



Q4 2023 Results Conference

Georg Hotar, CEO

David Forth, CFO

Photon Energy N.V.

20 February 2024

Leeton, Australia (14.6 MWp)

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Business Review
Financial Results
Guidance
Q&As

Lord Howe Island, Australia (1.3 MWp / 3.7 MWh)



Business Review

Financial Results

Guidance

Q&As

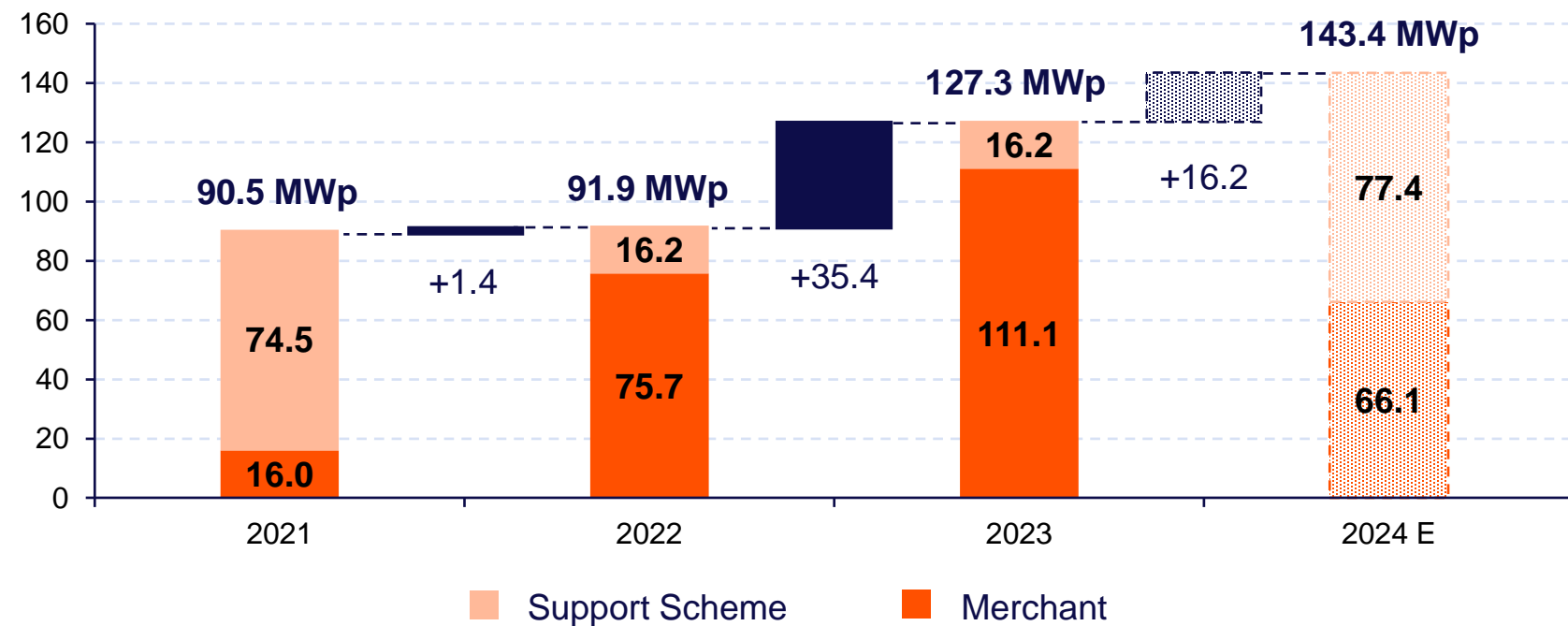
Slavkov, Czech Republic (1.2 MWp)

Segment: Investments (IPP)

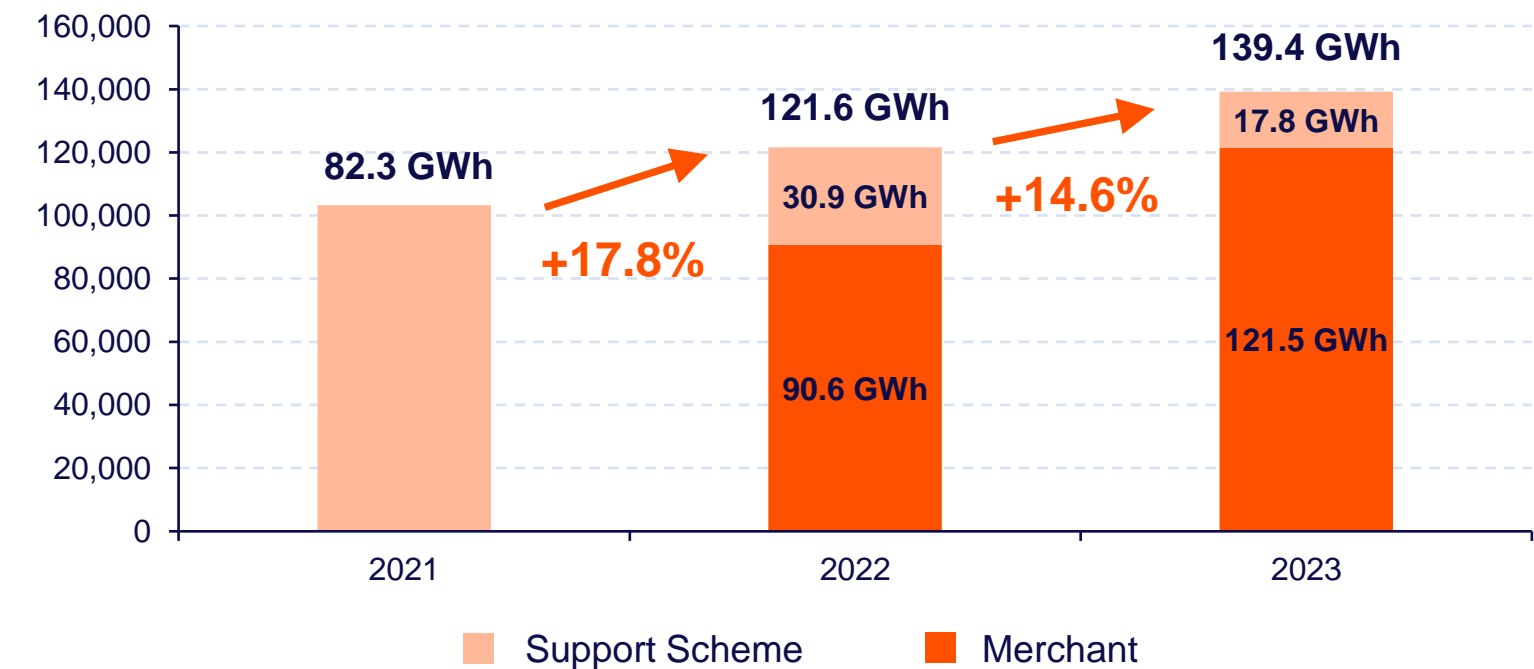
Expansion of Generation Capacity and Electricity Generation

- ▶ 3.9 MWp connected in Q4 2023 and 35.4 MW in 2023, the biggest capacity expansion in the history of Photon Energy Group.
- ▶ 3.8 MWp commissioned in January 2024; remaining 12.4 MWp work-in-progress is technically completed and in the commissioning process.
- ▶ 17.7 MWp in Romania and 4.1 MWp in Hungary is RtB; construction shall commence in 2024.
- ▶ Electricity generation of 24.6 GWh (+32.4% YoY) in Q4 2023 and 139.4 GWh (+14.6% YoY), weaker than expected due to delays in commissioning.
- ▶ Annual Specific Yield (Generation / Average Capacity) of 1,272 kWh/kWp, down from 1,333 kWh/kWp, (-4.6% YoY) due to unfavourable weather conditions (high temperatures, more cloudy days).
- ▶ Temporary switch-off of power plants in Hungary due to day-peak negative prices; FIT in 2024 shall prevent that happening.

IPP Portfolio (MWp)



Electricity generation (GWh)

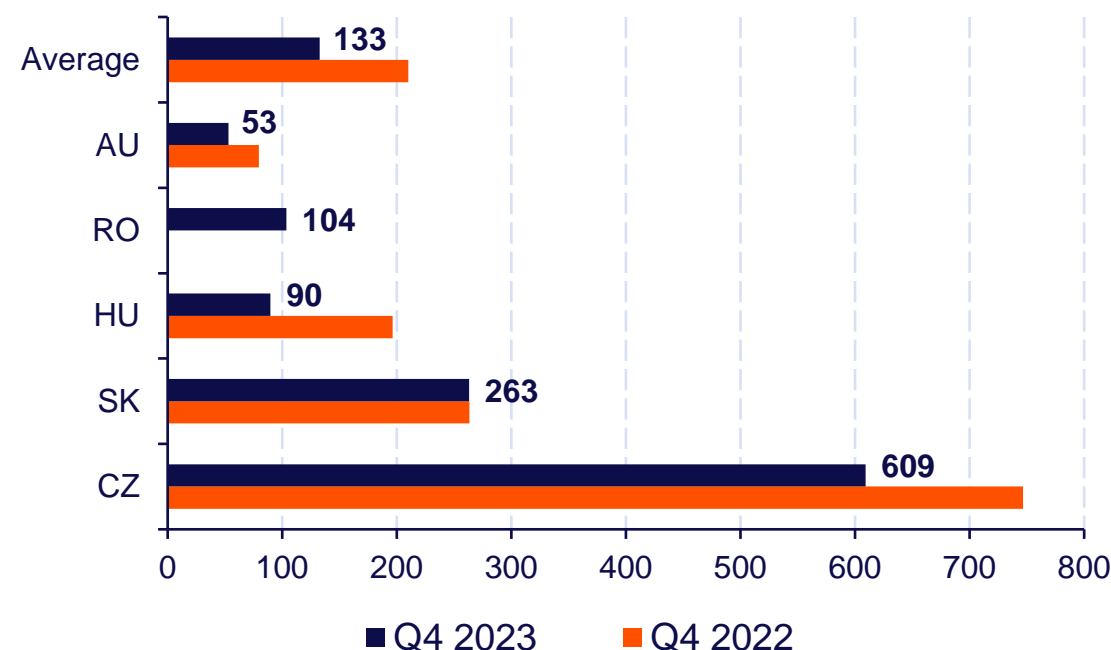


Segment: Investments (IPP)

Electricity Prices Remained Under Pressure

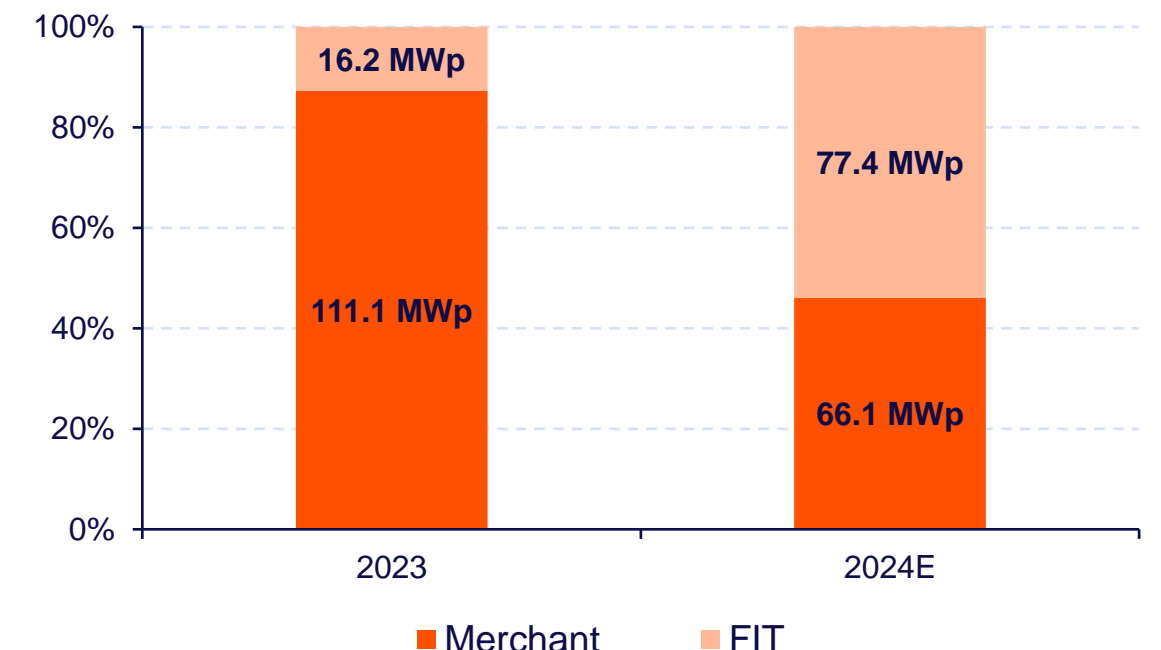
- ▶ Average realized electricity prices in Q4 2023 declined 36.8% YoY from 210 EUR/MWh to 133 EUR/MWh.
- ▶ Merchant to Support Scheme ratio in 2023 of 87% to 13% - high exposure to energy market and energy price volatility.
- ▶ Highest prices were realized on the markets with green bonus system in the Czech Republic and FIT in Slovakia.
- ▶ IPP portfolio will be rebalanced in 2024 with 54% FIT and 46% merchant.
- ▶ FIT in the Czech Republic of EUR 637 on 14.2 MWp and EUR 684/MWh on 0.8 MWp; in Hungary FIT of EUR 122/MWh so materially above 90 EUR/MWh achieved last year.
- ▶ Average realized prices in Romania benefit from the mechanism of 90 day trailing average (no impact of mid-day negative prices).

Realized average revenue in Q4 2023 (EUR/MWh)



Revenue model in 2023 and expected rebalancing of portfolio in 2024

Country	Revenue model	2023 EUR/MWh
CZ	Green Bonus + Merchant	EUR 636
HU	89% Merchant, 11% FIT	EUR 90
AU	99% Merchant, 1% FIT	EUR 63
RO	Merchant	EUR 98
SK	FIT	EUR 263
TOTAL PORTFOLIO		EUR 162







Segment: Investments (IPP)

Realizing the value from project development

- ▶ Sale of rights to the 2.3 MW PV Project in Złoczew in December 2023; negotiations of agreement for sale of up to 11.5 MW PV projects in Poland, expected to be concluded in Q1 2024.
- ▶ Negotiations with another counterparty for a sale of 20.4 MWp project rights in Poland, expected to conclude in Q1/Q2 2024.
- ▶ In Romania, we continue negotiations to sell project rights to 54 MWp. This process is expected to be completed by mid-year 2024.
- ▶ In Hungary, multiple projects were submitted to the capacity application tender in January 2024 and shall be resolved in Q1 2024.

Projects under development as of 31 December 2023, DC capacity.

Country	1. Feasibility	2. Early development	3. Advanced development	4. Ready-to-build technical	5. Under construction	Total in MWp
 Romania	14.9	90.3	80.1	17.7	20.1 ¹	223.1
 Poland	252.5	16.8	20.3	-	-	289.6
 Hungary	37.6	-	2.7	4.1	-	44.3
 Australia	455.0	200.0	9.8	-	-	664.8
Total in MWp	760.0	307.1	112.9	21.8	20.1	1,221.9

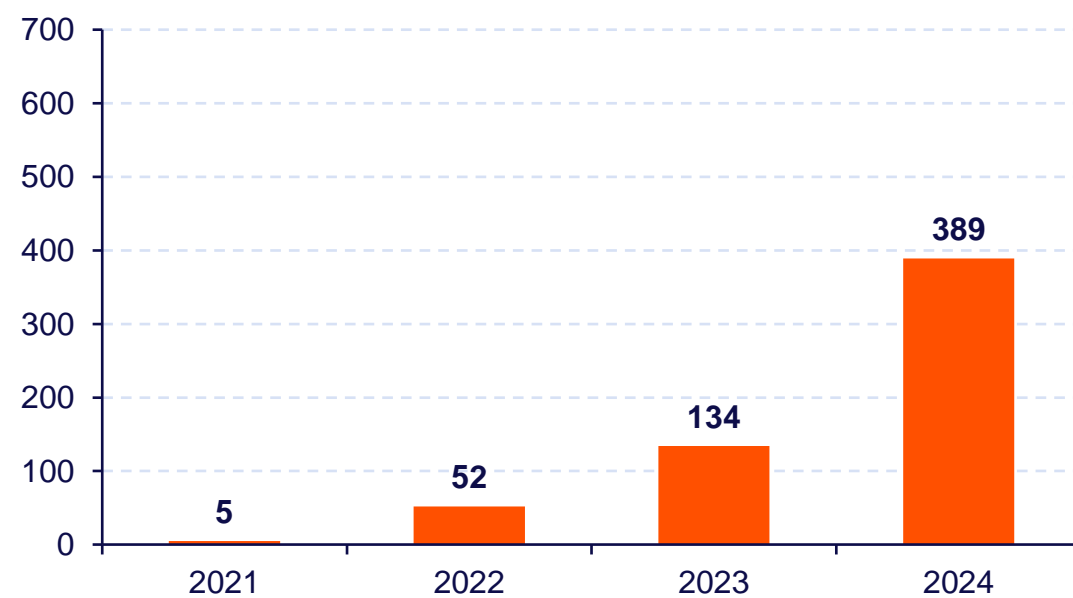
¹ Project Faget 2 (3.9 MWp) is included in the pipeline as it was connected on 22 December 2023 but started generating electricity as of January 2024

New Energy Division

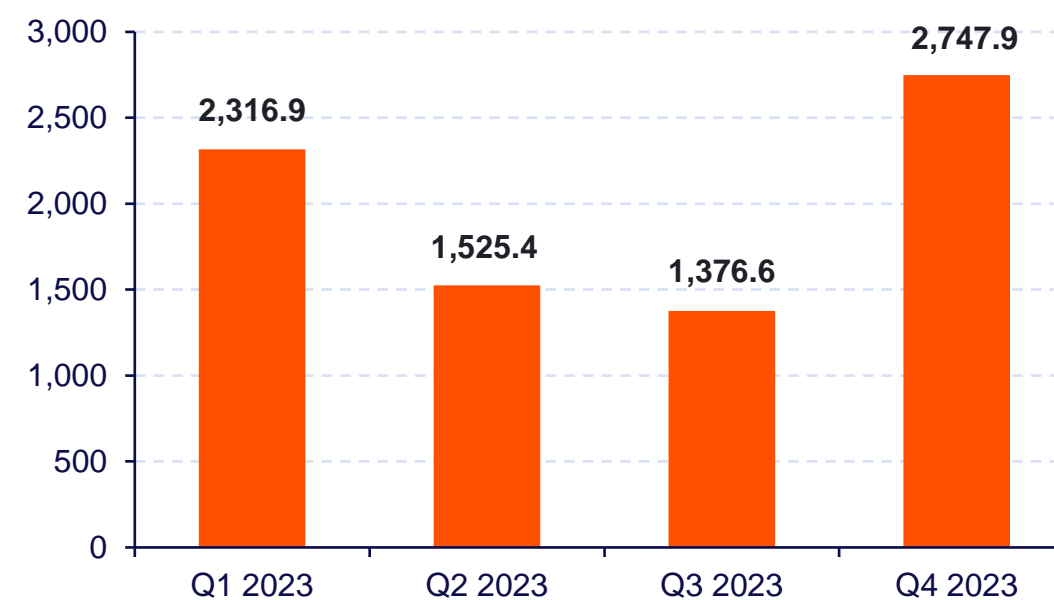
Significant stream of recurring revenues from DSR

- ▶ Contracted DSR revenues of 7.7 MEUR in 2023 and 25.0 MEUR in 2024.
- ▶ Highest revenues in Q1 and Q4; negatively correlated with seasonality of generation revenues.
- ▶ Contracted prices of 203 PLN/MW per year in the Main Auction (MA) and an average of 364 PLN/MW per year in the Additional Auctions (AA).
- ▶ Higher share of revenues contracted in Additional Auctions to maximize revenues of this segment.
- ▶ Next Additional Auction takes place in March 2024 for DSR capacity in 2025.

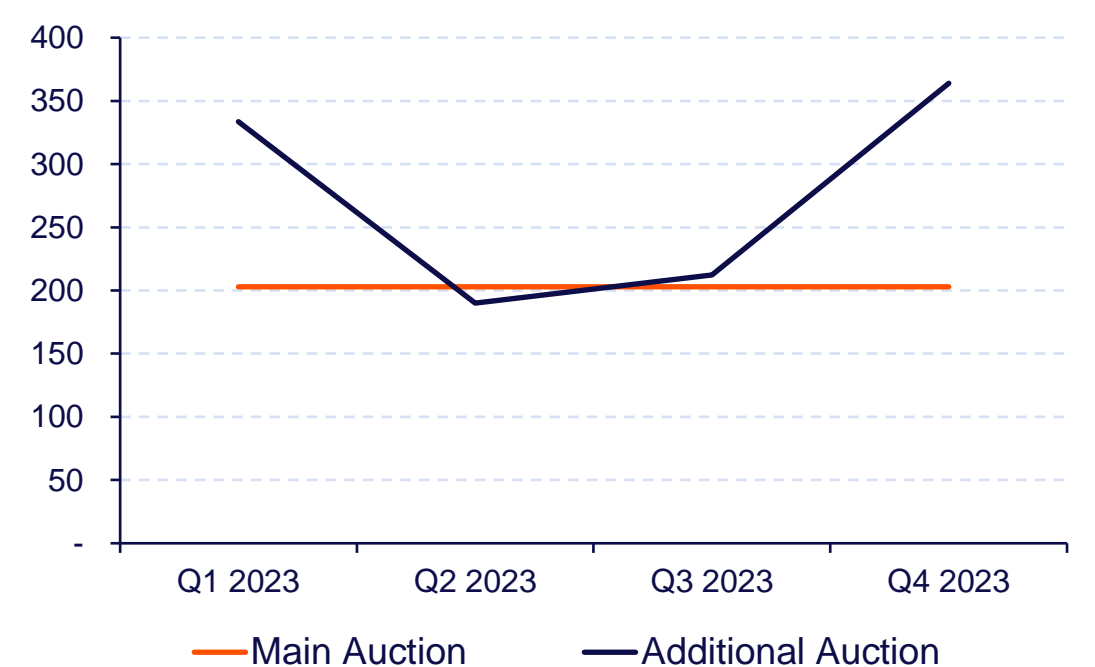
DSR capacities contracted 2021 - 2024 (MW)



DSR revenues in 2023 (EUR thousands)



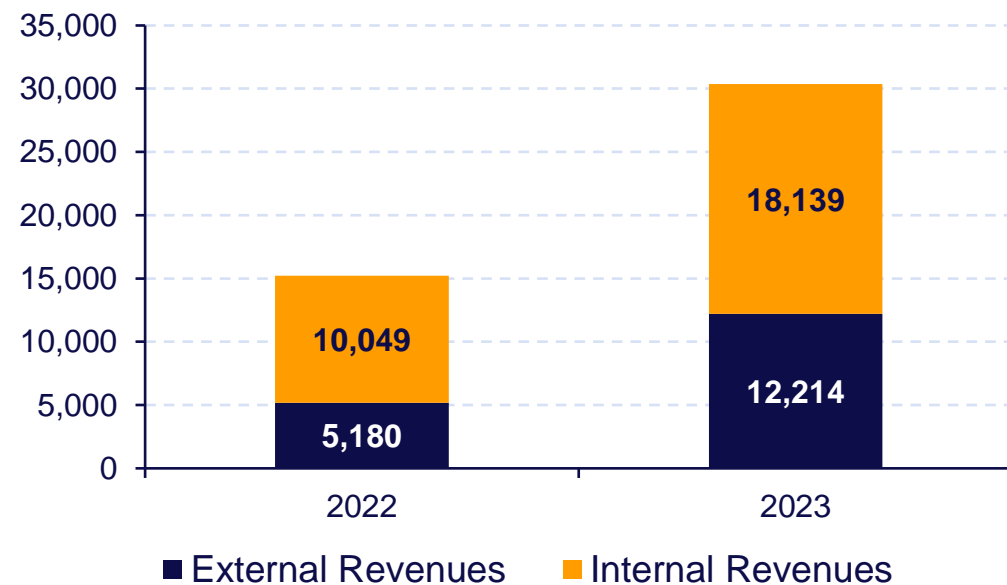
Prices contracted in MA and AA in 2023 (PLN/MWh)



Other Business Segments

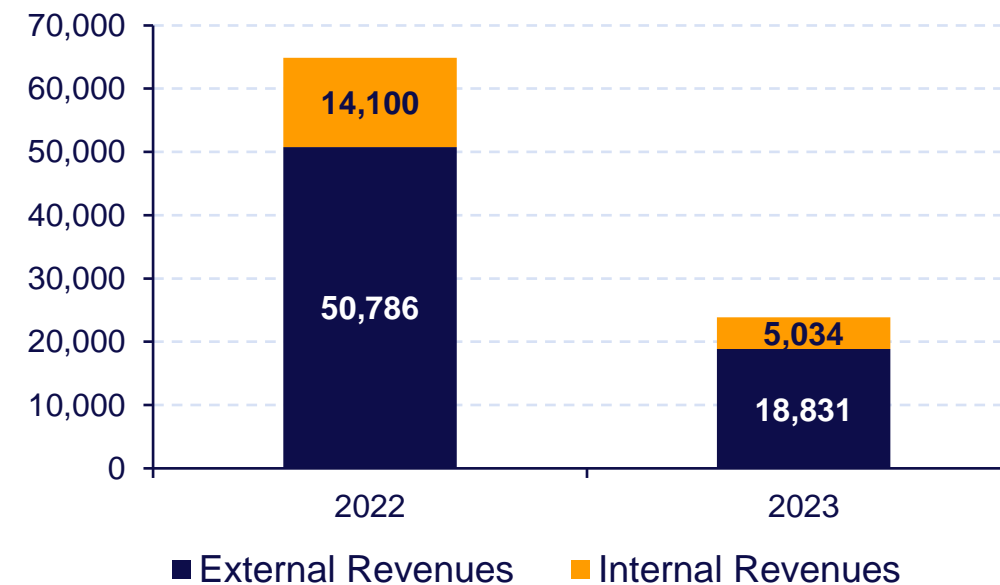
Additional Revenue Streams from Other Business Segments

External EPC contracts (EUR 000s)



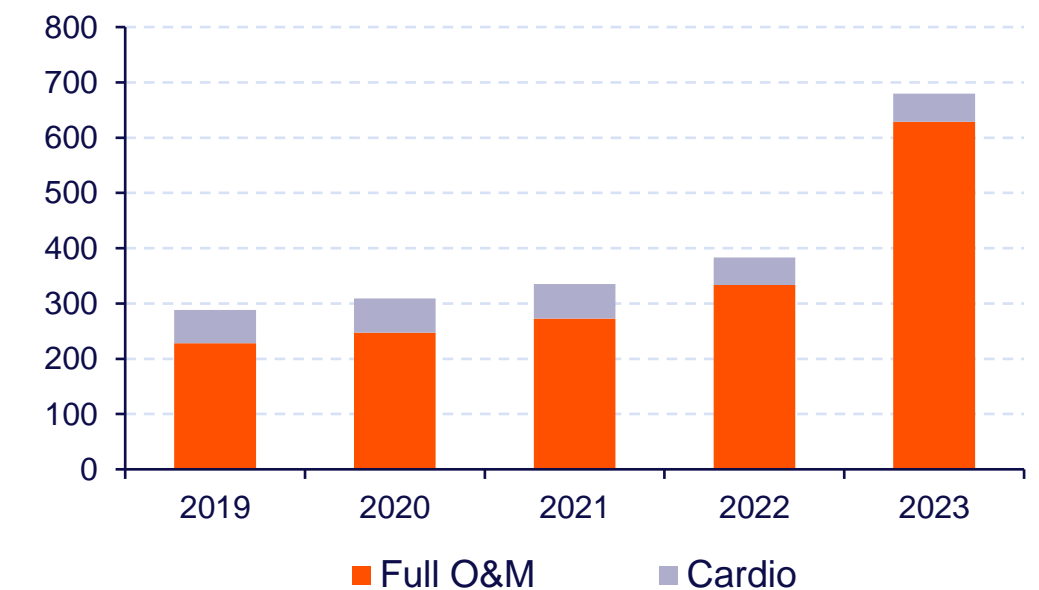
- ▶ External revenues of EUR 12.2 million in 2023 compared to EUR 5.2 million in 2022.
- ▶ Strong internal revenues of EUR 18.1 driven primarily by Romanian power plants.
- ▶ EPC contracts for C&I clients in Australia of EUR 6.7 million in 2023. Healthy orderbook for 2024 with 21 EPC contract recently acquired.

PV component trading revenues (EUR 000s)



- ▶ Significant slowdown in the PV sector combined with excess supply and fierce competition in the component distribution business.
- ▶ Margin deterioration in 2023 due to lower volumes and lower prices of modules and batteries.

Operations & Maintenance contracts (MW)



- ▶ O&M contracts of 680 MWp, up by 77.3% YoY; revenue impact to be visible in 2024
- ▶ Additional contracts concluded in January bringing the total over 700 MWp
- ▶ Majority of O&M contracts acquired in H2 2023 so the revenue impact will be visible in 2024.

Business Highlights in Q4 2023

What went well?

- ▶ IPP portfolio increased by 3.9 MWp in Q4 2023 and 35.4 MWp in FY2023, bringing the IPP portfolio to 127.3 MWp - the fastest capacity addition in the history of the Group.
- ▶ Additional 16.2 MWp of new capacities in Romania is completed, to be commissioned in Q1/Q2 2024.
- ▶ A 20-year on-site Power Purchase Agreement with FORVIA Clarion Hungary for the construction of 630 kWp PV power plant and offtake of 13.5 GWh expected over the life of the contract.
- ▶ Expansion of O&M portfolio by 132 MWp in Q4 2023 and 24 MWp in January 2024, bringing it above 700 MWp as of the reporting date.
- ▶ Sale of 2.3 MWp PV project rights achieved in Poland; further negotiations under way for 32 MWp in Poland and 54 MWp in Romania.
- ▶ EBRD approval of a financing facility of up to EUR 15 million on 24 January 2024.
- ▶ Expansion of EPC business in Australia for C&I clients; EUR 6.7 million revenues in 2023; EPC contract for 21 MWp to be announced soon.



Business Highlights in Q4 2023

What went wrong?

- ▶ Generation results fell short of energy forecasts by 9.3% in Q4 2023 and 16.2% in 2023.
- ▶ Realized electricity prices declined 36.8% from EUR 210/MWh to EUR 133/MWh YoY and 44.6% YoY from EUR 292/MWh to EUR 162/MWh in 2023.
- ▶ Lengthy commissioning process on new power plants in Romania and delays in project financing.
- ▶ Significant drop in PV components trading volume and prices.
- ▶ Negotiations of project rights sale not realized within expected deadline.
- ▶ Challenges in integration of Lerta's business.



Faget II
3.9 MWp



Business Highlights

Financial Results

Guidance

Q&As

Siria, Romania (5.7 MWp)

Financial Results

Income Statement

In thousand EUR	Q4 2023	Q4 2022	YoY change	FY 2023	FY 2022	YoY change
Total revenues	14,914	27,351	-45.5%	74,369	95,136	-21.8%
<i>of which from electricity generation</i>	<i>2,743</i>	<i>3,820</i>	<i>-28.2%</i>	<i>21,407</i>	<i>35,239</i>	<i>-39.3%</i>
<i>other revenues</i>	<i>12,170</i>	<i>23,530</i>	<i>-48.3%</i>	<i>52,962</i>	<i>59,897</i>	<i>-11.6%</i>
EBITDA	357	1,456	-75.5%	5,107	24,309	-79.0%
EBIT	-4,066	2,081	NA	-6,581	16,985	NA
Net profit/Net loss	-4,834	-291	NA	-14,429	6,262	NA
Total Comprehensive Income (TCI)	2,010	1,314	53.0%	1,461	7,672	-81.0%

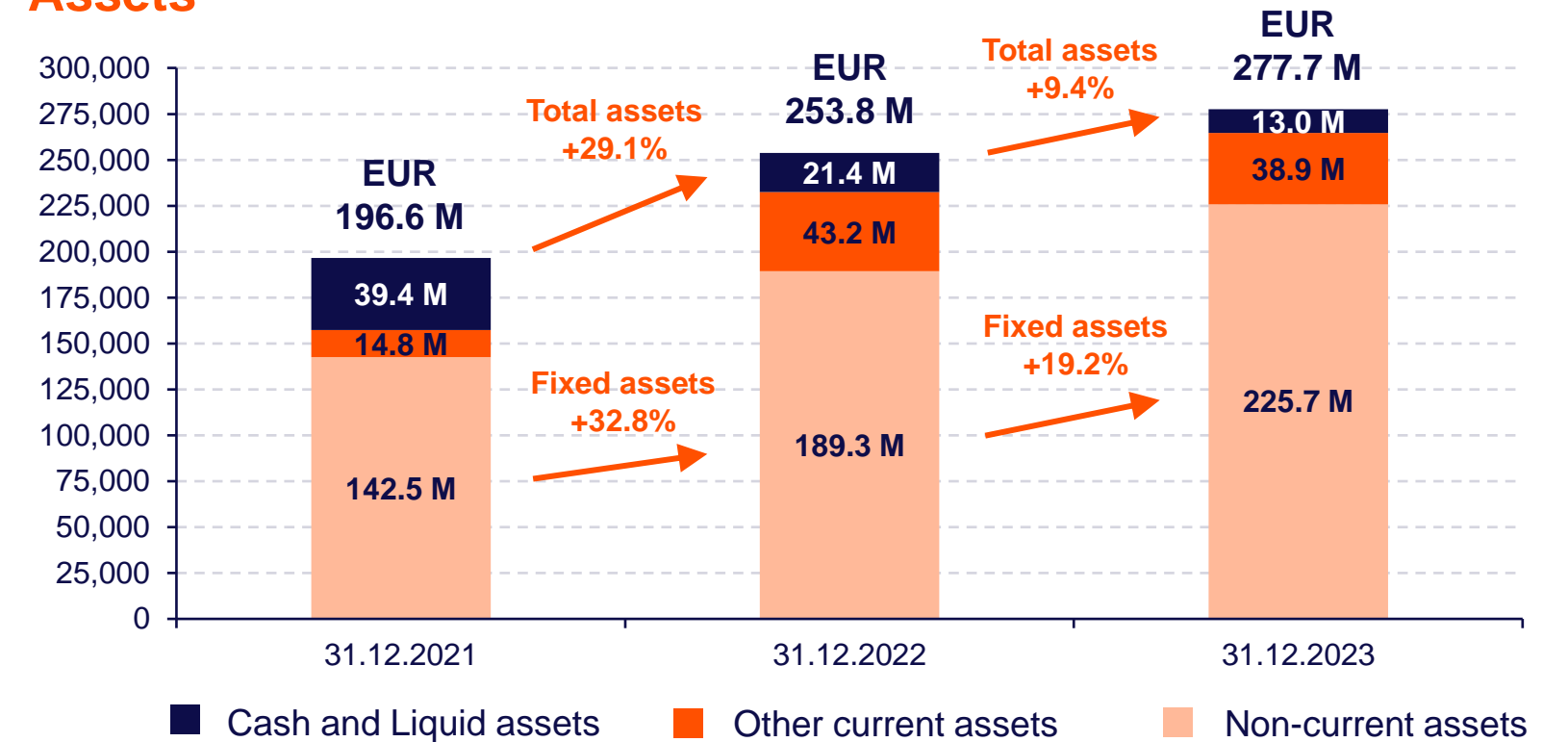
- ▶ Electricity generation revenue of EUR 2.743 million, down by 28.2% YoY due to lower average realised electricity prices and specific yield.
- ▶ Other revenues of EUR 12.170 million, down by 48.3% YoY due to weaker sales of PV components (revenues EUR 19.0 million lower QoQ). Revenues from other segments of EUR 12.0 million in Q4 2023 compared to EUR 3.5 million in Q4 2022.
- ▶ EBITDA of 0.357 million, -75.5% YoY, profitability deteriorated due to contraction of margins in the energy generation segment and PV component trading. Personnel costs increased due to reversals of accruals made in previous quarters.
- ▶ Total comprehensive income of EUR 2.010 million; revaluation of new power plants of EUR 6.849 million and Hungarian power plants upon changing from merchant to FIT. The increase in value of the RayGen shares in the amount of EUR 5.834 million; a negative foreign currency translation of EUR -2.437 million and negative revaluation of hedging derivatives of EUR -3.401 million.

Balance Sheet

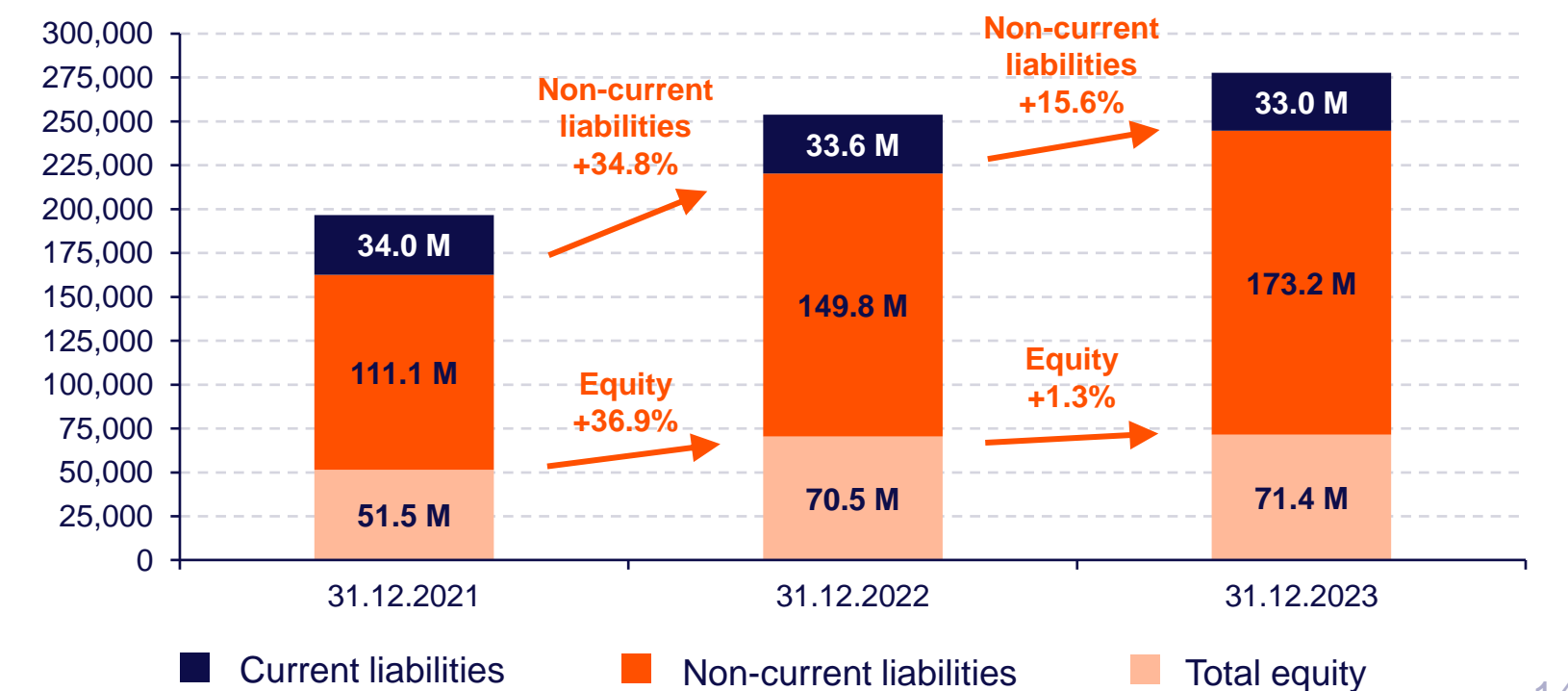
Balance Sheet

- ▶ **Fixed assets:** PPE increased by EUR 36.484 million as a result of the activation of new assets in Romania, partially compensated by the depreciation.
- ▶ **Equity** increased reflecting the negative results for the period in the amount of EUR 0.949 million and positive changes on the other comprehensive income; adjusted equity ratio of 28.5% above bond covenant of 25% .
- ▶ **Long-term liabilities** increased by EUR 23.423 million due to project refinancing agreement related to Romanian power plans and tap of EUR Green Bond.
- ▶ **Current liabilities** decreased by EUR 0.511 million; increase in short-term bank financing was offset by positive working capital developments; repayment of CZK bond of EUR 3.1 million .

Assets



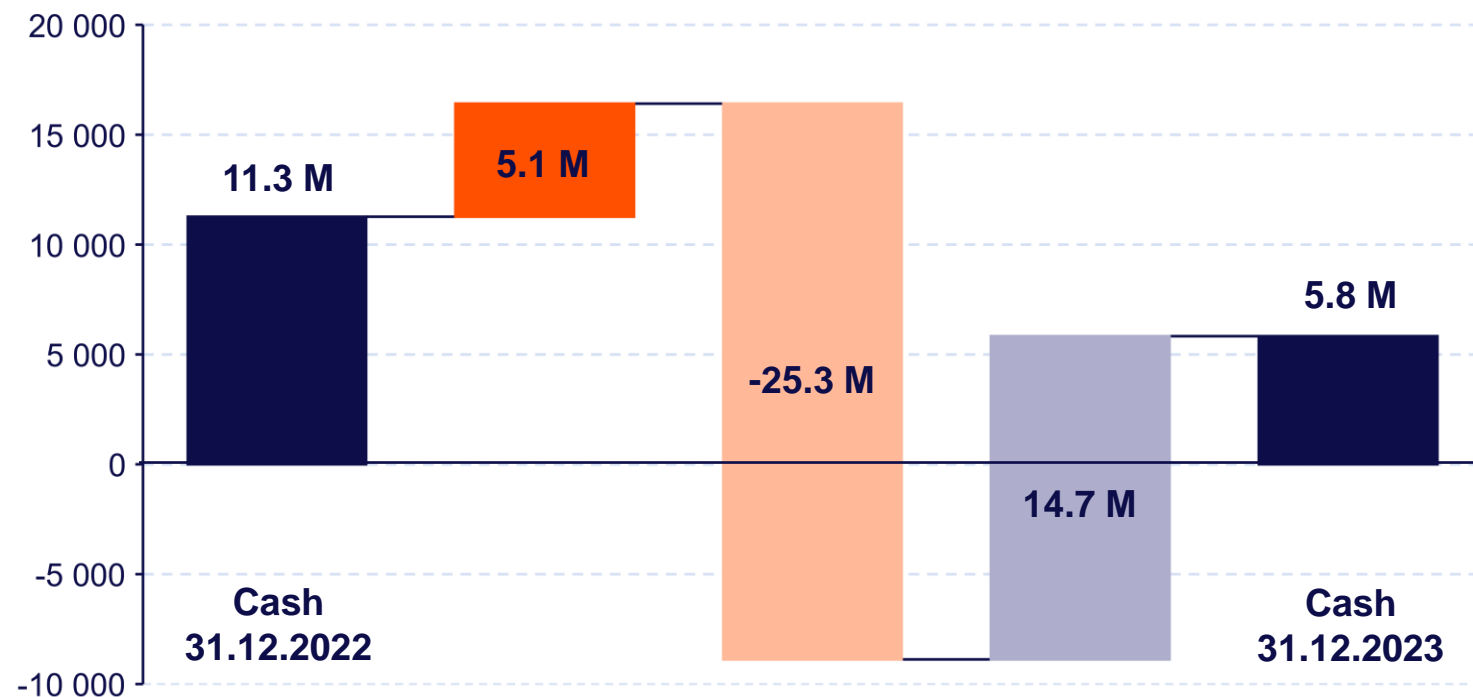
Total liabilities and equity



Cash Flow

Cash Flow Development

<i>In thousand EUR</i>	FY 2023	FY 2022
Operating cash flow	5,144	2,847
Investment cash flow	-25,290	-33,430
Financial cash flow	14,713	9,348
Net change in cash	-5,433	-21,235



- ▶ **Strong operating cash flow** of EUR 5.144 million FY 2023 and EUR 8.978 million in Q4 2023, mainly thanks to positive working capital developments i.e. decrease of trade and other receivables by EUR 9.548 million and a decrease of inventories by EUR 1.217 million.
- ▶ **Increased investment cash flow** related to work in progress for our proprietary portfolio in Romania.
- ▶ Positive financial cash flow of EUR 14.173 million FY 2023 but **negative in Q4 2023 of EUR -2.125 million** related to repayment of CZK Bond, interest expense and other repayment of borrowings.

- Operating cash flow
- Investment cash flow
- Financial cash flow



Business Highlights

Financial Results

Guidance

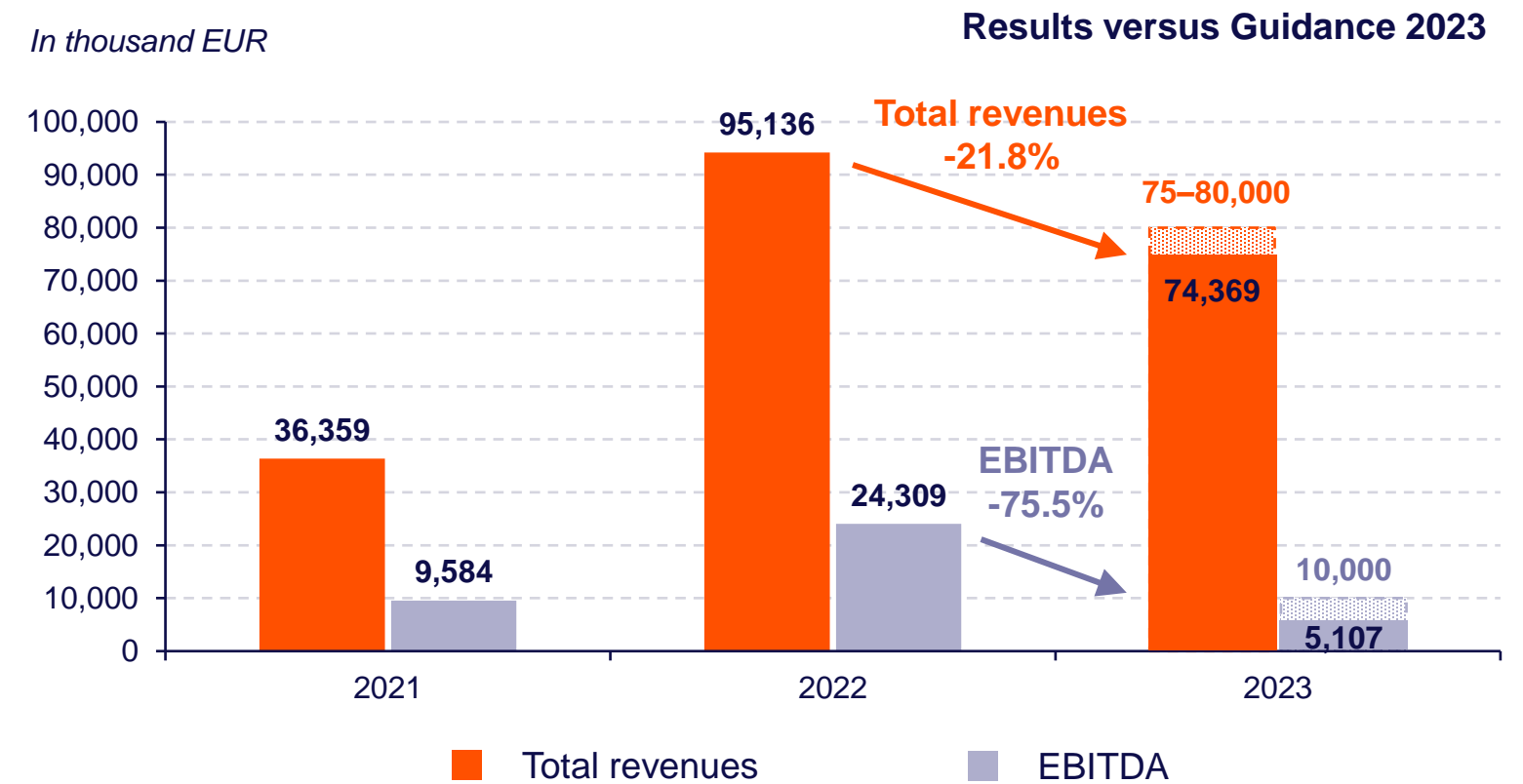
Q&As

Sydney, Australia (100 kWp)

Photon Energy: Guidance 2023

2023 FY Guidance

- ▶ Unaudited consolidated revenues for year 2023 were EUR 74.369 million, 0.8% below the lower threshold of the guided range EUR 75–80 million.
- ▶ EBITDA guidance was conditional on completion of sales negotiations for the Polish project rights; in the event this was only partly achieved, and this resulted in the shortfall against guidance. Negotiations for sales of the rest of the portfolio are continuing.
- ▶ 2024 Guidance is under preparations and shall be published at Q1 2024 results publication.





Q&A



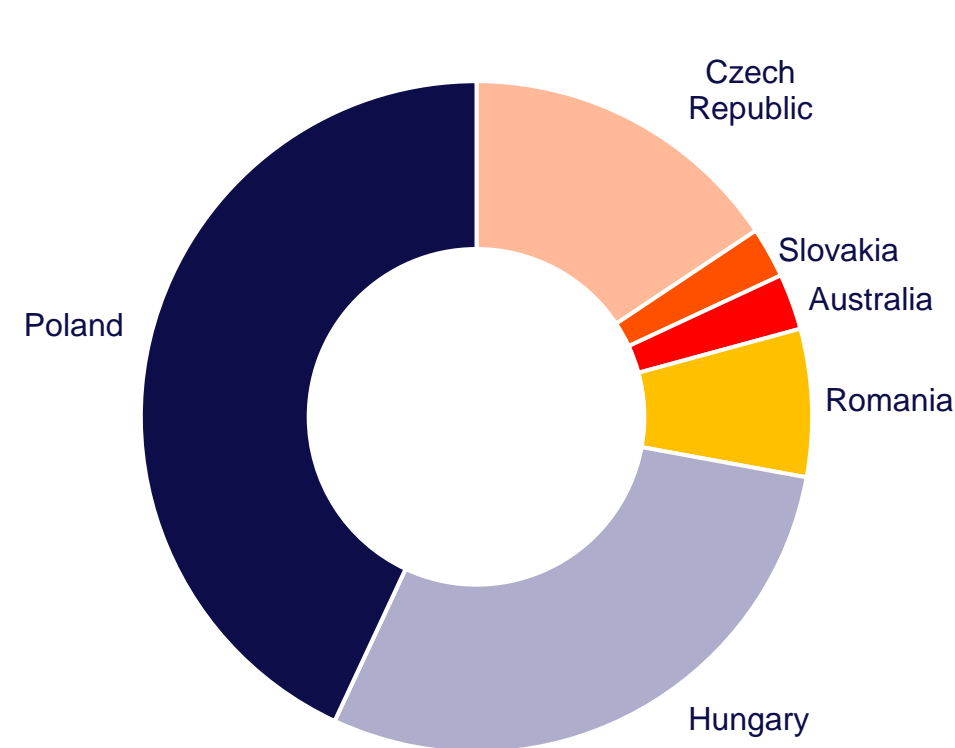
Thank you for joining us today!

O&M Contracts

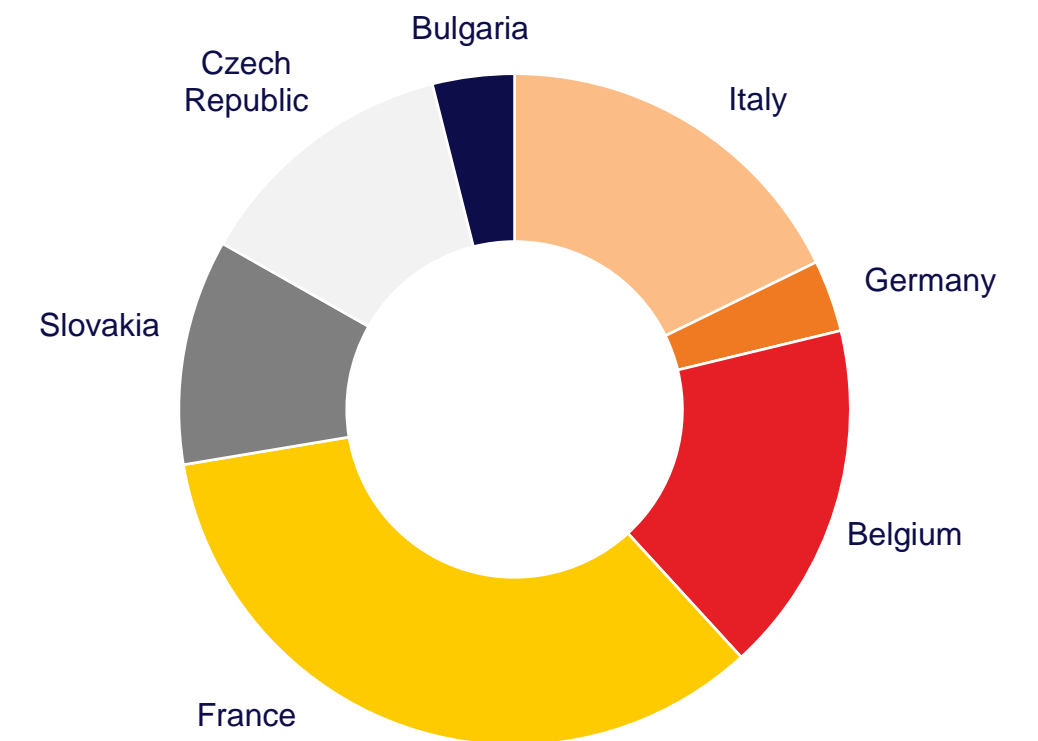
Capacity under O&M contracts, by country (MWp)

Country	January 2024
Czech Republic	98.4
Slovakia	15.3
Australia	17.0
Romania	67.8
Hungary	183.8
Poland	270.8
Full O&M	653.1
Inverter Cardio	50.6
Total	703.7

Full O&M contracts, by country



Inverter Cardio, by country



About Us

We are dedicated to ensuring that everyone has access to clean energy and water.

Photon Energy Group



Founded in
2008



Headquartered in
Amsterdam



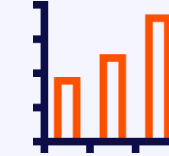
370+
Employees



Active in
10+ countries



Shares traded
in PL, CZ and DE



5 x BUY
PT: EUR 2.80 - 4.1



Sustainability
Rating*

Energy Business Lines

(Current core activity and strategic area of development)



1.2+ GWp
PV project pipeline



170+ MWp
constructed



+20.1 MWp
under
construction



127.3 MWp
proprietary portfolio



139.4 GWh
produced in 2023



700+ MWp
O&M portfolio



LERTA:
New Energy
Division

389 MW
capacity market
in 2024

Water Business Line

(Strategic area of development)

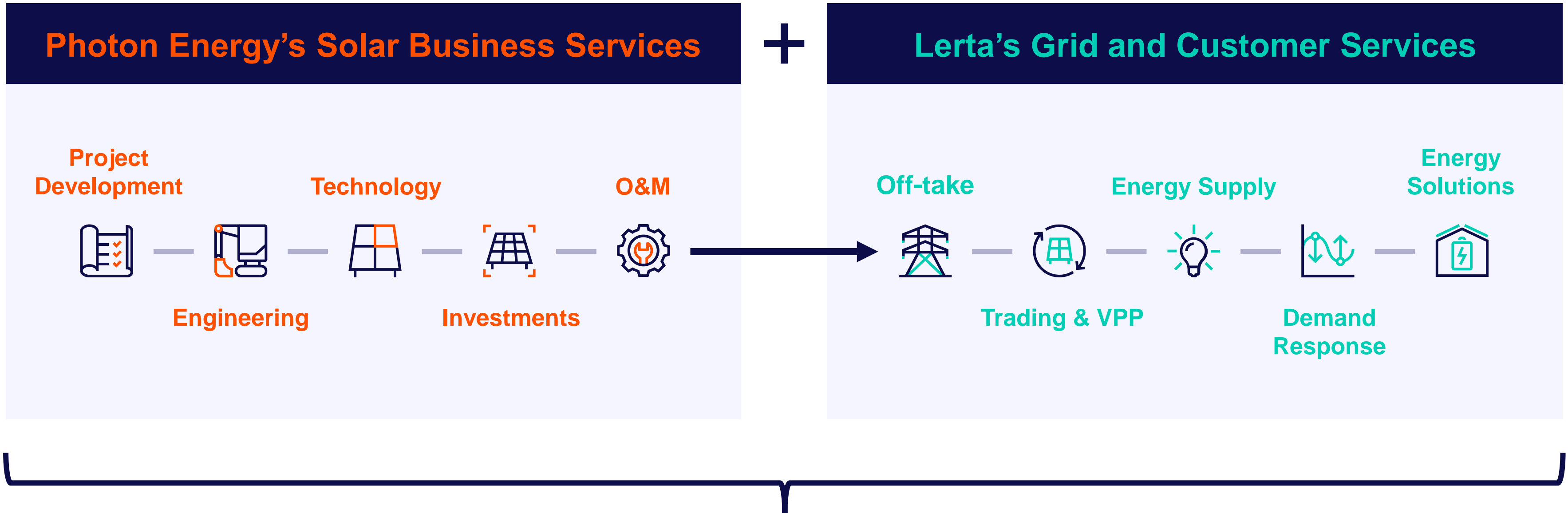


PFAS**
patent pending

* Rating report can be found under <https://www.photonenergy.com/en/photon-energy-group/our-esg-commitments.html>

** Per- and polyfluoroalkyl substances

Expansion of Photon Energy's Business Model



The fusion of physical & digital energy to create a customer-centric renewable energy utility.

Business Model: Solar Services

Our services cover the entire lifecycle of photovoltaic systems.



Project Development

We **develop projects** in-house and **acquire them** at all stages of development.



Operations and Maintenance

We provide a full range of O&M services, including **monitoring** and **inverter maintenance**.



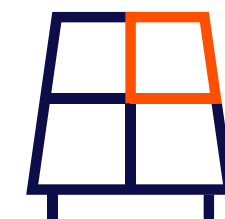
Engineering (EPC)

We design and build **on- and off-grid** installations, including **energy storage solutions**.



Electricity Generation

We invest in PV power plants for the **sustainable** production and sale of **solar energy**.

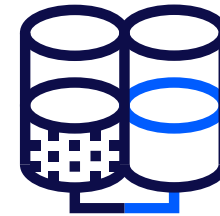


Technology

We procure and trade **PV components** to fit any project's location, design and budget.

Business Model: Water Services

Our comprehensive services and solutions help to make clean water accessible to everyone.

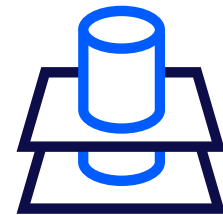


Treatment

We deliver treatment solutions including potable and wastewater treatment, hazardous liquid waste and industrial water treatment.

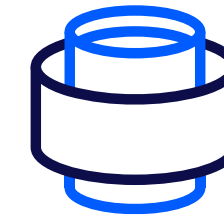
Remediation

We offer a range of remediation services, including our unique **nanoremediation** solution (including PFAS*), to eliminate contaminants from water and soil.



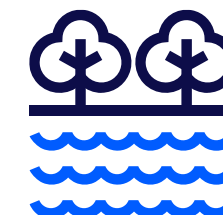
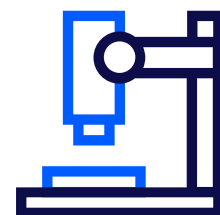
Wells and Resources

We provide complete services for wells and water resources, from planning and design to maintenance and decommissioning.



Research and Development

We work with leading academic institutions and participate in governmental research programmes to develop cutting-edge clean water solutions.



Water Resource Management

We help our customers make the best, most efficient use of their water resources, such as lakes, ponds and industrial water bodies.

* Per- and polyfluoroalkyl substances.

GREEN EUR Bond 2021/27

Bond	GREEN EUR Bond 2021/2027
Volume	EUR 80.0 million
Coupon	6.50% p.a., quarterly payment
Initial offering	23 November 2021
Ratings/Awards	<ul style="list-style-type: none"> ▶ IMUG rating – <u>second party opinion</u>, ▶ KFM Barometer 4 of 5 stars ▶ Best Issuer Green SME Bonds 2021
Segment	Secondary market: trading on Open Market of the Frankfurt Stock Exchange since 23 November 2021
Covenants	<ul style="list-style-type: none"> ▶ Dividend restriction (max 50% if EBITDA/ICR > 2) ▶ Group Equity ratio ≥ 25%* ▶ Cross default ▶ Negative pledge ▶ Pari passu ▶ Change of Control-Clause ▶ Transparency clause
Denomination	EUR 1,000
Term / Redemption	Six years / 23 November 2027 at par
ISIN	DE 000A3KWKY4



* The Group defines and calculates adjusted equity ratio as total equity divided by the sum of interest-bearing debt and equity.