

ESPI report

Company: Photon Energy N.V.

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Market types: Warsaw Stock Exchange and Prague Stock Exchange regulated markets

Title: Photon Energy Group acquires majority stake in Lerta and plans full takeover before year-end 2022

Detailed data:

The management board of Photon Energy N.V. announces that the Company today increased its equity participation in Lerta S.A. ('Lerta') from 24.27% to a majority 56.75% equity stake. The corresponding additional equity was acquired from PGE Ventures, Newberg and the ASI Valuetech Seed Fund for a total consideration of approximately EUR 6.9 million. Photon Energy Group intends to acquire the remaining equity from the two founding shareholders before year-end 2022.

Founded by Borys Tomala and Krzysztof Drożyński in 2016, Lerta is a Poland-based VPP company which aggregates and manages distributed energy resources. The company is an independent, asset-free energy company focused on the optimization of renewable energy sources and energy flexibility. The proprietary AI software platform called Lerta Energy Intelligence allows Lerta to forecast and optimize 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 almost 300 MW of capacity aggregated from more than 300 units across four countries, out of which 150 MW represents contracted DSR capacity in Poland, making the company the third largest aggregator in the country. Lerta's VPP portfolio recorded a sixfold growth since the beginning of 2022 and continues onboarding new clients almost every day. In September 2022 the company 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.

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 optimize their costs from a combination of on-site generation and off-site supply including the benefit of energy storage and the monetization 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 combining 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.
- An acceleration in the deployment of utility-scale and on-site energy storage capacities both as an EPC 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 geographies currently not served by the Company.

After the integration of Lerta both founders will assume senior management positions within the Group, with Borys Tomala being appointed as the head of the New Energy Division which will be created by the combination of Lerta and Photon Energy Solutions, the Group’s on-site generation business. The 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 Group headcount to over 300, of which nearly one third is based in Poland. Lerta adds two new locations to the Group’s footprint in Poland, now with offices in Warsaw, Poznań, Łódź and Gdańsk.

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

Legal basis: Art. 17 ust. 1 MAR – informacje poufne.

Attachments: none

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