

Photon Energy Group Acquires Majority Stake in Lerta, Plans Full Takeover before Year-end 2022

- ▶ Photon Energy Group increases its stake in Lerta from 24.27% to 56.75% and intends to acquire full control before year-end 2022.
- ▶ The integration of Lerta into Photon Energy Group provides the Group with energy trading licenses in six countries, a cutting-edge scalable Virtual Power Plant (VPP) platform and the number 3 position in the Polish DSR (Demand Side Response) market with 150 MWp capacity for 2023.
- ▶ Lerta's founder and CEO Borys Tomala will be in charge of the Group's New Energy Division covering energy trading, DSR services, on-site generation installations and integrated energy services for business energy users.
- ▶ Photon Energy Group's employee count will grow to over 300, nearly one third of which will be based in Poland, across offices in Warsaw, Poznań, Łódź and Gdańsk.

Amsterdam – 25 November 2022 – Photon Energy N.V. (WSE&PSE: PEN, FSX: A1T9KW) ('Photon Energy Group' or the 'Company') today announced that it has acquired additional equity stake in Lerta S.A. ('Lerta') from PGE Ventures, Newberg and the ASI Valuetech Seed Fund (in which the Company is the largest investor) for a total consideration of approximately EUR 6.9 million. This transaction increases the Group's interest in Lerta from 24.27% to a majority 56.75% equity stake. Photon Energy Group intends to acquire the remaining equity from the two founding shareholders before year-end 2022.

'After more than three years of ever closer cooperation between our companies I can confidently state that this transaction is the result of a perfect match of vision, entrepreneurial spirit and long-term thinking. Borys and Krzysztof have created and built an amazing company and we are excited to join our forces and destiny with the Lerta team. We have jointly assembled the talent and tools as well as formulated the strategies that legacy energy utilities dream of when they simulate starting their business again from scratch. Under one roof we will combine the ability to simultaneously turn a land plot or roof into high performance renewable generation assets, to support energy users in adopting to new market realities and optimizing their energy costs while helping network operators to balance their grids and to avoid blackouts. From this point onward the only limiting factor will be our ability to organize and execute on our strategy and customer commitments,' said **Georg Hotar, CEO of Photon Energy Group**.

'It is with great excitement that we are joining Photon Energy Group after 7 years of development of our Virtual Power Plant business. Despite our recent dynamic growth I am convinced that we've only just begun to realize our full potential and the ultimate goal - to become the world's biggest next-generation utility. Today, a new chapter of our history begins and we're going to continue writing it together with Photon Energy. I would like to express my sincere gratitude to everyone who supported us up to date – financial investors who trusted us at a very early stage, advisors, clients and of course our talented and dedicated team. I am looking forward to joining forces with one of the most experienced management teams in the solar industry and scaling our uniquely positioned combined company across the globe,' said **Borys Tomala, Founder and CEO of Lerta**.

Lerta Profile

Lerta is a Poland-based VPP company which aggregates and manages distributed energy resources. It was founded by Borys Tomala and Krzysztof Drożyński in 2016 and initially operated as a software provider for traditional utilities. Over the years, the Poznań -headquartered company evolved into an independent, asset-free energy company focused on the optimisation of renewable energy sources and energy flexibility. Its proprietary AI software platform, Lerta Energy Intelligence, allows Lerta to forecast and optimise the output of renewable power plants and the load of industrial clients based on current prices and grid needs. This results in demand and supply flexibility which is offered to grid operators under different programs and

services. In addition, Lerta provides a variety of energy-related services to consumers, such as behind-the-meter PV installations, energy management systems and PPAs. Lerta maintains energy trading licenses in Poland, Hungary, Romania, the Czech Republic, Slovakia and Serbia.

Lerta manages a total capacity of almost 300 MWp, aggregated from more than 300 units across four countries. Of this, 150 MWp represents contracted DSR capacity in Poland, making Lerta the third largest aggregator in the country. Lerta's VPP portfolio recorded a sixfold growth since the beginning of 2022 and continues to onboard new clients almost every day. In September 2022, Lerta significantly contributed to keeping the Polish grid balanced during the Capacity Market Notice issued by the Transmission System Operator. Industrial clients aggregated by Lerta delivered 130 MWh of additional energy to the grid by curbing their consumption during the two-hour long system stress event. In October 2022 Lerta launched its energy supply business in Hungary and Poland, and intends to provide customers with clean electricity directly from local sources, including Photon Energy Group's power plants.

In the first three quarters of 2022, Lerta generated consolidated revenues of EUR 19 million and expects full-year 2022 revenues of EUR 23 million.

Transaction Rationale

Photon Energy Group's core business covers the entire lifecycle of PV power plants, from project development and engineering, to procurement and construction as well as PV plant ownership as a market-oriented IPP (Independent Power Producer, all the way to the long-term operation and maintenance of proprietary and third party-owned power plants.

The Group's strategic focus on selling the electricity generated by its 91.9 MWp proprietary portfolio at market prices, in combination with the growing market price volatility, regulatory dynamics and explosive growth in the demand for on-site generation solutions by commercial and industrial energy users, has crystallised the need for an expansion of the Group's business model. The deepening commercial cooperation between the Group and Lerta over the past two years, a shared vision regarding future trends in global energy markets and an ever more compelling strategic logic have led to Photon Energy Group's decision to proceed with the transaction, aiming at the full integration of Lerta by year-end 2022.

Strategy Impact

The integration of Lerta into Photon Energy Group represents the fusion of physical and digital energy to create a customer-centric renewable energy utility that will be uniquely positioned to effectively address the pain points of energy generators, energy users and transmission system operators. Energy generators will be able to benefit from an integrated approach to asset operation and management as well as cost-efficient market access, including balancing services. Energy users will be able to manage and optimise their costs from a combination of on-site generation and off-site supply. This will include the benefit of energy storage and the monetisation of their demand flexibility. Transmission systems operators will be provided with flexible supply, DSR and ancillary services to the power grid.

The impact on Photon Energy Group's strategic and operational priorities following the Transaction will include:

- ▶ Capacity building and product development for the efficient delivery of a 'one-stop shop' offering that combines assets, services and IT solutions to establish Photon Energy Group as the preferred partner for commercial and industrial customers in the CEE region and Australia on their journey from passive energy users to proactive energy flexumers.
- ▶ A significant acceleration in the deployment of utility-scale and on-site energy storage capacities both as an EPC supplier as well as an investor, leveraging the Group's experience in Australia such as the Lord Howe Island hybrid energy system and the planned utility-scale hybrid plant in Boggabri, New South Wales.

- ▶ Close monitoring of the emergence of markets for grid flexibility and other ancillary services worldwide and evaluation of opportunities as they emerge, which may lead to relatively low-risk and low-cost market entries into new locations currently not served by the Company.

Organisational Impact

After the integration of Lerta, both of Lerta's founders will assume senior management positions within Photon Energy Group. Borys Tomala will be appointed as head of the New Energy Division, which will combine Lerta and Photon Energy Solutions, the Group's on-site energy generation business line. This new division will be responsible for VPP operations, energy trading and comprehensive solutions for energy consumers.

The acquisition of Lerta will expand the Group's team by some 100 members, raising the headcount to over 300, nearly one third of which will be based in Poland. Lerta adds two new locations to the Group's footprint in Poland, with offices now in Warsaw, Poznań, Łódź and Gdańsk.

Background

Photon Energy Group became an indirect investor in Lerta through the ASI Valuetech Seed Fund's investment in April 2018, as the Group is the largest investor in the fund. The Group invested directly in Lerta for the first time in December 2020, leading the financing round with EUR 0.9 million for a 12% equity stake. The Group also led Lerta's last financing round in December 2021, raising its stake to 24% in return for EUR 1.9 million.

SSW Pragmatic Solutions provided legal, tax and financial due diligence services and acted as the sole legal advisor on the transaction to Photon Energy Group.

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 120 MWp and has power plants with a combined capacity of 91.9 MWp in its proprietary portfolio. It is currently developing projects with a combined capacity of over 900 MWp in Australia, Hungary, Poland and Romania and provides operations and maintenance services for over 380 MWp worldwide. The group's second 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. The company is headquartered in Amsterdam, with offices across Europe and in Australia.

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