

ESGTI AG

Hünenberg

Report of the statutory auditor
to the General Meeting

on the financial statements 2021



Report of the statutory auditor

to the General Meeting of ESGTI AG

Hünenberg

Report on the audit of the financial statements

Opinion

We have audited the financial statements of ESGTI AG (the Company), which comprise the statement of comprehensive income for the year ended 31 December 2021, the balance sheet as at 31 December 2021, the statement of cash flows and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 12 to 38) give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the financial statements” section of our report.

We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall materiality: CHF 1.35 million

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

As key audit matters the following areas of focus have been identified:

Valuation of private equity investments

Ownership of private equity investments

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Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 1.35 million
Benchmark applied	Total shareholders' equity
Rationale for the materiality benchmark applied	We chose total shareholders' equity as the benchmark because, in our view, it is the most relevant benchmark for investors, and is a generally accepted benchmark for investment companies.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of private equity investments

Key audit matter	How our audit addressed the key audit matter
<p>The investment portfolio comprises direct private equity investments. All of the Company's investments are unlisted.</p> <p>We focused on this area because of the significant value of the investments in the financial statements, and because determining the valuation methodology and the inputs requires estimation and significant judgement to be applied by the investment advisor and Board of Directors.</p> <p>Investments at fair value through profit or loss amount to CHF 109 million or 53% of total assets. Refer to notes 2.4 (Significant accounting judgements, estimates and assumptions), 3 (Investments) and 16.6 (Fair values of investments and valuation risks) for further disclosure and note 2.10 (Investments) for the valuation methods applied.</p>	<p>We verified the design and implementation of the controls relating to the valuation of investments in order to determine whether the Company has appropriate controls in place.</p> <p>We reviewed the valuations for the private equity investments prepared by the investment advisor and Board of Directors, and assessed the suitability of the valuation methods applied.</p> <p>Where a discounted cash flow valuation approach was applied, we performed the following procedures in order to obtain sufficient audit evidence over the valuation of these investments:</p>

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- Obtained the management information, including budgets, forecasts and cash flows, for the investment being valued, and used this to corroborate the cash flows being used in the model.
 - Assessed the appropriateness of the cash flows used based on our understanding of the financial performance of the investment.
 - Reviewed and recalculated the derivation of the weighted average cost of capital ("WACC"), independently sourcing inputs to the calculation where appropriate.
 - Assessed the technical correctness and accurate calculation of the valuation.
 - Performed a sensitivity analysis based on material, critical valuation assumptions.

Where a revenue-multiple approach was applied, we performed the following procedures in order to obtain sufficient audit evidence over the valuation of these investments:

- Reviewed key valuation assumptions applied, including the maintainable earnings and the valuation multiple.
- Assessed the peer group companies referenced in the determination of an appropriate valuation multiple.
- Reviewed net debt (including cash) calculations in deriving the equity value of the investment.
- Reviewed revenue calculations performed by the investment advisor and Board of Directors.
- Assessed the technical correctness and accurate calculation of the valuation.

Where a recent transaction price or values derived from other valuation methodologies were applied, we verified the accuracy of the inputs used, challenged managements assumptions, and assessed the appropriateness of the valuation approach.

As a result of our audit procedures, as discussed with the Audit Committee and the Board of Directors, we obtained sufficient appropriate audit evidence to conclude that the inputs, estimates and methodologies used for the valuation of the private equity investments are within a reasonable range and that valuation policies were appropriate and consistently applied by the Investment Advisor and Board of Directors.

Ownership of private equity investments

Key audit matter

Private equity investments are not safeguarded by an independent custodian. There is a risk that the Company may not have sufficient legal entitlement to these investments.

How our audit addressed the key audit matter

We verified the ownership of the investments by independently obtaining confirmations of investment holdings from the underlying company, fund manager, registrar or transfer agent, as appropriate.

We therefore obtained sufficient audit evidence to conclude that the Company has legal entitlement to the private equity investments.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the financial statements of ESGTI AG and remuneration report of ESGTI AG and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERT-suisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Thomas Ebinger

Audit expert
Auditor in charge

Jack Armstrong

Audit expert

Zurich, 30 June 2022

Statement of comprehensive income

For the period ended 31 December 2021 (all amounts in CHF unless otherwise stated)

	Note	01.01.2021-31.12.2021	01.01.2020-31.12.2020
Net change in value of investments through profit or loss	3	43,235,126	11,420,963
Unrealised gain on loan receivable at fair value through profit or loss	6	5,443,322	5,311,506
Result from investments		48,678,449	16,732,469
Investment advisory fees	12	-2,091,781	-1,246,839
Directors Fees	12	-192,920	-196,800
Administration fees	12	-134,660	-129,000
Legal fees		-260,874	-240,440
Audit fees		-200,281	-145,557
Equity and debt issuance related costs	13	-193,967	-2,551,215
Financial income	7	126,285	411,117
Other administrative and operational expenses		-294,492	-198,745
Operating result before financial result and taxes		45,435,758	12,434,991
FX gain / loss		-34,828	-1,279,137
Financial expenses	10	-4,767,713	-4,087,346
Proportionate result of Associate	4	242,597	108,000
Earnings before tax		40,875,814	7,176,508
Income taxes	14	-	-
Deferred taxes	14	-	48,414
Net result for the period		40,875,814	7,224,922
Total comprehensive income attributable to:			
Shareholders		40,875,814	7,224,922
Earnings per share attributable to Shareholders			
Weighted average number of shares outstanding during the period		25,400,418	16,217,156
Basic earnings per share (CHF)		1.61	0.45
Diluted earnings per share attributable to Shareholders	2.16		
Weighted average number of outstanding and potential shares outstanding during the period		33,945,752	30,095,823
Diluted earnings per share (CHF)		1.34	0.35

The accompanying notes form an integral part of these financial statements.

Balance sheet

As of 31 December 2021 (all amounts in CHF unless otherwise stated)

	Notes	31.12.2021	31.12.2020
Assets			
Current assets:			
Cash and cash equivalents		8,205	49,823
Receivables and other assets	8	1,986,778	3,259,051
Total current assets		1,994,982	3,308,874
Non-current assets:			
Current accounts with investments	5	32,712,735	13,770,231
Investment in Associate	4	566,780	324,183
Investments at fair value through profit and loss	3	109,035,479	65,800,353
Loan receivable	6	60,387,215	86,943,893
Total non-current assets		202,702,209	166,838,659
Total assets		204,697,191	170,147,533
Liabilities			
Current liabilities:			
Accrued expenses and other payables	9	4,541,010	2,456,024
Short-term financial liabilities	10	8,956,651	2,496,562
Provisions direct taxes	14	108,209	60,000
Total current liabilities		13,605,871	5,012,586
Non-current liabilities:			
Long term financial liabilities	10	51,272,000	83,272,000
Total non-current liabilities		51,272,000	83,272,000
Equity			
Shareholders' equity:			
Share capital	11	40,537,176	33,875,757
Capital reserves		50,289,300	39,870,159
Retained earnings		8,117,030	892,109
Result of the period		40,875,814	7,224,922
Total shareholders' equity		139,819,320	81,862,947
Total liabilities and shareholders' equity		204,697,191	170,147,533
Number of outstanding shares		25,985,369	21,715,229
Net asset value (NAV) per share (CHF)		5.38	3.77

The accompanying notes form an integral part of these financial statements.

Statement of cash flows

For the period ended 31 December 2021 (all amounts in CHF unless otherwise stated)

	Note	01.01.2021-31.12.2021	01.01.2020-31.12.2020
Purchase of investments		-	-53,949
Proceeds from sale of investment		456,681	-
Expenses paid (administrative and other operating expenses)		-740,423	-2,659,840
Loans repaid / financing provided		-1,375,295	-4,239,868
Loans granted		-	-83,272,000
Net cash flows from operating activities		-1,659,037	-90,225,656
Interest paid		-2,387,511	-2,400,629
Loans received		4,007,433	9,387,695
Bonds issued		-	83,272,000
Net cash flows from financing activities	10	1,619,922	90,259,066
Currency translation differences on cash and cash equivalents		-2,503	-2,262
Net change in cash and cash equivalents		-41,618	31,148
Cash and cash equivalents at beginning of period		49,823	18,675
Cash and cash equivalents at end of period		8,205	49,823

The accompanying notes form an integral part of these financial statements.

For non-cash transactions refer to notes 10

Statement of changes in equity

For the period ended 31 December 2021 (all amounts in CHF unless otherwise stated)

	Note	Share capital	Capital reserve	Retained earnings	Total shareholders' equity
1 January 2020		8,385,000		881,501	9,266,501
Effects from deconsolidation				10,608	10,608
Total comprehensive income				7,224,922	7,224,922
Capital increase		25,490,757	39,870,159		65,360,916
Balance as per 31 December 2020		33,875,757	39,870,159	8,117,031	81,862,947
Balance as per 1 January 2021		33,875,757	39,870,159	8,117,031	81,862,947
Total comprehensive income				40,875,814	40,875,814
Capital increase		6,661,419	10,419,141		17,080,560
Balance as per 31 December 2021		40,537,176	50,289,300	48,992,844	139,819,320

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

1. Organisation and business activity

ESGTI Ltd. ("ESGTI" or the "Company") is domiciled at Rothusstrasse 21, Hünenberg, Switzerland.

ESGTI's investment objective is to provide shareholders with long term capital growth by investing in or financing, directly or through investment companies, early-stage companies or projects with transformative impact objectives. Investments may include investments in private equity and private equity related instruments and opportunistically in certain categories of credit products. Net profits generated upon realizations will typically be re-invested.

2. Summary of accounting policies for the financial statements

The significant accounting policies adopted in the preparation of these financial statements ("Group Financial Statements") are set out below. The Group Financial Statements comprise ESGTI, and the non-consolidated investments in (i) ESG LifeSciences Ltd., Hünenberg, Switzerland ("ESG-LS"), (ii) ESG EKO AGRO GROUP s.r.l., Bologna, Italy ("ESG EAG IT"), (iii) Sky Energy Ltd, Hünenberg, Switzerland ("Sky"), (iv) AltEnergis plc, London, United Kingdom ("AltEnergis"). The non-consolidated investee companies are referred to as Investment or Investments respectively if not addressed by name.

ESGTI further holds a minority equity stake in in ESG Engineering & Consulting Ltd., Zürich, Switzerland ("ESG E&C"). ESG E&C acts as the investment advisor of ESGTI and is accounted for at equity, see note 2.7. ESG E&C is referred to as Associate or Investment Advisor if not addressed by name.

2.1. Basis of preparation

The Group Financial Statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB").

They are considered Group Financial Statements according to the Swiss Code of Obligations ("SCO"). These financial statements have been prepared as the only IFRS financial statements of ESGTI. Unless indicated otherwise, the values are in Swiss Francs ("CHF"), the reporting and functional currency of the Company.

2.2. Changes in the group structure and accounting policies applied

On 1 January 2020, ESGTI Ltd. acquired 100% of ESG LifeSciences. As ESGTI was an investment entity under IFRS 10 at the time of the transaction the investment in ESG LifeSciences has been held at fair value through profit or loss since the acquisition date. The core investment areas from 1 January 2020 onwards are Agriculture, Life Sciences, and Clean Energy. With ESG principles in mind, it is the management's belief that investments based on ethical principles and responsibility are not only meaningful, but also sustainable.

2.3. New or amended standards and interpretations applied for the first time during the year under review

These IFRS statements are financial statements covering the period from 1 January 2021 to 31 December 2021.

ESGTI complies with the standards and amendments to published standards that are mandatory for the financial year beginning on or after 1 January 2021. There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2021 that have a material effect on the financial statements of the Company.

A number of new standards, amendments to standards and interpretations are effective for annual periods starting on or after 1 January 2022, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company.

2.4. Significant accounting judgements, estimates and assumptions

The preparation of the Group Financial Statements requires the Board of Directors to make estimates which affect reported earnings, expenditure, assets, liabilities and investment commitments as at the balance sheet date. If the estimates made by the Board of Directors to the best of their knowledge at the balance sheet date are subsequently shown to differ from actual circumstances, the original estimates will be adjusted accordingly during the reporting year in which circumstances have changed.

A high degree of uncertainty is attached specifically to estimating the fair value of the Investments as those Investments are in private companies and funds which are not actively traded. The fair value of investments that are not traded in an active market are determined by using appropriate methods in accordance with the valuation policies (note 2.10 "Investments"). The use of valuation techniques requires estimates to be made by the Board of Directors. Changes in assumptions could affect the disclosed fair value of these investments (note 2.10 "Investments" and 16.6 "Fair values of investments and valuation risks").

Since 1 January 2020, the Company meets the definition of an investment entity under IFRS 10. Please refer to note 2.5.

2.5. Status of ESGTI Ltd as an investment entity as defined in IFRS 10

ESGTI was established as a holding company and - as of 1 January 2020 onwards - identifies itself as an investment company with independent shareholders to provide these shareholders with investment management services. Since 1 October 2021, ESGTI is listed on the BX Swiss, before it was listed on the Berlin Stock Exchange.

ESGTI's investment objective is to provide shareholders with long term capital growth by investing in or financing, directly or through investment companies, early-stage companies or projects with transformative impact objectives. For this, the Company acquires, holds and sells equity positions in other companies and finances these investments for the main purpose of return from capital appreciations and income from these Investments. Net profits generated upon realizations are planned to be re-invested, the shareholders' main benefit for the short- and mid-term period is the increase in value of the shares of the Company.

ESGTI values and reports all of its Investments at fair value through profit or loss ("FVTPL"). Wherever feasible, the valuation of the Investments is based upon a third-party valuation by the Investment itself which is regularly updated to reflect the development within the Investment with a current fair value. Details of the valuation policies are outlined in note 2.10, Investments.

IFRS 10.27 defines an investment entity, IFRS 10.28 focusses especially on the following typical characteristics whether a company is an investment entity. A typical investment entity (i) has more than one investment, (ii) has more than one investor, (iii) has investors that are not related parties of the investment entity, and (iv) has ownership interest in the form of equity or similar interest.

ESGTI has more than one investment where all the investments are in the form of equity. ESGTI also has more than one investor, and has investors that are not related parties of ESGTI. Consequently, ESGTI fulfils the typical criteria qualifying it as an investment entity and reports its financial positions under the investment entity regulations of IFRS 10.27 and does not consolidate these investments.

2.6. Associated company

According to IFRS, an Investment company shall measure any investment in a subsidiary at FVTPL. The only exception are subsidiaries that are not themselves investment entities and whose main purposes and activities are providing services that relate to the investment entity's investment activities. These subsidiaries are to be consolidated instead of valued at FVTPL.

The partially owned ESG E&C does not qualify as investment entity. While ESG E&C also holds investments, those investments are held indefinitely. In addition, the main business purpose of ESG E&C is not to invest funds solely for return from capital appreciation or investment income but to provide investment advisory services as operating company. ESGTI holds ESG E&C not as investment for the purpose of making gains. ESGTI considers ESG E&C as an extension of itself to receive the required investment advisory services.

In line with IFRS 10.32, ESG E&C is not carried at FVTPL. As ESGTI controls less than 50% of the voting rights it is also not consolidated but valued at equity according to IAS 28. ESG E&C was initially recognised at cost and the carrying amount increases or decreased in accordance with the applicable percentage share of the profit for the respective period.

2.7. Foreign currencies

The functional currency for the Company is CHF. Transactions in foreign currencies are accounted for at the exchange rate on the date of the transaction. Monetary assets and liabilities in foreign currencies are converted into Swiss francs at the exchange rates prevailing on the balance sheet date. The resulting foreign currency gains or losses are accounted for through profit and loss.

The following exchange rates were used in the preparation of these Group Financial Statements:

	31.12.2021	31.12.2020
<u>Exchange rates to CHF</u>		
EUR	1.0367	1.0809
USD	0.9122	0.8848
GBP	1.2338	1.2088

2.8. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments which can be converted to a known amount of cash within 90 days and are subject to insignificant change in value. Cash and cash equivalents are valued at nominal value.

2.9. Receivables and other assets

Receivables and other assets are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment allowance for such losses at each reporting date.

2.10. Investments

Investments in private companies and their valuation

The Company's investments in private companies are presented as non-current financial assets. ESGTI currently only holds investments not traded on an active market. Such investments are either held directly or indirectly through fully owned investment companies. Investments held directly are governed by the Board of Directors where ESGTI has engaged ESG E&C as its investment advisor. Investments held indirectly are governed by the Board of Directors of the corresponding investment company as advised by their investment advisors.

The investments are initially recognised at fair value and subsequently carried at fair value through profit or loss. If an investment is in a very early stage, this transaction is carried at the transaction price which is considered the closest approximation to fair value.

The responsibility for determining the fair values lies with the Board of Directors. While the investment advisors of either ESGTI or the investment companies provide valuations of these investments, the Board of Directors reviews and discusses these valuations initially as at the purchase date and subsequently at least annually. Adjustments to the reported values are performed by the Board of Directors when considered necessary, especially when the Board of Directors is aware of any significant fact that is not or not fully reflected in the valuations.

The basis of the Investment Advisor's valuation is usually a third-party valuation of the investment. If no third-party valuation was performed, the valuation is performed by the Investment Advisor using suitable valuation techniques. Valuations by a third party and by the Investment Advisor are usually based upon a discounted cash flow ("DCF") with the usage of observable inputs wherever possible.

The Investment Advisor adjusts this basis of valuation using the International Private Equity and Venture Capital Valuation (IPEV) guidelines. The most important valuation factors are technology validation, last prices paid, market potential and the position within the market, and the experience and performance of the management of the investment. The original costs or the subsequent capital increase price is considered an approximation of the fair value at the time of the transaction.

Current accounts with Investments (loans receivable)

ESGTI may finance its Investments and recognize a receivable from such loans, presented as current accounts with Investments on the balance sheet. The Investments consequently have a liability towards ESGTI. Any liability of such Investments is fully taken into account when the fair value of the Investment is determined. The objective of these loans is to collect the contractual cash flows which are solely payments of principal and interest, scheduled collection date is at the latest the exit date of the Investment. The current accounts with Investments are valued at amortised costs. ESGTI applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance.

Recognition of additions and disposals

All purchases and sales of investments in companies, investment companies and funds are recognised on the settlement date, i.e. on the date on which the assets are delivered to ESGTI and ESGTI is the future beneficiary of the Investment and has an obligation to settle the purchase price.

Realised and unrealised gains / losses

The impact from the fair valuation is presented in the statement of comprehensive income as the net change in value of investments through profit and loss. When an Investment is sold the "Realised gains or losses on investments" is disclosed separately. It is calculated as the difference between the sale proceeds of an

investment and the capital invested. Unrealised gains and losses recorded in previous years on investments sold are eliminated and, together with the value adjustments on investment holdings for the current fiscal year, are reported under "Changes in unrealised gains and losses".

2.11. Loan receivable

ESGTI agreed on a long-term financing, due in financial year 2030. ESGTI's purpose, as an investment company, in entering into the loan is to maximise fair value gains and to generate value. Under IFRS 9, the loan receivable is therefore valued at fair value through profit or loss.

For private debt valuation models, the Company considers the original transaction price, recent transactions in the same or similar instruments, and completed third-party transactions for comparable instruments, and it adjusts the model as deemed necessary.

2.12. Accrued expenses and other payables

Accrued expenses and other payables are recognised initially at fair value and subsequently stated at amortised cost which is substantially their fair value.

2.13. Financial liabilities

Short-term financial liabilities are initially measured at their fair value net of transaction costs. They are subsequently carried at amortised cost using the effective interest method which is substantially their fair value. Long-term financial liabilities from bonds issued are measured at amortised cost using the effective interest rate method. Any discount, corresponding to the difference between the net proceeds received and the nominal value repayable upon maturity, is amortised over the term of the financial liability and charged to financial expenses.

Financial liabilities are presented as current liabilities when their settlement date is planned to be within the next 12 months, other financial liabilities are presented as non-current liabilities.

2.14. Taxes

Taxes are provided based on reported capital and income. Capital and income taxes paid or accrued are presented separately from deferred taxes. Tax liabilities are valued at cost. Income tax, if any, is presented separately, capital tax is presented within other administrative and operational expenses.

Deferred taxes derive from valuation differences between statutory financial statements and IFRS within the statement of comprehensive income, taking into account applicable tax reliefs.

2.15. Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle this obligation. A provision is accounted for if a reliable estimate can be made of the amount of the obligation. Provisions are recognised at the best estimate of the expected expenditures.

2.16. Earnings per share and net asset value

Earnings per share are calculated by dividing the net result for the year that is due to shareholders by the time-weighted average number of shares in circulation during the same period.

Diluted earnings per share are calculated by dividing the net result for the year adjusted for income related to potential outstanding shares that is due to shareholders, by the sum of the time-weighted average number of shares in circulation during the same period, adjusted for costs and for the potential issue of new shares in connection with outstanding convertible bonds, share options and similar instruments if those costs are material.

	Note	31.12.2021	31.12.2020
Diluted earnings per share			
Net result for the period		40,875,814	7,224,922
Adjusted for interest savings on convertible bonds	10	4,483,516	3,213,957
Adjusted net result for the period		45,359,330	10,438,879
Weighted average number of ordinary shares outstanding		25,400,418	16,217,156
Adjustments for potential shares outstanding for convertible bonds	10	8,545,333	13,878,667
Total of ordinary and potential shares outstanding		33,945,752	30,095,823
Diluted earnings per share		1.34	0.35

The net asset value per share ("NAV") is calculated from the shareholders' equity reported as at the balance sheet date, divided by the number of shares outstanding on that date.

2.17. Segment reporting

ESGTI's business purpose is the long-term capital growth for shareholders under the consideration of Impact / ESG principles. The portfolio is managed as a whole on a fair value basis and therefore is only one operating segment.

3. Investments

Name, Domicile	Note	Purchase	Cost (kCHF)	Fair Value (kCHF) (31.12.20)	Fair Value (kCHF) (31.12.21)	gain/ loss(-) (since purchase)	latest valuation	Valuation method
ESG LifeSciences Ltd, CH	3.1	2020	29,300	30,048	13,963	-15,337	2021	NAV
Investments held								
SynDermix Ltd, CH		2018		38,699	42,342		2021	DCF
Énielle Ltd, CH		2019		2,628	752		2021	Revenue multiple
Rheon Medical SA, CH		2020		617	617		2020	latest capital increase
ESG Eko Agro Group s.r.l., IT	3.2	2020	67	67	3,506	3,438	2021	tax valuation (adjusted)
AltEnergis plc, UK	3.3	2020	23,701	35,285	91,267	67,566	2021	DCF
SkyEnergy Ltd, CH	3.4	2020	400	400	300	-100	2020	latest transaction price
Total			53,468	65,800	109,035	55,567		

Details on the fair value determination of each investment are outlined in note 16.6.

3.1. ESG LifeSciences Ltd., Hünenberg, Switzerland

ESG LifeSciences Ltd. is a Swiss investment company with registered office in Hünenberg, Switzerland focusing on investments in the life sciences and advised by Dragon Finance Ltd, Zurich, Switzerland.

100% of the shares of ESG-LS were purchased on 1 January 2020. ESG-LS is invested in three companies:

- SynDermix Ltd., Stans, Switzerland ("SynDermix"), a Swiss developer of innovative health technologies funded by private investors. The Company focuses on the development of effective and safe treatments that meaningfully respect patient convenience and address important unmet medical needs. As of 31 December 2021, ESG-LS holds 63.9% of SynDermix (31 December 2020: 42.2% ownership).
- Énielle Ltd., Zürich, Switzerland ("Énielle"), a Swiss developer of nature-based cosmeceuticals which entered the market with its skin care product in Q4/2021. As of 31 December 2021, ESG-LS holds 80% of Énielle, unchanged to prior year end.
- Rhéon Medical SA, Prévèrenge, Switzerland ("Rhéon"), a privately held Swiss medical device company, a spin-off from the Swiss Federal Institute of Technology Lausanne. Rhéon Medical specializes in the field of glaucoma surgery and, in specific, in glaucoma drainage devices. As of 31 December 2021, ESG-LS holds 3.2% of Rhéon, unchanged to the prior year end.

3.2. ESG Eko Agro Group Italia s.r.l., Bologna, Italy

ESG Eko Agro Group Italia s.r.l ("ESG EAG IT"). is an Italian investment company focusing on agricultural projects. As at 31 December 2021 and 31 December 2020, the company was 66.6% owned by ESGTI.

3.3. AltEnergis p.l.c., London, UK

AltEnergis p.l.c. ("AltEnergis") is a UK-based, privately funded development and commercialisation company. The company focuses on developing innovative technologies. As at 31 December 2021 and 31 December 2020, ESGTI holds 100% of AltEnergis.

3.4. Sky Energy Ltd, Hünenberg, Switzerland

Sky Energy Ltd ("Sky") is a Swiss-based energy company with the purpose to acquire and operate renewable energy parks and to supply the generated wind- and solar energy to commercial and residential customers. As at 31 December 2021 and 31 December 2020, ESGTI holds 100% of Sky.

4. Investment in Associate

ESG Engineering & Consulting Ltd. ("ESG E&C") is a Swiss company with registered office in Zurich, Switzerland. ESG E&C is the Investment Advisor for ESGTI. As at 31 December 2021, ESGTI holds 40% of ESG E&C, unchanged to prior year end.

	31.12.2021	31.12.2020
Associated company at equity:		
ESG Engineering + Consulting Ltd., Zurich, Switzerland, voting/capital rights: 40%		
Purchase price	200,000	200,000
Accumulated proportionate result until beginning of the current period	124,183	16,183
Proportionate result of the current period	242,597	108,000
Total associated company	566,780	324,183

5. Current accounts with Investments and Associate

ESGTI has current accounts with its Investments and its Associate. Details and movements of these accounts are outlined below.

All current accounts are unsecured. All current accounts with Investments are subject to interest of 7.1% as per 31 December 2021 except the current account with ESG LifeSciences which is subject to 0.25% interest (7.1% for all current accounts as per 31 December 2020). The current accounts are repayable on demand.

	2021	2020
Current accounts with Investments		
ESG Life Sciences Ltd		
As per 1.1.	13,243,210	-
Increase / (-)decrease	18,259,357	13,243,210
As per 31.12.	31,502,568	13,243,210
ESG Eko Agro Group Italia srl		
As per 1.1.	281,619	-
Increase / (-)decrease	463,105	281,619
As per 31.12.	744,724	281,619
AltEnergis plc		
As per 1.1.	245,052	-
Increase / (-)decrease	208,445	245,052
As per 31.12.	453,497	245,052
Sky Energy Ltd		
As per 1.1.	350	-
Increase / (-)decrease	11,597	350
As per 31.12.	11,947	350
Total current accounts with Investments	32,712,735	13,770,231

6. Loan receivable

	31.12.2021	31.12.2020
Loan receivable		
Loan receivable at cost	49,632,386	81,632,386
Unrealised gain on loan receivable	10,754,829	5,311,506
Total loan receivable	60,387,215	86,943,893

The loan receivable matures as per 31 October 2030 and is held at fair value through profit or loss. The loan is subject to 6.75% interest, the first interest payment is due as per 3 January 2025 with subsequent annual interest payments.

Unrealised gain on loan receivable of CHF 10,754,829 comprise of an unrealised gain amounting to CHF 5,443,322 as disclosed in the current period statement of comprehensive income and unrealised gain amounting to CHF 5,331,506 related to prior periods.

The debtor of the loan receivable changed during financial year 2021 due to restructuring of the group of the debtor. The credit risk remains unchanged.

The loan receivable was partially repaid through transfer of bonds issued by the debtor. Note 10 discloses details on the bonds and details on the reduction of the related liabilities.

7. Financial income

	31.12.2021	31.12.2020
Financial income		
Related to Investments details see note 5	126,285	411,117
Financial income	126,285	411,117

8. Receivables and other assets

	31.12.2021	31.12.2020
Receivables and other assets		
Receivables from Shareholder	0	3,046,325
Other receivables	1,986,778	212,726
Total receivables and other assets	1,986,778	3,259,051

In 2020, ESGTI agreed on a financing agreement with a third party. The Company settled this outstanding liability by a sale of its former Investment in ESG Real Asset Fund and therefore the liability was settled in-kind. The sale price of the Investment in ESG Real Asset Fund was determined by its fair value. After this transaction, the third party became a shareholder in ESGTI. All transactions with this party were conducted at arms length.

In 2021, the shareholder changed its group structure and transferred the shares held. The position is presented within receivable from third parties in these financial statements.

9. Accrued expenses and other payables

	31.12.2021	31.12.2020
Accrued expenses and other payables		
Payables to and accruals for service providers	-2,679,408	-706,015
Payables/accruals to governmental institutions	-133,932	-42,291
Payables and accruals for Investment Advisor	-1,329,244	-1,500,900.24
Accruals for directors' fees	-389,760	-196,799.99
Other accruals and payables	-8,665	-10,018
Total payables	-4,541,010	-2,456,024

10. Financial liabilities

	31.12.2021	31.12.2020
Financial liabilities		
Short-term loan from shareholders	-2,418,712	-121,262
Short-term loan from others	-3,628,606	-1,561,972
Interest payable from bonds issued	-2,909,333	-813,328
Financial liabilities payable within 12 months	-8,956,651	-2,496,562
Long-term loan from bonds issued	-51,272,000	-83,272,000
Financial liabilities payable after 12 months	-51,272,000	-83,272,000

All financial liabilities are measured at amortised cost.

Short-term loan from shareholder and short-term loan from others are current accounts for financing purposes with shareholders and third parties.

The long-term loan from bonds issued is a tradeable bond, identified with ISIN XS2158598354. The semi-annually payable interest is 5.75%, payment dates are end of April / end of October each year until maturity on 30 April 2025. Interest due and payable within 12 months is presented within financial liabilities payable within 12 months.

The bonds were initially issued without any conversion right. In July 2020 the Company offered a conversion right throughout the duration of the bond as requested by bond holders. The conversion price is at minimum CHF 6.00 or

- Market price of the shares less 12.5% for a conversion until 29. April 2022;
- Market price of the shares less 10% for a conversion until 29. April 2023;
- Market price of the shares less 7.5% for a conversion until 29. April 2024;
- Market price of the shares less 5% for a conversion until 29. April 2025.

As per issuance date of these financial statements, the Company did not receive any notice regarding exercise of the conversion right. The value of the conversion right was calculated using the Black-Scholes model and considered to be immaterial. The remaining value of the bonds issued are measured at amortised cost.

In 2021, ESGTI purchased 16,000 bonds at their nominal value. This transaction was a non-cash transaction, this purchase reduced the outstanding loan receivable and the long-term loan from bonds issued by CHF 32m each. The 16,000 own bonds held are not recognised on the balance sheet.

Interest expenses to financial liabilities are allocated as follows:

	31.12.2021	31.12.2020
Financial expenses		
related to loan from shareholder	-16,937	-414,290
related to other short-term loans	-267,260	-459,099
related to long-term liabilities	-4,483,516	-3,213,957
Financial expenses	-4,767,713	-4,087,346

A reconciliation from financial liabilities to the financing cash flow in the statements as follows:

	31.12.2020	Cash Flows	Non-Cash changes	31.12.2021
Short-term financial liabilities	2,496,562	1,619,922	4,840,168	8,956,651
Long-term financial liabilities	83,272,000	-	-32,000,000	51,272,000

The non-cash changes in the above table comprise of:

- for short-term financial liabilities: unpaid interest
- for long-term financial liabilities: impact of an agreement where ESGTI received 16,000 own bonds as downpayment of the outstanding loan receivable, amounting to CHF 32m, see note 6.

A reconciliation from financial liabilities to the financing cash flow of prior year as follows:

	31.12.2019	Cash Flows	Regroup	Non-Cash changes	31.12.2020
Short-term financial liabilities	183,382	2,747,198	717,559	-1,151,577	2,496,562
Long-term financial liabilities	717,559	83,272,000	-717,559	-	83,272,000

The non-cash changes in the table as per 31 December 2020 represent the assignment of receivables to settle payables.

11. Shareholders' equity

11.1. Share capital and capital reserves

As at 31 December 2021, the Company's share capital amounts to CHF 40.5 million, divided into 25,985,369 registered shares at a par value of CHF 1.56 each. All shares are authorised, issued and fully paid-up (previous year: CHF 33.9 million share capital, 21,715,229 registered shares, par value CHF 1.56, authorised, issued and fully paid-up).

Capital reserves of the Company amount to CHF 50.2 million (previous year: CHF 39.8 million). Pending approval from Swiss tax authorities, capital reserves are withholding tax exempt when distributed to the shareholders.

The Company increased its share capital throughout the years 2020 and 2021. All capital increases were paid in kind and the Company did not receive any cash flows from these increases.

	Share capital (CHF)	Capital reserves	Total (CHF)
opening 1 January 2020	8,385,000	-	8,385,000
6 April 2020 Ordinary capital increase	21,453,803	33,555,949	55,009,752
10 August 2020 Capital increase through authorised capital	2,387,580	3,734,420	6,122,000
24 November 2020 Ordinary capital increase	1,649,374	2,579,790	4,229,164
as per 31 December 2020 / 1 January 2021	33,875,757	39,870,159	73,745,916
19 February 2021 Ordinary capital increase	6,661,418	10,419,142	17,080,560
as per 31 December 2021	40,537,176	50,289,300	90,826,476

The total of each capital increase comprised of the settlement for the following transactions:

6 April 2020

settlement of purchase price for ESG Life Sciences	29,300,093
settlement of purchase price for AltEnergis	17,426,913
settlement of purchase price for SynDermix	5,537,174
settlement of purchase price for Rheon Medical	250,000
settlement of purchase price for other payables	2,495,572
	<u>55,009,752</u>

10 August 2020

settlement of purchase price for AltEnergis	422,000
settlement of purchase price for other payables	5,700,000
	<u>6,122,000</u>

24 November 2020

settlement of purchase price for AltEnergis	3,525,164
settlement of purchase price for Sky Energy	400,000
settlement of purchase price for other payables	306,000
	<u>4,231,164</u>

19 February 2021

Settlement of purchase price for SynDermix	17,080,560
	<u>17,080,560</u>

11.2. Significant shareholders

The following major shareholders were known by the Company at balance sheet date:

	31.12.2021	31.12.2020
More than 20%	Fund Advisers (Cayman) SPC obo Aspect Capital SP, George Town, Cayman Islands	Dragon Finance AG, Zurich, Switzerland
Between 10% and 20%	---	World Markets AG, Hünenberg, Switzerland
Between 5% and 10%	WP Multi Strategy Fund, George Town, Cayman Islands	WP Multi Strategy Fund, George Town, Cayman Islands
Below 5% (free float)	57.60%	40.55%

12. Significant fee agreements

In relation to its management, investment, administration and fund-raising activities the Company entered into the following agreements:

Investment advisory fees

ESG E&C as the Investment Advisor is entitled to receive a pro rata fixed advisory fee from the Company equal to the greater of CHF 50,000 p.a. or 0.5% p.a. of the Company's gross asset value calculated monthly by the Administrator and payable quarterly in arrears on such terms as are set out in the Investment Advisory Agreement.

The Investment Advisor is also entitled to receive an incentive fee every year from the Company equal to 5% of the appreciation of the Net Asset Value (before deduction of such incentive fee), if any, subject to the Net Asset Value per share being above the high watermark, defined as the highest Net Asset Value after deduction of the incentive fee achieved as of the end of any previous incentive fee period.

Fees for external parties in relation to specific research tasks are to be borne by the Investment Advisor.

Administration fees

ARIA Fund Services Dubai ("Administrator") is entitled to receive a pro rata fixed administration fee from the Company equal to the greater of minimum CHF 100,000 p.a. or 0.05% p.a. of the Company's Gross Asset Value calculated as at each valuation date payable semi-annually in arrears on such terms as are set out in the Administrative Services Agreement.

In addition, the Administrator is entitled to receive CHF 25,000 for the preparation of the annual and semi-annual financial statements plus CHF 4,000 for the Anti-Money-Laundering services.

Directors' fees

For the fiscal year 2021 the members of the Board of Directors are entitled to receive a pro rata fixed fee as set out below:

Chairman:	CHF 60,000 p.a.
Member:	CHF 40,000 p.a.

The fees are unchanged compared to the prior period. Fees are payable on terms as set out the in the Director's Services Agreements.

Referring agents' fees

ESGTI entered into several agreements with referring agents for the purpose of fund-raising activities for the Company itself and/or its investment companies. Such referring agent fees are set at a maximum of 5% of funds received.

13. Equity and debt issuance related costs

	31.12.2021	31.12.2020
Equity and debt issuance related costs		
Expenses related to bond issuance	-	-1,846,642
Expenses related to listing	-92,776	-
Swiss stamp duty for capital increases	-91,641	-651,004
Consultancy and related fees	-	-41,116
other expenses related to equity / debt issuance	-9,550	-12,453
Total equity and debt issuance related costs	-193,967	-2,551,215

14. Taxes

Income taxes for the year ended 31 December 2021 and the comparative period are zero as the company shows a loss in its statutory accounts. Presented tax provisions for direct taxes are accruals for capital taxes.

Unused tax losses for which no deferred tax asset has been recognised: CHF 12,016,871 (2020: CHF 4,439,198). The potential tax benefit at an applicable income tax rate of 12%: CHF 1,442,024 (2020: CHF 532,703). The unused tax losses were incurred by the Company as under local accounting principles no fair value adjustments can be accounted for. Tax losses can be carried forward for seven years. No deferred tax asset was recognised as it is unlikely that the Company will generate profit that will result in income tax expenses; all future profit is expected to be mainly profit not subject to income taxes.

15. Related party transactions

	01.01.2021-31.12.2021	01.01.2020-31.12.2020
Related party transactions		
Remuneration of the Board of Directors		
Chairman	60,000	60,000
Members	160,000	125,000
Related social security expenses	15,360	11,800
Investment Advisor ESG Engineering & Consulting Ltd		
Investment advisory fees	2,091,781	1,246,839
downpayments on open invoices	-727,470	-219,820
Transactions with Investments		
Increase in share capital of investments	-	53,949
Financing provided to Investments	1,085,862	4,579,142
Sale of Rheon Medical shares to ESG-LS	-	250,000
Sale of SynDermix shares to ESG-LS	17,080,560	3,287,173
Purchase of ATE shares from ESG-LS	-	3,328,969
Share swap SynDermix shares for ESGTI shares via ESG-LS	-	2,250,000
Transactions with Shareholders		
Financing received from shareholders	1,956,365	119,780

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or to exercise significant influence over the other party in making financial or operational decisions. All related party transactions have been carried out within the normal course of business.

Remuneration of the Board of Directors comprise the agreed fees to the members of the Board of Directors without social security contributions.

16. Disclosures regarding risk assessment and management

ESGTI is exposed to a variety of financial risks including market risk, credit and liquidity risk. The Board of Directors attributes great importance to professional risk management and active monitoring including ongoing interviews with the Board of Directors of the investment companies and management of the investee companies, thorough analysis of reports and financial statements and review of Investments which were made. It is also key to structure the proper investment vehicles for the portfolio taking into account issues such as liquidity or tax related issues. ESGTI has an investment policy that sets out its overall business strategies, its tolerance for risk and its general risk management philosophy and has established processes to monitor and control the economic impact of these risks. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

16.1. Risk of limited market liquidity

ESGTI invests in privately held companies in a currently early stage. Such investments are mostly illiquid by nature, which prevents ESGTI from selling such investments without the support of the portfolio company and the consent of major co-investors.

All of these restrictions on liquidity may prevent the successful sale of holdings in these portfolio companies and/or reduce the proceeds that might be realised from a sale. ESGTI endeavours to reduce market liquidity risk by means of thorough investment analyses and by dialogue and cooperation with the portfolio companies concerned.

16.2. Market risks

General economic and political market factors, as well as the situation on the relevant public equity markets, are factors that impact directly on the prospects of ESGTI's investments.

While the exit strategy for each Investment is ultimately the IPO or private sale for the investments within a mid- to long-term schedule, public equity markets have a direct impact. A receptive public equity environment is helpful for a company in successfully executing a trade sale or public offering, and the pricing of a company correlates positively with the valuation of its publicly traded peers. By contrast, a negative public equity market makes a sale or an IPO more difficult.

The value-creation potential of the portfolio positions of ESGTI may depend in part on demand from strategic buyers for companies within promising drugs and medical technology products, promising existing agricultural investments, deep tech investment companies or other strategic investors within the ESG-market.

For ESGTI's portfolio of private companies that are still at a relatively early stage of development, the availability of funding is crucial to the continuation of their business activities and to reaching their development objectives. The liquidity provided by the private equity market thus impacts positively on these companies' financing costs.

The ESG-sector as a whole depends on society's ability and willingness to adapt to a new market and a new way of positioning themselves as individuals within a global market, if the demand of this market is not met by ESGTI the underlying portfolio may not reach its estimated fair value and may ultimately fail.

ESGTI endeavours to reduce market risks by means of thorough investment analyses and by close cooperation with the portfolio companies concerned.

16.3. Liquidity risks

ESGTI's Investment Policy suggests to maintain an appropriate level of short-term funds in order to participate in follow-on financing for portfolio companies and to ensure that the Company is able to meet all of its liabilities and investment commitments. When determining the necessary level of liquidity, the most important factors are (1) the expected due dates of the investment commitments, (2) due dates for the repayment of borrowed capital under compliance with bond terms and/or the possibility of refinancing, (3) expected payment dates of other contractual obligations, (4) expected follow-on financing rounds at private portfolio companies, including their anticipated timing, (5) the trading liquidity of public portfolio companies, and (6) expected cash flows from the sale of private portfolio companies.

As per 31 December 2021 and as per 31 December 2020, no formal commitments are in place. While not contractually committed, ESGTI holds Investments and ESGTI also provides financing to these Investments. Financing is provided through loans.

As per 31 December 2021, the Company holds only minor cash positions and about 2 mCHF receivables and other assets while about 13.5mCHF current liabilities and current accrued expenses are outstanding that are due within the next financial year. It is expected to settle these liabilities through financing, to be received in the first half of financial year 2022 and to negotiate longer payment terms where necessary.

Note 17 "Subsequent events" discloses details on financing received and financing agreed after 31 December 2021.

Liabilities as per 31 December 2021 are due as follows:

Maturity of liabilities as per 31 December 2021	due within 3 month	due within 3 to 12 months	due within 1 to 3 years	Total
Accrued expenses and other payables	-689,703	-3,851,306	-	-4,541,010
Short-term financial liabilities	-2,909,333	-6,047,318	-	-8,956,651
Long term financial liabilities	-	-	-51,272,000	-51,272,000
Interest on long-term financial liabilities	-	-2,948,140	-6,857,454	-9,805,594
Total	-3,599,037	-12,846,765	-58,129,454	-74,575,256

Liabilities as per 31 December 2020 were due as follows:

Maturity of liabilities as per 31 December 2020	due within 3 month	due within 3 to 12 months	due within 1 to 3 years	due within 3 to 10 years	Total
Accrued expenses and other payables	-384,910	-2,071,115	-	-	-2,456,024
Short-term financial liabilities	-30,106	-1,713,801	-752,655	-	-2,496,562
Long term financial liabilities	-	-	-	-83,272,000	-83,272,000
Interest on long-term financial liabilities	-	-4,788,140	-14,364,420	-2,387,510	-21,540,070
Total	-415,016	-8,573,056	-15,117,075	-85,659,510	-109,764,656

16.4. Interest rate risks

ESGTI's exposure to changes in the interest rate is low as the Company only holds short-term positions in cash and cash equivalents and debt financing instruments are determined in advance for the entire term of the instrument. The current debt instruments have a fixed interest until 12 May 2025 and 30 April 2025 respectively.

16.5. Foreign currency risks

16.5.1. Impact on fair value determination

At balance sheet date, the fair values of the Investments in AltEnergis and ESG Eko Agro Group are determined and reported in a foreign currency and translated with the rates outlined in note 2.7. Consequently, the fair values of these investments are subject to risks emanating from exchange rate fluctuations. This risk is not hedged by ESGTI. A sensitivity analysis of the fair values reported of these Investments to a possible change in the foreign exchange currency (+/- 10%) compared the current foreign exchange currency as follows:

		31.12.2021	31.12.2020
AltEnergis plc			
Fair value per share	GBP	0.63	0.25
shares held (100%)		116,760,220	116,760,220
fair value of investment	GBP	73,972,035	29,190,055
Exchange rate		1.2338	1.2088
Fair value in reporting currency	CHF	91,266,697	35,284,938
Fluctuation in exchange rate of 10% will result in a change of fair value amounting to			
	CHF	9,126,670	3,528,494
ESG Eko Agro Group			
Fair value of Investment	EUR	5,077,548	93,093.09
percentage held		66.6%	67%
fair value of investment	EUR	3,381,647	62,000
Exchange rate		1.0367	1.0809
Fair value in reporting currency	CHF	3,505,753	67,016
Fluctuation in exchange rate of 10% will result in a change of fair value amounting to			
	CHF	350,575	6,702

16.5.2. Impact on other assets and liabilities denominated in foreign currencies

The Company holds only an immaterial amount of assets in foreign currencies. It furthermore only has immaterial payables denominated in foreign currencies. A sensitivity analysis on these positions was not performed.

16.6. Fair values of investments and valuation risks

Given the uncertainties inherent in valuing private companies, the NAV reported by ESGTI may differ temporarily from the actual fair value of individual investments. As a result of valuation differences owing to the unavailability of information, the estimated values of individual investments may diverge significantly from values that would have been calculated had an active market for such securities existed. Furthermore, the estimated values of individual investments as at a certain balance sheet date may differ significantly from the values which could potentially be realised by means of an exit, an IPO or another event with a participating third-party (i.e. financing round) at any later point in time. Such differences might have a material effect on the valuation of individual investments in the Group Financial Statements.

Valuations of difficult-to-assess investments are made by the Investment Advisor in accordance with its accounting policies, as described in note 2.10 "Investments" and approved or adjusted by the Board of Directors.

16.6.1. Valuation of ESG LifeSciences Ltd

The value of ESG LifeSciences is based on the NAV of ESG LifeSciences as per reporting date. The NAV is calculated by the difference between assets and liabilities, both valued at fair value. The total of assets of ESG Life Sciences as per 31 December 2021 amount to approximately 49mCHF, 42mCHF is contributed by the Investment into SynDermix Ltd, 617kCHF by the investment into Rhéon Medical SA and 752kCHF by the investment into Énielle Ltd. 4.9mCHF are loans provided to its investments. The valuation of SynDermix Ltd and Énielle Ltd is based upon the latest external valuations as per 31 December 2021, the valuation of Rhéon Medical SA is based upon the latest financing round.

A sensitivity analysis of the determined fair value as follows:

Sensitivity analysis (31.12.2021)	fair value	impact of 10% variation of determined fair value
valued at NAV		
ESG LifeSciences Ltd	13,963,029	
SynDermix AG, material unobservable input: WACC 20%, determined fair value: CHF 42,341,951		
10% variation of determined value of SynDermix would result in a change in the NAV of ESG-LS of		4,234,195
Énielle AG, material unobservable input: Revenue multiple: 2x, determined fair value: CHF 752,000		
10% variation of determined value of Énielle would result in a change in the NAV of ESG-LS of		75,200

As per 31 December 2020, the total of assets amount to approximately 45mCHF, 39mCHF was contributed by the Investment into SynDermix AG, 617kCHF by the investment into Rheon Medical SA and 2.6mCHF by the investment into Énielle AG. 3mCHF are loans provided to its investments. A sensitivity analysis of the determined fair value as follows:

Sensitivity analysis (31.12.2020)	fair value	impact of 10% variation of determined fair value
valued at NAV		
ESG LifeSciences Ltd	30,048,144	3,004,814

16.6.2. Valuation of AltEnergis plc

The valuation of AltEnergis is based upon the latest external valuation as per December 2021. based on this valuation the fair value of AltEnergis was determined to be 91mCHF. A sensitivity analysis of the discount rate used is as follows:

Sensitivity analysis (31.12.2021)	fair value	impact of 10% variation of determined fair value
valued by DCF		
AltEnergis plc	91,266,697	
AltEnergis, material unobservable input: WACC: 30%		
10% variation of determined fair value of AltEnergis would result in an increase/decrease of		9,126,670

As per 31 December 2020, the value of AltEnergis was determined on the latest transaction prices, no sensitivity analysis was performed.

16.6.3. Valuation of ESG Eko Agro Group srl

As per 31 December 2021, ESG EAG IT material assets are options on agricultural land. The valuation of these options is based upon the adjusted tax value of this agricultural land less costs for execution of the options. To reflect the significant level of uncertainty due to the financing needs of ESG EAG IT for execution, and the need of development and improvement of the land, a 80% discount of the calculated fair value of the land was applied.

Sensitivity analysis (31.12.2021)	fair value	impact of 10% variation of determined fair value
valued at adjusted tax values		
ESG Eko Agro Group srl.	3,505,753	
ESG EAG IT, material unobservable input: 80% applied discount on tax valuation		
10% variation of determined fair value of ESG EAG IT would result in an increase/decrease of		350,575

As per 31 December 2020, the value of ESG EAG IT was determined on the latest transaction prices, no sensitivity analysis was performed.

16.6.4. Valuation of Sky Energy Ltd

Sky Energy was purchased in 2020 as its then determined fair value. As no material development in 2021 was reported, a fair value adjustment was considered to be necessary, ESGTI determined the fair value of Sky Energy to be 300kCHF as per 31 December 2021.

As per 31 December 2021 there are no material unobservable inputs. No sensitivity analysis was performed.

As per 31 December 2020, the value of Sky Energy Ltd was determined on the latest transaction prices, no sensitivity analysis was performed.

16.7. Fair value hierarchy

IFRS established a fair value hierarchy to determine any fair value based upon the inputs to determine the fair value. Level 1 inputs are quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are either directly or indirectly observable. Level 3 inputs are unobservable inputs.

All Investments held by ESGTI at fair value through profit and loss are investments where the fair value is based upon Level 3 inputs. Note 3 discloses how the fair values of the Investments are determined. There were no assets or liabilities measured at fair values based on Level 1 and Level 2 inputs in the reporting or the comparison period. There has not been a change in valuation techniques used for Level 3 investments. The table below presents Investments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

Leveling of financial assets (31.12.2021)	Level 1	Level 2	Level 3	Total
AltEnergis plc (Investment)	-	-	91,266,697	91,266,697
ESG Eko Agro Group srl (Investment)	-	-	3,505,753	3,505,753
ESG LifeSciences Ltd (Investment)	-	-	13,963,029	13,963,029
Loan receivable (Loan)	-	-	60,387,215	60,387,215
Sky Energy Ltd (Investment)	-	-	300,000	300,000
Total	-	-	169,422,694	169,422,694

Leveling of financial assets (31.12.2020)	Level 1	Level 2	Level 3	Total
AltEnergis plc (Investment)	-	-	35,284,938	35,284,938
ESG Eko Agro Group srl (Investment)	-	-	67,270	67,270
ESG LifeSciences Ltd (Investment)	-	-	30,048,144	30,048,144
Loan receivable (Loan)	-	-	85,989,760	85,989,760
Sky Energy Ltd (Investment)	-	-	400,000	400,000
Total	-	-	151,790,112	151,790,112

Movements of the Investments were summarised as follows:

	01.01.2021-31.12.2021	01.01.2020-31.12.2020
Movements of investments at fair value through profit and loss:		
Total investments at beginning of period	65,800,352	10,139,245
Divestments	-	-9,245,517
Change in fair value before divestment	-	-890,346
Realised gain from divestment	-	3,382
Change from consolidated entity to Investment at fair value through profit and loss	-	13,322
Acquisitions	-	53,455,086
Change in fair value (unrealised gain / (-)loss)	43,235,126	12,331,945
Closing balance	109,035,479	65,800,352

16.8. Credit risk

Credit risks with regard to all of ESGTI's assets relate to the risk that a debtor may become unable to meet its liabilities. The Company measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. The Board of Directors considers both historical analysis and forward-looking information in determining any expected credit loss.

With regard to the current accounts with its investments (refer to note 5) and before any investment and any subsequent financing takes place, the Board of Directors addresses the credit risk with a thorough due diligence process of the business purpose and business plan beforehand. Based on the considerations above and as the outlook of each direct and indirect held investment is positive, the Board of Directors consider the probability of default of the current accounts with its investments to be close to zero as these instruments are considered to have a low risk of default. The counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-months expected credit losses, since any such impairment would be wholly insignificant to the Company.

The loan receivable (refer to note 6) is measured at fair value through profit or loss. Any change of the credit quality is therefore reflected in the fair value of the instrument. For the year ended 31 December 2021, there were no unrealised gains or losses attributable to changes in credit risk of the loan receivable (31 December 2020: no unrealised gains or losses attributable to changes in credit risk of the loan receivable).

16.9. Capital management

The Company manages its shareholders' equity within the limits of the law and in accordance with its investment strategy and its liquidity planning.

16.10. Global risk

16.10.1. Impact of COVID 19

Coronavirus disease 19 ("Covid-19") evolved end of 2019 and was declared a pandemic by the WHO in the beginning of 2020, affecting the global economy throughout 2020. An ease to this could be seen in Europe throughout the summer months of 2021, but since autumn 2021 the impact of a Covid-19 subtype became more severe in Europe with subsequent lockdowns of separate regions and counties. The future consequences of this pandemic in general and its mid- and long-term impact on the financial market cannot be determined yet, especially as experts expect another major impact of Covid in Autumn 2022 for Europe.

Beside the general risk of ESGTI being an investment entity, dependent on third party financing, ESGTI identified the following specific impacts on its portfolio:

ESG-LS is invested in SynDermix Ltd. which is a development company in the healthcare industry. Currently, SynDermix Ltd. main focus is on a device for respiratory therapy. Clinical trials for the device were initially planned but postponed in 2020, currently the next clinical trial is scheduled for Spring 2022 in Germany and Austria. If any subsequent clinical trials will be performed these may be subject to the development of Covid- 19.

ESG-LS is invested in Énielle Ltd., a producer for a cosmetic product and Rhéon Medical SA, a developer for a new glaucoma therapy. While the general acceptance and willingness of the end consumers to purchase a new cosmetic product might be reduced due to a possible global recession, the Board of Directors did not identify a specific risk related to Énielle Ltd.. The Board of Directors also did not identify a specific risk within

Rhéon Medical SA as the developed therapies should be covered by the national health insurances within Europe.

ESG EAG IT is a holding company for agricultural producer. A global pandemic with increased mortality can significantly hinder the recruitment of staff necessary for farming and carry a heightened health risk to farmers who are demographically skewed towards advanced ages.

AltEnergis is an early-stage developer in engineering and heavily dependent on the knowledge of its employees. If the health of these employees is constantly affected by Covid-19, staff might be difficult to recruit.

The Board of Directors of the Company is monitoring the situation and the potential impact on the Company very closely. Currently, ESGTI is in a position to continue its usual operations in accordance with its investment policy.

Overall, Covid-19 may result in overall higher capital needs of portfolio companies and delays in the closing of financing rounds, which could have a subsequent impact on the valuation of the Investments.

17. Subsequent events

17.1.1. Russian war in Ukraine

As per 24 February 2022, Russia invaded Ukraine. As per issuance date of these Financial Statements, this war is still ongoing, several measurements against Russia, its Government and selected Individuals (together "Russian Government") are in place. If and how this will affect the future of ESGTI can not be determined yet. Throughout the financial year 2021, ESGTI did not have any connection to the Russian Government, furthermore its Management is not aware of any party that has interest in ESGTI that could be affected by any of such measurements in the future, either through direct or indirect ties to the Russian Government.

As consequence of the Russian war in Ukraine, ESGTI expects a globally higher demand in food as Ukraine plays a major role in the global supply food chain and is one of the biggest external food supplier of the EU. In addition, Russia provides a significant amount of fossil fuels to the European Union with the European Union already agreed on limiting the import of fossil fuels. This will result in an increase of prices for Energy in Europe. How the war will affect Europe by this dependency from the Russian energy sector and the impact on ESGTI - especially related to future funding - can not be determined yet.

17.1.2. Financing agreements after 31 December 2021

In April 2022 ESGTI agreed on a 22.5mCHF loan facility with conversion rights with its major shareholder. The loan is interest free if converted, the loan drawn under this facility is due on 31 December 2022.

17.1.3. Bond buy back offer

On 29 June 2022 ESGTI announced an early repurchase of bonds (ISIN XS2158598354) from current bond holders, including accrued interest, as per 29 July 2022.

Since the balance sheet date of 31. December 2021 there have been no other material events that could impair the integrity of the information presented in these financial statements.