

# PHOTON ENERGY N.V.

## Q3 2020 Results

13 November 2020

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# CONTENTS

**GROUP OVERVIEW  
& BUSINESS MODEL**

**Q3 & 9M 2020  
FINANCIALS**

**STRATEGY &  
OUTLOOK**

**ANNEX**



**MONOR, HUNGARY**

**5.6 MW<sub>p</sub>, 2019**

## At a glance

Founded  
**2008**



Active in  
**10+ countries**



Own portfolio  
**74.7 MWp**



O&M services for  
**300+ MWp**



Employees worldwide  
**134**



Headquartered in  
**Amsterdam**



Built  
**100+ MWp**



Energy produced 2019:  
**43.8 GWh**



Shares  
traded in **PL and CZ**



Bond  
**EUR 43.5 M**



### KEY FINANCIAL INDICATORS 2019

Total revenues	<b>EUR 30.15 M</b>
EBITDA	<b>EUR 7.94 M</b>
EBIT	<b>EUR 1.15 M</b>
Profit before taxation	<b>EUR 0.99 M</b>

### KEY PERFORMANCE INDICATORS as of 30. 09. 20

Total Assets	<b>EUR 148.65 M</b>
Net debt / EBITDA	<b>8.1x</b>
Interest coverage ratio*	<b>1.7x</b>
Net debt / Equity	<b>2.0x</b>

\* EBITDA/Interests

## Owner-managed group with solid track-record



**Georg Hotar** CEO

- Co-founder of Photon Energy
- Extensive knowledge of the solar energy industry, International finance, Global strategy
- Before Photon Energy: Financial strategy in London (Carnegie AB, ICE Securities) and Zurich (Fincoord)



**Michael Gartner** CTO & MD Australia

- Co-founder of Photon Energy
- Responsible for technology strategy, growing the Australian business
- Before Photon Energy: Investment banker (ING Bank and Commerzbank), developed one of the first large PV installations in the Czech Republic

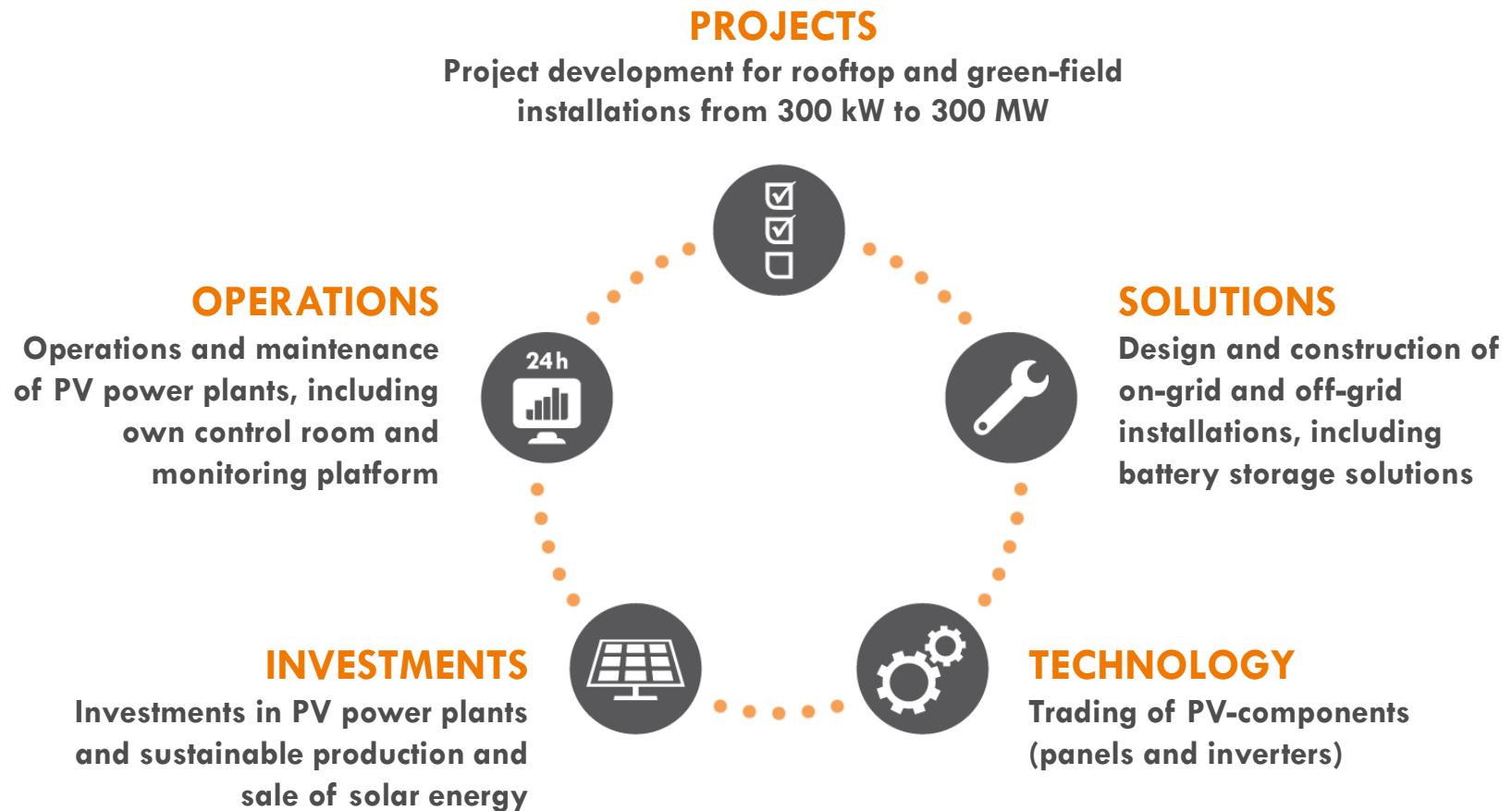


**Clemens Wohlmuth** CFO

- Responsible for Accounting, Controlling and Financing
- With Photon Energy since 2012
- Before Photon Energy: CFO and CEO Telekom Austria Czech Republic, Ernst & Young Consulting

**Experienced and committed team. Specialized know-how & expertise in technology, business development and financing.**

## Covers full life-cycle of PV power plants





# GLOBAL PRESENCE

## Focus on Europe and Australia

### ELECTRICITY PRODUCTION (74.7 MWp)

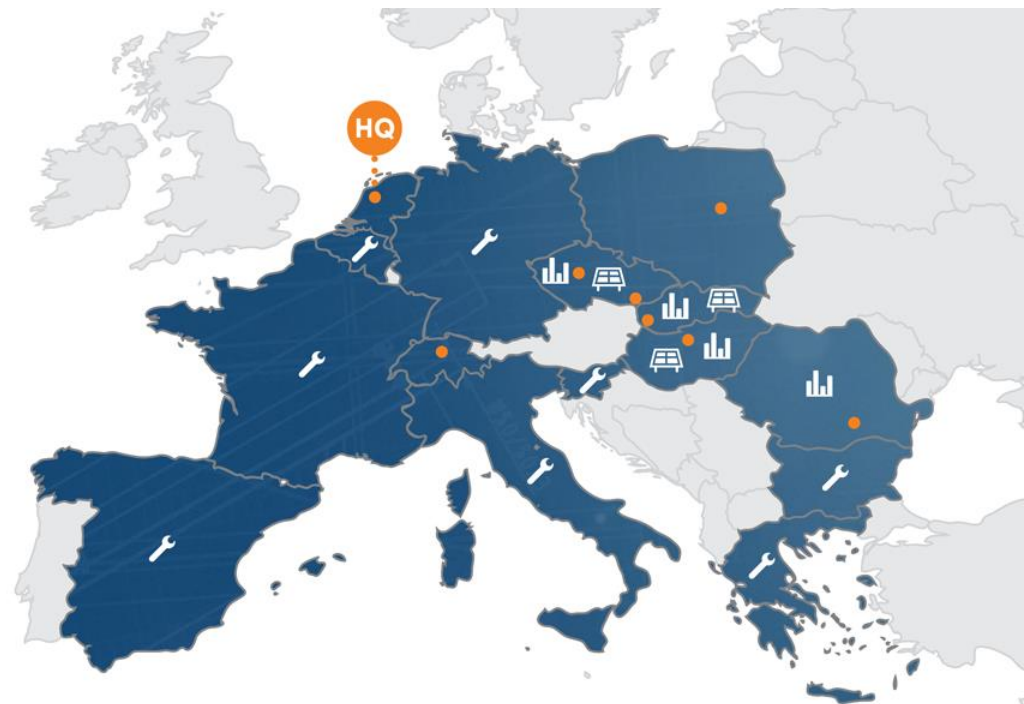
- 11 proprietary power plants in the Czech Republic (15.0 MWp), 11 in Slovakia (10.5 MWp), 61 in Hungary (49.1 MWp) and 1 in Australia (0.1 MWp)

### O&M (300+ MWp)

- Full Operations and Maintenance services in the Czech Republic, Slovakia, Romania, Hungary and Australia (250+ MWp)
- Specialised technical services for PV inverters in other European countries (60+ MWp)

### PROJECT DEVELOPMENT

- Focus on Australia and Hungary
- Poland and Romania entered recently



 Power plants owned by Photon Energy

 Power plants under O&M

 Other O&M services

 Offices



# CONTENTS

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& BUSINESS MODEL

**Q3 & 9M 2020  
FINANCIALS**

STRATEGY &  
OUTLOOK

ANNEX



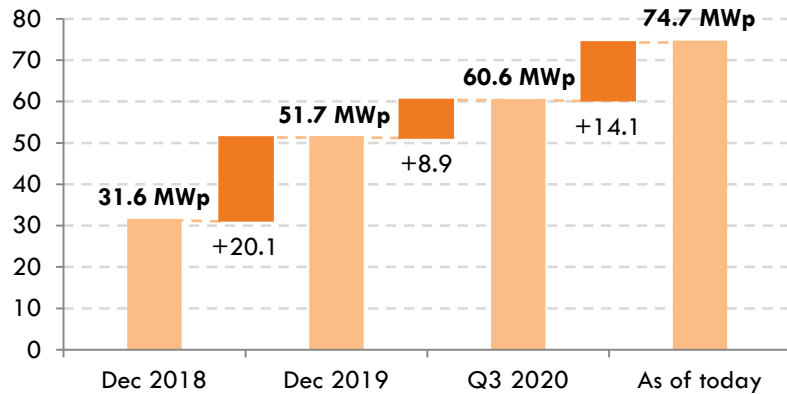
**FERTŐD II, HUNGARY**

**3.5 MW<sub>p</sub>, 2019**

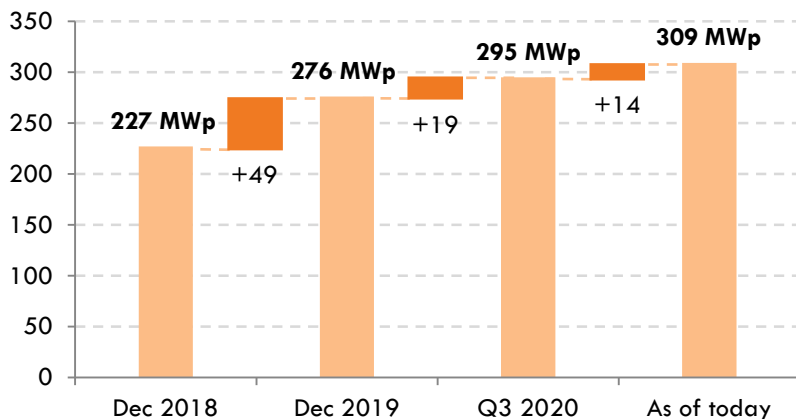


## Strong business performance

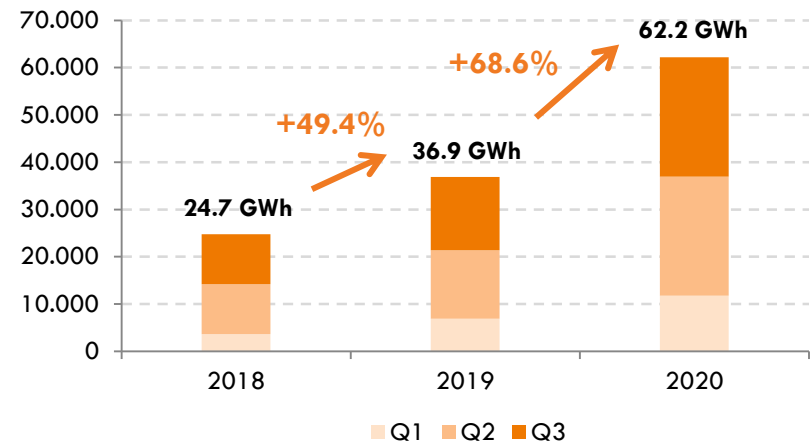
### Proprietary portfolio, cumulated (MWp)



### Assets under O&M, cumulated (MWp)



### Electricity generation total portfolio (MWh)



- **8.9 MWp** of PV power plants grid-connected in Hungary during the first 3 quarters of 2020, another **14.1 MWp** since the end of September.
- **62.3 GWh of electricity (+68.9% YoY) generated** by our proprietary power plant portfolio in the first 9 months of 2020.
- **19 MWp of O&M contracts** added in the first 9 months of 2020. Another **14 MWp added** since then.

# Q3 2020 FINANCIAL RESULTS



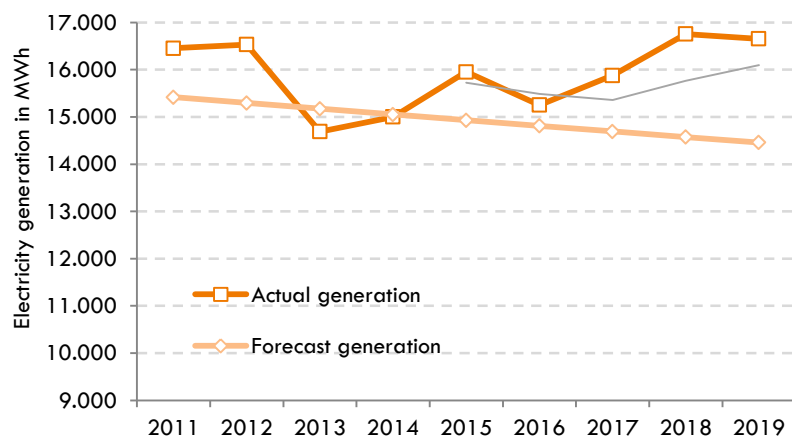
## Income Statement

In thousand EUR	Q3 2020	Q3 2019	Change in %	Q1–Q3 2020	Q1–Q3 2019	Change in %
Revenues from electricity generation	5,896	4,955	19.0%	14,754	12,391	19.1%
Other revenues	3,069	5,312	-42.2%	8,409	10,014	-16.0%
<b>Total revenues</b>	<b>8,965</b>	<b>10,267</b>	<b>-12.7%</b>	<b>23,163</b>	<b>22,405</b>	<b>3.4%</b>
Cost of Sales	-2,686	-4,958	-45.8%	-7,308	-9,210	-20.6%
<b>Gross Profit</b>	<b>6,279</b>	<b>5,309</b>	<b>18.3%</b>	<b>15,854</b>	<b>13,195</b>	<b>20.2%</b>
Operating Cost	-2,513	-2,221	13.2%	-6,662	-5,513	20.8%
<b>EBITDA</b>	<b>3,766</b>	<b>3,088</b>	<b>22.0%</b>	<b>9,192</b>	<b>7,682</b>	<b>19.7%</b>
Depreciation	-2,679	-2,354	13.8%	-6,379	-5,332	19.6%
<b>EBIT</b>	<b>1,087</b>	<b>734</b>	<b>48.1%</b>	<b>2,813</b>	<b>2,350</b>	<b>19.7%</b>
Net Financial Expenses	-1,753	-1,578	11.1%	-5,136	-3,450	48.9%
Income tax	-1,034	-399	159.3%	-2,015	-1,139	76.9%
<b>Profit/loss after taxation</b>	<b>-1,653</b>	<b>2,966</b>	<b>nm</b>	<b>-4,332</b>	<b>1,896</b>	<b>nm</b>
Revaluation of property, plant and equipment	7,168	798	nm	9,895	3,426	188.8%
Foreign currency translation diff.	-1,642	-585	180.7%	-4,817	-258	nm
Derivatives (hedging)	431	11	nm	415	-36	nm
<b>Total comprehensive income</b>	<b>4,304</b>	<b>3,189</b>	<b>35.0%</b>	<b>1,162</b>	<b>5,028</b>	<b>-76.9%</b>

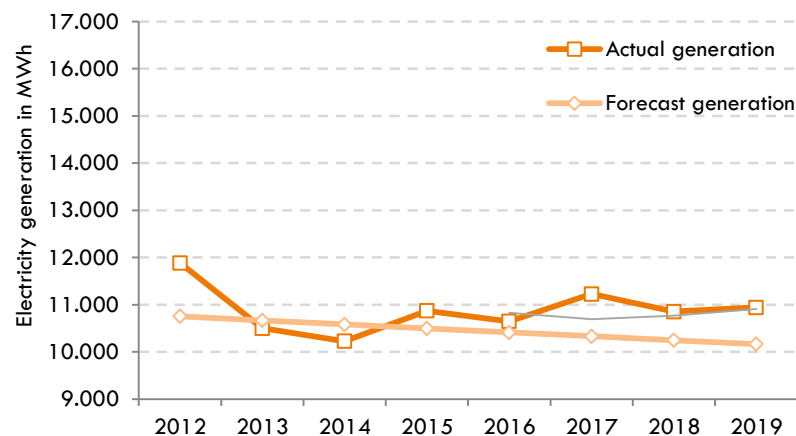
- **Increased revenue from electricity generation (+19.0% YOY)** driven by our expansion in Hungary (+21.4 MWp over the past 12 months), compensating a decline in the lower-margin other revenues like technology sales.
- **EBITDA & EBIT grew YOY by an outstanding 22.0% & 48.1% respectively** despite higher operating costs.
- The revision of the revaluation of our proprietary portfolio, implied a **positive revaluation difference** of EUR 7.168 million recorded in OCI.
- Volatility of the Czech crown and of the Hungarian Forint generated a **unrealized negative foreign currency difference** of EUR -1.642 million shown in OCI (non-cash).

## Update of the revaluation model for our portfolio based on real performance

**Czech portfolio**  
**Generation results vs. forecast**  
 2011–2019



**Slovak portfolio**  
**Generation results vs. forecast**  
 2012–2019



- Until the end of Q3 2020, future cash-flows used in our **revaluation model** were calculated on the **basis of projections** established by external advisors in the years **2010 and 2011**.
- The production deviation experienced at our **Czech and Slovak portfolios** over the past several years led us to **revise our revaluation model at the end of Q3 2020**.
- **Future cash flows** will now be calculated based on the **average production** and costs experienced **over the past five years**.
- As a result, a **positive revaluation difference** of **EUR 7.168 million**, mainly connected to our Czech portfolio, was **recorded in OCI**.



# Q3 2020 FINANCIAL RESULTS

## Balance Sheet

In thousand EUR	30.09.2020	30.06.2020	Change in %
Fixed assets	115,388	108,515	6.3%
Current assets	33,257	30,479	9.1%
Of which Trade and other receivables	9,496	10,202	-6.9%
Of which contracted Work in progress	6,635	2,035	226.0%
Of which Cash	14,542	16,874	-13.8%
<b>TOTAL ASSETS</b>	<b>148,645</b>	<b>138,995</b>	<b>6.9%</b>
Equity	38,932	34,660	12.3%
Non-current liabilities	96,724	93,407	3.6%
Of which Bank loans	38,618	42,923	-10.0%
Current payables	12,990	10,927	18.9%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>148,646</b>	<b>138,994</b>	<b>6.9%</b>

- **Fixed assets** increased by 6.3%, reflecting (i) an increase in assets in progress in Püspökladány and in Leeton, (ii) the adjustment made to our revaluation model, partly offset by (iii) the ongoing depreciation of our portfolio power plants.
- **Current assets** increased by 9.1% mainly due to an increase in Work in progress connected to the power plants under construction for our own portfolio.
- **Equity** increased by 12.3%, reflecting the Total Comprehensive Income for the period bringing our **adjusted equity ratio** to **30.3%**.
- **Long term liabilities** increased by 3.6% partly due to an additional placement of our EUR Bond for EUR 5.9 million, partially offset by bank loans repayments in accordance with our project refinancing schedule.

# Q3 2020 FINANCIAL RESULTS

## Cash Flow Statement

In thousand EUR	Q3 2020	Q3 2019	Change in %	Q1-Q3 2020	Q1-Q3 2019	Change in %
Profit/loss adjusted by non-cash items	3,604	2,923	23.3%	8,968	7,681	16.7%
Change in Working Capital	-516	3,633	-114.2%	-3,922	-2,550	53.8%
Net cash from operating activities	3,088	6,556	-52.9%	5,046	5,132	-1.7%
Net cash from investing activities	-8,457	-3,961	113.5%	-14,399	-11,032	30.5%
Net cash from financing activities	3,037	7,724	-60.7%	8,790	10,285	-14.5%
Of which repayment of borrowings	-1,359	-1,369	-0.8%	-3,575	-7,239	-50.6%
Of which Interest expenses	-1,604	-1,226	30.8%	-4,039	-3,361	20.2%
Net change in cash and cash equivalents	-2,332	10,319	-122.6%	-562	4,385	-112.8%
Cash at the beginning of the period	16,874	6,402	163.6%	15,104	12,337	22.4%
<b>Cash at the end of the period</b>	<b>14,541</b>	<b>16,721</b>	<b>-13.0%</b>	<b>14,542</b>	<b>16,721</b>	<b>-13.0%</b>

- The Group posted a EUR 3.088 million **operating cash flow** (-52.9% YOY), driven primarily by an adjustment in the net working capital.
- **Financial cash flow** Financial cash flow decreased by 60.7% YOY to EUR 3.037 million due to borrowing repayments and cash in from additional bond placements.
- **Investment cash flow** equaled to EUR -8.457 million, compared to EUR 3.961 million in Q3 2019, as a result of project development activities in Australia and Hungary for power plants under construction.
- The **cash position was stable** compared to Q3 2019, amounting to EUR 14.541 million at the end of Q3 2020.

# CONTENTS

GROUP OVERVIEW  
& BUSINESS MODEL

Q3 & 9M 2020  
FINANCIALS

STRATEGY &  
OUTLOOK

ANNEX



BRNO AIRPORT, CZECH REPUBLIC

22.2 MW, 2010

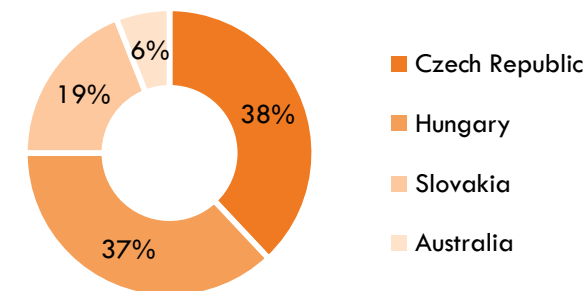


## Strategic Goals until 2021

- **Expansion of power plant portfolio** from currently 74.7 MWp to **115.1 MWp by end of 2021.**

No.	Country	Planned capacity (in MWp)
1	Czech Republic	15.0
2	Slovakia	10.4
3	Hungary	75.0
4	Australia	14.7
<b>Total portfolio (plan 2021, in MWp)</b>		<b>115.1</b>

Target portfolio by 2021 (Share in revenues):



- Clear focus on **Australian** and **Hungarian** markets followed by the **Polish** and **Romanian** markets where first footsteps have been placed.
- Further development of Australian projects with **Canadian Solar** and **case-by case exit** according project progress.
- **Expansion of the PPA-business** and construction of commercial „behind-the-meter“ PV projects for industrial customers and off-takers.
- Further expansion of our position as **leading operations & maintenance provider in CEE.**
- To commercialize **nano-remediaton technology** on the back of the trial project **with the Australian ministry of defense.**

# PROJECT PIPELINE UNDER DEVELOPMENT



## Hungary:

- **14.1 MWp in Püspökladány** constructed and connected to the grid in October and November 2020
- **31.5 MWp in Tolna** currently under development and submitted to auctions, which took place in Sept.- Oct. 2020

## Australia:

- **14.6 MWp Leeton** project under construction for **own portfolio**. Revenue model **merchant**.
- **200 MWp Project in Suntop 1** and **150 MWp Project in Gunnedah** were **sold** in 2019 to Canadian Solar after development approval and connection agreement was reached. **146 MWp Project in Brewongle** was **sold** in 2019 in development process.
- Remaining three projects (**Gunnedah, Maryvale and Suntop 2**) with 580 MWp **under development**.

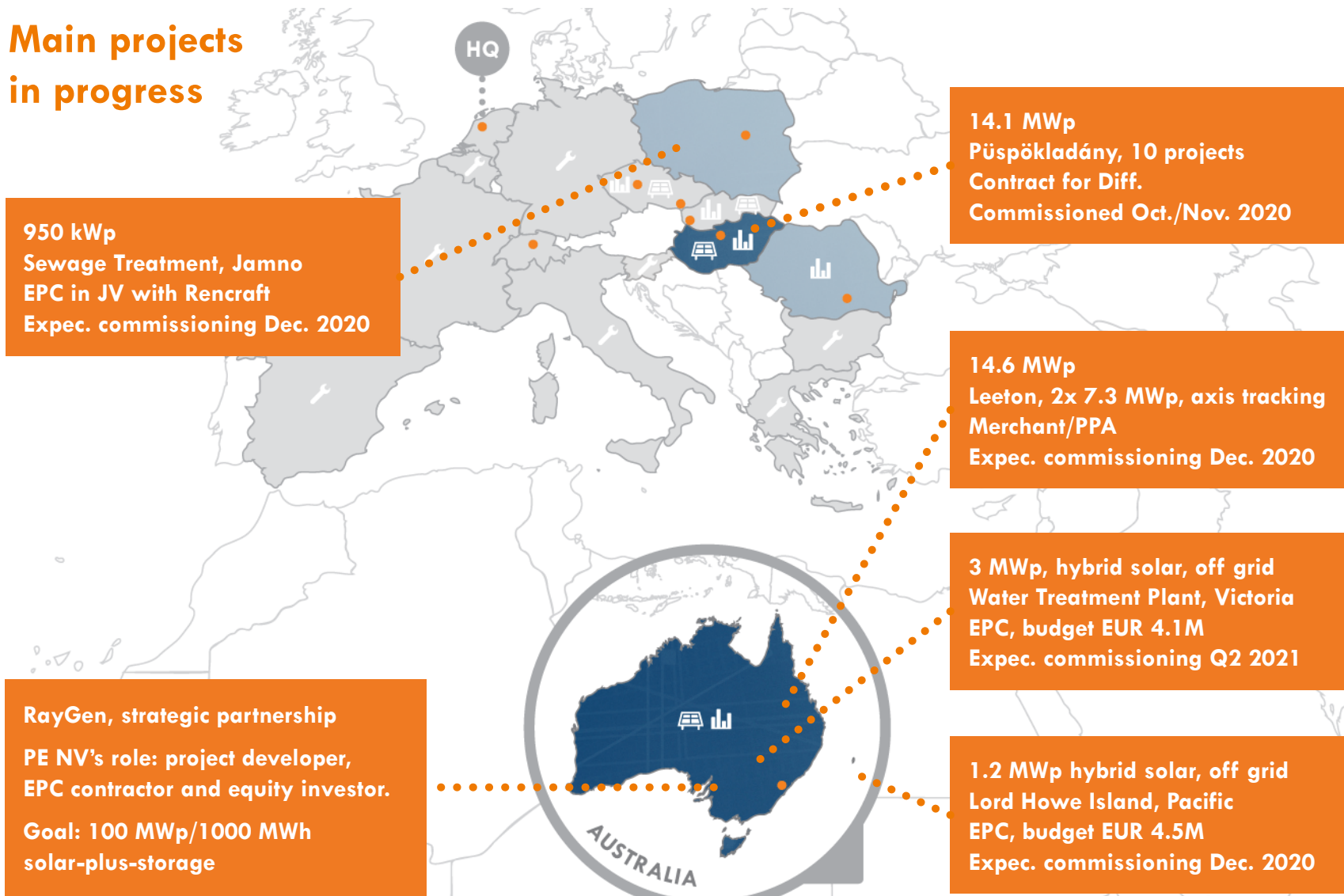
## Poland and Romania:

- First projects in **Poland (4.6 MWp)** and **Romania (87 MWp)** secured in feasibility stage.

Country	1.Feasibility	2.Early development	3.Advanced development	4.Ready-to-build technical	5.Under construction	Planned capacity (in MWp)
Australia	-	200.0	380.0	-	14.6	<b>594.6</b>
Hungary	7.5	31.5	-	-	-	<b>39.0</b>
Poland	4.6	-	-	-	-	<b>4.6</b>
Romania	87.0	-	-	-	-	<b>87.0</b>
<b>Total in MWp</b>	<b>99.1</b>	<b>231.5</b>	<b>380.0</b>	<b>-</b>	<b>14.6</b>	<b>725.2</b>

# BUSINESS DEVELOPMENT

## Main projects in progress





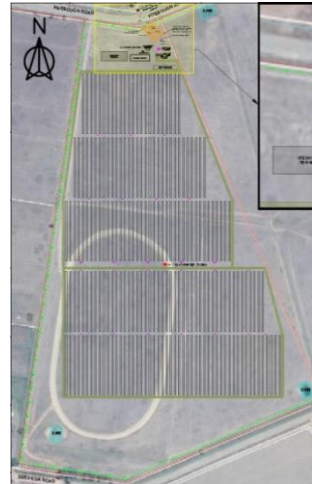
# PROJECTS UNDER CONSTRUCTION IN AUSTRALIA

## Leeton, 14.6 MWp for own portfolio

- Business model: market (spot market for electricity and Large Scale Green Certificates – LGCs)
- Current spot market price: 25–30 EUR/MWh (pre COVID 50–60 EUR/MWh)
- Current LGC price: 23 EUR/MWh
- Single axis tracking technology

### Status

- Project self-developed from scratch
- Construction started May 2020
- Project refinancing secured with Infradebt



Area size:	<b>approx. 37.2 ha</b>
Annual production:	<b>27.8 GWh</b>
Land:	<b>Owned</b>
Total investment:	<b>EUR 10.7 M</b>
Expected revenues:	<b>EUR 1.4 M</b>
Exp. grid connection:	<b>December 2020</b>



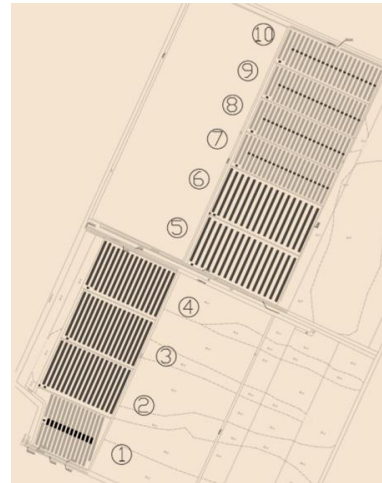
# PROJECTS RECENTLY CONSTRUCTED IN HUNGARY

## Püspökladány, 14.1 MWp for own portfolio

- Business model: guaranteed feed-in-tariff under METÁR-system
- Tariff HUF 33,360 (EUR 93) per MWh indexed, valid for 17.9/15.4 years
- Single axis tracking technology

### Status

- Project acquired before ready-to-build in May 2019
- All ten PV projects connected to the grid as of today



Area size:	<b>approx. 19.8 ha</b>
Annual production:	<b>20.0 GWh</b>
Total investment:	<b>EUR 11.3 M</b>
Expected revenues:	<b>EUR 1.9 M</b>
Grid connection:	<b>November 2020</b>

## Filing process for the listing of our shares on main market in progress

### SHARES NL0010391108

Warsaw (New Connect), Prague (Free Market)  
and Munich (Börse München)



— Total volumes for the month — Closing share price in PLN

### EUR BOND DE 000A19MFH4

Frankfurt (Open Market),  
Berlin, Hamburg, Hannover, Munich, Stuttgart



— Monthly turnover - right axis — closing price - left axis

Shares outstanding	<b>51,216,000</b>
Free float	<b>8,597,509</b>
Market cap 12.11.2020	<b>EUR 133,029 T</b>
Net debt 30.09.2020	<b>EUR 76,456 T</b>
Enterprise value 12.11.2020	<b>EUR 209,485 T</b>

Denomination	<b>EUR 1,000</b>
Redemption date	<b>27. 10. 2022</b>
Nominal value 30.09.2020	<b>EUR 43,500 T</b>
Coupon (quarterly payment)	<b>7.75% p.a.</b>
Trading volume until 31.10.2020	<b>EUR 47,505 T</b>



# THANK YOU FOR YOUR TIME



## Q & A Session



### **Georg Hotar**

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EXPERTS FOR  
THE SOLAR AGE.



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# CONTENTS

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& BUSINESS MODEL**

**Q3 & 9M 2020  
FINANCIALS**

**STRATEGY &  
OUTLOOK**

**ANNEX**



**SYDNEY, AUSTRALIA**

**99 kW<sub>p</sub>, 2015**

# PARTNERSHIP WITH RAYGEN RESOURCES



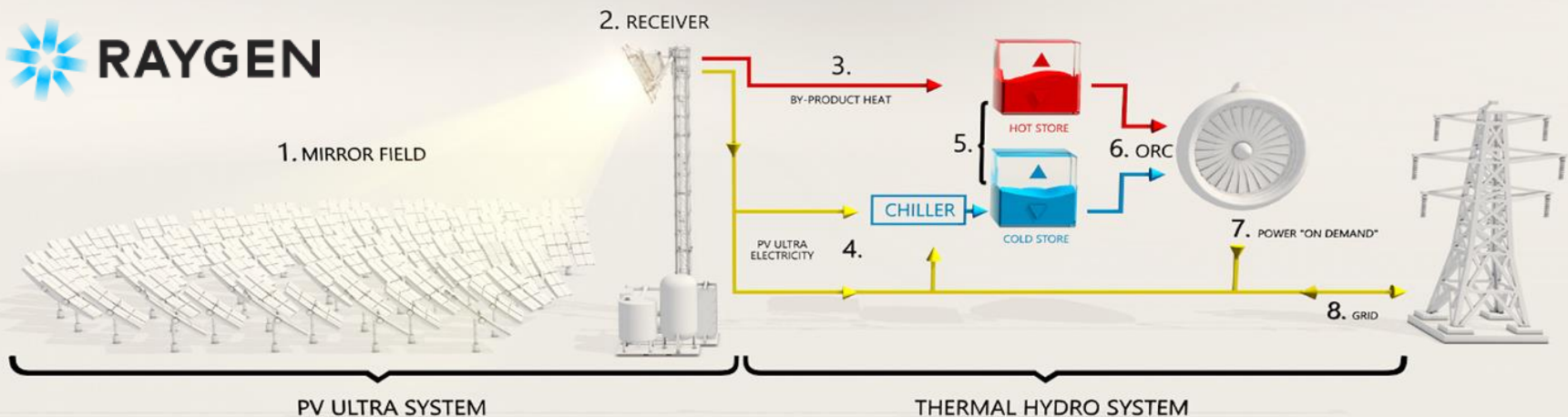
We have partnered with RayGen to develop projects using the Melbourne-based company's innovative solar-plus-storage technology.

## About the technology

- RayGen has combined its proprietary solar technology, **PV Ultra**, with its unique storage system, **Thermal Hydro**.
- The **PV Ultra** system generates both electricity and heat by focusing sunlight onto tower-mounted PV receivers.
- **Thermal Hydro** uses hot- and cold-water reservoirs to store the thermal and electrical energy generated by PV Ultra.
- The storage system can then be used to drive a heat-to-power engine, which provides reliable, on-demand power.

## About the partnership

- Photon Energy will act as a project developer and EPC contractor and an equity investor
- We're currently working on the development of a 100 MW<sub>p</sub>/1000 MWh solar-plus-storage project
- Photon Energy made a minority equity investment in the company





## Proprietary portfolio breakdown

### Czech Republic

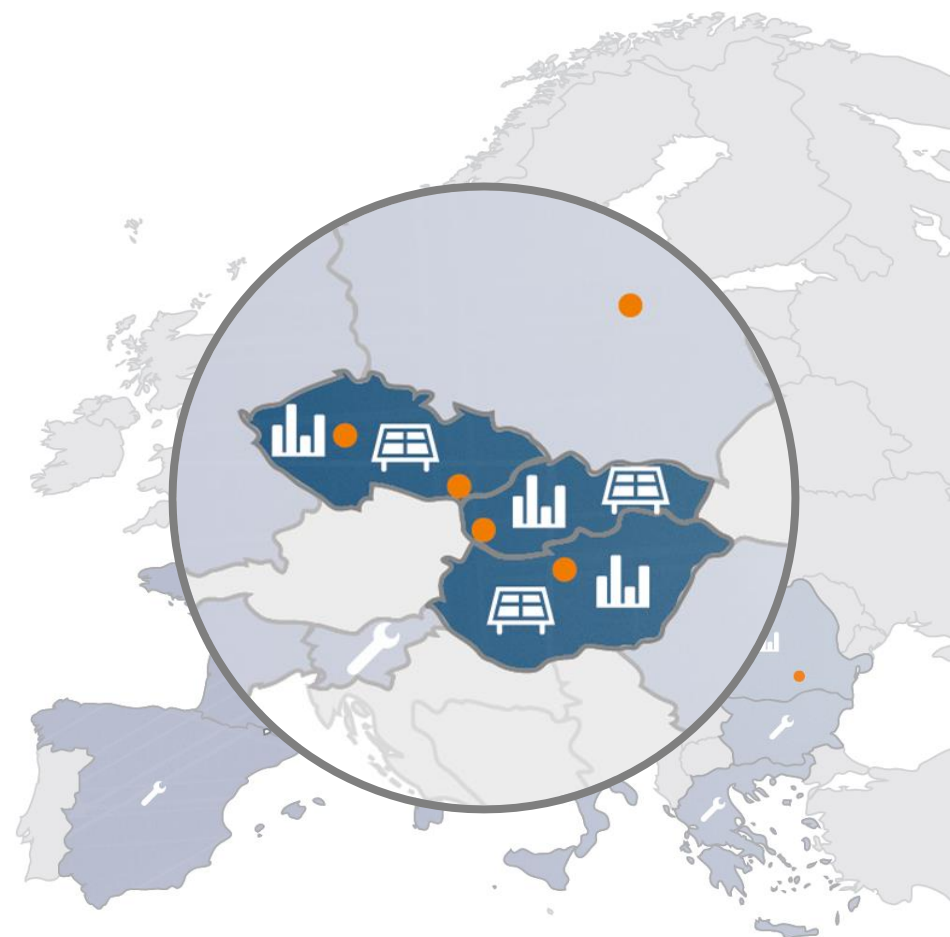
<b>Capacity Installed:</b>	15 MWp
<b>FiT Guaranteed Period:</b>	Until 2029/2030
<b>FiT 2020:</b>	570/610 EUR/MWh
<b>Electricity Generated in 2019:</b>	16,653 MWh
<b>Revenues 2019:</b>	EUR 9.4 M

### Slovak Republic

<b>Capacity Installed:</b>	10.4 MWp
<b>FiT Guaranteed Period:</b>	until 2025/2026
<b>FiT 2020:</b>	383/425 EUR/MWh
<b>Electricity Generated in 2019:</b>	10,944 MWh
<b>Revenues 2019:</b>	EUR 4.3 M

### Hungary

<b>Capacity Installed:</b>	49.1 MWp
<b>FiT Guaranteed Period:</b>	until 2036-2044
<b>FiT 2020:</b>	93 EUR/MWh
<b>Electricity Generated in 2019:</b>	16,019 MWh
<b>Revenues*:</b>	EUR 6.1 M



\* full year revenue based on expected production data according technical audit, 2020 FiT & HUF/EUR FX = 350