

Photon Energy Group Achieves Record Electricity Generation in Challenging Third Quarter of 2023

- ▶ In the first nine months of 2023, the Company's unaudited consolidated revenues amounted to EUR 59.456 million, down by 12.3% YoY. This decrease was mainly due to lower realised electricity prices and a slow-down in PV components trading but was partially offset by strong EPC volumes and new revenue streams from DSR and the electricity trading business.
- ▶ Unaudited consolidated EBITDA dropped to EUR 4.750 million compared to EUR 22.853 million a year earlier, down by 79.2% YoY.

Amsterdam – 14 November 2023 – Photon Energy N.V. (WSE&PSE: PEN, FSX: A1T9KW) (the 'Group' or the 'Company') has announced its unaudited financial results for the nine months ended on September 30, 2023, as well as recent operational developments.

'The third quarter has confirmed that 2023 is a very challenging year in many of our key business areas. Low energy prices, delays in plant commissioning and a drastic slowdown in the demand for PV components have aggregated to a stark contrast in our financial results compared to 2022. While we will have added over 50 MWp of new generation capacity over the twelve months until 2024Q1 and electricity generation results are poised to recover next year, the lessons are clear. The 389 MW of DSR services contracted for EUR 25 million in 2024 are only the first step in a wider pivot from energy generation to grid support services in an energy world where the "timing of energy" is becoming more important than pure volume. As we pivot towards developing and investing into energy storage assets, we are planning to crystalize the value created in our PV project pipeline. We are fully focused on controlling our costs while increasing our services to external customers across EPC, O&M, ancillary services and electricity offtake and supply with the clear goal to reduce the dependency on the financial performance of our PV power plant portfolio. The current turmoil in the PV industry and energy industry in general provide new opportunities which we are planning to seize. The milestone achieved by our key investment RayGen as well as our PFAS remediation technology, which we expect to lead to first commercial projects next year, leave us convinced that after a "year to forget" (but to learn from), 2024 will become a "year to remember",' said **Georg Hotar, CEO of Photon Energy Group**.

Q3 2023 Highlights

- ▶ **The Company's IPP (independent power producer) portfolio generated a record 49.3 GWh in Q3 2023 and 114.8 GWh YTD of clean electricity, up by 33.2% and 11.4% YoY, respectively.**
- ▶ **IPP portfolio expanded by 31.5 MWp in Romania.** In Q3 2023 the Company completed and grid-connected PV power plants with a total installed capacity of 10.1 MWp, bringing the total portfolio to 123.4 MWp, up by 34.0% YTD.
- ▶ **Construction works on new power plants in Romania with a total capacity of 20.1 MWp brought to the commissioning stage,** which will result in the highest expected expansion of the IPP portfolio ever in the Group's history, up by 51.6 MWp over twelve months.
- ▶ **Advanced discussions in progress with EBRD related to a financing facility of up to EUR 15 million** for a senior loan to finance 20-30 MWp in Romania, with approval scheduled for 13 December 2023.

- ▶ **Building permit secured for a 54 MWp PV power plant** located in Gorj county, Romania - the largest utility-scale solar project in the Company's history of development in Central and Eastern Europe.
- ▶ **The World's highest efficiency PV solar project successfully commissioned in Carwarp, Australia.** Based on technology developed by RayGen, in which the Group holds an equity stake of 7.6%, the project includes 4 MWp of solar generation and 50 MWh of thermal storage.

Financial Metrics as of and for the Nine Months Ended on 30 September 2023

For the nine months ended on 30 September 2023, the Company reported consolidated revenues of EUR 59.456 million (-12.3% YoY) compared to EUR 67.785 million a year earlier.

Revenues from electricity generation amounted to EUR 18.663 million, down by 40.6% YoY, mainly due to lower realised electricity prices and unfavourable weather conditions.

The decline of electricity generation revenues was compensated for by an increase in revenues from other segments, which totaled EUR 40.792 million, up by 12.2% YoY. This growth was mainly attributable to a very strong EPC business related to PV projects for the Group's IPP portfolio and EPC contracts for commercial and industrial clients in Australia, as well as new revenue streams from the capacity market (DSR) as well as origination and trading services.

Unaudited consolidated EBITDA for the first nine months dropped to EUR 4.750 million compared to EUR 22.853 million a year earlier, down by 79.2% YoY. EBIT declined from EUR 14.904 million in the first nine months of 2022 to EUR -2.515 million in the same period of 2023.

The Group's operating profitability, apart from contraction of margins in energy generation, was also negatively impacted by a growing headcount (nearly doubled YoY) and resulting higher personnel costs. In Q3 2023, the management board implemented a reduction of the Group's staff, with the goal of achieving necessary cost reductions while maintaining the ability to deliver on future business objectives.

At the bottom line, for the nine months of this year, the Group recorded a net loss of EUR 9.595 million compared to a net profit of EUR 6.552 million a year before. Apart from declining revenues and a deterioration of profitability, this was the result of higher interest costs related to an increased volume of project debt and an increased issued volume of the Company's Green Bond 2021/2027.

Outlook

Following the publication of Q3 2023 results, management sees 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 PV component trading, which continued in Q3 2023 and afterwards. The management currently expects 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.

Q3 2023 Results Presentation

The Company will host a live webcast on **Tuesday 14 November 2023 at 11:00 am CET** to present its third-quarter results followed by a Q&A session. Attendees are invited to submit questions during the session through the chat feature or in advance via email to ir@photonenergy.com.

Webcast: <https://tailorsgroup.clickmeeting.com/photon-energy-q3-2023-results-presentation>

View the Company's financial report for the third quarter of 2023 [here](#).

About Photon Energy Group – photonenergy.com

Photon Energy Group delivers solar energy and clean water solutions around the world. Its solar power services are provided by Photon Energy; since its foundation in 2008, Photon Energy has built and commissioned solar power plants with a combined capacity of over 150 MWp and has power plants with a combined capacity of 123.4 MWp in its proprietary portfolio. It is currently developing projects with a combined capacity of 1.2 GWp in Australia, Hungary, Poland and Romania and provides operations and maintenance services for 550 MWp worldwide. Through its fully owned subsidiary Lerta, the Group has electricity trading licenses in Poland, the Czech Republic, Slovakia, Hungary, Romania and Serbia. Lerta is the third largest provider of DSR services to the Polish TSO with a contracted capacity of 389 MW for 2024, and through its Virtual Power Plant (VPP) aggregates energy generators and consumers with a total capacity of nearly 300 MW. The Group's other major business line, Photon Water, provides clean water solutions including treatment and remediation services, as well as the development and management of wells and other water resources. Photon Energy N.V., the holding company for Photon Energy Group, is listed on the Warsaw, Prague and Frankfurt Stock Exchanges, as well as XETRA, Germany's leading online trading platform. Photon Energy Group is headquartered in Amsterdam, with offices in Australia and across Europe.

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