



# Q3 2023 Results Conference

**Georg Hotar, CEO and interim CFO**

**Michael Gartner, CTO**

**Photon Energy N.V.**

14 November 2023

Leeton, Australia (14.6 MWp)

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**Photon Energy Group at a Glance**  
**Business Highlights in Q3 2023**  
**Q3 2023 Financial Results**  
**Outlook 2023**  
**Q&As**

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



# Photon Energy Group at a Glance

Business Highlights in Q3 2023

Q3 2023 Financial Results

Outlook 2023

Q&As

Slavkov, Czech Republic (1.2 MWp)

# About Us

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

## Photon Energy Group



Founded in  
**2008**



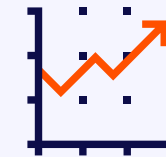
Headquartered in  
**Amsterdam**



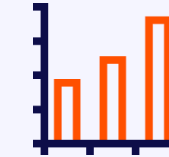
**370+**  
Employees



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



**150+ MWp**  
constructed



**+20.1 MWp**  
under  
construction



**123.4 MWp**  
proprietary portfolio



**121.6 GWh**  
produced in 2022



**548+ MWp**  
O&M portfolio



**134 MW / 389 MW**  
capacity market  
in 2023 and 2024

LERTA:  
New Energy  
Division

## 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

# Our Global Presence

## Focus on Europe and Australia

### Project development

- ▶ Project pipeline with a combined capacity of **1.2+ GWp**
- ▶ Focus on Hungary, Poland, Romania and Australia

### Electricity generation assets of 123.4 MWp

- ▶ 11 proprietary power plants in the Czechia (15.0 MWp), 11 in Slovakia (10.5 MWp), 63 in Hungary (51.8 MWp), 6 in Romania (31.5 MWp) and 3 in Australia (14.6 MWp)






### O&M (548+ MWp)

- ▶ Full Operations and Maintenance services in Czechia, Slovakia, Romania, Hungary and Australia (500+ MWp)
- ▶ Specialised technical services for PV inverters (47.6 MWp)

### New Energy Division

- ▶ Energy trading licenses in 6 countries (Poland, Hungary, Czechia, Romania, Slovakia and Serbia)
- ▶ 290 MW of VPP assets aggregated in Europe, 134 MW of capacity contracted for 2023, 389 MW for 2024 and 157 MW for 2027 in Poland.



-  Power Plants Owned by Photon Energy Group
-  O&M Services for Power Plants
-  Inverter Maintenance Services
-  Energy Trading License
-  Photon Energy Group Offices





Photon Energy Group at a Glance

# Business Highlights in Q3 2023

Q3 2023 Financial Results

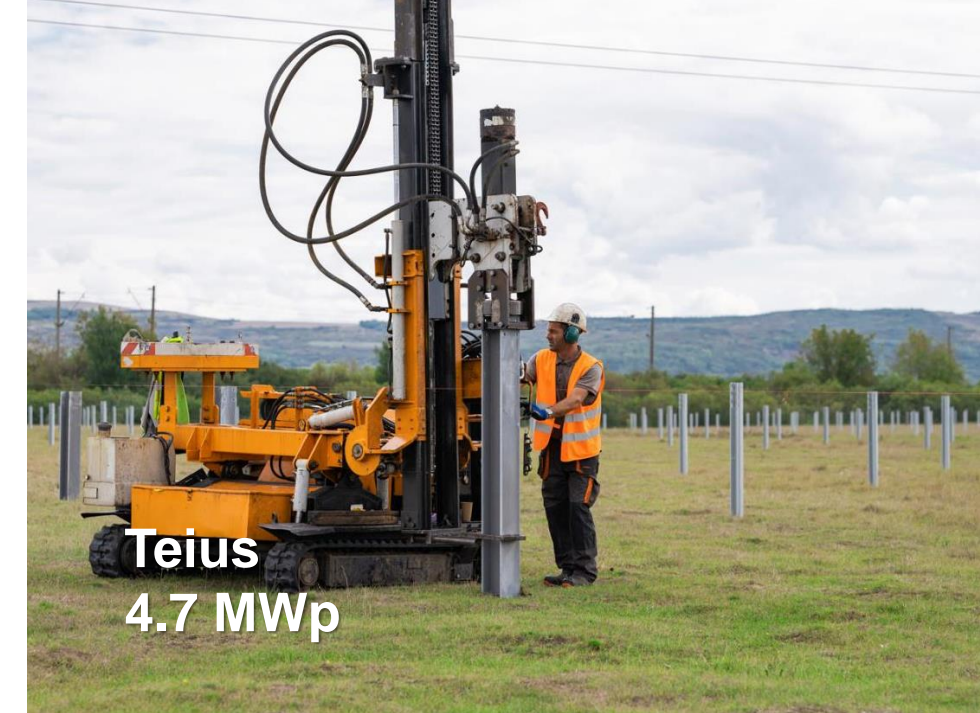
Outlook 2023

Q&As

Aiud, Romania (4.7 MWp)

## Business Highlights Q3 2023

- ▶ **Generation output of 49.3 GWh in Q3 and 114.8 GW YTD, up by 33.2% and 11.4% YoY respectively, thanks to 31.5 MWp of new capacities in Romania; the second batch of 20.1 MWp in Romania, currently under construction, shall boost further generation expansion in 2024.**
- ▶ **IPP portfolio amounts to 123.4 MWp. Construction works on Romanian power plants with a total capacity of 20.1 MWp near completion, which will result in IPP portfolio of 143.5 MWp, the highest expected growth in the Group's history: +51.6 MWp during twelve months.**
- ▶ **Advanced discussions with EBRD related to the financing facility of up to EUR 15 million of senior loan to finance new solar power plants in Romania. The procurement process for projects RTB in Romania (+17.7 MWp) has started.**
- ▶ **EPC contracts in Australia** for commercial & industrial clients generated over EUR 5 million revenues YTD; EPC orderbook is looking healthy for 2024 including significant upside potential through significant ongoing contract negotiations.
- ▶ **Positive development on project pipeline:** i) **approved building permit for the 54 MWp in Romania** translates into material value creation for the pipeline, ii) **advanced negotiations on divestment of projects in Poland** and iii) **first grid connection for a small hybrid project: 900 kWp of PV with 230 kWh of storage in Poland**, iv) **successful commissioning of the World's highest efficiency PV power plant in Carwarp, Australia** paved the way to accelerate our project development works using RayGen technology.



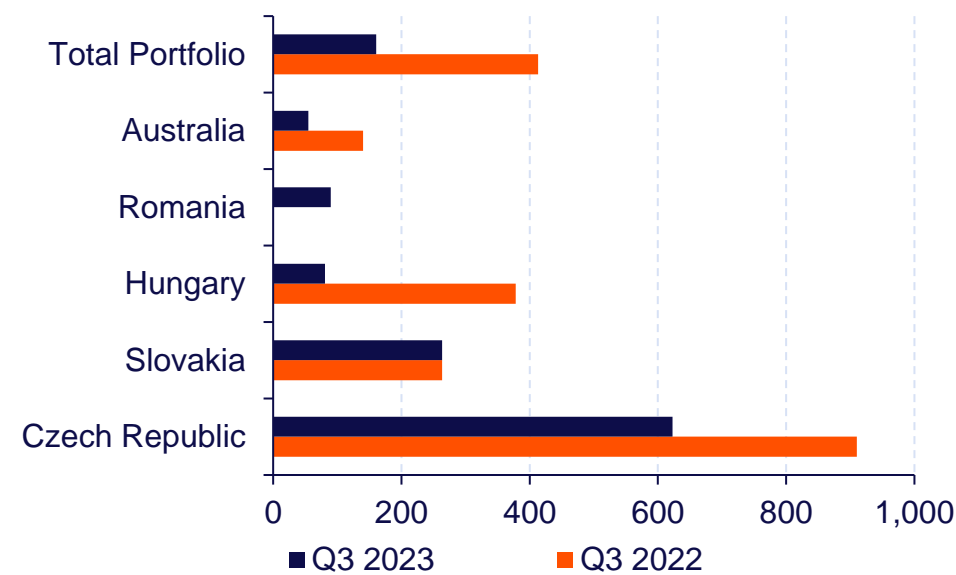


# Generation Results

## Solid Generation Results in Q3 2023 but Prices Remain Under Pressure

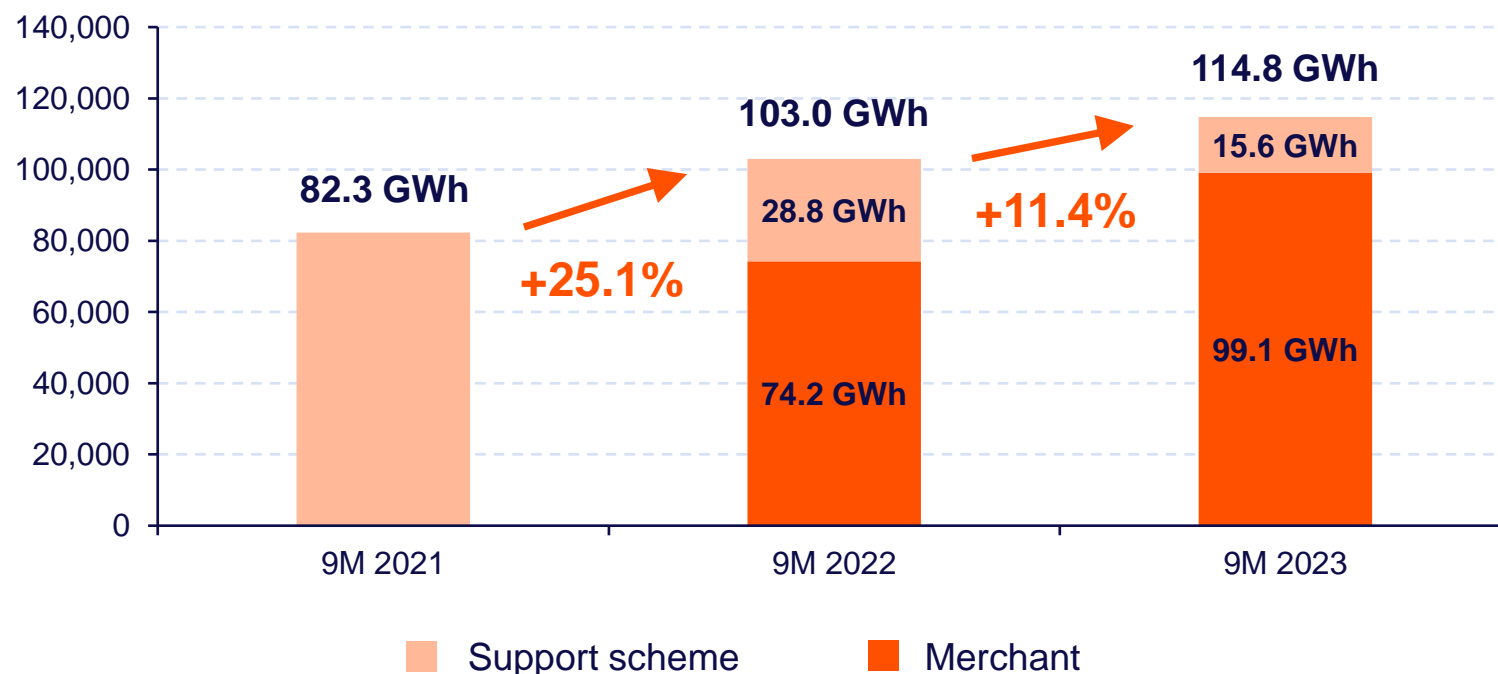
- ▶ Strong Q3 2023 generation results of 49.3 GWh (+33.2% YoY) and 114.8 GWh YTD (+11.4 YoY) on the back of 31.5 MWp capacity expansion;
- ▶ Revenues remained under pressure with average of **EUR 161 / MWh in Q3 2023** compared to **EUR 413 / MWh in Q3 2022**, down by -61.0% YoY.
- ▶ **YTD realized revenues of EUR 168 / MWh** still materially above LCOE.

### Realized average revenue in Q3 2023 and YTD (EUR/MWh)



Country	Revenue model	YTD EUR/MWh
CZ	Green Bonus + Merchant	EUR 640
HU	89% Merchant, 11% FIT	EUR 91
AU	99% Merchant, 1% FIT	EUR 67
RO	Merchant	EUR 96
SK	FIT	EUR 263
<b>TOTAL PORTFOLIO</b>		<b>EUR 168</b>

### Electricity generation of the total portfolio



- ▶ The highest prices were realized in the Czech Republic thanks to the green bonus scheme. Possibility to return to **FiT of EUR 650/MWh in 2024**.
- ▶ Average realized prices in **Romania** relatively high thanks to the pricing scheme mechanism – 90 day trailing average (**no impact of mid-day negative prices**)
- ▶ Lowest realized prices in Australia and Hungary. **In Hungary it is possible to return to FiT of 107 EUR/MWh in 2023 plus inflation (CPI-1%)**.

# Generation Assets & Pipeline

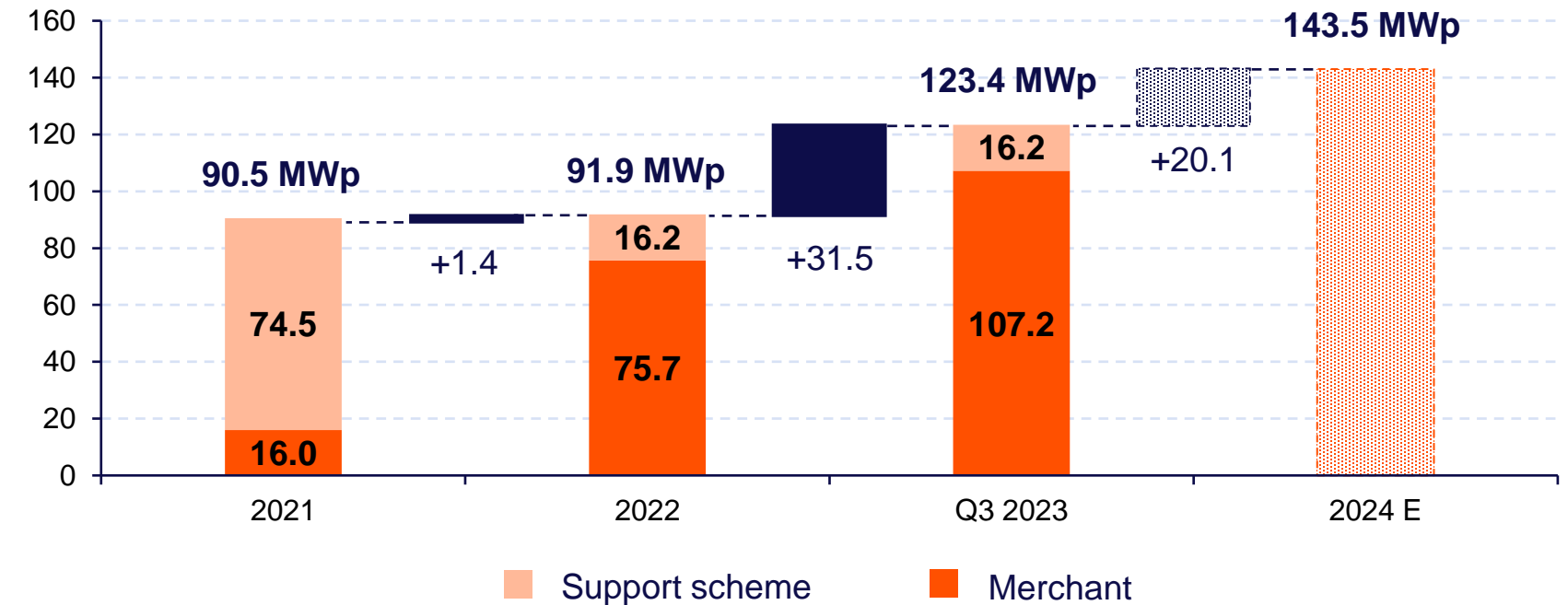
## Expansion of Generation Capacity and Storage

- ▶ **Construction of 20.1 MWp** new PV assets in Romania (second batch) is near completion; **grid connection and energizing works are in progress**. Due to the prolonged approval process with DSO we assume that power plants will start **generating revenues towards the end of Q1 2024**, except for 3.2 MWp in **Sarulesti**, which **might be delayed till Q2 2024** due to power reinforcement works.
- ▶ **Procurement of technology started for projects RtB in Romania (17.7 MWp)**; construction delayed to Q2 2024 due to DSO commissioning schedule.

## Pipeline summary (in MWp DC)

Country	1. Feasibility	2. Early development	3. Advanced development	4. Ready-to-build technical	5. Under construction	Total in MWp
Romania	11.8	90.3	76.7	17.7	20.1	216.6
Poland	272.8	35.2	3.9	-	-	311.9
Hungary	37.6	-	2.7	4.1	-	44.4
Australia	455.0	200.0	9.8	-	-	664.8
<b>Total in MWp</b>	<b>777.2</b>	<b>325.5</b>	<b>93.1</b>	<b>21.8</b>	<b>20.1</b>	<b>1,237.7</b>

## Proprietary portfolio, cumulated (MWp)



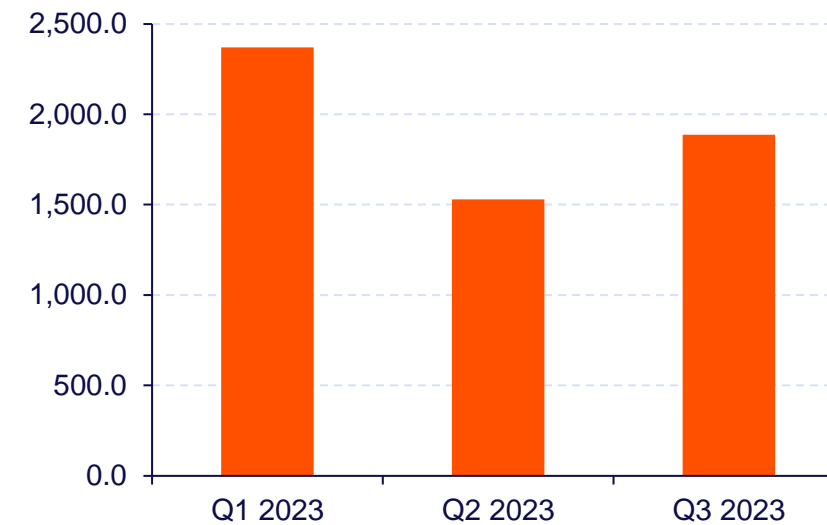
- ▶ **Building permit received for 54 MWp project** in Romania, the largest utility scale solar project of the Group in Europe. Significant value creation for our project portfolio.
- ▶ Pivot in project development in Poland; the **landbank for PV projects (phase 1)** where we have secured land for **218 MW of connection and 642 MWh of standalone battery storage** projects, which will be submitted for capacity application.
- ▶ In PL we intend to **divest one plot of land for a sale price of EUR 120,000, with CPs being resolved in November and revenue recognition by Q1 2024** with on-going discussions regarding other development works. **Other negotiations on project divestment are on-going.**

# New Energy Division

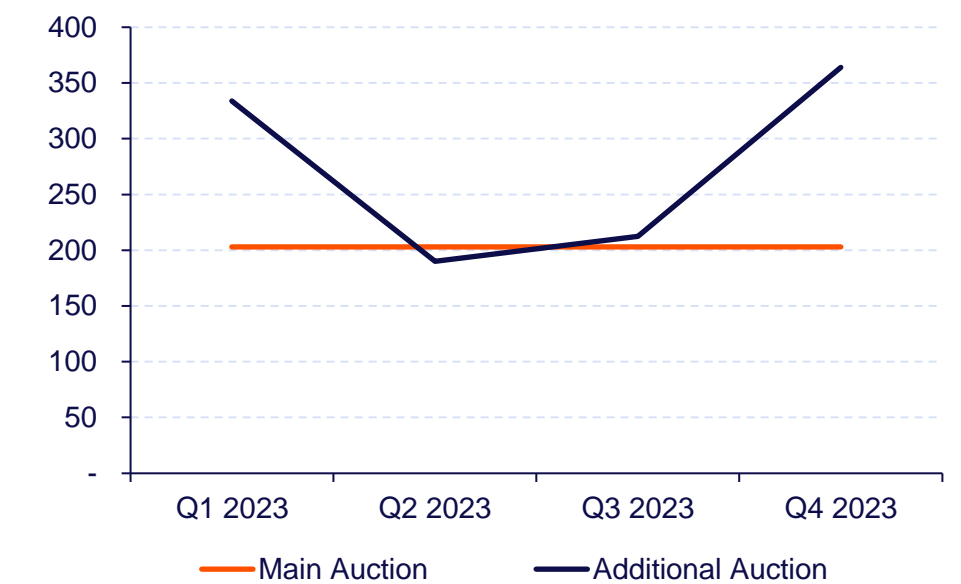
## New Streams of Recurring Revenues

- ▶ Contracted DSR revenues of 7.7 MEUR in 2023 and 25.0 MEUR in 2024.
- ▶ Maximization of margins shall be achieved through a combination of Main and Additional Auctions
- ▶ Next Additional Auction takes place in March 2024 for DSR capacity in 2025.

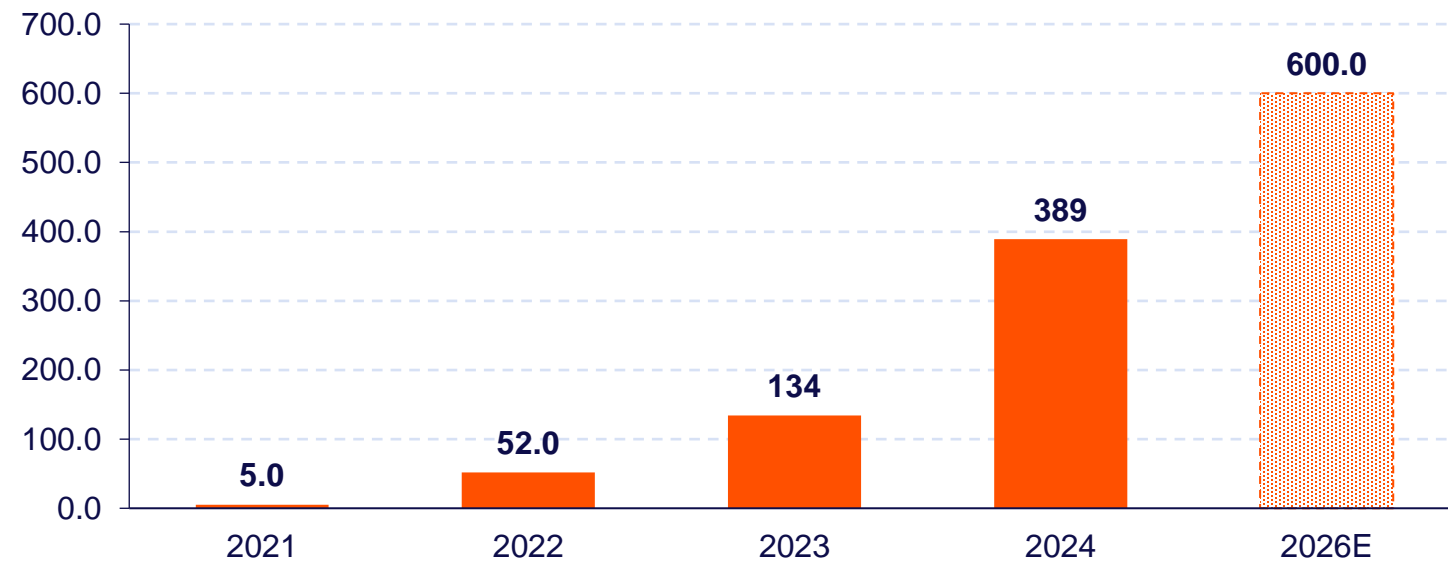
DSR revenues in 2023, in thousand euro



Prices contracted in MA and AA for 2023, PLN/MWh



DSR capacities contracted until 2024 and expected until 2027

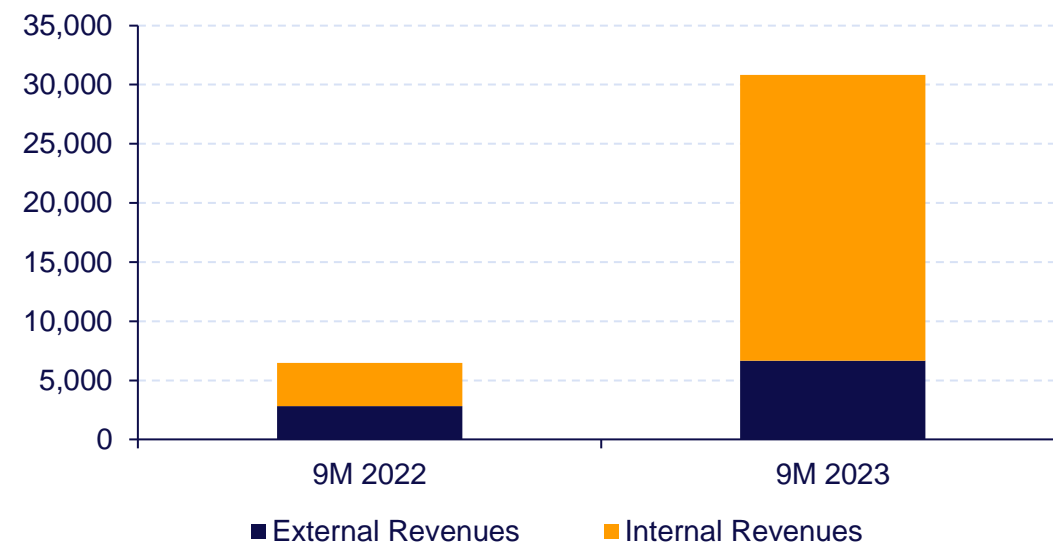


- ▶ DSR revenues amounted to EUR 1.9 million in Q3 2023; **Revenues in Q4 2023 shall be closer to the level recorded in Q1 2023.**
- ▶ The prices contracted for Q3 2023 amounted to 203 PLN/MW per year in the Main Auction (MA) and an average of 212.4 PLN/MW per year in the Additional Auctions (AA).
- ▶ Highest revenues in Q1 and Q4 and lowest in Q2 and Q3; **seasonality of revenues negatively correlates with the seasonality in solar energy generation, where the revenue profile is exactly the opposite.**

# Other Business Segments

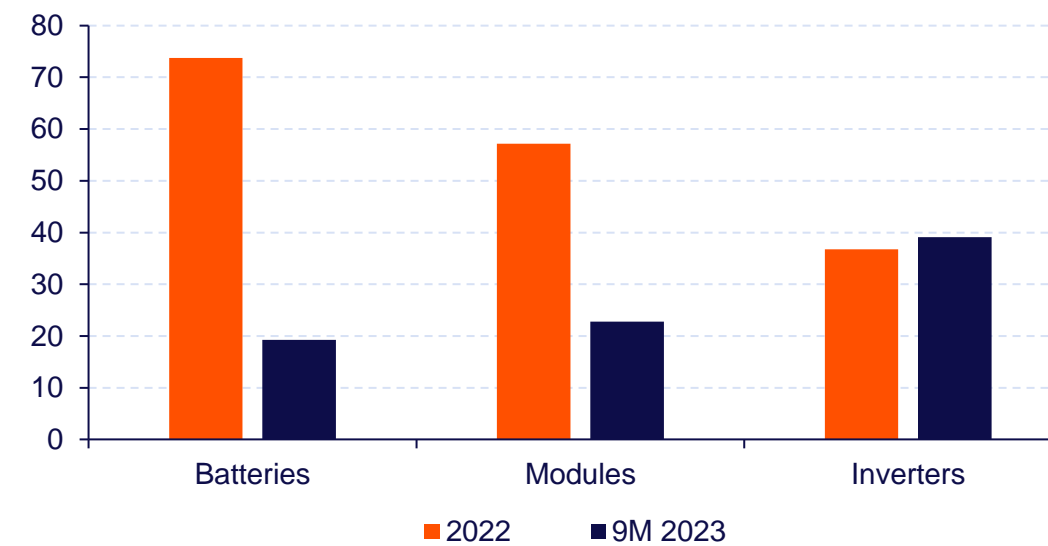
## Additional Revenue Streams from Other Business Segments

External EPC contracts, in thousand euro



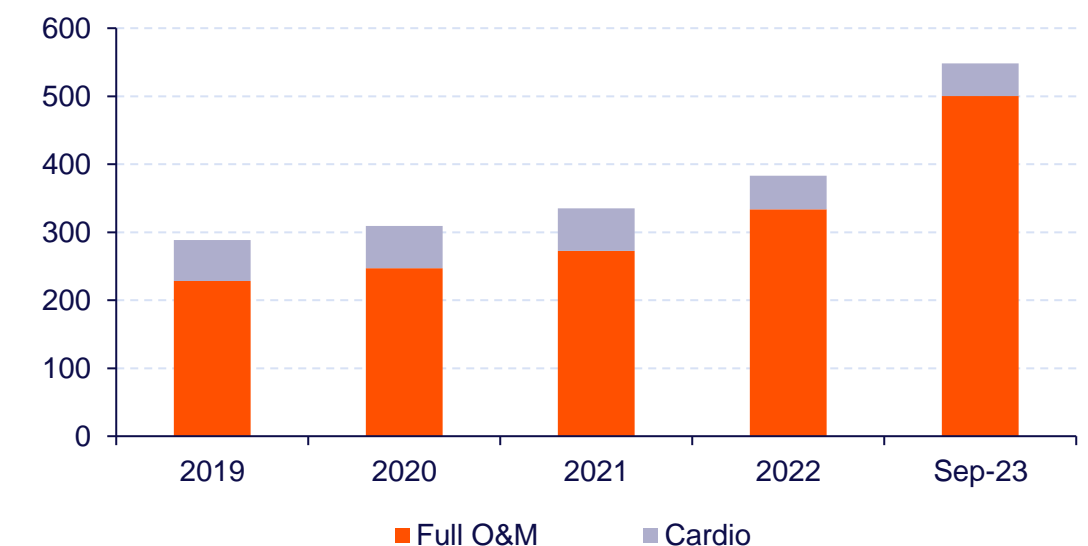
- ▶ Internal revenues of EUR 12.1M in Q1 2023 and EUR 11.7M in Q3, related to own PV power plants constructed in Romania.
- ▶ External revenues primarily driven by EPC contracts for C&I clients in Australia with over EUR 5M booked in 9M 2023.
- ▶ Australian EPC orderbook for 2024 looks healthy, significant ongoing contract negotiations.

Technology trading volumes, in MW / MWh



- ▶ Significant slowdown in the PV sector combined with excess supply and fierce competition in the component distribution business.
- ▶ The biggest contraction recorded in sales of batteries, due to weaker demand in the Czech Republic.

Operations & Maintenance contracts, in MW



- ▶ O&M contracts reached 548 MWp, up by 43.0% YTD.
- ▶ Several additional contracts to be concluded by the end of the year, potentially bringing growth to the high double digit.
- ▶ Revenues and margins negatively impacted with declining electricity prices in 2023.



Photon Energy Group at a Glance  
Business Highlights in Q3 2023

# Q3 2023 Financial Results

Outlook 2023

Q&As

Siria, Romania (5.7 MWp)

# Financial Results

## Income Statement

In thousand EUR	Q3 2023	Q3 2022	YoY change	9M 2023	9M 2022	YoY change
<b>Total revenues</b>	<b>19,225</b>	<b>35,419</b>	<b>-45.7%</b>	<b>59,456</b>	<b>67,785</b>	<b>-10.27%</b>
<i>of which from electricity generation</i>	7,320	15,506	-52.8%	18,663	31,419	-40.60%
<i>other revenues</i>	11,905	19,913	-40.2%	40,792	36,366	12.17%
<b>EBITDA</b>	<b>1,917</b>	<b>12,710</b>	<b>-84.9%</b>	<b>4,750</b>	<b>22,853</b>	<b>-79.2%</b>
EBIT	-1,046	9,735	NA	-2,515	14,904	NA
Net profit/Net loss	-2,150	6,013	NA	-9,595	6,552	NA
<b>Total Comprehensive Income (TCI)</b>	<b>335</b>	<b>4,023</b>	<b>NA</b>	<b>-549</b>	<b>6,358</b>	<b>NA</b>

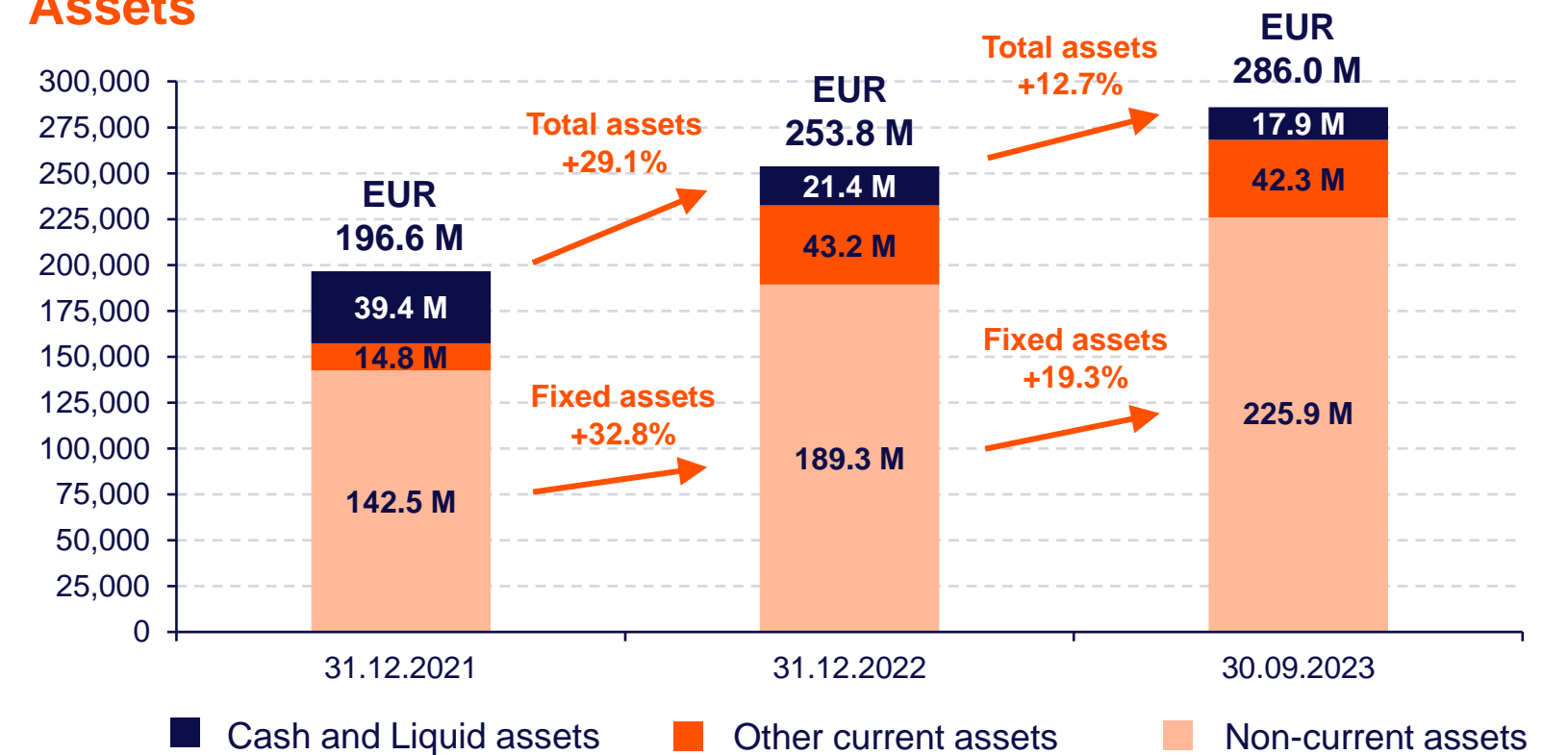
- ▶ Generation revenues decreased to EUR 18.663 million (-40.6% YoY) but **other revenues increased** to EUR 40.792 million (+12.2% YoY) thanks to **new revenue streams from capacity market, O&T and growing revenues from EPC contracts** in Australia.
- ▶ **EBITDA** decreased to EUR 4.750 million (-79.2% YoY), due to **weaker generation revenues** (lower prices partially offset by higher generation volumes) and **higher personnel costs** (headcount doubled YoY). **Cost-cutting measures and layoffs were implemented with the goal of achieving necessary cost reductions.**
- ▶ Net loss amounted to EUR 9.595 million; increased interest costs due to higher bank financing on PV projects and increased EUR Green Bond.
- ▶ Total comprehensive income amounts to EUR -0.549 million, negatively impacted by the net loss but compensated by **revaluation of newly connected power plants in Romania (EUR 7.634 million)**, revaluation of other assets (**EUR 0.9 million**) and positive FX translations (**EUR 2.0 million**).

# Balance Sheet

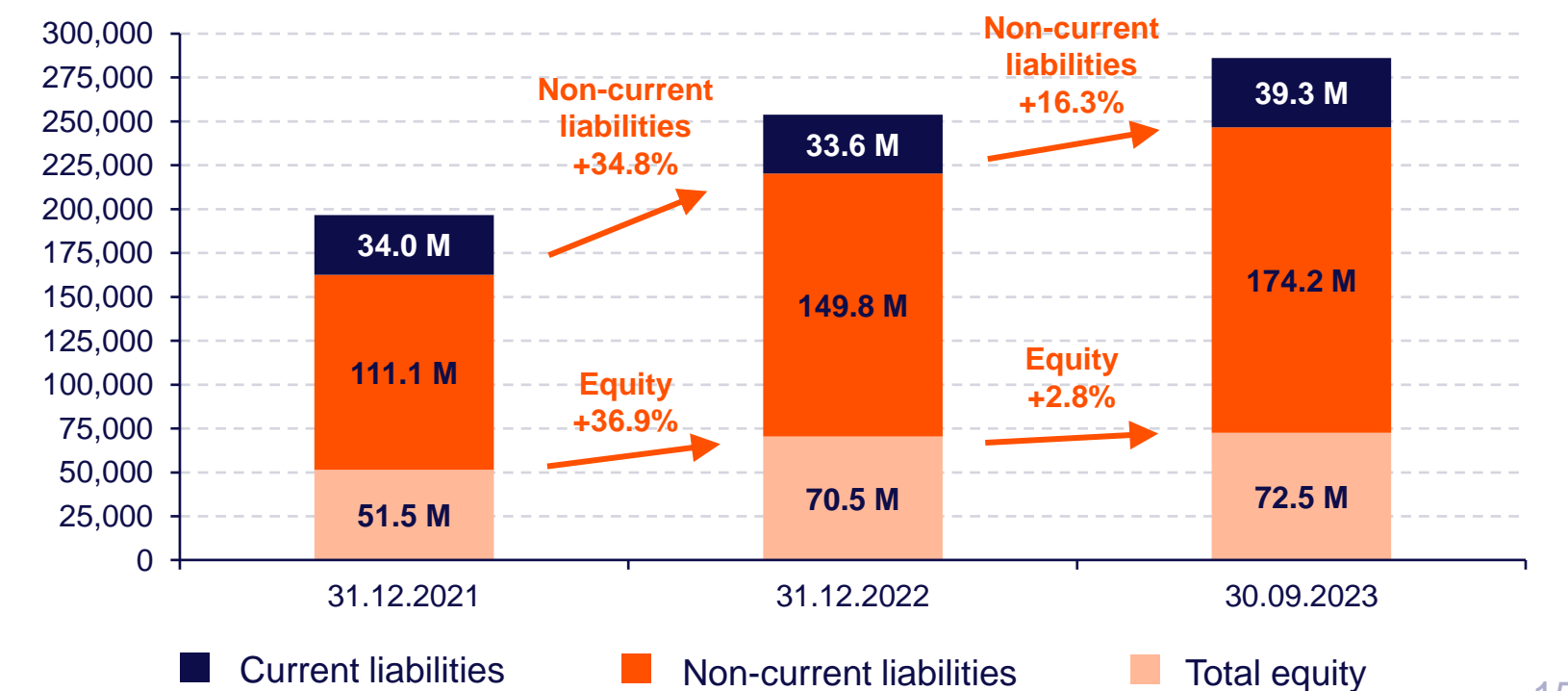
## Balance Sheet

- ▶ **Fixed assets:** the total PPE balance has increased by EUR 30.448 million as a result of the activation of new assets in Romania, partially compensated by the depreciation; **additional increase related to work-in-progress.**
- ▶ **Equity** increased reflecting the negative results for the period in the amount of EUR 9.546 million and positive changes on the **other comprehensive income related to newly connected power plants in Romania** (EUR 7.634 million) and a **positive currency reserve** of EUR 2.0 million.
- ▶ **Long-term liabilities** increased due to **project refinancing agreement for EUR 21.9 million related to Romanian power plans** and an increased placement of our EUR Green Bond amounting of EUR 2.5 million (**in Q3 2023 bond buy back in the amount of EUR 0.510 million of nominal value** was executed).
- ▶ **Current liabilities** increased by EUR 5.785 million compared to the end of 2022, mainly due to **higher short-term loans** (up by EUR 9.063 million).

## Assets



## Total liabilities and equity

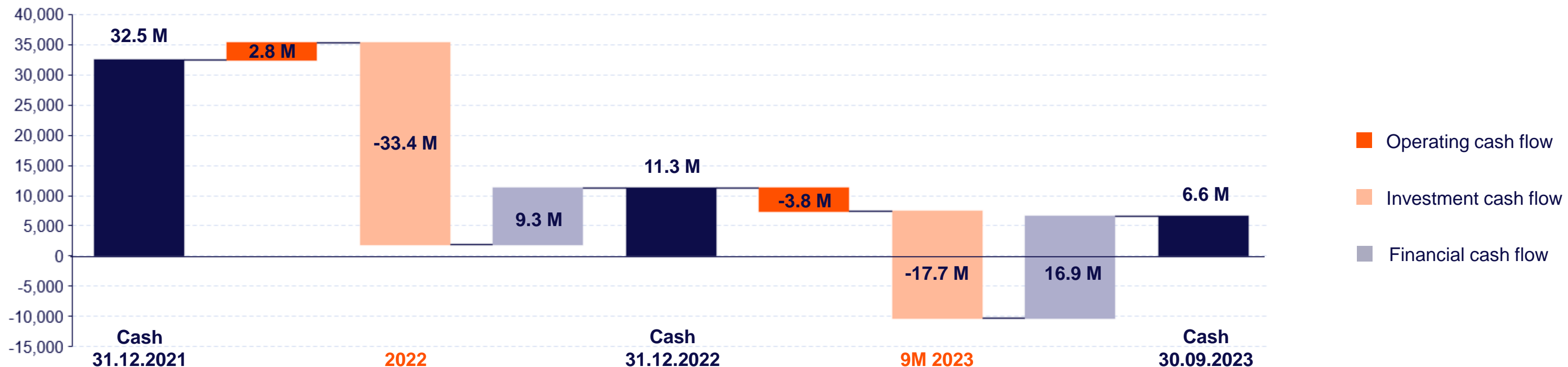


# Cash Flow

## Cash Flow Development

In thousand EUR	9M 2023	9M 2022
Operating cash flow	-3,833	3,590
Investment cash flow	-17,737	-16,660
Financial cash flow	16,857	-5,483
<b>Net change in cash</b>	<b>-4,713</b>	<b>-18,553</b>

- ▶ **Positive operating cash flow in Q3 2023** in the amount of EUR 5.467 million thanks to positive working capital developments and a decrease in inventories.
- ▶ **Increased investment cash flow** related to work in progress for our proprietary portfolio in Romania.
- ▶ **Positive financial cash flow** related to project refinancing agreement for EUR 21.9 million related to Romanian power plans and a tap of our EUR Green Bond amounting of EUR 2.5 million.







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Q&As

Sydney, Australia (100 kWp)

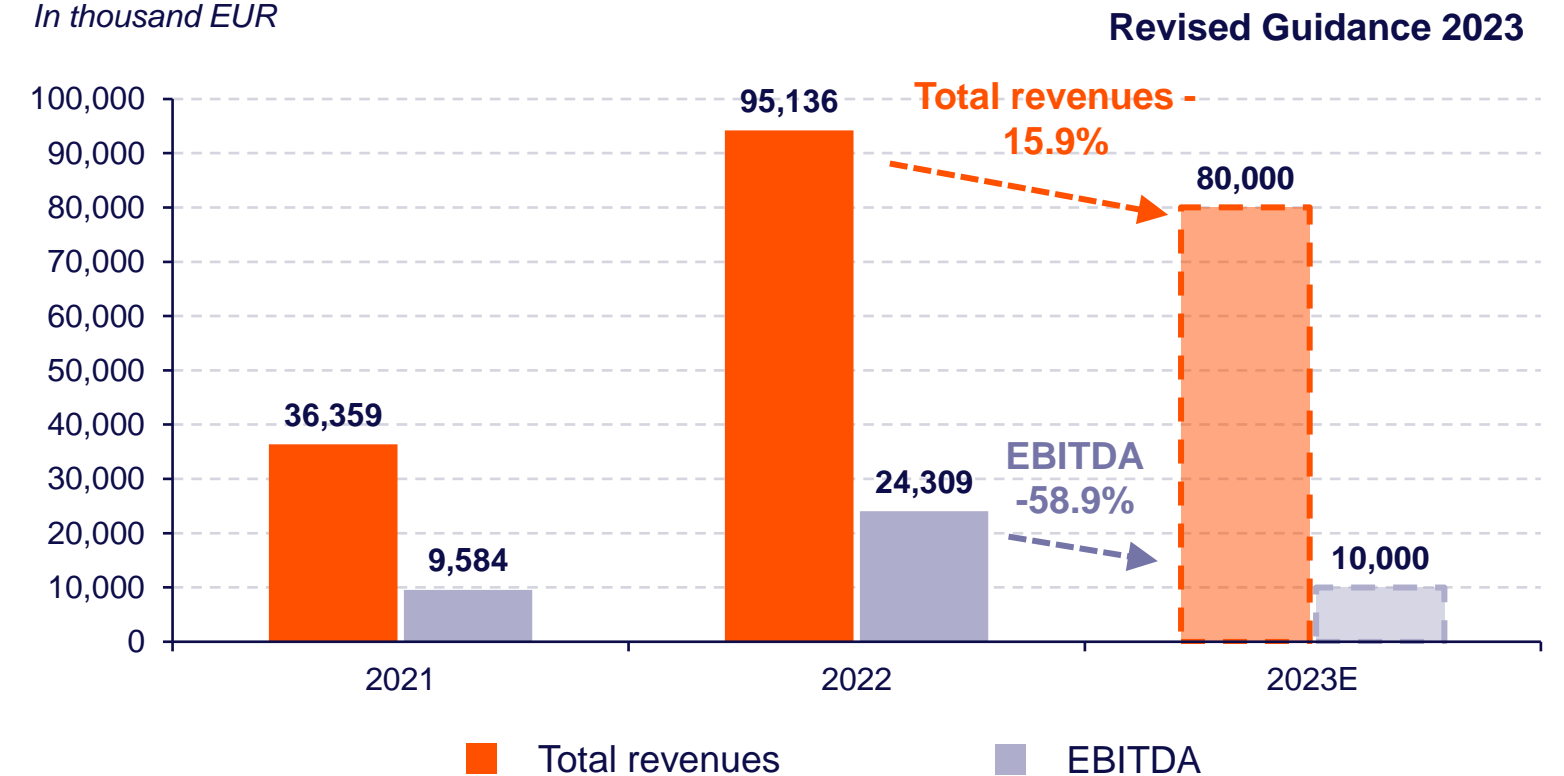
# Photon Energy: Outlook 2023

## 2023 FY Guidance

The following risks which could potentially threaten the realization of the full year guidance announced on 17 August 2023:

- ▶ The revenue guidance of EUR 110 million might not be met due to declining volumes of the PV component trading, which continued in Q3 2023 and afterwards. The management currently expects the **consolidated revenues to come within a range of EUR 75-80 million**.
- ▶ **EBITDA guidance of EUR 10 million** will be delivered **on condition** that the ongoing **sales negotiations** for the Group's portfolio of Polish PV projects **will be concluded in Q4 2023**.

In thousand EUR



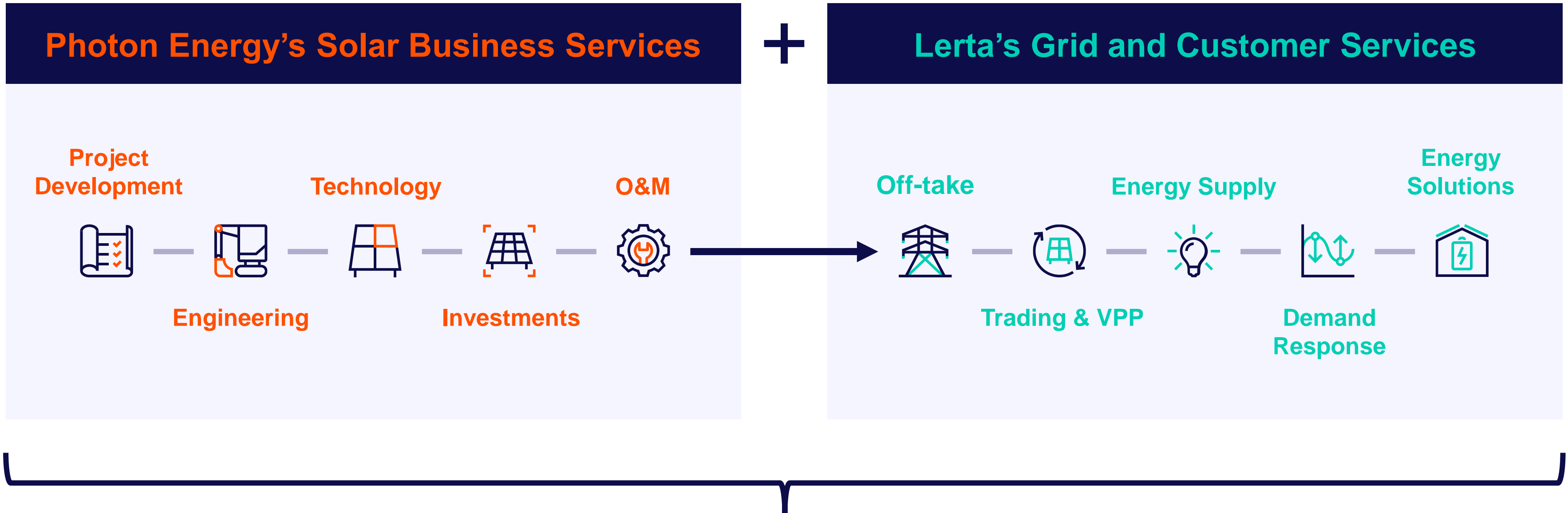


**Q&A**



**Thank you for joining us today!**

# 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**.



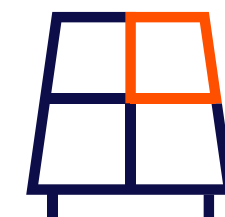
## Engineering (EPC)

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**.

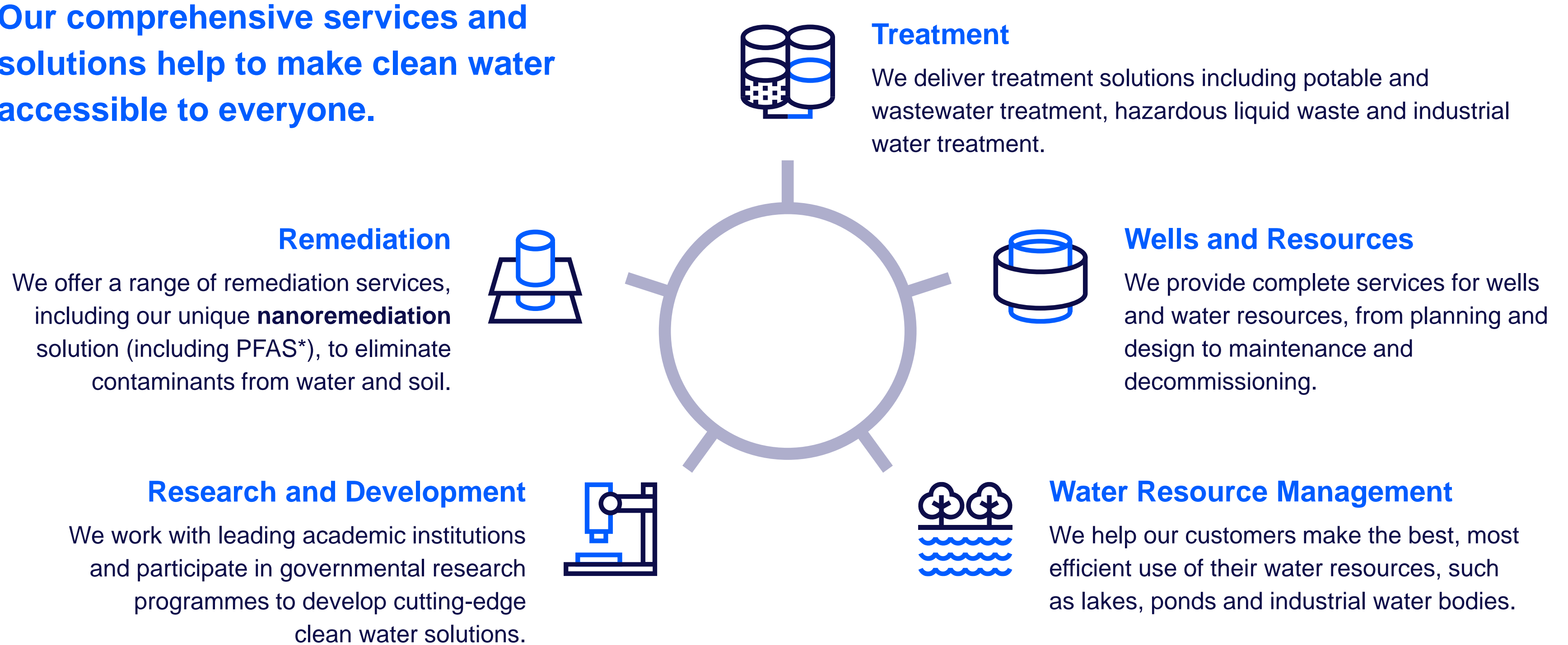


## Technology

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

# Business Model: Water Services

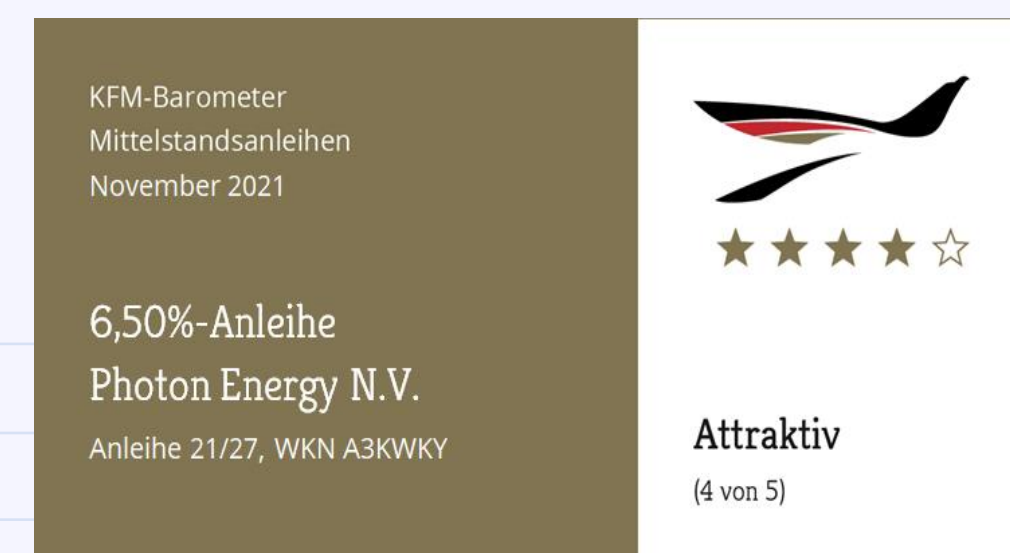
Our comprehensive services and solutions help to make clean water accessible to everyone.



\* Per- and polyfluoroalkyl substances.

# GREEN EUR Bond 2021/27

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



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