

# PHOTON ENERGY N.V. CONSOLIDATED AND ENTITY FINANCIAL REPORTS

2017Q4

for the period from 1 October to 31 December 2017

5 February 2018 | Amsterdam | The Netherlands

# CONSOLIDATED AND ENTITY FINANCIAL REPORTS

## 1. Selected financial results

### 1.1. Selected financial results for Photon Energy Group, for the period of 1 October to 31 December 2017

in Thousands	EUR		PLN		CZK	
	2016Q4	2017 Q4	2016 Q4	2017 Q4	2016 Q4	2017 Q4
<b>Total revenues</b>	<b>1,981</b>	<b>4,319</b>	<b>8,672</b>	<b>18,280</b>	<b>53,539</b>	<b>112,665</b>
Gross profit	1,401	1,896	6,134	8,022	37,867	49,444
<b>EBITDA</b>	<b>328</b>	<b>594</b>	<b>1,438</b>	<b>2,515</b>	<b>8,875</b>	<b>15,503</b>
<b>EBIT</b>	<b>-482</b>	<b>-350</b>	<b>-2,111</b>	<b>-1,479</b>	<b>-13,030</b>	<b>-9,119</b>
Profit / loss before taxation	-1,088	-917	-4,761	-3,880	-29,393	-23,911
Profit / loss from continuing operations	-1,791	-1,426	-7,842	-6,036	-48,415	-37,202
<b>Total comprehensive income</b>	<b>-1,677</b>	<b>-727</b>	<b>-7,343</b>	<b>-3,078</b>	<b>-45,334</b>	<b>-18,969</b>
Non-current assets	75,570	74,420	333,315	310,874	2,041,889	1,933,056
Current assets	11,556	15,366	50,969	64,190	312,239	399,145
Cash and cash equivalents	5,420	7,285	23,904	30,431	146,437	189,222
Total assets	87,125	89,786	384,285	375,064	2,354,128	2,332,201
<b>Total equity</b>	<b>24,180</b>	<b>26,105</b>	<b>106,650</b>	<b>109,047</b>	<b>653,339</b>	<b>678,071</b>
Current liabilities	7,910	12,457	34,888	52,037	213,723	323,575
Non-current liabilities	55,035	51,225	242,745	213,981	1,487,056	1,330,562
Operating cash flow	1,233	-24	5,397	-101	33,318	-625
Investment cash flow	-25	0	-109	0	-676	0
Financial cash flow	-939	2,001	-4,109	8,468	-25,370	52,188
<b>Net change in cash</b>	<b>269</b>	<b>1,977</b>	<b>1,178</b>	<b>8,366</b>	<b>7,273</b>	<b>51,563</b>
<i>EUR exchange rate - low</i>			4.271	4.177	27.020	25.965
<i>EUR exchange rate - average</i>			4.378	4.232	27.028	26.084
<i>EUR exchange rate - end of period</i>			4.411	4.177	27.020	25.975
<i>EUR exchange rate - high</i>			4.500	4.313	27.095	26.160

Note: Exchange rates provided by the European Central Bank

## 1.2. Selected financial results for Photon Energy Group, for the period of 1 January to 31 December 2017

in Thousands	EUR		PLN		CZK	
	2016Q1-Q4	2017 Q1-Q4	2016Q1-Q4	2017 Q1-Q3	2016Q1-Q4	2017 Q1-Q4
<b>Total revenues</b>	<b>13,089</b>	<b>17,258</b>	<b>57,098</b>	<b>73,474</b>	<b>353,851</b>	<b>458,264</b>
Gross profit	10,723	12,293	46,778	52,336	289,895	326,426
<b>EBITDA</b>	<b>6,551</b>	<b>7,927</b>	<b>28,577</b>	<b>33,749</b>	<b>177,100</b>	<b>210,494</b>
<b>EBIT</b>	<b>1,286</b>	<b>2,367</b>	<b>5,611</b>	<b>10,077</b>	<b>34,773</b>	<b>62,850</b>
Profit / loss before taxation	-1,996	422	-8,707	1,798	-53,962	11,217
Profit / loss from continuing operations	-2,660	-731	-11,606	-3,112	-71,925	-19,408
<b>Total comprehensive income</b>	<b>-2,007</b>	<b>1,925</b>	<b>-8,757</b>	<b>8,196</b>	<b>-54,271</b>	<b>51,117</b>
Non-current assets	75,570	74,420	333,315	310,874	2,041,889	1,933,056
Current assets	11,556	15,366	50,969	64,190	312,239	399,145
Cash and cash equivalents	5,420	7,285	23,904	30,431	146,437	189,222
Total assets	87,125	89,786	384,285	375,064	2,354,128	2,332,201
<b>Total equity</b>	<b>24,180</b>	<b>26,105</b>	<b>106,650</b>	<b>109,047</b>	<b>653,339</b>	<b>678,071</b>
Current liabilities	7,910	12,457	34,888	52,037	213,723	323,575
Non-current liabilities	55,035	51,225	242,745	213,981	1,487,056	1,330,562
Operating cash flow	2,036	2,513	8,880	10,699	55,034	66,730
Investment cash flow	-463	0	-2,020	0	-12,517	0
Financial cash flow	-1,286	-2,989	-5,609	-12,725	-34,759	-79,368
<b>Net change in cash</b>	<b>287</b>	<b>-476</b>	<b>1,252</b>	<b>-2,026</b>	<b>7,757</b>	<b>-12,638</b>
EUR exchange rate - low			4.234	4.171	27.020	25.965
EUR exchange rate - average			4.362	4.257	27.035	26.553
EUR exchange rate - end of period			4.411	4.177	27.020	25.975
EUR exchange rate - high			4.500	4.413	27.150	27.060

### Financial highlights:

- Unaudited consolidated revenues increased by 118.0% YOY from EUR 1.981 million to EUR 4.319 million in 2017Q4, mainly due to higher revenues from electricity production and higher revenues from the energy solutions and O&M segment, as well as from the sale of technology. For the full year 2017, revenues increased by 31.9% to EUR 17.258 million.
- In 2017 consolidated EBITDA rose by 21.0% to EUR 7.927 million. In 2017Q4 only consolidated EBITDA increased to EUR 0.594 million (+81.0% YOY).
- For the full year 2017 consolidated EBIT grew by 84% to EUR 2.367 million. The consolidated EBIT loss contracted to EUR 0.350 million, representing an improvement by EUR 0.132 million YOY in 2017Q4.
- For the full year the Company swung from a loss before taxation of EUR 1.996 million into a profit before taxation of EUR 0.422 million. In 2017Q4, the Company recorded a loss before taxation of EUR 0.917 million, lower than the EUR 1.088 million loss for the same period last year.
- The Company recorded a loss after taxation of EUR 1.426 million in 2017Q4, compared to a loss of EUR 1.791 million for the same period last year and posted a EUR 0.731 million full year loss after taxation, compared to a loss of EUR 2.660 million in 2016.
- Total comprehensive income swung from a loss of 2.007 million in 2016 to a profit of EUR 1.925 million in 2017. In 2017Q4 total comprehensive income could be reduced to a negative EUR 0.727 million compared to a loss of EUR 1.677 million one year ago.
- Total equity increased to EUR 26.105 million at the end of 2017 from EUR 24.180 million at year-end 2016.
- The equity ratio<sup>1</sup> increased from 31% at year-end 2016 to 35% at the end of 2017.

<sup>1</sup>Equity ratio is defined as total equity divided by total capital, being the sum of interest-bearing debt and equity.

### Other highlights:

- In 2017Q4, the proprietary portfolio of PV plants generated approximately 3.1 GWh of electricity, which was 18.9% above the energy forecasts and up by 11.4% compared to 2016Q4 (up by 4.6% YOY YTD);
- Photon Energy acquired and started the construction of its first PV project in Hungary.
- Photon Energy issued a 5-year 7.75% EUR bond for the refinancing of its corporate EUR bond 2013/2018 and for the financing of projects in Australia and Hungary. After the reporting period, Photon Energy and Canadian Solar entered into a co-development financing deal for 1.14 GWp of the company's Australian solar pipeline.

### 1.3. Standalone financial results for Photon Energy N.V., for the period of 1 October to 31 December 2017

in Thousands	EUR		PLN		CZK	
	2016 Q4	2017 Q4	2016 Q4	2017 Q4	2016 Q4	2017 Q4
<b>Revenues</b>	<b>185</b>	<b>460</b>	<b>816</b>	<b>1,947</b>	<b>4,573</b>	<b>11,999</b>
<b>EBITDA</b>	<b>-231</b>	<b>-203</b>	<b>-1,007</b>	<b>-858</b>	<b>-6,167</b>	<b>-5,290</b>
<b>EBIT</b>	<b>-233</b>	<b>-205</b>	<b>-1,019</b>	<b>-870</b>	<b>-6,237</b>	<b>-5,359</b>
Profit / loss before taxation	-4,424	2,192	-19,290	9,276	-120,155	57,173
<b>Total comprehensive income</b>	<b>-4,425</b>	<b>2,192</b>	<b>-19,295</b>	<b>9,276</b>	<b>-120,183</b>	<b>57,173</b>
Non-current assets	28,147	30,413	124,146	127,043	760,519	789,973
Current assets	13,127	18,862	57,898	78,792	354,684	489,941
Cash and cash equivalents	438	2,789	1,931	11,651	11,831	72,445
Total assets	41,273	49,275	182,044	205,836	1,115,203	1,279,914
<b>Total equity</b>	<b>24,187</b>	<b>26,140</b>	<b>106,681</b>	<b>109,196</b>	<b>653,528</b>	<b>678,994</b>
Current liabilities	4,042	11,527	17,826	48,152	109,205	299,424
Non-current liabilities	13,045	11,607	57,537	48,487	352,470	301,496
<i>EUR exchange rate – low</i>			4.271	4.177	27.020	25.965
<i>EUR exchange rate – average</i>			4.378	4.232	27.028	26.084
<i>EUR exchange rate - end of period</i>			4.411	4.177	27.020	25.975
<i>EUR exchange rate – high</i>			4.500	4.313	27.095	26.160

**Notes:**

Exchange rates are provided by the European Central Bank.

All data quoted in this report refer to the current reporting period i.e. from 1 July until 30 September 2017, unless specified otherwise;

All references to growth rate percentages compare the results of the reporting period to those of the prior year comparable period;

Total Comprehensive Income (TCI) is the sum of the profit after taxes plus Other Comprehensive income (OCI). According to IAS 16, Other comprehensive income includes revaluation of PPE in a proprietary portfolio to their fair values, share on OCI of associates and joint ventures and foreign currency translation differences.

EPC stands for Engineering, Procurement and Construction and refers to services related to project design, engineering, procurement and construction of solar power plants.

Throughout this report Photon Energy Group is referred to as the "Group", the "Company", the "Issuer" and/or "Photon Energy".

## 2. Management discussion and analysis

### 2.1. A note from the Management Board

Photon Energy ended a record FY2017 with another record quarter exceeding last year's performance, on both the top and bottom lines as we did in Q1, Q2 and Q3 of 2017, confirming our trajectory of continuing revenue growth and consequently our return to pre-tax profitability in 2017. We recorded a 31.9% YOY increase in consolidated revenues to approximately EUR 17.258 million and a 21.0% YOY growth in consolidated EBITDA to an all-time-high of EUR 7.927 million for the financial year 2017. EBIT amounts to EUR 2.367 million, which represents a 84.0% growth YOY. The Company further reports positive consolidated total comprehensive income for the full year. Revenue growth was mainly driven by increased electricity production of the Group's portfolio of proprietary power plants to 27.3 GWh, representing a 4.6% YOY growth compared to 2016, while global Operations & Maintenance contracts grew by 9.5% YOY to 216 MWp at year-end 2017.

The project development pipeline continues to progress and we had positive news flow throughout the quarter. The power plants in the company's proprietary portfolio produced on average over 19% more energy in 2017Q4 than expected, which brought the average yearly outperformance to 8.3% against generation estimates, while the total production in 2017 exceeded the production for the full year 2016 by 4.6%. Photon Energy is also finalising the construction of its first Hungarian photovoltaic power plant with an installed capacity of 528 KWp in the Western Hungarian municipality of Fertőd. The bond placement initiated in October 2017 is progressing well, with an agreement with an investor holding EUR 1.5 million nominal of the 8% EUR bond 2013/18 having been reached on the repurchase of the investor's entire bond holdings.

In November 2017 we announced Photon Energy's strategic expansion to water management, adding it as a parallel business line to our core solar activities and aiming to offer comprehensive container-based solutions for off-grid systems worldwide by combining water purification with off-grid solar energy generation. We are confident that the combination of the company's expertise in off-grid solar installations integrating PV plants and energy storage with water management solutions will enable Photon Energy to provide grid-independent solutions and bring water and energy to essentially any place in the world.

Progress in our project development efforts in Australia and Hungary, incremental growth in our O&M business, the addition of Photon Water to our business lines and the growing PV component trading business line set the stage for a strong 2018. We just finished an exciting year and started a very promising one, with a co-development financing deal signed in January with Canadian Solar, one of the world's largest solar power companies, to co-develop five utility-scale solar power projects from our portfolio Down Under with a total capacity of 1.14 GWp in New South Wales, Australia.

### Additional O&M contracts signed in the Czech Republic

In December, Photon Energy Operations expanded its market share on the Czech solar O&M market by signing full service contracts for 2 PV power plants with a total capacity of 4.3 MWp. As a result, Photon Energy Operations' O&M services portfolio has grown to 216 MWp worldwide as of the end of the year, representing a 9% increase compared to 2016.

### Acquisition of 8 PV Projects and first power plant under construction in Hungary, the new solar hot-spot in Central Europe

On 4 October 2017, Photon Energy announced the signing of a co-development and share purchase agreement for 100% of the shares of Ráció Master Oktatási Kft., which owns the KÁT licenses, grid connection and land usage rights for 8 PV projects in the Komárom-Esztergom region in Hungary. Upon the completion of the project development process, including the construction permit, Photon Energy will acquire 100% of the shares of Ráció Master Oktatási Kft., which by that time will own all the land on which the 8 PV power plants will be built. This ready-to-built stage is expected to be reached by the end of 2018Q1. The installed DC capacity (the total installed generating power of the PV modules) is planned to reach 5.5 MWp.

The construction of Photon Energy's first Hungarian photovoltaic power plant with an installed capacity of 528 KWp in the Western Hungarian municipality of Fertőd, has progressed according to plans. Weather permitting, the plant owned and operated by Photon Energy's fully-owned subsidiary Fertőd Napenergia-Termelő Kft. should be connected to the grid and put into operation until mid-February.

## Photon Energy launched a public exchange offer and a public offer for a 5-year 7.75% corporate EUR bond

In October 2017, Photon Energy N.V. issued a 5-year 7.75% Euro corporate bond with quarterly coupon payments, which has been introduced for trading on the Frankfurt Stock Exchange on the same day. The bond issue was aimed at holders of the company's outstanding EUR bond 2013/18 as a follow-up investment, as well as at new investors via a public offer in Germany, Austria and Luxemburg. As of the publication date, the Company placed EUR 7.838 million, compared to EUR 5.067 million as of the first publication date on 27 October 2017. The prospectus is valid until 20 September 2018.

In the meantime, an agreement was reached with an investor holding EUR 1.5 million nominal of the 8% EUR bond 2013-18 due on 12 March 2018 on the repurchase of the investor's entire bond holdings, which were withdrawn and retired. The repurchase price was 100% of the bond's nominal value and was settled against a cash payment of EUR 500,000 and the restructuring of the balance of EUR 1 million into a medium-term loan due in 2019, which was recorded as a long-term liability in Photon Energy's year-end 2017 balance sheet. This agreement reduced the outstanding nominal value of Photon Energy's 8% EUR bond 2013-18 to EUR 6.533 million.

## Photon Energy and Canadian Solar entered into co-development financing deal for 1.14 GWp Australian solar pipeline

As a result of its development partner selection process managed by its financial advisor Pottinger, the company has signed an agreement for the joint development of five of its utility scale solar projects with a total capacity of 1.14 GWp in New South Wales, Australia with Canadian Solar, one of the world's largest solar power companies.

Canadian Solar, will become a shareholder and provide development financing to complete the development of five of Photon Energy's Australian utility scale solar projects totalling 1.14 GWp, including the until then fully-owned 316 MWp project in Gunning as well as four projects co-developed with a local partner, namely the 178 MWp project in Mumbil, the 165 MWp project in Gunnedah, the 286 MWp project in Suntop and the 196 MWp project in Maryvale.

Canadian Solar will acquire a 51% shareholding in all five project companies. The equity capital contributed by Canadian Solar is subject to certain development milestones, joint management processes and other terms customary for project co-development and covers the development budgets to bring all five projects to the ready-to-build stage. Post-transaction, Photon Energy NV will retain a 49% stake in the Gunning project and 24.99% stakes in the four other projects.

This transaction represents a pivotal moment for the Photon Energy Group with our long-term commitment to the Australian market bearing fruit. This cooperation marks a tangible achievement of the entire team in Australia who will now be working with Canadian Solar to develop Australia's largest solar pipeline.

According to the terms of the transaction, the company will recognize an AUD 4.73 million (EUR 3.09 million) realised capital gain and an additional contribution to consolidated equity of AUD 1.93 million (EUR 1.26 million) related to the increased value of the remaining equity stakes in the five project companies in its consolidated financial statements for 2018Q1.

## 2.2. Strategy and its execution

The objective of our strategy remains the generation of recurring revenue streams while maximizing customer value. Photon Energy's focus remains on:

- ▶ Production of electricity from the Group's portfolio of PV plants
- ▶ Customised Energy Solutions
- ▶ Decentralised Energy Production, Energy Storage Solutions and Water purification systems
- ▶ Operations & Maintenance of PV plants and Energy Storage facilities
- ▶ PV technology trading

Our next steps are:

- ▶ The Photon Energy Operations team focuses on full O&M solutions in Central Europe and expands its Inverter Cardio services to additional inverter technologies covering the whole European market.
- ▶ Photon Energy's power plant control and monitoring solutions are planned to be offered as a standalone product.
- ▶ The Australian market still remains our focus for the expansion of PV generation capacity. The Hungarian market has become a second pillar. Other potential markets in Central and South America, the Middle East and Africa remain under investigation.

**In order to reduce the dependence on government subsidies in the future, the Group's strategy mainly focuses on the expansion to markets which have already reached Grid Parity, i.e. the cost of PV-generated electricity is competitive with grid-supplied electricity from traditional and other renewable energy sources.**

### **2.3. Investment action plan and its implementation**

The Company did not publish any investment action plan. As a result no plan was implemented.

## 2.4. Proprietary portfolio, generation results and O&M service

### Proprietary portfolio

The table below presents the portfolio of power plants owned directly or indirectly by Photon Energy N.V. at the end of the reporting period i.e. as of 31 December 2017, consisting of 23 power plants in the Czech Republic, Slovakia, and Australia with a total installed capacity of 25.6 MWp. More information on the Group structure and the restructuring processes can be found in chapter 10. Group structure.

**Table 1. The proprietary portfolio of Photon Energy N.V. as of 31 December 2017**

Nr	Proprietary portfolio	Legal entity	Country	Cap.(kWp)	Share	Cap. Pro-rata	Completed
1	Komorovice	Exit 90 s.r.o.	CZ	2,354	100%	2,354	Dec.10
2	Zvíkov I	Photon SPV8 s.r.o.	CZ	2,031	100%	2,031	Nov.10
3	Dolní Dvořiště	Photon SPV10 s.r.o.	CZ	1,645	100%	1,645	Dec.10
4	Svatoslav	Photon SPV4 s.r.o.	CZ	1,231	100%	1,231	Dec.10
5	Slavkov	Photon SPV6 s.r.o.	CZ	1,159	100%	1,159	Dec.10
6	Mostkovice SPV 1	Photon SPV1 s.r.o.	CZ	210	100%	210	Dec.10
7	Mostkovice SPV 3 <sup>1</sup>	Photon SPV3 s.r.o.	CZ	926	100%	926	Dec.09
8	Zdice I	Onyx Energy I s.r.o.	CZ	1,499	100%	1,499	Dec.10
9	Zdice II	Onyx Energy projekt II s.r.o.	CZ	1,499	100%	1,499	Dec.10
10	Radvanice	Photon SPV11 s.r.o.	CZ	2,305	100%	2,305	Dec.10
11	Břeclav rooftop	Photon SPV1 s.r.o.	CZ	137	100%	137	Dec.10
12	Babiná II	Sun4Energy ZVB s.r.o.	SK	999	100%	999	Dec.10
13	Babina III	Sun4Energy ZVC s.r.o.	SK	999	100%	999	Dec.10
14	Prša I.	Fotonika s.r.o.	SK	999	100%	999	Dec.10
15	Blatna	ATS Energy s.r.o.	SK	700	100%	700	Dec.10
16	Mokra Luka 1	EcoPlan 2 s.r.o.	SK	963	100%	963	Jun.11
17	Mokra Luka 2	EcoPlan 3 s.r.o.	SK	963	100%	963	Jun.11
18	Jovice 1	Photon SK SPV2 s.r.o.	SK	979	100%	979	Jun.11
19	Jovice 2	Photon SK SPV3 s.r.o.	SK	979	100%	979	Jun.11
20	Brestovec	Photon SK SPV1 s.r.o.	SK	850	50%	425	Jun.11
21	Polianka	Solarpark Polianka s.r.o.	SK	999	50%	500	Jun.11
22	Myjava	Solarpark Myjava s.r.o.	SK	999	50%	500	Jun.11
23	Symonston	Photon Energy AUS SPV 1 Pty. Ltd.	AUS	144	100%	144	Feb.13
<b>Total</b>				<b>25,569</b>		<b>24,146</b>	

<sup>1</sup>Photon SPV 3 owns two power plants: Mostkovice SPV 3 (795 kWp) and Mostkovice SPV3R (131 kWp)



## Generation results

The cumulative average generation of the power plants in the portfolio connected and feeding electricity to the grid in 2017Q4 amounted to 3.1 GWh, which was 18.9% above the energy forecasts and 11.4% higher YOY (+4.6% YOY YTD). Detailed generation results for each power plant are being published on a monthly basis in our monthly reports.

**Table 2. Generation results versus projections between 1 October and 31 December 2017**

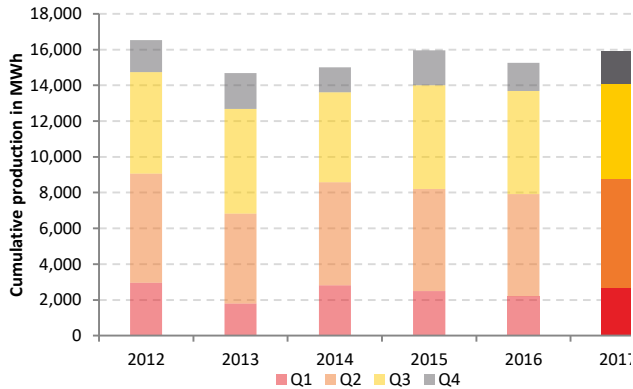
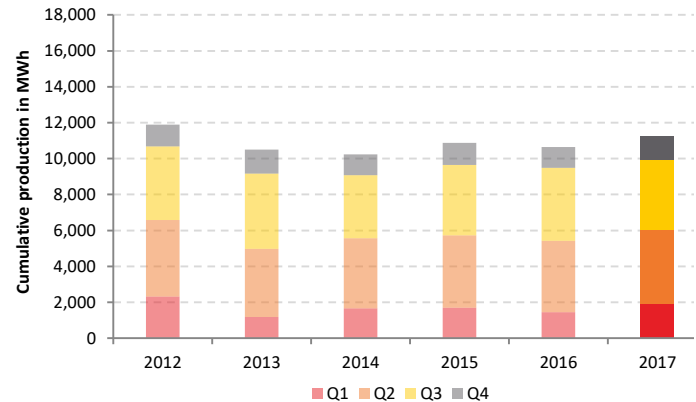
Project name	Legal entity	Capacity	Feed-in-Tariff	Prod. 2017Q4	Proj. 2017Q4	Perf.	YTD Prod.	YTD Proj.	Perf.	YTD YoY
Unit		kWp	per MWh, applicable in 2017	kWh	kWh	%	kWh	kWh	%	%
Komorovice	Exit 90 s.r.o.	2,354	CZK 13,966	251,513	208,175	20.8%	2,404,874	2,274,920	5.7%	2.6%
Zvíkov I	Photon SPV8 s.r.o.	2,031	CZK 13,966	282,709	182,393	55.0%	2,279,755	1,993,858	14.3%	4.6%
Dolní Dvořiště	Photon SPV10 s.r.o.	1,645	CZK 13,966	188,638	151,789	24.3%	1,677,140	1,658,725	1.1%	6.0%
Svatoslav	Photon SPV4 s.r.o.	1,231	CZK 13,966	126,926	112,734	12.6%	1,179,994	1,231,935	-4.2%	5.2%
Slavkov	Photon SPV6 s.r.o.	1,159	CZK 13,966	150,272	107,354	40.0%	1,312,425	1,173,148	11.9%	3.9%
Mostkovice SPV 1	Photon SPV1 s.r.o.	210	CZK 13,966	23,299	25,153	-7.4%	213,114	190,349	12.0%	1.2%
Mostkovice SPV 3	Photon SPV3 s.r.o.	926	CZK 15,004	94,945	85,766	10.7%	941,763	885,079	6.4%	1.5%
Zdice I	Onyx Energy I s.r.o.	1,499	CZK 13,966	193,510	133,820	44.6%	1,632,068	1,450,843	12.5%	3.6%
Zdice II	Onyx Energy II s.r.o.	1,499	CZK 13,966	194,467	133,820	45.3%	1,657,678	1,450,843	14.3%	9.1%
Radvanice	Photon SPV11 s.r.o.	2,305	CZK 13,966	250,427	206,059	21.5%	2,421,561	2,251,776	7.5%	2.2%
Břeclav rooftop	Photon SPV1 s.r.o.	137	CZK 13,966	18,396	17,725	3.8%	158,638	131,631	20.5%	1.9%
<b>Total Czech PP</b>		<b>14,996</b>		<b>1,775,102</b>	<b>1,364,788</b>	<b>30.1%</b>	<b>15,879,010</b>	<b>14,693,107</b>	<b>8.1%</b>	<b>4.1%</b>
Babiná II	Sun4Energy ZVB s.r.o.	999	EUR 425.12	103,101	118,762	-13.2%	1,030,335	971,732	6.0%	10.7%
Babina III	Sun4Energy ZVC s.r.o.	999	EUR 425.12	104,037	118,762	-12.4%	1,031,772	971,732	6.2%	9.5%
Prša I.	Fotonika s.r.o.	999	EUR 425.12	120,600	109,519	10.1%	1,089,543	966,625	12.7%	2.2%
Blatna	ATS Energy s.r.o.	700	EUR 425.12	77,499	83,321	-7.0%	723,573	710,912	1.8%	0.3%
Mokra Luka 1	EcoPlan 2 s.r.o.	963	EUR 382.61	158,846	137,263	15.7%	1,188,750	1,012,786	17.4%	4.4%
Mokra Luka 2	EcoPlan 3 s.r.o.	963	EUR 382.61	163,590	137,263	19.2%	1,206,457	1,012,786	19.1%	4.6%
Jovice 1	Photon SK SPV2 s.r.o.	979	EUR 382.61	97,956	85,303	14.8%	912,279	933,320	-2.3%	6.1%
Jovice 2	Photon SK SPV3 s.r.o.	979	EUR 382.61	98,099	85,303	15.0%	907,734	933,320	-2.7%	9.6%
Brestovec	Photon SK SPV1 s.r.o.	850	EUR 382.61	119,814	107,623	11.3%	1,026,243	849,920	20.7%	5.5%
Polianka	Solarpark Polianka s.r.o.	999	EUR 382.61	104,664	87,045	20.2%	987,057	955,323	3.3%	3.4%
Myjava	Solarpark Myjava s.r.o.	999	EUR 382.61	130,230	121,331	7.3%	1,124,763	1,013,593	11.0%	4.0%
<b>Total Slovak PP</b>		<b>10,429</b>		<b>1,278,436</b>	<b>1,191,496</b>	<b>7.3%</b>	<b>11,228,506</b>	<b>10,332,047</b>	<b>8.7%</b>	<b>5.4%</b>
Symonston		144	AUD 301.60	62,350	65,070	-4.2%	187,000	188,650	-0.9%	-0.5%
<b>Total Australian PP</b>		<b>144</b>		<b>62,350</b>	<b>65,070</b>	<b>-4.2%</b>	<b>187,000</b>	<b>188,650</b>	<b>-0.9%</b>	<b>-0.5%</b>
<b>Total</b>		<b>25,569</b>		<b>3,115,888</b>	<b>2,621,354</b>	<b>18.9%</b>	<b>27,294,516</b>	<b>25,213,804</b>	<b>8.3%</b>	<b>4.6%</b>

### Notes

\* The FIT for the Czech Republic is an indicative figure only. As of 2016 Photon Energy switched to the "Green Bonus" system, under which energy from our power plants is sold under a different system, at a combined price slightly higher than the FIT.

\*\* Mostkovice SPV 1 & Břeclav rooftop power plants belong to the same legal entity.

\*\*\* Total result for Mostkovice SPV 3 and Mostkovice SPV 3R, as the same company "SPV3" owns both power plants.

**Chart 1.a Total production of the Czech portfolio****Chart 1.b Total production of the Slovak portfolio**

### O&M services

Photon Energy also remained focused on further expanding its Operations and Maintenance business in Europe. As of the end of 2017Q4, full O&M services contracts amounted to approximately 155 MWp, up by 19 MWp from the end of 2016Q4 (up by 12 MWp compared to 2017Q3), and can be broken down geographically into 127 MWp operated in the Czech Republic, 16 MWp in Slovakia, 11 MWp in Romania and 1 MWp in Australia. The O&M portfolio divides into 26 MWp of PV capacity from the proprietary portfolio and 129 MWp serviced for external clients.

As far as the “Inverter Cardio” services contracts are concerned, the Group is servicing 61 MWp of central inverters. In some countries like France or Germany the Group is holding a leading market position while in Belgium in particular, the Group is servicing all of the Satcon inverters ever installed. In detail, at the end of 2017Q3, the total capacity of central inverters serviced can be divided regionally into France (21 MWp), Italy (15 MWp), Belgium (10 MWp), Czech Republic (8 MWp), Slovakia (5 MWp) and Germany (2 MWp).

## 2.5. Reporting on Photon Energy’s project pipeline

As of the reporting date, Photon Energy is developing PV projects in Australia (1,472.6 MWp) and Hungary (11.6 MWp) and is evaluating further markets for opportunities.

Project development is a crucial activity in Photon Energy’s business model of covering the entire value chain of PV power plants. The main objective of Photon Energy’s project development activities is to expand its proprietary portfolio of PV power plants for long-term ownership, which provides recurring revenues and free cash flows to the Group. For financial or strategic reasons Photon Energy may decide to cooperate with third-party investors either on a joint-venture basis or with a view of exiting the projects to such investors entirely. Ownership of project rights provides Photon Energy with a high level of control and allows locking in EPC (one-off) and O&M (long-term) services. Hence, project development is a key driver of Photon Energy’s future growth. The Group’s past experience in project development and financing in the Czech Republic, Slovakia, Germany and Italy is an important factor in selecting attractive markets and reducing the inherent risks related to project development.

Country	Location	Project function	Share	MWp	Commercial Model	Land	Grid connection	Construction permit	Expected RTB
Australia	Leeton	Own portfolio	100%	28.6	Emarket + GC / PPA	Secured	Ongoing	Secured	2018Q2
Australia	Environa	Own portfolio	100%	19.0	Emarket + GC / PPA	Secured	Ongoing	Ongoing	2018Q3
<b>Total Own portfolio Australia</b>				<b>47.6</b>					
Hungary	Monor	Own portfolio	100%	5.6	Licensed PPA	Secured	Secured	Ongoing	2018Q2
Hungary	Fertöd	Own portfolio	100%	0.5	Licensed PPA	Secured	Secured	Secured	2017Q4
Hungary	Almásfüzitő	Own portfolio	100%	5.5	Licensed PPA	Secured	Secured	Ongoing	2018Q1
<b>Total Own portfolio Hungary</b>				<b>11.6</b>					
<b>Total Own portfolio</b>				<b>59.2</b>					
Australia	Gunning	Developer	49%	316.0	Co-development & co-financing agreement with Canadian Solar	Secured	Ongoing	Ongoing	2019Q1
Australia	Gunnedah	Developer	25%	165.0		Secured	Ongoing	Ongoing	2018Q3
Australia	Suntop	Developer	25%	286.0		Secured	Ongoing	Ongoing	2019Q2
Australia	Maryvale	Developer	25%	196.0		Secured	Ongoing	Ongoing	2019Q2
Australia	Mumbil	Developer	25%	178.0		Secured	Ongoing	Ongoing	2019Q2
Australia	Carrick	Developer	51%	138.0		All options open	Secured	Ongoing	Ongoing
Australia	Brewongle	Developer	51%	146.0	All options open	Secured	Ongoing	Ongoing	2019Q2
<b>Total Development Australia</b>				<b>1,425.0</b>					

Note: Emarket = Electricity market, GC = Green certificates, PPA = Power Purchase Agreement, RTB = Ready-to-build

PV projects have two definitions of capacity. The grid connection capacity is expressed as the maximum of kilowatts or megawatts which can be fed into the grid at any point in time. Electricity grids run on alternating current (AC). Solar modules produce direct current (DC), which is transformed into AC by inverters. Heat, cable lines, inverters and transformers lead to energy losses in the system between the solar modules and the grid connection point. Cumulatively system losses typically add up to 15-20%. Therefore, for a given grid connection capacity a larger module capacity (expressed in Watt peak – Wp) can be installed without exceeding the grid connection limit. At times of extremely high production, inverters can reduce the volume of electricity so that the plant stays within the grid connection limits. Photon Energy will refer to the installed DC capacity of projects expressed in Megawatt peak (MWp) in its reporting, which might fluctuate over the project development process.

## Australia

In July 2017, Photon Energy announced the development of a 316 MWp solar power plant in Australia. Located in Gunning, New South Wales, the PV project would be the biggest in New South Wales and one of the largest planned in Australia, comparable in size to conventional utility scale power stations. The Solar Power Plant, which would be constructed on 590 ha of land near Gunning, is currently going through the Permitting and Grid Connection process. Construction could start in early 2019. The grid Connection Process is underway with Transgrid, the operator of the major high voltage transmission network in New South Wales and the Australian Capital Territory, for the design of a substation for approximately 300 MW AC to be connected to Transgrid's 330 KV network.

In October 2017, Photon Energy NV received the Development Approval from the municipality of Leeton, New South Wales, for the construction of a 28.6 MWp Leeton solar farm. Photon Energy is now in the final stages of the grid connection process for the solar PV generator with regional network service provider Essential Energy. The Development approval is a major milestone for Photon Energy in Australia, validating its long term strategy and commitment to the Australian market.

For the project in Environa (19 MWp) the Network Technical Study is progressing to finalize the Grid Connection Process.

In January 2018, as a result of its development partner selection process managed by its financial advisor Pottinger, the company has signed an agreement for the joint development of five of its utility scale solar projects with a total capacity of 1.14 GWp in New South Wales, Australia with Canadian Solar, one of the world's largest solar power companies.

Canadian Solar, will become a shareholder and provide development financing to complete the development of five of Photon Energy's Australian utility scale solar projects totalling 1.14 GWp, including the to-date fully-owned 316 MWp project in Gunning as well as four

projects co-developed with a local partner, namely the 178 MWp project in Mumbai, the 165 MWp project in Gunnedah, the 286 MWp project in Suntop and the 196 MWp project in Maryvale.

Canadian Solar will acquire a 51% shareholding in all five project companies. The equity capital contributed by Canadian Solar is subject to certain development milestones, joint management processes and other terms customary for project co-development and covers the development budgets to bring all five projects to the ready-to-build stage. Post-transaction, Photon Energy NV will retain a 49% stake in the Gunning project and 24.99% stakes in the four other projects.

## Hungary

In Monor Photon Energy is developing 8 projects with a grid connection capacity of 498 KW each. On 10 May 2017, Photon Energy received the energy production licenses under the KÁT support system, allowing each plant to feed a total volume of 16.950 GWh of electricity into the grid at the guaranteed price of HUF 31.77 (EUR 0.102) per KWh over 25 years from the date of grid connection. The KÁT licenses provide Photon Energy with a 2-year period (extendable to 3 years) for the commissioning of all plants since the date of the application for the KÁT licenses.

In July 2017, Photon Energy acquired 100% of the shares of Fertőd Napenergia-Termelő Kft., a Hungarian limited-liability company owning all licenses, rights and permits for the construction of a 520 KWp (DC) photovoltaic power plant (subject to a 499 KW AC grid connection limit). The project is located in the municipality of Fertőd, in the Győr-Moson-Sopron region in the West of Hungary. The PV plant is eligible for support under the KÁT support system, guaranteeing an off-take price of HUF 31.77 (EUR 0.102) per KWh of electricity supplied to the grid. During the 25-year support period the power plant is licensed to sell 14.3 GWh of renewable energy, generating revenues of at least EUR 1.464 million over the entire period. The construction, which was commenced in October 2017, is progressing well.

Weather permitting, the 528 KWp plant (additional modules will be installed, slightly increasing the capacity from the 520 KWp initially planned) owned and operated by Photon Energy's fully-owned subsidiary Fertőd Napenergia-Termelő Kft. will be connected to the grid and put into operation until mid-February 2018.

In October 2017, Photon Energy announced the signing of a co-development and share purchase agreement for 100% of the shares of Ráció Master Oktatási Kft., which owns the KÁT licenses, grid connection and land usage rights for 8 PV projects in the Komárom-Esztergom region in Hungary. Upon the completion of the project development process, including the construction permit, Photon Energy will acquire 100% of the shares of Ráció Master Oktatási Kft., which at that time will own all the land on which the 8 PV power plants will be built. This ready-to-built stage is expected to be reached in 2018Q2. The installed DC capacity (the total installed generating power of the PV modules) is planned to reach 5.5 MWp. This acquisition marks an important step towards achieving the Company's goal of building 50 MWp of PV plants for its proprietary long-term portfolio in Hungary until year-end 2019.

## 2.6. Enterprise Value & Share Price performance

### 2.6.1. NewConnect (Warsaw Stock Exchange)

On 4 June 2013 Photon Energy NV shares commenced trading on the NewConnect market at a price of PLN 2.00, after a share swap for the minority investors in the Czech predecessor company, originally listed on New Connect in 2008.

The quarter closed at a price of PLN 1.40 on 31 December 2017 (+28% vs. 31 December 2016), corresponding to a price-to-book ratio of 0.64x. The Company also reports average monthly trading volume of 135,072 shares in 2017Q4, compared to an average monthly trading volume of 204,068 shares YTD and of 255,647 shares in 2016.

Chart 2. Total monthly volumes vs. daily closing stock prices

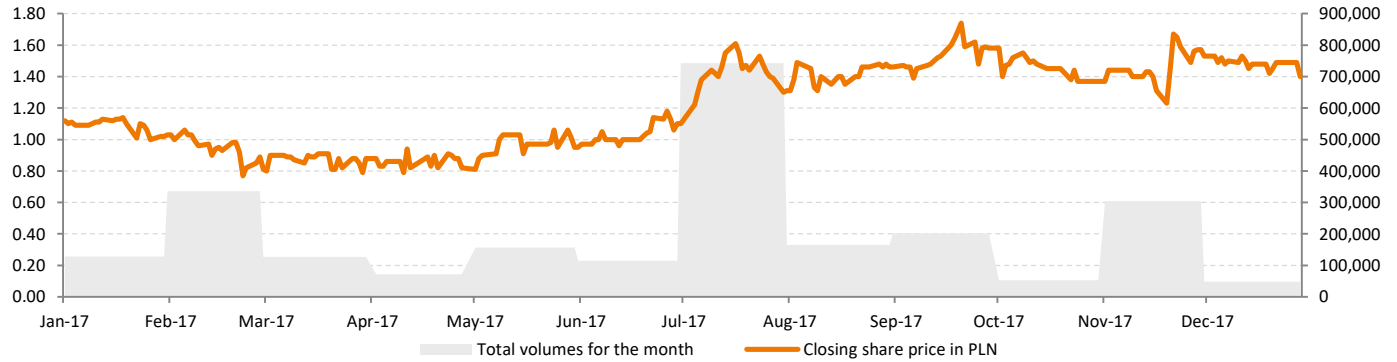


Chart 3. Enterprise value vs. trailing 12 months (TTM) EBITDA

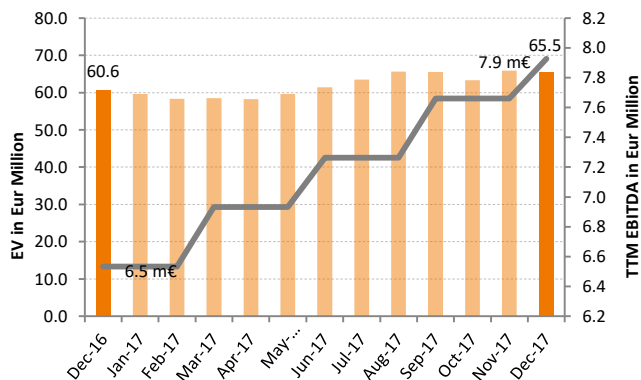
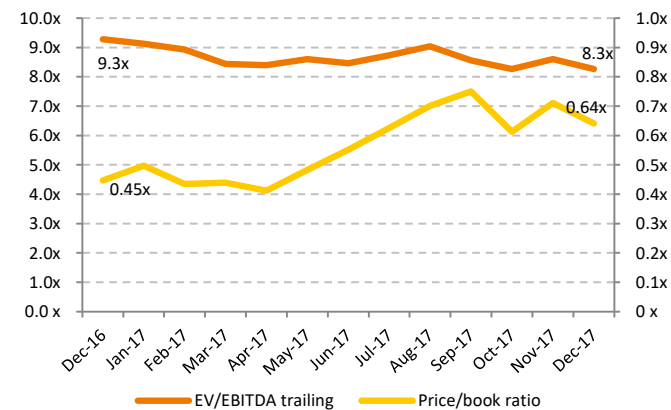


Chart 4. Enterprise value / trailing 12 months EBITDA &amp; price to book ratio



## Notes:

EV – Enterprise value is calculated as the market capitalisation as of the end of the reporting month, plus debt, plus minority interest, minus cash. All the balance sheet data are taken from the last quarterly report.

Trailing 12 months EBITDA – defined as the sum of EBITDA reported in the last four quarterly reports.

Price/book ratio – is calculated by dividing the closing price of the stock as of the end of the reporting period by the book value per share reported in the latest quarterly report.

### 2.6.2. Free Market (Prague Stock Exchange)

Since 17 October 2016, in addition to the listing on the NewConnect segment of the Warsaw Stock Exchange, the Company's shares have also been traded on the Free Market of the Prague Stock Exchange. No additional shares were issued, nor capital raised through this listing.

On 31 December 2017, the share (ISIN NL0010391108) closed at a price of CZK CZK 9.25 (+32% vs 31 December 2016, +89% vs CZK 4.90, the reference price on the first trading day on 17 October 2016), corresponding to a price to book ratio of 0.69x. The Company reports a quarterly trading volume of 46,055 shares, compared to 180,126 shares in 2017Q3.

### 2.7. Bond trading performance

In March 2013, Photon Energy NV, at that time through its fully-owned subsidiary Photon Energy Investments N.V., placed a 5-year corporate EUR bond with an 8% annual coupon and quarterly coupon payments in Germany, Austria, the Czech Republic, Slovakia and Poland. The bond is listed on the stock exchanges in Frankfurt, Berlin, Hamburg, Hannover, Munich and Vienna. Since listing the bond has been trading between 93.00% and 102.50%.

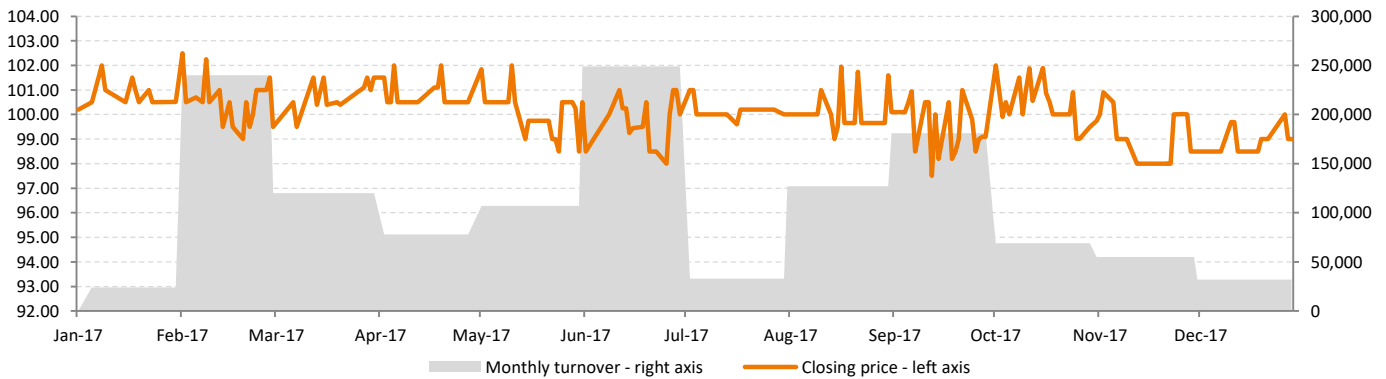
In December 2016, the Company issued a 7-year corporate bond with a 6% annual coupon and monthly coupon payments in the Czech Republic. The corporate bond, with a nominal value of CZK 30,000 (ISIN CZ0000000815), has been traded on the Free Market of the Prague Stock Exchange since 12 December 2016.

On 27 October 2017, the Company issued a 5-year corporate EUR bond with a 7.75% annual coupon and quarterly coupon payments in

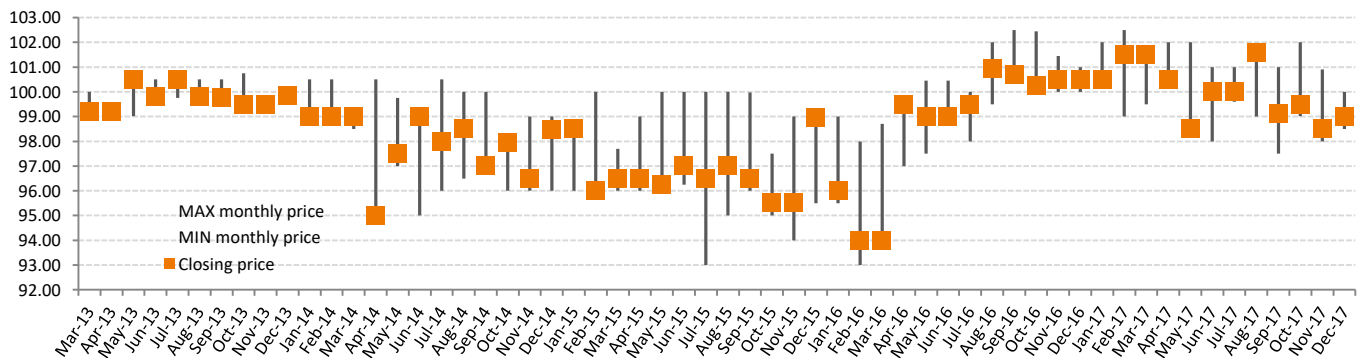
Gemany, Austria and Luxemburg. The corporate bond, with a nominal value of EUR 1,000 (ISIN DE000A19MFH4), has been traded on the Open Market of the Frankfurt Stock exchange since 27 October 2017. As of the reporting date, the total placement amounts to EUR 7,838,000. The public offer will end on 20 September 2018.

### 2.7.1. EUR Bond 2013/18 trading performance in Frankfurt

**Chart 5. The Company's 8% EUR bond 2013/18 trading on the Frankfurt Stock Exchange in Germany between 1 Janvier 2017 and 31 December 2017**



**Chart 6. MIN, MAX and closing monthly prices**



In the trading period from 12 March 2013 until 31 December 2017 the trading volume amounted to EUR 9.201 million (nominal value) with an opening price of 100.00 and a closing price of 99.00. During this period the average daily turnover amounted to EUR 7,592.

### EUR Bond 2013/18 trading performance in 2017Q4

In 2017Q4, the trading volume amounted to EUR 156,000 (341,000 in 2017Q3) with an opening price of 99.10 and a closing price of 99.00. The average daily turnover amounted to EUR 2,557 in the reporting period compared to EUR 5,246 in 2017Q3 and 5,693 for the full-year 2016. As of the end of December 2017, the total outstanding nominal amounts to EUR 6.533 million.

### 2.7.2. CZK Bond trading performance in Prague

In the trading period from 12 December 2016 until 31 December 2017 the trading volume amounted to CZK 6,030,000 (nominal value) with a closing price of 100.00. In 2017Q4, the trading volume amounted to CZK 90,000.

### 2.7.3. EUR Bond 2017/22 trading performance

In the trading period from 25 October until 31 December 2017, the trading volume amounted to EUR 2.686 million (nominal value) with an opening price of 100.00 and a closing price of 100.33 in Frankfurt. As of 31 December 2017, the total placement amounts to EUR 7.004 million and to EUR 7.838 million as of the reporting date. The public offer will end on 20 September 2018.

## 2.8. Financial statement analysis

### Profit and Loss statement

Unaudited consolidated revenues increased by 118.0% YOY from EUR 1.981 million to EUR 4.319 million in 2017Q4, mainly due to higher revenues from electricity production and higher revenues from the energy solutions and O&M segment, as well as from the sale of technology. YTD, revenues increased 31.9% to EUR 17.258 million.

For the FY2017 consolidated EBITDA rose 21.0% to EUR 7.927 million. Only in 2017Q4 consolidated EBITDA increased to EUR 0.594 million (+81.0% YOY).

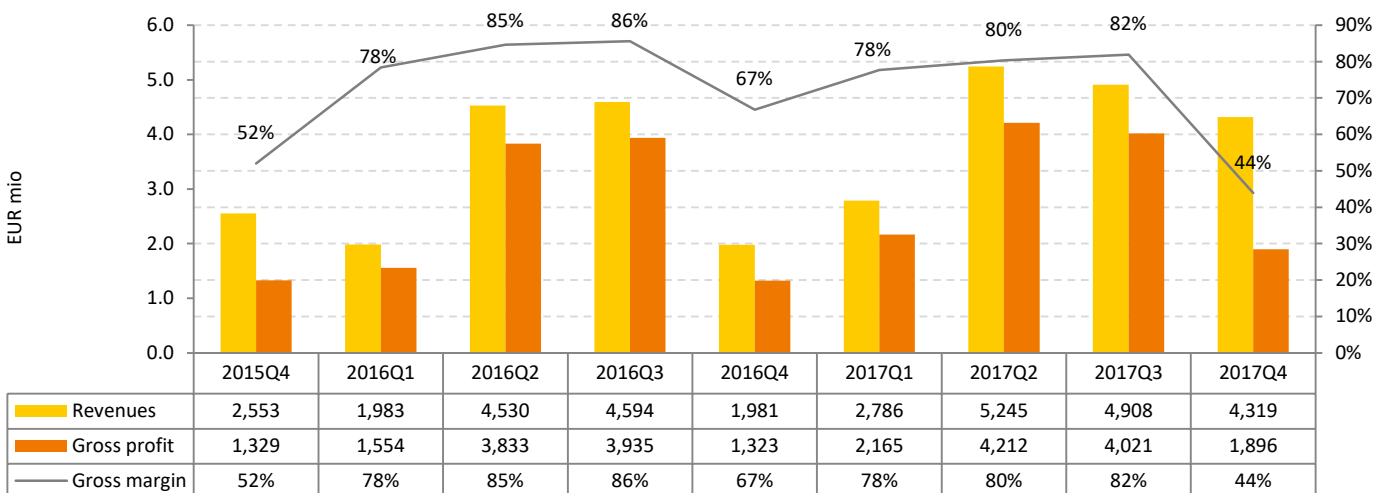
In 2017 consolidated EBIT grew by 84.0% to EUR 2.367 million. In 2017Q4 consolidated EBIT improved to a loss of EUR 0.350 million, representing an improvement by EUR 0.132 million YOY.

For the full year 2017 the Company swung from a loss of EUR 1.996 million in 2016 to a profit of EUR 0.422 million. In 2017Q4, the Company recorded a lower loss before taxation of EUR 0.917 million, compared to the EUR 1.088 million loss for the same period last year.

The Company recorded a loss after taxation of EUR 1.426 million in 2017Q4, compared to a loss of EUR 1.791 million for the same period last year and posted a EUR 0.731 million loss after taxation in 2017, compared to a loss of EUR 2.660 million in 2016.

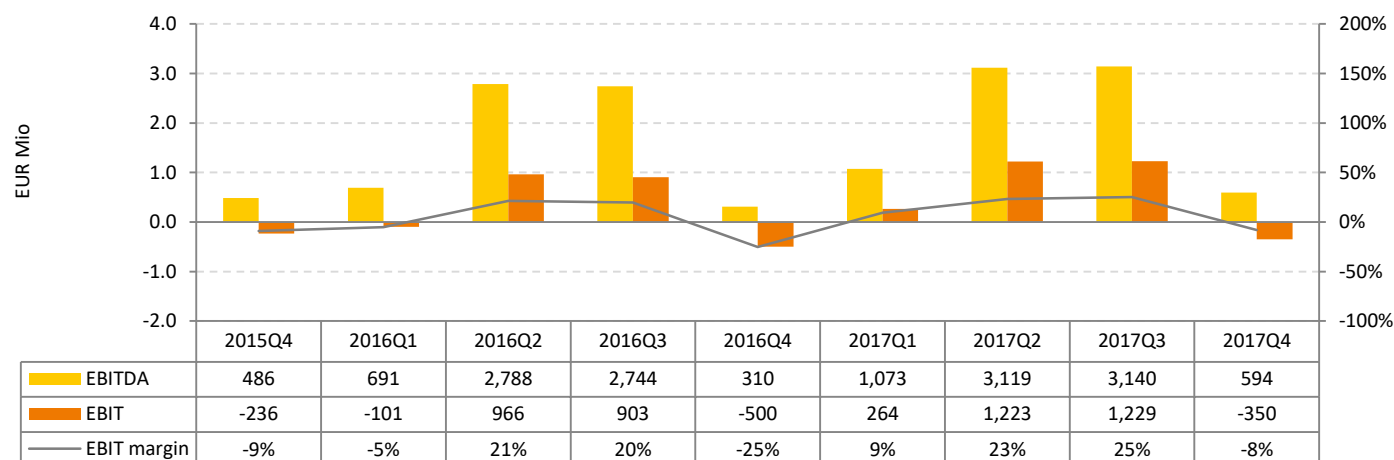
Total comprehensive income swung from a loss of 2.007 million in 2016 to a profit of EUR 1.925 million in 2017. Total comprehensive income reached a loss EUR 0.727 million in 2017Q4, compared to a loss EUR 1.677 million one year ago.

**Chart 7. Revenues, gross profit and gross margin**



The numbers presented above are based on published quarterly figures.

**Chart 8. EBITDA, EBIT and EBIT margin development**



The numbers presented above are based on published quarterly figures.

## Balance Sheet

Total fixed assets amounted to EUR 74.420 million at the end of 2017, a decrease by EUR 1.150 million compared to 2016. The main reason for the decrease in assets is the scheduled amortization and depreciation of fixed assets, partially compensated by higher assets in progress.

Current assets increased from EUR 11.556 million as of 31 December 2016 to EUR 15.366 million as of 31 December 2017 mainly due to higher work in progress, higher cash, higher other receivables and higher inventories.

Total liabilities amounted to EUR 63.682 million as of the end of the reporting period compared to EUR 62.945 million as of the end of 2016. Current liabilities increased by EUR 4.547million (up from EUR 7.910 million in 2016 to EUR 12.457 million in 2017) mainly due to the reclassification of the EUR bond from long-term liabilities to short-term liabilities (due date 12 March 2018), compensated slightly by lower other payables and partial repayment of the bond outstanding.

Long term liabilities decreased by EUR 3.810 million from EUR 55.035 million in 2016 to EUR 51.225 million in 2017. The main drivers of the change in long term liabilities were the reclassification of the EUR bond to the short-term liabilities and the decrease in the outstanding balance of bank loans.

Chart 9. Net current assets

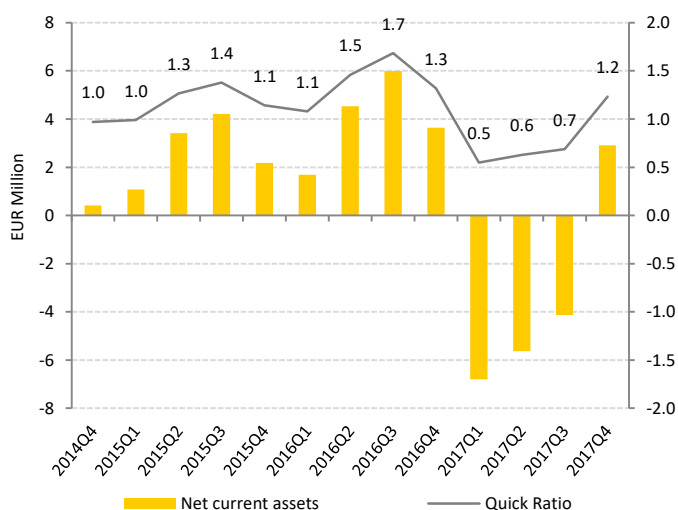
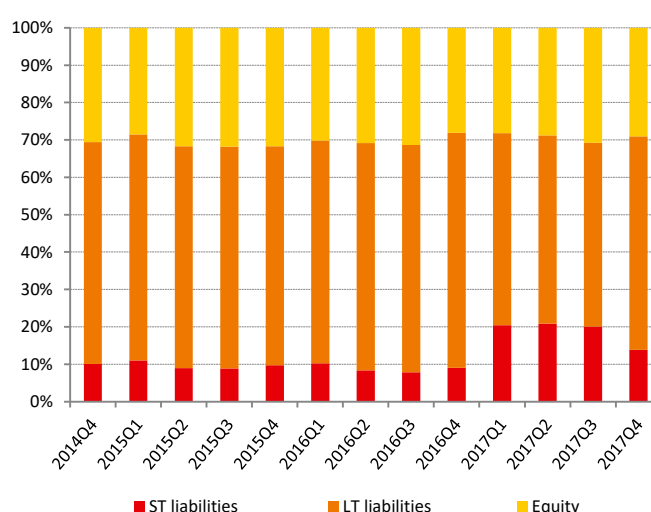


Chart 10. Break down of liabilities and equity



## Changes in equity

Equity increased to EUR 26.105 million in 2017 compared to EUR 24.180 million in 2016. This is mainly due to positive currency revaluation reserves and derivatives reserves.

## Cash Flow

For the full year 2017 the Group posted a positive operating cash flow, which amounted to EUR 2.513 million. In 2017Q4 the Group posted a neutral operating cash flow, which amounted to EUR -0.024 million. Financial cash flow was positive and amounted to EUR 2.001 million driven primarily by the proceeds from other borrowings and proceeds from the issuance of the new bond in 2017Q4. Investment cashflow equalled to zero in the corresponding period. All these movements were supported by a positive effect of the change in exchange rates (a positive impact of EUR 0.638 million). Overall, the cash position increased by EUR 1.865 million in total YOY and amounted at EUR 7.285 million at the end of the reporting period (EUR 5.420 million one year ago).

## 2.9. Financial forecasts

The Company does not publish financial forecasts.



### 3. General information about the Issuer

The table below presents general information about Photon Energy NV, hereinafter referred to as the “PENV”, “Issuer”, “the Group” and/or the “Company”.

Company name:	Photon Energy N.V.
Registered office:	Barbara Strozziilaan 201, 1083 HN, Amsterdam, the Netherlands
Registration:	Dutch Chamber of Commerce ( <i>Kamer van Koophandel</i> )
Company number:	51447126
Tax-ID:	NL850020827B01
Ticker:	PEN
Web:	www.photonenergy.com

### 4. Share capital of the Issuer

The Company’s share capital is EUR 600,000 divided into 60,000,000 shares with a nominal value of EUR 0.01 each. The share capital is fully paid-up.

#### Share capital as of 31 December 2017

Series/ issue	Type of shares	Type of preference	Limitation of right to shares	Number of shares	Nominal value of series/issue (EUR)	Capital covered with
A	bearer	-	-	<u>60,000,000</u>	<u>600,000</u>	cash
<b>Total number of shares</b>				<b>60,000,000</b>		
<b>Total share capital</b>					<b>600,000</b>	
Nominal value per share = EUR 0.01						

In the reporting period there were no changes to the share capital.

### 5. Shareholder structure

As of 31 December 2017, to the knowledge of the Board of Directors of Photon Energy N.V., the shareholder structure was as follows:

Shareholdership as of 31.12.2017	No. of shares	% of capital	No. of votes at the Shareholders Meeting	% of votes at the Shareholders Meeting
Solar Age Investments B.V.	26,467,000	44.11%	26,467,000	51.54%
Solar Future Cooperatief U.A.	8,590,683	14.32%	8,590,683	16.73%
Solar Power to the People Cooperatief U.A.	8,051,874	13.42%	8,051,874	15.68%
Photon Energy N.V.	8,649,357	14.42%	0	0.00%
Free float	8,241,086	13.74%	8,241,086	16.05%
<b>Total</b>	<b>60,000,000</b>	<b>100.00%</b>	<b>51,350,643</b>	<b>100.00%</b>

The free float includes shares allocated to the Employee incentive programme. The disposition rights to these shares are limited and employees can dispose of these shares only under specific conditions.

## 6. Statutory bodies of the Issuer

### Board of Directors as of 31 December 2017

The Board of Directors is responsible for the day-to-day operations of the Company. The Issuer's Board of Directors has the following members:

Name	Position	Date of birth	Term of office expiry date
Georg Hotar	Director ( <i>Bestuurder</i> )	21.04.1975	No term of expiry
Michael Gartner	Director ( <i>Bestuurder</i> )	29.06.1968	No term of expiry

### Supervisory Board

Under Dutch law, a public company is required to establish a supervisory board if:

- ▶ The issued share capital of the company together with the reserves pursuant to the balance of sheet amounts to at least EUR 16 million,
- ▶ The company or a dependent company established a work council pursuant to a statutory obligation and,
- ▶ The company together with its dependent companies employs at least one hundred employees in the Netherlands.

The company will only be under the obligation to establish a supervisory board if it meets such criteria on the balance sheet dates in three consecutive financial years. The Issuer does not meet the above described criteria and therefore is not required to create a supervisory board.

No Supervisory Board was established, however, the Issuer has the intention to appoint an independent Supervisory Board in the future.






## 7. Description of the Issuer's business

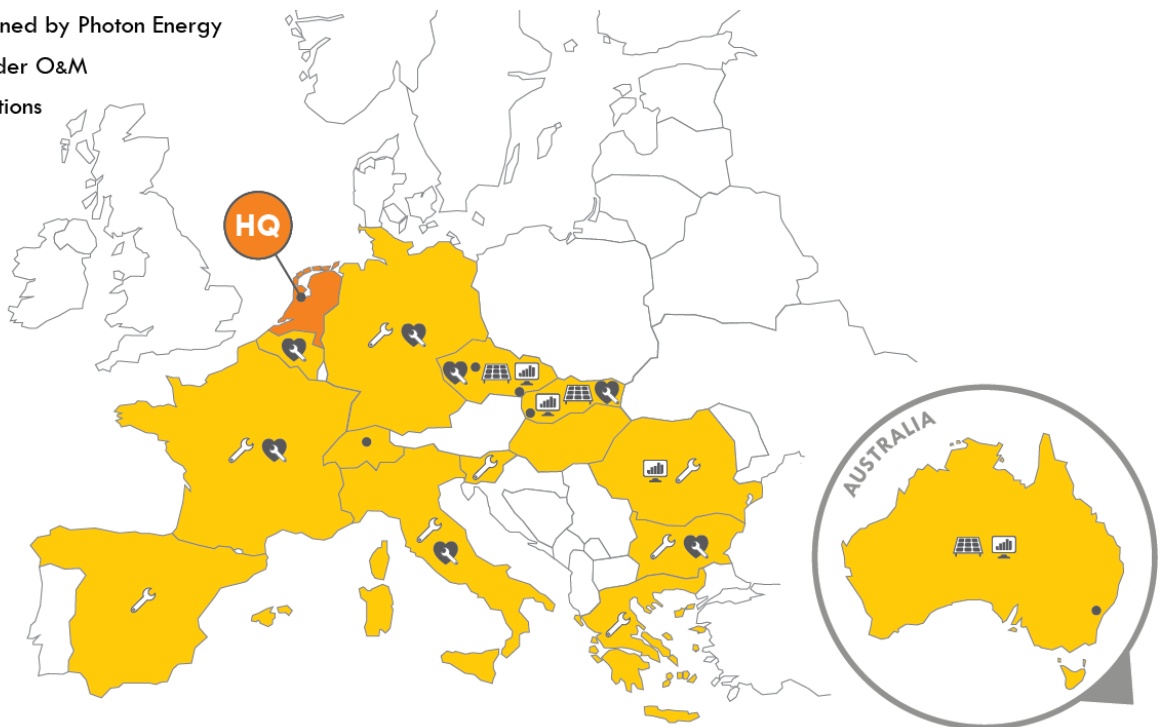
Photon Energy NV ("Photon Energy", "PENV", "Issuer" or "Company") is the holding company of the Photon Energy Group and was incorporated under the laws of the Netherlands on 9 December 2010. The Photon Energy Group ("Group" or "PE Group") offers comprehensive solutions and maintenance services for photovoltaic systems that cover their entire lifecycle globally.

The Group is vertically integrated in the downstream segment of the photovoltaic industry. The company focuses on life-cycle services and delivers:

- ▶ **Projects:** Project development for rooftop and green-field installations from 300 kW to 300 MW.
- ▶ **Solutions:** Design and construction of on-grid and off-grid installations, including battery storage solutions,
- ▶ **Technology:** Trading of PV-components (modules and inverters).
- ▶ **Investments:** Investments in PV power plants and sustainable production and sale of electricity.
- ▶ **Operations:** Operations and maintenance of PV power plants, including a proprietary control room and monitoring platform.

### Country-specific references

-  Power plants owned by Photon Energy
-  Power plants under O&M
-  Service interventions
-  Inverter Cardio
-  Offices



Currently the Photon Energy Group is active with 74 professionals in 5 countries across 2 continents (headquartered in Amsterdam). With a track record of 50 MWp of grid-connected PV plants across 5 countries and more than 210 MWp of PV power plants under O&M management across two continents.

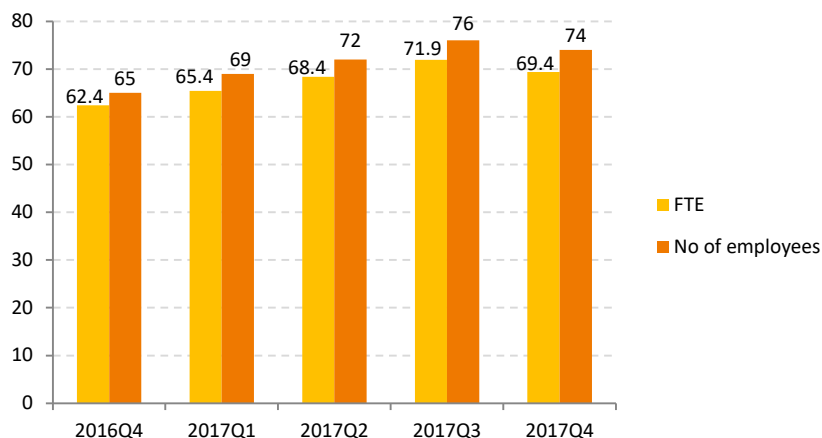
## 8. Implementation of innovative activities in the Company

None during the reporting period.

## 9. Employees

As of the end of 2017, the Photon Energy Group had 74 employees (compared to 65 employees in 2016) which translates into 69.4 FTE (compared to 62.4 FTE in 2016Q4).

**Chart 11. Total number of employees and full time equivalent employees per quarter**



<sup>1</sup> **Full-time equivalent (FTE)** is a unit that indicates the workload of an person in a way that makes workloads comparable across various contexts. An FTE of 1.0 means that the person is equivalent to a full-time worker, while an FTE of 0.5 signals that the worker is only half-time.

### Employee Share Purchase Programme

The management of the Company recognises the significant contribution of the team members to the future development of the Group. Therefore, it operates an Employee Share Purchase Programme as a part of its motivation system. Under the terms of the programme, the Group periodically purchases shares for employees equal to 10% of their gross compensation. The disposition rights to these shares are limited and employees can dispose of these shares only under specific conditions.

## 10. Group structure

The following table presents the Group's structure (subsidiaries and joint-ventures) and the holding company's stake in the entities comprising the Group as of the reporting date.

Name	% of share capital held by the holding company	Country of registration	Consolid. method	Legal Owner
1 Photon Energy N.V. (PENV)	Holding	NL	Full Cons.	-
2 Photon Directors B.V.	100%	NL	Full Cons.	PENV
3 Photon Energy Engineering B.V. (PEE BV)	100%	NL	Full Cons.	PENV
4 Photon Energy Operations N.V. (PEO NV)	100%	NL	Full Cons.	PENV
5 Photon Energy Australia Pty Ltd.	100%	AUS	Full Cons.	PENV
6 Photon Energy Generation Australia Pty. Ltd.	100%	AUS	Full Cons.	PENV
7 Photon Energy AUS SPV 1 Pty. Ltd.	100%	AUS	Full Cons.	PENV
8 Photon Energy AUS SPV 2 Pty. Ltd.	100%	AUS	Full Cons.	PENV
9 Photon Energy AUS SPV 3 Pty. Ltd.	100%	AUS	Full Cons.	PENV
10 Photon Energy AUS SPV 4 Pty. Ltd.	100%	AUS	Full Cons.	PENV
11 Photon Energy AUS SPV 5 Pty. Ltd.	51%	AUS	Equity	PENV
12 Photon Energy AUS SPV 6 Pty. Ltd.	51%	AUS	Equity	PENV
13 Photon Energy AUS SPV 7 Pty. Ltd.	51%	AUS	Equity	PENV
14 Photon Energy AUS SPV 8 Pty. Ltd.	51%	AUS	Equity	PENV
15 Photon Energy AUS SPV 9 Pty. Ltd.	51%	AUS	Equity	PENV
16 Photon Energy AUS SPV 10 Pty. Ltd.	51%	AUS	Equity	PENV
17 Photon Energy Operations Australia Pty.Ltd.	100%	AUS	Full Cons.	PEONV
18 Photon Energy Engineering Australia Pty Ltd	100%	AUS	Full Cons.	PEEBV
19 Global Investment Protection AG	100%	CH	Full Cons.	PENV
20 Alfemo AG	100%	CH	Full Cons.	PENV
21 Koradol AG	100%	CH	Full Cons.	PENV
22 Photon Energy Corporate Services CZ s.r.o.	100%	CZ	Full Cons.	PENV
23 Photon SPV 1 s.r.o.	100%	CZ	Full Cons.	PENV
24 Photon Energy Operations CZ s.r.o. (PEOCZ) <sup>1</sup>	100%	CZ	Full Cons.	PEONV
25 Photon Energy Control s.r.o.	100%	CZ	Full Cons.	PEOCZ
26 Photon Energy Technology CEE s.r.o.	100%	CZ	Full Cons.	PEEBV
27 Photon Water Technology s.r.o.	65%	CZ	Full Cons.	PENV
28 Photon Energy Solutions s.r.o.	100%	CZ	Full Cons.	PENV
29 Photon Energy Projects s.r.o. (PEP)	100%	CZ	Full Cons.	PENV
30 Photon Energy Cardio s.r.o.	100%	CZ	Full Cons.	PEOCZ
31 The Special One s.r.o.	100%	CZ	Full Cons.	PENV
32 Charles Bridge Services s.r.o.	100%	CZ	Full Cons.	PENV
33 Photon Energy Finance Europe GmbH	100%	DE	Full Cons.	PENV
34 Photon Energy Corporate Services DE GmbH	100%	DE	Full Cons.	PENV
35 Photon Energy Engineering Europe GmbH	100%	DE	Full Cons.	PEEBV
36 EcoPlan 2 s.r.o.	100%	SK	Full Cons.	PENV
37 EcoPlan 3 s.r.o.	100%	SK	Full Cons.	PENV
38 Fotonika, s.r.o.	100%	SK	Full Cons.	PENV
39 Photon SK SPV 1 s.r.o.	50%	SK	Equity	PENV
40 Photon SK SPV 2 s.r.o.	100%	SK	Full Cons.	PENV
41 Photon SK SPV 3 s.r.o.	100%	SK	Full Cons.	PENV
42 Solarpark Myjava s.r.o.	50%	SK	Equity	PENV
43 Solarpark Polianka s.r.o.	50%	SK	Equity	PENV
44 SUN4ENERGY ZVB, s.r.o.	100%	SK	Full Cons.	PENV
45 SUN4ENERGY ZVC, s.r.o.	100%	SK	Full Cons.	PENV
46 ATS Energy, s.r.o.	100%	SK	Full Cons.	PENV
47 Photon Energy Operations SK s.r.o.	100%	SK	Full Cons.	PEONV
48 Photon Energy HU SPV 1 Kft. b.a	100%	HU	Full Cons.	PEP
49 Fertod Napenergia-Termelo Kft.	100%	HU	Full Cons.	PEP
50 Photon Energy Operations HU Kft.	100%	HU	Full Cons.	PEONV
51 Photon Energy Solutions HU Kft.	100%	HU	Full Cons.	PENV

Notes:  
**Country of registration**  
 NL – the Netherlands      CZ – the Czech Republic      DE - Germanz      CH - Switzerland  
 SK – Slovakia      AUS– Australia      HU - Hungary  
**Consolidation method:**  
 Full Cons. - Full Consolidation Not Cons. – Not Consolidated  
 Equity – Equity Method

Photon Energy Operations CZ s.r.o. established a branch office in Romania.

In addition to the above subsidiaries, for the purposes of IFRS reporting, the Company consolidates the following entities:

	Name	% of Consolidated share	% of Ownership share	Country of registration	Consolidation method	Legal Owner
1	Photon SPV 3 s.r.o. (Mostkovice SPV3)	100%	0%	CZ	Full Cons.	RL
2	Photon SPV 8 s.r.o. (Zvikov I)	100%	0%	CZ	Full Cons.	RL
3	Exit 90 SPV s.r.o. (Komorovice)	100%	0%	CZ	Full Cons.	RL
4	Photon SPV 4 s.r.o. (Svatoslav)	100%	0%	CZ	Full Cons.	RL
5	Photon SPV 6 s.r.o. (Slavkov)	100%	0%	CZ	Full Cons.	RL
6	Onyx Energy s.r.o. (Zdice I)	100%	0%	CZ	Full Cons.	RL
7	Onyx Energy projekt II s.r.o. (Zdice II)	100%	0%	CZ	Full Cons.	RL
8	Photon SPV 10 s.r.o. (Dolní Dvořiště)	100%	0%	CZ	Full Cons.	RL
9	Photon SPV 11 s.r.o. (Radvanice)	100%	0%	CZ	Full Cons.	RL

Notes:

RL - Raiffeisen - Leasing, s.r.o.

#### In the reporting period, the following changes to the Group structure took place:

- ▶ On 22 December 2017, ALFEMO AG was incorporated as a 100% subsidiary of Photon Energy NV.
- ▶ On 22 December 2017, KORADOL AG was incorporated as a 100% subsidiary of Photon Energy NV.

#### After the reporting period the following events occurred:

- ▶ On 29 January 2018, Photon Energy entered into a co-financing development agreement with Canadian Solar Inc. in which it sold 51% of its shareholding in Photon Energy Generation Australia Pty. Ltd. and 26.01% of its shareholding in Photon Energy AUS SPV 5 Pty. Ltd., Photon Energy AUS SPV 7 Pty. Ltd., Photon Energy AUS SPV 8 Pty. Ltd. and Photon Energy AUS SPV 10 Pty. Ltd.

## 11. Report on the key events material for the Group's operations

### 11.1. Summary of the key events from 1 October until 31 December 2017

Below is a summary of the key events which were important for the Issuer's business from 1 October until 31 December 2017 and which were reported in the EBI system:

- ▶ **EBI 30/2017** published on 4 October 2017: Photon Energy acquires 8 PV projects with 4 MW AC in Hungary.
- ▶ **EBI 31/2017** published on 9 October 2017: Photon Energy announces Development Approval for 28.6 MWp solar farm in Leeton, Australia.
- ▶ **EBI 32/2017** published on 10 October 2017: Monthly report for September 2017.
- ▶ **EBI 33/2017** published on 24 October 2017: Interim result of the placement of the bond 2017/2022 (ISIN DE000A19MFH4).
- ▶ **EBI 34/2017** published on 6 November 2017: Quarterly report for 2017 Q3.
- ▶ **EBI 35/2017** published on 9 November 2017: Monthly report for October 2017.
- ▶ **EBI 36/2017** published on 8 December 2017: Publication dates of periodic reports in 2018.
- ▶ **EBI 37/2017** published on 11 December 2017: Monthly report for November 2017.
- ▶ **EBI 38/2017** published on 12 December 2017: Photon Energy announces the partial retirement of its 8% EUR Bond 2013-18.

### 11.2. Summary of the key events after 31 December 2017

Below is a summary of the key events which were important for the Issuer's business after 31 December 2017 until the date of this report:

- ▶ **EBI 1/2018** published on 10 January 2018: Monthly report for December 2017.
- ▶ **EBI 2/2018** published on 17 January 2018: Photon Energy expects 31% revenue growth, 18% EBITDA growth and 74% EBIT growth in 2017.
- ▶ **EBI 3/2018** published on 29 January 2018: Photon Energy and Canadian Solar enter into co-development financing deal for 1.14 GWp Australian Solar Project Pipeline.

## 12. Detailed consolidated financial results for 2017Q4

The tables below present the **consolidated** and **un-audited** financial statements of Photon Energy N.V. for the period starting on 1 October 2017 and ending on 31 December 2017 and the corresponding period of the previous year. The reported data is presented in accordance with **International Financial and Reporting Standards (IFRS)**.

### Statement of Comprehensive Income

in Thousands	EUR		PLN		CZK	
	2016Q4	2017Q4	2016Q4	2017Q4	2016Q4	2017Q4
<b>Total revenues</b>	<b>1,981</b>	<b>4,319</b>	<b>8,672</b>	<b>18,280</b>	<b>53,539</b>	<b>112,665</b>
<i>Out of that: Revenues from electricity generation</i>	1,148	1,379	5,026	5,838	31,031	35,980
<i>Out of that: Other revenues</i>	833	2,940	3,646	12,442	22,507	76,684
Cost of sales	-503	-2,337	-2,203	-9,891	-13,599	-60,964
Solar levy CZ	-77	-87	-336	-366	-2,072	-2,257
<b>Gross profit</b>	<b>1,401</b>	<b>1,896</b>	<b>6,134</b>	<b>8,022</b>	<b>37,867</b>	<b>49,444</b>
Other income	121	222	528	938	3,258	5,778
Administrative expenses	-483	-426	-2,115	-1,804	-13,056	-11,121
Personnel expenses	-597	-675	-2,613	-2,858	-16,130	-17,616
Other expenses	-113	-421	-496	-1,782	-3,064	-10,982
<b>EBITDA</b>	<b>328</b>	<b>594</b>	<b>1,438</b>	<b>2,515</b>	<b>8,875</b>	<b>15,503</b>
Depreciation	-810	-944	-3,548	-3,995	-21,905	-24,621
<b>EBIT</b>	<b>-482</b>	<b>-350</b>	<b>-2,111</b>	<b>-1,479</b>	<b>-13,030</b>	<b>-9,119</b>
Interests income	10	30	46	125	281	770
Financial revenues	125	0	545	0	3,365	0
Interests cost	-759	-648	-3,321	-2,742	-20,506	-16,902
Financial expenses	-43	-125	-187	-529	-1,152	-3,259
Revaluation of derivatives	114	221	499	937	3,079	5,776
<b>Net finance expenses</b>	<b>-552</b>	<b>-522</b>	<b>-2,419</b>	<b>-2,209</b>	<b>-14,933</b>	<b>-13,615</b>
Share of profit from associates / J-Vs	-53	-45	-232	-191	-1,430	-1,177
<b>Profit / loss before taxation</b>	<b>-1,088</b>	<b>-917</b>	<b>-4,761</b>	<b>-3,880</b>	<b>-29,393</b>	<b>-23,911</b>
Income tax – current	-520	-452	-2,277	-1,913	-14,058	-11,788
Income tax – deferred	-184	-58	-804	-244	-4,964	-1,503
<b>Profit/loss from continuing operations</b>	<b>-1,791</b>	<b>-1,426</b>	<b>-7,842</b>	<b>-6,036</b>	<b>-48,415</b>	<b>-37,202</b>
Profit/loss from discontinued operations	0	0	0	0	0	0
<b>Profit/loss after taxation</b>	<b>-1,791</b>	<b>-1,426</b>	<b>-7,842</b>	<b>-6,036</b>	<b>-48,415</b>	<b>-37,202</b>
Other comprehensive income for the period	114	699	499	2,958	3,081	18,233
<b>Total comprehensive income for the period</b>	<b>-1,677</b>	<b>-727</b>	<b>-7,343</b>	<b>-3,078</b>	<b>-45,334</b>	<b>-18,969</b>
			0	0	0	0
<b>Profit/loss after taxation</b>	<b>-1,791</b>	<b>-1,426</b>	<b>-7,842</b>	<b>-6,036</b>	<b>-48,415</b>	<b>-37,202</b>
<i>Attributable to the equity holders</i>	-1,791	-1,428	-7,842	-6,045	-48,415	-37,255
<i>Attributable to minority interest</i>	0	2	0	9	0	53
<b>Total comprehensive income for the period</b>	<b>-1,677</b>	<b>-727</b>	<b>-7,343</b>	<b>-3,078</b>	<b>-45,334</b>	<b>-18,969</b>
<i>Attributable to the equity holders</i>	-1,677	-729	-7,343	-3,086	-45,334	-19,022
<i>Attributable to minority interest</i>	0	2	0	9	0	53
Average no. of shares outstanding (in thousand)	50,972	51,153	50,972	51,153	50,972	51,153
Earnings per share outstanding	-0.035	-0.028	-0.154	-0.118	-0.950	-0.727
Comprehensive income per share outstanding	-0.033	-0.014	-0.144	-0.060	-0.889	-0.371
<i>EUR exchange rate – low</i>			4.271	4.177	27.020	25.965
<i>EUR exchange rate – average</i>			4.378	4.232	27.028	26.084
<i>EUR exchange rate – high</i>			4.500	4.313	27.095	26.160

Note: Exchange rates provided by the European Central Bank



## Statement of Financial Position

in Thousands	EUR		PLN		CZK	
	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017
Intangibles	0	0	0	0	0	0
Property, plant and equipment	73,977	72,768	326,289	303,972	1,998,847	1,890,136
Investments in associates /joint ventures	1,585	1,644	6,990	6,866	42,822	42,696
Other investments	8	9	36	36	220	224
Longterm receivables	0	0	0	0	0	0
Deferred tax assets	0	0	0	0	0	0
<b>Non-current assets</b>	<b>75,570</b>	<b>74,420</b>	<b>333,315</b>	<b>310,874</b>	<b>2,041,889</b>	<b>1,933,056</b>
			0	0	0	0
Inventories – Goods	1,122	1,345	4,949	5,619	30,316	34,943
Trade receivables	1,123	1,365	4,953	5,704	30,340	35,468
Other receivables	2,150	3,280	9,483	13,702	58,096	85,200
Loans	812	650	3,582	2,715	21,943	16,881
Gross amount due from customers for contract work	0	374	0	1,563	0	9,718
Prepaid expenses	389	715	1,714	2,985	10,497	18,561
Cash and cash equivalents	5,420	7,285	23,904	30,431	146,437	189,222
Other S-T financial assets	541	352	2,385	1,472	14,609	9,152
Assets held for sale	0	0	0	0	0	0
<b>Current assets</b>	<b>11,556</b>	<b>15,366</b>	<b>50,969</b>	<b>64,190</b>	<b>312,239</b>	<b>399,145</b>
<b>Total assets</b>	<b>87,125</b>	<b>89,786</b>	<b>384,285</b>	<b>375,064</b>	<b>2,354,128</b>	<b>2,332,201</b>
			0	0	0	0
Issued share capital	600	600	2,649	2,506	16,225	15,585
Share premium	23,760	23,760	104,798	99,253	641,995	617,166
Legal reserve fund	13	13	59	56	361	347
Reserves	23,066	23,818	101,736	99,494	623,236	618,666
Retained earnings	-23,260	-22,067	-102,592	-92,182	-628,479	-573,197
<b>Equity attributable to owners of the Company</b>	<b>24,180</b>	<b>26,124</b>	<b>106,650</b>	<b>109,127</b>	<b>653,339</b>	<b>678,566</b>
Non-controlling interests	0	-19	0	-80	0	-495
<b>Total equity</b>	<b>24,180</b>	<b>26,105</b>	<b>106,650</b>	<b>109,047</b>	<b>653,339</b>	<b>678,071</b>
			0	0	0	0
Bank loans	37,551	34,786	165,625	145,313	1,014,616	903,577
Other long-term liabilities	11,410	9,285	50,325	38,787	308,289	241,185
Other loans	269	1,000	1,188	4,177	7,279	25,975
Deferred tax liabilities	5,806	6,153	25,608	25,703	156,872	159,825
<b>Non-current liabilities</b>	<b>55,035</b>	<b>51,225</b>	<b>242,745</b>	<b>213,981</b>	<b>1,487,056</b>	<b>1,330,562</b>
Bank Loans	3,597	3,695	15,865	15,435	97,189	95,978
Other loans	269	270	1,188	1,126	7,279	7,003
Trade payables	619	217	2,732	907	16,738	5,637
Other payables	2,894	1,257	12,766	5,251	78,202	32,654
Other shortterm liabilities	0	6,533	0	27,290	0	169,695
Current tax liabilities (income tax)	305	469	1,344	1,957	8,236	12,171
Provisions	225	17	992	70	6,080	438
<b>Current liabilities</b>	<b>7,910</b>	<b>12,457</b>	<b>34,888</b>	<b>52,037</b>	<b>213,723</b>	<b>323,575</b>
<b>Total Liabilities</b>	<b>62,945</b>	<b>63,682</b>	<b>277,633</b>	<b>266,018</b>	<b>1,700,780</b>	<b>1,654,137</b>
<b>TOTAL Equity &amp; Liabilities</b>	<b>87,125</b>	<b>89,786</b>	<b>384,283</b>	<b>375,066</b>	<b>2,354,118</b>	<b>2,332,208</b>
<i>No. of shares outstanding in thousand</i>	50,972	51,353	50,972	51,353	50,972	51,353
<i>Book value per share outstanding</i>	0.474	0.508	2.092	2.123	12.818	13.204

## Cash Flow Statement

in Thousands	EUR		PLN		CZK	
	2016Q4	2017Q4	2016Q4	2017Q4	2016Q4	2017Q4
Profit/loss before taxation	-1,088	-917	-4,761	-3,880	-29,393	-23,911
Adjustments for:			0	0	0	0
Depreciation	810	944	3,548	3,995	21,905	24,621
Other changes in fixed assets	0	0	0	0	0	0
Share of profit of equity accounted investees	53	45	232	191	1,430	1,177
Profit /Loss on sale of property, plant and equipment	0	0	0	0	0	0
Other non-cash items	-1,930	-29	-8,448	-123	-52,155	-756
Changes in:	0		0	0	0	0
Trade and other receivables	2,611	703	11,430	2,975	70,569	18,339
Gross amount due from customers for contract work	0	157	0	663	0	4,086
Prepaid expenses	-2	-213	-11	-901	-66	-5,553
Inventories	35	1	154	4	949	25
Trade and other payables	787	-782	3,443	-3,308	21,258	-20,387
Other liabilities	-44	66	-191	281	-1,179	1,734
<b>Operating cash flow</b>	<b>1,233</b>	<b>-24</b>	<b>5,397</b>	<b>-101</b>	<b>33,318</b>	<b>-625</b>
Acquisition of property, plant and equipment	0	0	0	0	0	0
Acquisition of subsidiary (net of cash acquired), associates, joint ventures	0	0	0	0	0	0
Acquisition of other investments	0	0	0	0	0	0
Proceeds from sale of investments	-25	0	-109	0	-676	0
Proceeds from sale of property, plant and equipment, other investments	0	0	0	0	0	0
Interest received	0	0	0	0	0	0
<b>Investment cash flow</b>	<b>-25</b>	<b>0</b>	<b>-109</b>	<b>0</b>	<b>-676</b>	<b>0</b>
Proceeds from issuance of ordinary shares	0	0	0	0	0	0
Change of consolidation method (acquisition of JV)	0	0	0	0	0	0
Proceeds from borrowings	0	1,000	0	4,232	0	26,084
Repayment of borrowings	-1,047	-1,146	-4,583	-4,849	-28,296	-29,884
Proceeds from issuing bonds	887	6,853	3,881	29,005	23,963	178,766
Repayment of bonds	0	-4,059				
Interest expenses		-649	0	-2,747	0	-16,928
<b>Financing cash flow</b>	<b>-939</b>	<b>2,001</b>	<b>-4,109</b>	<b>8,468</b>	<b>-25,370</b>	<b>52,188</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>269</b>	<b>1,977</b>	<b>1,178</b>	<b>8,366</b>	<b>7,273</b>	<b>51,563</b>
<b>Cash at the beginning of the period</b>	<b>5,208</b>	<b>4,670</b>	<b>22,800</b>	<b>19,765</b>	<b>140,760</b>	<b>121,819</b>
Effect of exchange rate fluctuation	-60	638	-87	2,700	-1,622	16,642
<b>Cash at the end of the period</b>	<b>5,420</b>	<b>7,285</b>	<b>23,904</b>	<b>30,431</b>	<b>146,436</b>	<b>189,222</b>
EUR exchange rate - low			4.271	4.177	27.020	25.965
EUR exchange rate - average			4.378	4.232	27.028	26.084
EUR exchange rate - high			4.500	4.313	27.095	26.160

### 13. Detailed accumulated consolidated financial results for 2017 Q1-Q4

The tables below present the **consolidated** and **un-audited** financial statements of Photon Energy N.V. for the nine-month period starting on 1 January 2017 and ending on 31 December 2017 and the corresponding period of the previous year. The reported data is presented in accordance with **International Financial and Reporting Standards (IFRS)**.

#### Statement of Comprehensive Income

in Thousands	EUR		PLN		CZK	
	2016Q1-Q4	2017Q1-Q4	2016Q1-Q4	2017Q1-Q4	2016Q1-Q4	2017Q1-Q4
<b>Total revenues</b>	<b>13,089</b>	<b>17,258</b>	<b>57,098</b>	<b>73,474</b>	<b>353,851</b>	<b>458,264</b>
<i>Out of that: Revenues from electricity generation</i>	10,869	11,782	47,415	50,161	293,844	312,858
<i>Out of that: Other revenues</i>	2,220	5,476	9,683	23,313	60,007	145,406
Cost of sales	-1,589	-4,145	-6,932	-17,644	-42,960	-110,050
Solar levy CZ	-777	-821	-3,388	-3,493	-20,996	-21,788
<b>Gross profit</b>	<b>10,723</b>	<b>12,293</b>	<b>46,778</b>	<b>52,336</b>	<b>289,895</b>	<b>326,426</b>
Other income	374	517	1,633	2,201	10,119	13,727
Administrative expenses	-1,690	-1,756	-7,370	-7,476	-45,677	-46,627
Personnel expenses	-2,241	-2,592	-9,775	-11,033	-60,580	-68,813
Other expenses	-616	-536	-2,688	-2,280	-16,657	-14,220
<b>EBITDA</b>	<b>6,551</b>	<b>7,927</b>	<b>28,577</b>	<b>33,749</b>	<b>177,100</b>	<b>210,494</b>
Depreciation	-5,265	-5,560	-22,966	-23,672	-142,328	-147,644
<b>EBIT</b>	<b>1,286</b>	<b>2,367</b>	<b>5,611</b>	<b>10,077</b>	<b>34,773</b>	<b>62,850</b>
Interests income	42	191	184	814	1,142	5,074
Financial revenues	125	0	544	0	3,369	0
Interests cost	-3,109	-2,710	-13,562	-11,536	-84,047	-71,951
Financial expenses	-55	-489	-239	-2,081	-1,482	-12,982
Revaluation of derivatives	-345	997	-1,504	4,245	-9,324	26,475
<b>Net finance expenses</b>	<b>-3,342</b>	<b>-2,010</b>	<b>-14,578</b>	<b>-8,559</b>	<b>-90,343</b>	<b>-53,383</b>
Share of profit from associates / J-Vs	59	66	259	280	1,608	1,750
<b>Profit / loss before taxation</b>	<b>-1,996</b>	<b>422</b>	<b>-8,707</b>	<b>1,798</b>	<b>-53,962</b>	<b>11,217</b>
Income tax – current	-532	-1,016	-2,322	-4,327	-14,393	-26,991
Income tax – deferred	-121	-137	-528	-583	-3,273	-3,634
<b>Profit/loss from continuing operations</b>	<b>-2,649</b>	<b>-731</b>	<b>-11,558</b>	<b>-3,112</b>	<b>-71,628</b>	<b>-19,408</b>
Profit/loss from discontinued operations	-11		-48	0	-297	0
<b>Profit/loss after taxation</b>	<b>-2,660</b>	<b>-731</b>	<b>-11,606</b>	<b>-3,112</b>	<b>-71,925</b>	<b>-19,408</b>
Other comprehensive income for the period	653	2,656	2,849	11,307	17,654	70,525
<b>Total comprehensive income for the period</b>	<b>-2,007</b>	<b>1,925</b>	<b>-8,757</b>	<b>8,196</b>	<b>-54,271</b>	<b>51,117</b>
<b>Profit/loss after taxation</b>	<b>-2,660</b>	<b>-731</b>	<b>-11,606</b>	<b>-3,112</b>	<b>-71,925</b>	<b>-19,408</b>
<i>Attributable to the equity holders</i>	-2,660	-711	-11,606	-3,029	-71,925	-18,892
<i>Attributable to minority interest</i>	0	-19	0	-83	0	-516
<b>Total comprehensive income for the period</b>	<b>-2,007</b>	<b>1,925</b>	<b>-8,757</b>	<b>8,196</b>	<b>-54,271</b>	<b>51,117</b>
<i>Attributable to the equity holders</i>	-2,007	1,945	-8,757	8,278	-54,271	51,633
<i>Attributable to minority interest</i>	0	-19	0	-83	0	-516
Average no. of shares outstanding (in thousand)	50,982	51,017	50,982	51,017	50,982	51,017
Earnings per share outstanding	-0.052	-0.014	-0.228	-0.061	-1.411	-0.380
Comprehensive income per share outstanding	-0.039	0.038	-0.172	0.161	-1.065	1.002
<i>EUR exchange rate – low</i>			4.234	4.171	27.020	25.965
<i>EUR exchange rate – average</i>			4.362	4.257	27.035	26.553
<i>EUR exchange rate – high</i>			4.500	4.413	27.150	27.060

Note: Exchange rates provided by the European Central Bank

## Cash Flow Statement

in Thousands	EUR		PLN		CZK	
	2016Q1-Q4	2017Q1-Q4	2016Q1-Q4	2017Q1-Q4	2016Q1-Q4	2017Q1-Q4
Profit/loss before taxation	-1,996	422	-8,707	1,798	-53,962	11,217
Adjustments for:			0	0	0	0
Depreciation	5,265	5,560	22,966	23,672	142,328	147,644
Other changes in fixed assets	0	0	0	0	0	0
Share of profit of equity accounted investees	-59	-66	-259	-280	-1,608	-1,750
Profit /Loss on sale of property, plant and equipment	0	0	0	0	0	0
Other non-cash items	-776	127	-3,384	541	-20,971	3,372
Changes in:			0	0	0	0
Trade and other receivables	260	-1,022	1,134	-4,351	7,030	-27,137
Gross amount due from customers for contract work	0	-374	0	-1,593	0	-9,934
Prepaid expenses	299	-326	1,306	-1,388	8,096	-8,658
Inventories	-198	-223	-862	-950	-5,344	-5,928
Trade and other payables	-642	-2,040	-2,803	-8,683	-17,370	-54,157
Other liabilities	-117	454	-511	1,934	-3,164	12,061
<b>Operating cash flow</b>	<b>2,036</b>	<b>2,513</b>	<b>8,880</b>	<b>10,699</b>	<b>55,034</b>	<b>66,730</b>
Acquisition of property, plant and equipment	0	0	0	0	0	0
Acquisition of subsidiary (net of cash acquired), associates, joint ventures	-438	0	-1,911	0	-11,841	0
Acquisition of other investments	0	0	0	0	0	0
Proceeds from sale of investments	-25	0	-109	0	-676	0
Proceeds from sale of property, plant and equipment, other investments	0	0	0	0	0	0
Interest received	0	0	0	0	0	0
<b>Investment cash flow</b>	<b>-463</b>	<b>0</b>	<b>-2,020</b>	<b>0</b>	<b>-12,517</b>	<b>0</b>
Proceeds from issuance of ordinary shares	0	0	0	0	0	0
Change of consolidation method (acquisition of JV)	1,809	0	7,892	0	48,907	0
Proceeds from borrowings	1,479	1,000	6,452	4,257	39,985	26,553
Repayment of borrowings	-4,337	-5,064	-18,918	-21,560	-117,238	-134,474
Proceeds from issuing bonds	2,872	7,844	12,527	33,394	77,634	208,283
Repayment of bonds		-4,059				
Interest expenses	-3,109	-2,710	-13,562	-11,536	-84,047	-71,951
<b>Financing cash flow</b>	<b>-1,286</b>	<b>-2,989</b>	<b>-5,609</b>	<b>-12,725</b>	<b>-34,759</b>	<b>-79,368</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>287</b>	<b>-476</b>	<b>1,252</b>	<b>-2,026</b>	<b>7,757</b>	<b>-12,638</b>
<b>Cash at the beginning of the period</b>	<b>5,297</b>	<b>5,420</b>	<b>23,108</b>	<b>23,074</b>	<b>143,206</b>	<b>143,918</b>
Effect of exchange rate fluctuation	-164	2,341	-715	9,966	-4,434	62,161
<b>Cash at the end of the period</b>	<b>5,420</b>	<b>7,285</b>	<b>23,904</b>	<b>30,430</b>	<b>146,437</b>	<b>189,222</b>
<i>EUR exchange rate - low</i>			4.234	4.171	27.020	25.965
<i>EUR exchange rate - average</i>			4.362	4.257	27.035	26.553
<i>EUR exchange rate - high</i>			4.500	4.413	27.150	27.060

## Statement of Changes in Equity

in thousand EUR	Share capital	Share premium	Legal reserve Fund	Revaluation reserve	Currency translation reserve	Hedging reserve	Retained earnings	TOTAL	Non-controlling interests	TOTAL EQUITY
<b>BALANCE at 31.12.2016</b>	600	23,760	13	24,410	-1,139	-205	-23,260	24,180	0	24,180
Profit for the period 1.1.2017 – 31.12.2017							-711	-711	-19	-731
Revaluation of PPE								0		0
Share on revaluation of PPE of associates, JV								0		0
Foreign currency translation differences					2,341			2,341		2,341
Derivatives						315		315		315
Acquisition of JV								0		0
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,341</b>	<b>315</b>	<b>-711</b>	<b>1,945</b>	<b>-19</b>	<b>1,925</b>
new shares								0		0
Move from revaluation reserve to retained				-1,904			1,904	0		0
Legal reserve fund – move to RE on entity disposal									-856	0
<b>BALANCE at 31.12.2017</b>	<b>600</b>	<b>23,760</b>	<b>13</b>	<b>22,506</b>	<b>1,202</b>	<b>110</b>	<b>-22,067</b>	<b>26,124</b>	<b>-19</b>	<b>26,105</b>

## 14. Detailed entity financial results for 2017Q4

The tables below present the **entity** and **un-audited** financial statements of Photon Energy N.V. for the three-month period starting on 1 October 2017 and ending on 31 December 2017 and the corresponding period of the previous year. The reported data is presented in accordance with **Dutch Accounting Standards**.

### Income Statement

in Thousands (except EPS)	EUR		PLN		CZK	
	2016Q4	2017Q4	2016Q4	2017Q4	2016Q4	2017Q4
<b>Revenues from the sale of products, goods and services</b>	<b>185</b>	<b>460</b>	<b>816</b>	<b>1,947</b>	<b>4,573</b>	<b>11,999</b>
Cost of sales	-809	-300	-3,534	-1,270	-21,545	-7,826
<b>Gross profit</b>	<b>-623</b>	<b>160</b>	<b>-2,718</b>	<b>677</b>	<b>-16,971</b>	<b>4,173</b>
Other administrative expenses	571	-105	2,488	-444	15,618	-2,737
Other income	52	0	227	1	1,408	4
Other expenses	-230	-258	-1,005	-1,092	-6,222	-6,731
<b>EBITDA</b>	<b>-231</b>	<b>-203</b>	<b>-1,007</b>	<b>-858</b>	<b>-6,167</b>	<b>-5,290</b>
Amortization&depreciation	-3	-3	-12	-11	-69	-69
<b>EBIT</b>	<b>-233</b>	<b>-205</b>	<b>-1,019</b>	<b>-870</b>	<b>-6,237</b>	<b>-5,359</b>
Financial income	1,782	4,835	7,790	20,464	47,222	126,127
Financial costs	-5,973	-2,438	-26,062	-10,318	-161,140	-63,595
<b>Profit / loss before taxation</b>	<b>-4,424</b>	<b>2,192</b>	<b>-19,290</b>	<b>9,276</b>	<b>-120,155</b>	<b>57,173</b>
Income tax	0	0	0	0	0	0
<b>Profit/loss for the period (net income)</b>	<b>-4,425</b>	<b>2,192</b>	<b>-19,295</b>	<b>9,276</b>	<b>-120,183</b>	<b>57,173</b>

## Balance Sheet

in Thousands	EUR		PLN		CZK	
	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017
Intangibles	12	1	53	6	326	37
Property, plant and equipment	0	0	0	0	0	0
Investments in associates /joint ventures	28,056	30,328	123,745	126,688	758,060	787,766
Other investments	0	0	0	0	0	0
Longterm receivables	79	84	348	349	2,133	2,170
Deferred tax assets	0	0	0	0	0	0
<b>Non-current assets</b>	<b>28,147</b>	<b>30,413</b>	<b>124,146</b>	<b>127,043</b>	<b>760,519</b>	<b>789,973</b>
Inventories – Goods	0	0	0	0	0	0
Trade and other receivables	3,758	5,286	16,574	22,080	101,533	137,297
Loans	8,720	10,265	38,461	42,878	235,614	266,622
Gross amount due from customers for contract work	0	0	0	0	0	0
Prepaid expenses	211	523	931	2,184	5,705	13,578
Cash and cash equivalents	438	2,789	1,931	11,651	11,831	72,445
<b>Current assets</b>	<b>13,127</b>	<b>18,862</b>	<b>57,898</b>	<b>78,792</b>	<b>354,684</b>	<b>489,941</b>
<b>Total assets</b>	<b>41,273</b>	<b>49,275</b>	<b>182,044</b>	<b>205,836</b>	<b>1,115,203</b>	<b>1,279,914</b>
Issued share capital	600	600	2,646	2,506	16,212	15,585
Share premium	36,871	36,871	162,627	154,021	996,254	957,724
Legal reserve fund	0	0	0	0	0	0
Reserves	14,713	14,713	64,894	61,460	397,544	382,169
Retained earnings	-25,329	-27,997	-111,717	-116,952	-684,380	-727,225
Profit/loss for the current period	-2,668	1,953	-11,770	8,160	-72,102	50,741
<b>Equity attributable to owners of the Company</b>	<b>24,187</b>	<b>26,140</b>	<b>106,681</b>	<b>109,196</b>	<b>653,528</b>	<b>678,994</b>
Non-controlling interests	0	0	0	0	0	0
<b>Total equity</b>	<b>24,187</b>	<b>26,140</b>	<b>106,681</b>	<b>109,196</b>	<b>653,528</b>	<b>678,994</b>
<b>Non-current liabilities</b>	<b>13,045</b>	<b>11,607</b>	<b>57,537</b>	<b>48,487</b>	<b>352,470</b>	<b>301,496</b>
Bank Loan	0	0	0	0	0	0
Other long term liabilities	12,776	10,607	56,349	44,309	345,195	275,521
Other loans	269	1,000	1,188	4,177	7,275	25,975
Deferred tax liabilities	0	0	0	0	0	0
<b>Current liabilities</b>	<b>4,042</b>	<b>11,527</b>	<b>17,826</b>	<b>48,152</b>	<b>109,205</b>	<b>299,424</b>
Bank Loans	0	0	0	0	0	0
Other loans	269	270	1,188	1,126	7,275	7,003
Trade and other payables	3,547	1,690	15,646	7,061	95,850	43,904
Other shortterm liabilities	0	9,567	0	39,965	0	248,517
Current tax liabilities (income tax)	0	0	0	0	0	0
Provisions	225	0	992	0	6,080	0
<b>Total Equity &amp; Liabilities</b>	<b>41,273</b>	<b>49,275</b>	<b>182,044</b>	<b>205,834</b>	<b>1,115,203</b>	<b>1,279,914</b>
<i>No. of shares outstanding in thousand</i>	<i>50,971</i>	<i>51,351</i>	<i>50,971</i>	<i>51,351</i>	<i>50,971</i>	<i>51,351</i>
<i>Book value per share outstanding</i>	<i>0.475</i>	<i>0.509</i>	<i>2.093</i>	<i>2.126</i>	<i>12.822</i>	<i>13.223</i>

## 15. Detailed cumulative entity financial results for 2017 Q1-Q4

The tables below present the **entity** and **un-audited** financial statements of Photon Energy N.V. for the twelve-month period starting on 1 January 2017 and ending on 31 December 2017 and the corresponding period of the previous year. The reported data is presented in accordance with **Dutch Accounting Standards (DAS)**.

in Thousands (except EPS)	EUR		PLN		CZK	
	2016 Q1-Q4	2017 Q1-Q4	2016 Q1-Q4	2017 Q1-Q4	2016 Q1-Q4	2017 Q1-Q4
<b>Revenues from the sale of products, goods and services</b>	<b>1,549</b>	<b>1,752</b>	<b>6,758</b>	<b>7,458</b>	<b>41,876</b>	<b>46,517</b>
Cost of sales	-1,803	-1,241	-7,865	-5,284	-48,737	-32,956
<b>Gross profit</b>	<b>-254</b>	<b>511</b>	<b>-1,107</b>	<b>2,174</b>	<b>-6,862</b>	<b>13,561</b>
Other administrative expenses	0	-466	0	-1,983	0	-12,365
Other income	52	3	227	11	1,408	71
Other expenses	-237	-263	-1,034	-1,121	-6,406	-6,994
<b>EBITDA</b>	<b>-439</b>	<b>-216</b>	<b>-1,914</b>	<b>-918</b>	<b>-11,860</b>	<b>-5,727</b>
Amortization&depreciation	-11	-11	-46	-45	-288	-282
<b>EBIT</b>	<b>-449</b>	<b>-226</b>	<b>-1,960</b>	<b>-963</b>	<b>-12,147</b>	<b>-6,009</b>
Financial income	4,754	5,702	20,737	24,274	128,505	151,401
Financial costs	-6,992	-3,522	-30,501	-14,994	-189,009	-93,522
<b>Profit / loss before taxation</b>	<b>-2,687</b>	<b>1,953</b>	<b>-11,724</b>	<b>8,316</b>	<b>-72,651</b>	<b>51,870</b>
Income tax	0	0	0	0	0	0
<b>Profit/loss for the period (net income)</b>	<b>-2,687</b>	<b>1,953</b>	<b>-11,724</b>	<b>8,316</b>	<b>-72,651</b>	<b>51,870</b>

## 16. Financial results per operating segments

The tables below present the **consolidated** and **un-audited** financial results per operating segment of Photon Energy N.V. for the period starting on 1 January 2017 and ending on 31 December 2017 and the corresponding period of the previous year. The reported data is presented in accordance with **International Financial and Reporting Standards (IFRS)**.

### Results of the operating segments for the period from 1 January 2017 to 31 December 2017

EUR thousand	Energy solutions	Production of electricity	Operations, maintenance and PVPP supervision	PV Invest.	Other	Total for segments	Elimination	Consolidated financial information
<b>External revenues from sale of products, goods and services</b>	<b>3,130</b>	<b>11,782</b>	<b>2,109</b>	<b>0</b>	<b>237</b>	<b>17,258</b>	<b>0</b>	<b>17,258</b>
Revenues within segments from sale of products, goods, services	572	0	1,488	0	3,239	5,299	-5,299	0
Cost of sale	-2,806	-891	-1,390	0	-180	-5,267	1,122	-4,145
Energy levy	0	-821	0	0	0	-821	0	-821
<b>Gross profit</b>	<b>896</b>	<b>10,077</b>	<b>2,207</b>	<b>0</b>	<b>3,296</b>	<b>16,469</b>	<b>-4,177</b>	<b>12,292</b>
Other external income	59	105	78	0	276	517	0	517
Administrative and other expenses	-1,159	-359	-2,717	0	-4,825	-9,060	4,177	-4,883
Depreciation	0	-5,469	-61	0	-30	-5,560	0	-5,560
<b>Operating income</b>	<b>-205</b>	<b>4,354</b>	<b>-493</b>	<b>0</b>	<b>-1,284</b>	<b>2,367</b>	<b>0</b>	<b>2,367</b>
Interest income	44	246	27	0	944	1,262	-1,071	191
Interest expenses	-77	-2,340	-97	0	-1,268	-3,781	1,071	-2,710
Other financial revenues	0	0	0	0	0	0	0	0
Other financial expenses	10	-7	-6	0	-486	-489	0	-489
Revaluation of derivatives	0	997	0	0	0	997	0	997
Profit/loss share in entities in equivalency	0	0	0	66	0	66	0	66
Income tax	-1	-1,014	-1	0	-1	-1,016	0	-1,016
Deferred tax	0	-137	0	0	0	-137	0	-137
Profit/loss from discontinuing operations	0	0	0	0	0	0	0	0
<b>Profit/loss after taxation</b>	<b>-229</b>	<b>2,100</b>	<b>-569</b>	<b>66</b>	<b>-2,093</b>	<b>-732</b>	<b>0</b>	<b>-732</b>
Revaluation of property, plant and equipment	0	0	0	0	0	0	0	0
Foreign currency translation diff. - foreign operations	0	0	0	2,341	0	2,341	0	2,341
Share of revaluation of PPE of associates / joint venture	0	0	0	0	0	0	0	0
Share of currency translation diff. of associates / JV	0	0	0	0	0	0	0	0
Derivatives (hedging)	0	0	0	315	0	315	0	315
<b>Total comprehensive income</b>	<b>-229</b>	<b>2,100</b>	<b>-569</b>	<b>2,722</b>	<b>-2,093</b>	<b>1,924</b>	<b>0</b>	<b>1,924</b>
<b>Assets, of which</b>	<b>5,148</b>	<b>84,930</b>	<b>4,061</b>	<b>1,644</b>	<b>21,694</b>	<b>117,476</b>	<b>-27,689</b>	<b>89,786</b>
PPE – Lands	0	3,137	0	0	0	3,137	0	3,137
PPE – Photovoltaic power plants	0	68,778	0	0	0	68,778	0	68,778
PPE – Equipment	0	0	145	0	39	184	0	184
PPE – Assets in progress	92	0	188	0	443	723	-54	669
Intangibles	0	0	0	0	0	0	0	0
Trade and other receivables	4,464	7,948	3,165	0	16,704	32,281	-27,635	4,646
Loans	0	0	0	0	650	650	0	650
Gross amount due from customers for contract work	148	0	0	0	226	374	0	374
Inventories – Goods	368	557	405	0	14	1,345	0	1,345
Investments in associates, JV, other	0	0	0	1,644	9	1,652	0	1,652
Deferred tax receivables	0	0	0	0	0	0	0	0
Long term receivables	0	0	0	0	0	0	0	0
Prepaid expenses	9	70	36	0	600	715	0	715
Assets held for sale	0	0	0	0	0	0	0	0
Cash and cash equivalents	66	4,440	121	0	2,657	7,285	0	7,285
Other S-T financial assets	0	0	0	0	352	352	0	352
<b>Liabilities, of which</b>	<b>-6,791</b>	<b>-47,634</b>	<b>-7,030</b>	<b>0</b>	<b>-29,862</b>	<b>-91,317</b>	<b>27,635</b>	<b>-63,682</b>
Trade and other payables	-6,791	-2,032	-6,891	0	-13,394	-29,109	27,635	-1,474
Bank Loans and other loans	0	-38,481	0	0	-1,270	-39,751	0	-39,751
Other long term liabilities	0	-499	-139	0	-8,648	-9,285	0	-9,285



EUR thousand	Energy solutions	Production of electricity	Operations, maintenance and PVPP supervision	PV Invest.	Other	Total for segments	Elimination	Consolidated financial information
Other short term liabilities	0	0	0	0	-6,533	-6,533	0	-6,533
Current tax liabilities (income tax)	0	-469	0	0	0	-469	0	-469
Provisions	0	0	0	0	-17	-17	0	-17
Deferred tax liabilities	0	-6,153	0	0	0	-6,153	0	-6,153

**Results of the operating segments for the period from 1 January 2016 to 31 December 2016**

EUR thousand	Energy solutions	Production of electricity	Operations, maintenance and PVPP supervision	PV Invest.	Other	Total forsegments	Elimination	Consolidated financial information
<b>External revenues from the sale of products, goods and services</b>	<b>774</b>	<b>10,869</b>	<b>1,445</b>	<b>0</b>	<b>0</b>	<b>13,089</b>	<b>0</b>	<b>13,089</b>
Revenues within segments from sale of products, goods, services	388	0	1,286	0	3,227	4,901	-4,901	0
Cost of sale	-656	-928	-963	0	-11	-2,558	891	-1,667
Energy tax	0	-777	0	0	0	-777	0	-777
<b>Gross profit</b>	<b>506</b>	<b>9,164</b>	<b>1,769</b>	<b>0</b>	<b>3,216</b>	<b>14,655</b>	<b>-4,010</b>	<b>10,645</b>
Other external income	68	222	49	0	96	434	0	434
Administrative and other expenses	-1,215	-399	-2,241	0	-4,700	-8,556	4,010	-4,546
Depreciation	0	-5,205	-26	0	-33	-5,265	0	-5,265
<b>Operating income</b>	<b>-642</b>	<b>3,782</b>	<b>-450</b>	<b>0</b>	<b>-1,421</b>	<b>1,268</b>	<b>0</b>	<b>1,268</b>
Interest income	31	215	23	0	3,091	3,359	-3,317	42
Interest expenses	-51	-4,887	-88	0	-1,400	-6,426	3,317	-3,109
Other financial revenues	19	1	25	0	79	125	0	125
Other financial expenses	-13	-14	-11	0	-18	-55	0	-55
Revaluation of derivatives	0	-345	0	0	0	-345	0	-345
Profit/loss share in entities in equivalency	0	0	0	59	0	59	0	59
Income tax	0	-383	0	0	-149	-532	0	-532
Deferred tax	0	-121	0	0	0	-121	0	-121
Profit/loss from discontinuing operations	0	0	-11	0	0	-11	0	-11
<b>Profit/loss after taxation</b>	<b>-656</b>	<b>-1,752</b>	<b>-512</b>	<b>59</b>	<b>182</b>	<b>-2,679</b>	<b>0</b>	<b>-2,679</b>
Revaluation of property, plant and equipment	0	0	0	602	0	602	0	602
Foreign currency translation diff. - foreign operations	0	0	0	-180	0	-180	0	-180
Share of revaluation of PPE of associates /joint venture	0	0	0	0	0	0	0	0
Share of currency translation diff. of associates / JV	0	0	0	0	0	0	0	0
Derivatives (hedging)	0	0	0	215	0	215	0	215
<b>Total comprehensive income</b>	<b>-656</b>	<b>-1,752</b>	<b>-512</b>	<b>696</b>	<b>182</b>	<b>-2,042</b>	<b>0</b>	<b>-2,042</b>
<b>Assets, of which</b>	<b>2,603</b>	<b>85,637</b>	<b>3,536</b>	<b>2,160</b>	<b>15,328</b>	<b>109,264</b>	<b>-21,520</b>	<b>87,743</b>
PPE – Lands	0	2,860	0	0	0	2,860	0	2,860
PPE – Photovoltaic power plants	0	70,741	0	0	0	70,741	0	70,741
PPE – Equipment	96	0	219	0	60	376	0	376
PPE – Assets in progress	0	0	0	0	0	0	0	0
Intangibles	0	0	0	0	0	0	0	0
Trade and other receivables	2,225	6,892	2,969	0	13,564	25,649	-21,520	4,129
Loans	0	0	0	0	0	0	0	0
Gross amount due from customers for contract work	0	0	0	0	0	0	0	0
Inventories – Goods	274	531	317	0	0	1,122	0	1,122
Investments in associates, JV, other	0	0	0	2,160	8	2,168	0	2,168
Deferred tax receivables	0	0	0	0	0	0	0	0
Long term receivables	0	0	0	0	0	0	0	0
Prepaid expenses	8	28	31	0	322	389	0	389
Assets held for sale	0	0	0	0	0	0	0	0
Cash and cash equivalents	0	4,586	0	0	833	5,420	0	5,420
Other S-T financial assets	0	0	0	0	541	541	0	541
<b>Liabilities, of which</b>	<b>-4,475</b>	<b>-53,119</b>	<b>-6,992</b>	<b>0</b>	<b>-20,088</b>	<b>-84,675</b>	<b>21,513</b>	<b>-63,161</b>
Trade and other payables	-4,475	-5,480	-6,845	0	-8,365	-25,165	21,513	-3,653
Bank Loans and other loans	0	-41,147	0	0	-538	-41,685	0	-41,685
Other long term liabilities	0	-302	-148	0	-10,960	-11,410	0	-11,410
Other short term liabilities	0	0	0	0	0	0	0	0
Current tax liabilities (income tax)	0	-383	0	0	0	-383	0	-383
Provisions	0	0	0	0	-225	-225	0	-225
Deferred tax liabilities	0	-5,806	0	0	0	-5,806	0	-5,806

## 17. Summary of significant accounting policies

### Basis of preparation

Our accounting policies are based on International Financial Reporting Standards (IFRS) as adopted by the European Union and were authorised for publication by the Board of Directors.

The following main standards are applied by Group:

- ▶ IAS 1 – Presentation of financial information
- ▶ IAS 2 – Inventories
- ▶ IAS 12 – Income Taxes
- ▶ IAS 16 – Property, plant and equipment
- ▶ IAS 18 – Revenues
- ▶ IAS 21 - The effects of changes in foreign exchange rates
- ▶ IAS 24 – Related transactions presentation
- ▶ IAS 27 – Consolidated and separate financial information
- ▶ IAS 28 - Investments in Associates
- ▶ IAS 33 - Earnings per Share
- ▶ IAS 36 – Impairment
- ▶ IAS 37 – Provisions
- ▶ IAS 38 – Intangible Assets
- ▶ IFRS 3 – Business combinations
- ▶ IFRS 5 – Non-current assets held-for-sale and discontinued operations
- ▶ IFRS 8 - Operating segments

### Use of estimates and judgments

In preparing the financial information, the Company's management uses estimates and makes assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses recognised in the financial information. These estimates and assumptions are based on past experience and various other factors deemed appropriate as at the date of preparation of the financial information and are used where the carrying amounts of assets and liabilities are not readily available from other sources or where uncertainty exists in applying the individual accounting policies. Actual results may differ from the estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised either in the period in which the estimate is revised, providing that the revision relates only to the current accounting period, or in the revision period and future periods, providing the revision affects both the current and future periods.

### Provisions

A provision is recognised, if as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

### Presentation of Financial information

Financial information is presented based on historical costs with exemptions when IFRS requires different evaluation methods as described below in accounting policies. The statement of comprehensive income is presented with revenues and expenses classified by purpose (function). The cash flow statement is prepared using an indirect method.

The functional currency is the EURO (EUR) and for the purpose of the reporting, as required by the regulations of the Alternative System of Trading organised by the Warsaw Stock Exchange - NewConnect, the balances are retranslated into PLN currency.

## Consolidation

### (a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### (b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of more than 20% and less than 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The cost of the investment includes transaction costs.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

## Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's management and directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

The Company's Management has assessed the Group's business from the segment reporting perspective and decided that they financial results of Photon Energy Group to be reported per segments from an objective perspective starting 1 January 2010.

As of 31 December 2013, the Management Board decided to decrease the number of segments reported.

The Management identified the following segments:

- ▶ Energy Solutions (wholesale and import of FVE components, engineering and construction services of turn-key photovoltaic systems' installations for external clients and Photon Energy),
- ▶ Production of electricity (includes SPE that finished building of photovoltaic power plants and those that are connected to the distribution network and produce electricity)

- ▶ PV Investment – This segment represents OCI of the Group flowing from the revaluation of the PV producing electricity and it is related to project companies that generate revenues as shown in the segment Production of electricity.
- ▶ Operations, maintenance and PVPP supervision
- ▶ Other, not related to any of the above mentioned segments.

Other operations include financing and insurance solutions for PV investors, intermediating investments in rooftop photovoltaic projects and other less significant activities. None of these operations meets any of the quantitative thresholds for determining reportable segments in 2016 or 2017.

Segment results that are reported include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the reporting period to acquire property, plant and equipment, and intangible assets other than goodwill.

## Foreign currency translation

### (a) Functional and presentation currency

Items included in the consolidated financial information of each of the Group's entity are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial information is presented in EUR, which is the company's functional and the Group's presentation currency.

The consolidated financial information is presented in EUR, however, for presentation purposes the financial information is translated into PLN and CZK as presentation currencies. Effects from these translations are presented in Equity - in the Fund for currency conversions.

Exchange rates as shown in table below were applied. All exchange rates were provided by the European Central Bank. The statement of financial position applicable exchange rate represents the exchange rate as of the last day of the reporting date as according to IAS 21. The statement of comprehensive income exchange rate represents the average of daily exchange rates effective within the relevant period.

	PLN		CZK	
	2016Q4	2017Q4	2016Q4	2017Q4
EUR exchange rate – low	4.271	4.177	27.020	25.41
EUR exchange rate – high	4.500	4.313	27.060	25.995
EUR exchange rate – average	4.378	4.232	27.028	25.651
EUR exchange rate – end of period	4.411	4.177	27.020	25.54

### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

### (c) Group companies

In case of entities, whose functional currency is CZK, CHF or AUD, the financial statements are retranslated during consolidation into EUR using year-end rates for the balance sheet and average rates for profit/loss items.

## Property, plant and equipment

Property, plant and equipment are carried at their fair values, with the exemption of fixed assets under construction which are carried at cost.

## Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the weighted average principle, and includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

## Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement: the revenues related to development projects (PV power stations) are measured by the percentage of completion method (refer below to Construction contracts).

## Trade receivables

Trade receivables are recognised at nominal value, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. When a trade receivable becomes uncollectible it is written off.

## Cash and cash equivalents

Cash and cash equivalents include cash on hand and current accounts with banks and bank term deposits.

## Share capital

Ordinary shares are classified in equity as Issued share capital. Consideration received above the nominal value of the ordinary shares is classified in equity as Share premium.

## Trade payables

Trade payables are recognised at nominal value.

## Loans and Borrowings

Loan and Borrowings are classified as short-term liabilities (due within 12 months after the reporting date) or long-term liabilities (due more than 12 months after the reporting date).

Financial costs related to the construction period of internal non-current assets are capitalised (refer to Property, plant and equipment).

## Current and deferred income tax

The tax expense for the period comprises current and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company's subsidiaries and associates operate and generate taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial information. Deferred income tax asset is recognised by the Group in case the Management anticipates the future profits will offset the current income tax asset.

## 18. Management Board declaration

We hereby confirm that according to our best knowledge the information about Photon Energy NV contained in this report is correct as of the publication of this document and that it fairly reflects the Company's financial situation and business activities.

## 19. Investor Relations Contact

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Amsterdam, 5 February 2018

A handwritten signature in blue ink, appearing to read 'Georg Hotar', written over a horizontal line.

Georg Hotar  
Member of the Board of Directors

A handwritten signature in blue ink, appearing to read 'Michael Gartner', written over a horizontal line.

Michael Gartner  
Member of the Board of Director



MATERIAL	THINFILM	INSPECTION 100%	TOLERANCE NORM ISO 8015:	PRECISION ISO...	CONCEPT	DESIGN	NORM.REF.	EXAMINED	APPROVED	INDEX	AMEND.
			YES							X	X
										X	X
										X	X
										X	X