors associated with the Bonds

Credit Risk

Credit risk should be assessed as the possibility that the Issuer may become insolvent, go bankrupt, or have its operations suspended or terminated, making it impossible to redeem the Bonds and (or) to pay accrued interest to the Bondholders. Thus, an investment into the Bonds is subject to credit risk of the Issuer that the Issuer may fail to meet its obligations arising from the Bonds in a duly and timely manner. The issuer’s ability to meet its obligations arising from the Bonds and the ability of the Bondholders to receive payments arising from the Bonds depends on the financial position and the results of operations of the Issuer.

Liquidity Risk

The Bonds will be distributed through public placement and although the Issuer intends to apply for the listing of the Bonds in the First North of Nasdaq Vilnius alternative market, there is no guarantee that such listing shall be approved, and the Bonds will be listed. Even if the Bonds are listed, and even more so in case they are not listed, a liquid secondary market for the Bonds is not guaranteed. Bondholders might bear a loss due to not being able to sell the Bonds on the secondary market or having to have to sell them at an unfavourable price.

Inflation Risk

Inflation reduces the purchasing power of a Bonds future coupons and principal. Inflation may lead to higher interest rates which could negatively affect the Bonds price.

Collateral Risk

The Bonds will be secured by a pledge of the shares of the Issuer’s certain subsidiaries. Apart from the Collateral referred to above, there are no other collateral or guarantees of the Issue issued by third parties. The Collateral securing the Issue does not guarantee that, in the event of a default by the Issuer, the Collateral will be capable of being realised in such manner or that the liquidation value of the Collateral will be sufficiently high to satisfy in full all the claims of the Bondholders.

Regulatory and withholding tax Risk

The principal and interest on the Bonds will be payable in full without withholding tax, except to the extent that such withholding tax is required by law. In such case, the Issuer will, subject to customary exceptions, pay additional amounts so that the Bondholder receives as much as the Bondholder would have received if no withholding tax had been required to be withheld under the law. Moreover, any changes to the laws and other legal acts applicable in the Republic of Lithuania and/or the Bondholder’s domicile, or the implementation of any new laws or other legal acts may cause additional expenses or taxes and/or reduce return on investment for the Bondholders. From the Investors perspective, risk of alterations in tax regime could affect the value of the interest income. The Issuer shall not compensate Investors for any losses related to changes in tax regime.

Decisions on Bondholder meeting

The Republic of Lithuania Law on Protection of Interests of Bondholders of Public Limited Liability Companies and Private Limited Liability Companies shall apply to the Bonds issue. The Law provides the opportunity to address specific questions at meetings of Bondholders. To adopt a decision at a Bondholders' Meeting, all Bondholders don't need to be present and for all Bondholders to vote on the decision. Accordingly, decisions taken at a Bondholders' Meeting will apply and be valid for all Bondholders, even those who were not present when the decision was taken or who voted against such decision.

Interest rate Risk

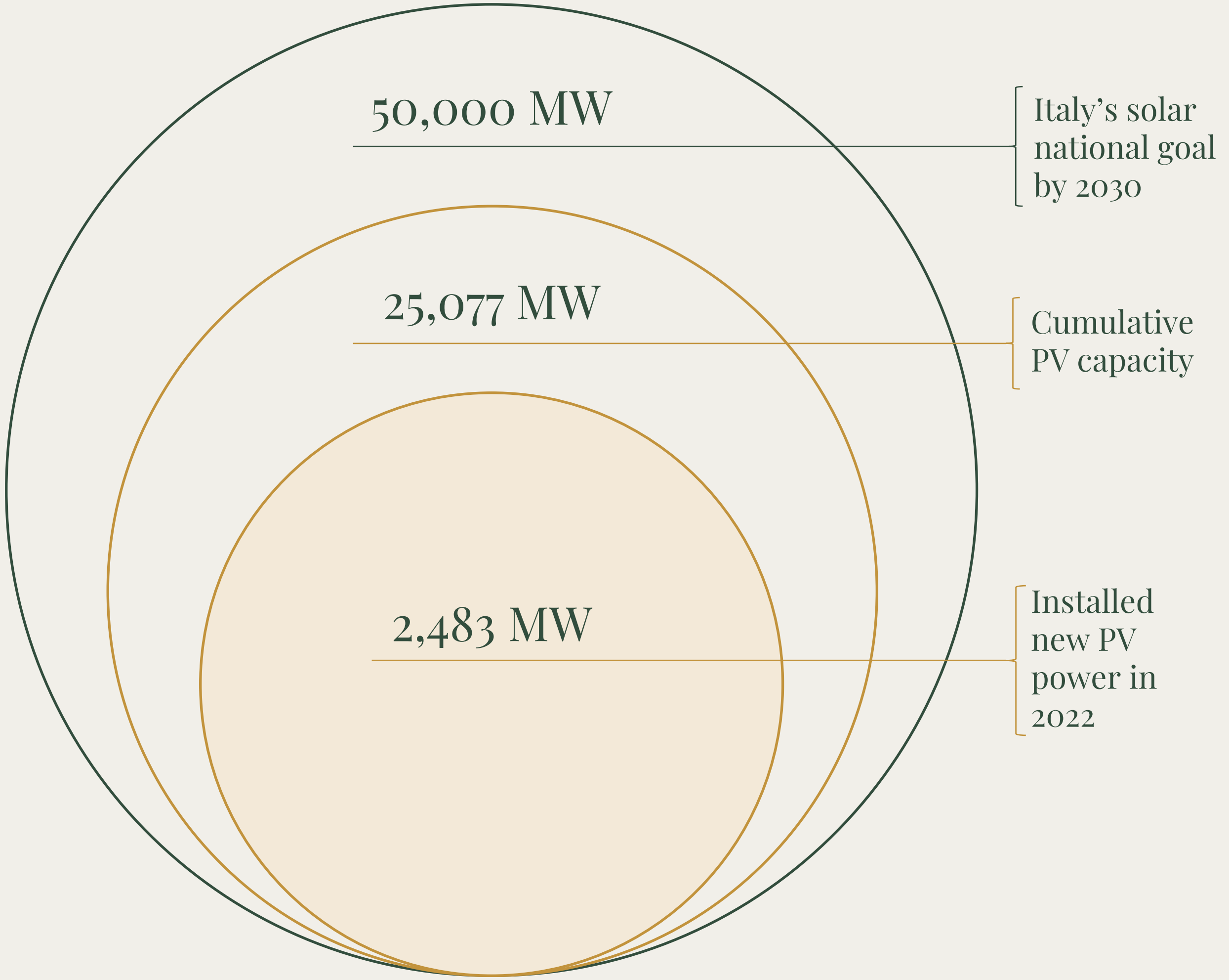
The Bonds pay fixed interest on their outstanding nominal value. The investor is exposed to the risk that the value of the Bonds will decrease due to changes in market interest rates. Although the nominal interest rate on the Bonds is fixed until maturity, prevailing capital market interest rates change daily. If the market interest rate increases, the market value of the Bonds may decrease.

Annex 3
Italian solar PV market (1)

Key takeaways

1. Italy is one of the leading solar electricity consuming countries in the world.
2. It is also among the largest markets for solar energy capacity additions. In the European Union, the Italian PV sector is second only to Germany.
3. Photovoltaics represent one of the renewable energy sources the country relies the most on.
4. Since 2010 Italy registered almost a ten-fold increase in the number of photovoltaic systems, reaching more than 1,2 million in 2022
5. Last year Italy added nearly 2,5 GW of newly installed PV capacity, compared to 944 MW in 2021, and reached a cumulative PV capacity of 25.1 GW
6. **To reach a national capacity goal of 50GW by year 2030 an average of 3GW of newly installed PV has to be added each year**

Sources: PV-Magazine. Statista, Italy's Ministry of Economic Development (MISE)



Sun Investment Group

Italian solar PV market (2)

Competitive environment

- The Italian solar energy market is fragmented – more than 5 major solar electricity generation players in the industry.
- As the global energy landscape evolves, the Italian solar market is expected to witness further consolidation, with larger players potentially gaining more market share.
- The attractiveness of the Italian solar market has drawn attention from international solar companies. This global interest has intensified competition but also brought in a wealth of expertise and resources.

- Gruppo STG S.r.l
- Sonnedix Power Holdings LTD
- EF Solare Italia SpA
- SunPower Corporation
- Enel SpA

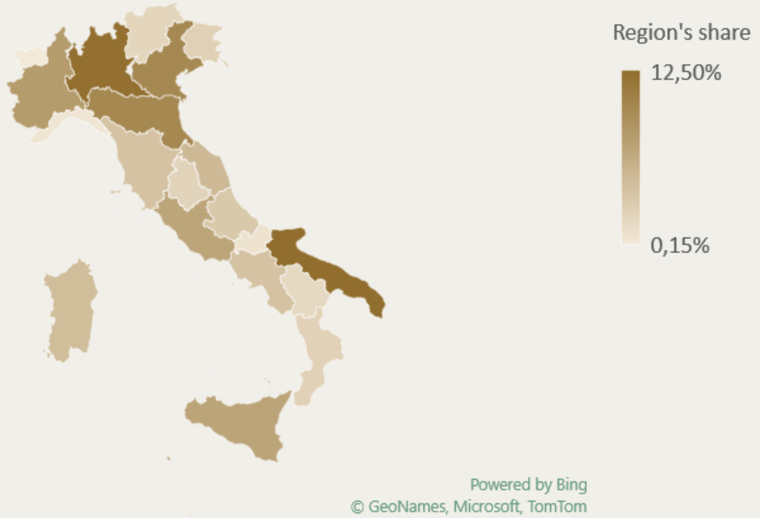
Consolidated – Market dominated by 1-5 major players

Italy Solar Energy Market

Fragmented – Highly competitive market without dominant player

Source: Mordor Inteligence

Regional PV capacity distribution in 2022



At the end of 2022, Northern regions had 45% of the total installations in operation in Italy, the Center 18%, and the South the remaining 37%.

Regions with the largest installed solar capacity		MW
Apulia	12.5%	3,025
Lombardy	12.3%	2,967
Emilia-Romagna	9.9%	2,399
Veneto	9.8%	2,378
Piedmont	7.9%	1,918

Source: Statista

Sun Investment Group

Italian solar PV market (3)

Trends of acquisitions of solar PV portfolios

- Robust activity in solar PV project transactions and strategies for heightened commitments from institutional investors.
- Recent acquisitions of solar PV portfolios signal a robust appetite from international asset managers.
- According to Group's data, the average valuation of RTB project in Italy is EUR 210k / MW

Investor	Seller	Portfolio	Region	Date
PhotoSol Developpement SAS	Ib vogt GmbH	100 MW	Lazio	2023-07-12
Peridot Solar Ltd	Iqony Solar Energy Solutions	135 MW	Sicily	2023-05-29
EOS Investment Management Ltd	*Undisclosed*	40 MW	Sardinia	2023-05-22
Spin Energy	*Undisclosed*	87 MW	Sicily	2023-04-17
Tages Capital SGR SpA	*Undisclosed*	82 MW	Sardinia	2023-04-05

Source: Mergermarket

Polish solar PV market

1

Historical Context

- As of the close of 2018, Poland had a relatively small solar PV capacity, standing at just 471MW. This indicates that the country was yet to fully tap into the potential of solar energy during this period.
- Following the slow start, there was a significant surge in solar energy uptake and installations from 2019 onwards.

2

Record-Level Growth in 2023

- A record level of new installations was achieved in 2023.
- By the end of 2021, the total installed solar PV capacity in Poland rose dramatically to 13.9GW, an impressive growth considering the figures from the previous years.

3

Key Growth Drivers

- A new support programme was introduced specifically targeting micro-installations. This initiative played a crucial role in popularizing and making solar installations accessible to a larger segment of the population.
- The initiation of the Contract for Difference (CfD) supported installations was another significant move. It provided financial stability to the renewable energy producers, further driving the growth in solar PV installations

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Future Expectations

- Anticipation of continued growth in the sector.
- Factors contributing to future growth:
    - The Polish government and regulatory bodies have been increasingly supportive, creating a favorable environment for further solar adoption.
    - As solar technology continues to advance, the costs associated with installations and maintenance are expected to decline.

Source: the Group

Polish solar PV market (2)

Expanding Grid Access

- Significant and rapid increase in renewable energy sources in the past few years.
- Rather slow expansion of the necessary power infrastructure.
- Deceleration in the issuance of new connection capacity because of the disparity between the growth of renewable energy sources and the expansion of power infrastructure.
- A drop in the number of new projects receiving permission to connect to the electrical grid due to the previously mentioned problems.

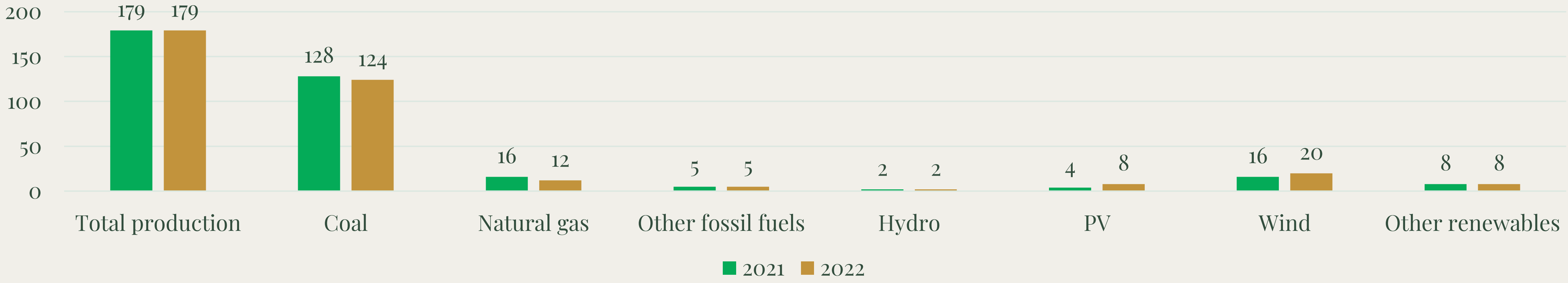
Electricity Generation in Poland

- Traditional Power Production:
  - Mainly utilizes coal, lignite, and natural gas as resources.
  - These traditional sources account for more than 80% of Poland's overall power output.
- In Poland, one MWh generated leads to 750 kg of greenhouse emissions.
- Average greenhouse emissions per MWh in the EU: 255 kg.
  - Lithuania registers an emission rate of 60 kg per MWh.

Challenges for Traditional Electricity Generation

- Even though there's been a notable move towards renewable energy sources such as solar and wind, they still stand as outliers in the overall power generation landscape.
- The energy sector in many regions has a legacy of aging infrastructure that dates back decades.
- The operational costs associated with these outdated technologies can be steep.
- The European Emission Trading Scheme (ETS) reduces the efficiency of traditional power sources

Electricity production in Poland, TWh



Source: International Energy Agency, International Renewable Energy Agency

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Polish solar PV market (3)

Trends of acquisitions of solar PV portfolios

- Diverse range of investors involved in M&A activities, from local companies to international entities, indicating a broad interest in the Polish solar PV market.
- The size of the solar PV portfolios being acquired varies significantly, from smaller deals like 14MW to larger acquisitions in the gigawatt range.
- According to the Group, the average market price range for an RtB project could be around EUR 140k - 200 / MW, while range for operational assets could be around EUR 900k - 1050k / MW.

Investor	Seller	Portfolio	Region	Date
ONDE SA	Oze Holding Ltd	23 MW	*Undisclosed*	2023-07-07
Spectris Energy	Emeren Group Ltd	58 MW	*Undisclosed*	2023-05-30
hep global GmbH	Nebo Solar Sp	100 MW	*Undisclosed*	2023-04-19
OX2 Group AB	Power Station	100 MW	*Undisclosed*	2022-12-21
Undisclosed	SINO-CEEF Capital Management Co Ltd	51 MW	*Undisclosed*	2022-10-17

Source: Mergermarket

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