

**TISZAKÉCSKE, HUNGARY**  
**5,509 kWp**

# **Photon Energy N.V.**

## **ANNUAL REPORT 2018**



**Photon Energy N.V.**  
**Annual Report 2018**

Published on 15 April 2019

Available online at [www.photonenergy.com](http://www.photonenergy.com)

For questions contact our Investor Relations Department at [ir@photonenergy.com](mailto:ir@photonenergy.com)



# PHOTON ENERGY EXPERTS FOR THE SOLAR AGE.

Photon Energy offers worldwide solar power solutions and services for all who want to fully harvest free energy from the sun. Our solutions and services cover the entire lifecycle of photovoltaic power systems. We are active across the globe and have a proven track record of developing PV projects,

building and commissioning solar power plants. Our O&M division provides operations and maintenance services to hundreds of MWp of solar power plants worldwide. Photon Energy also manages its own proprietary portfolio of 37.1 MWp of power plants in four countries across two continents.\*

**60+ MWp**  
PV plants installed



Own portfolio  
**37.1 MWp**



O&M services  
**250+ MWp**



**28.5 GWh**  
produced in 2018



Energy supplied for  
**10,000+ households**



Active in  
**10+ countries**



\*As of 15 April 2019



# FINANCIAL INFORMATION

<i>In thousands</i>	EUR		PLN		CZK	
	2018	2017	2018	2017	2018	2017
Total revenues	20,256	17,219	86,297	73,301	519,421	453,374
Gross profit	13,840	12,254	58,964	52,165	354,901	322,644
EBITDA	8,145	7,851	34,702	33,422	208,871	206,720
EBIT	2,544	2,291	10,837	9,752	65,226	60,317
Profit / loss before taxation	1,840	346	7,840	1,474	47,187	9,117
Net profit / loss	510	-807	2,171	-3,436	13,066	-21,251
Other comprehensive income	2,022	2,609	8,613	11,107	51,839	68,695
<b>Total comprehensive income</b>	<b>2,531</b>	<b>1,802</b>	<b>10,783</b>	<b>7,671</b>	<b>64,905</b>	<b>47,444</b>
Fixed assets	82,492	74,354	354,869	310,578	2,122,115	1,899,012
Current assets	23,856	15,338	102,624	64,065	613,693	391,721
of which Cash and cash equivalents	12,340	7,333	53,084	30,631	317,441	187,289
Total assets	106,348	89,692	457,493	374,643	2,735,808	2,290,733
<b>Total equity</b>	<b>29,779</b>	<b>25,982</b>	<b>128,106</b>	<b>108,528</b>	<b>766,073</b>	<b>663,587</b>
Short-term liabilities	8,459	12,484	36,389	52,144	217,607	318,832
Long-term liabilities	68,110	51,225	292,997	213,966	1,752,123	1,308,280
Operating cash flow	7,654	2,661	32,608	11,327	196,267	70,056
Investment cash flow	-9,415	-53	-40,111	-226	-241,429	-1,395
Financial cash flow	6,767	-2,989	28,832	-12,724	173,538	-78,701
<b>Net change in cash</b>	<b>5,006</b>	<b>-381</b>	<b>21,329</b>	<b>-1,623</b>	<b>128,377</b>	<b>-10,040</b>
EUR exchange rate – low	–	–	4.142	4.171	25.19	25.410
EUR exchange rate – average	–	–	4.260	4.257	25.64	26.330
EUR exchange rate – end of period	–	–	4.302	4.177	25.73	25.540
EUR exchange rate – high	–	–	4.391	4.412	26.08	27.060

**Note:**

All financial figures throughout this report are provided in Euro (EUR). Figures stated in other currency such as Polish Złoty (PLN) and Czech Koruna (CZK) are provided for information purposes only.

Figures provided in PLN and CZK were translated in accordance with IAS 21 as follows: Statement of Comprehensive Income – at the average exchange rate for given period; Statement of Financial Position – at the closing exchange rate for given period.

For simplicity, the following separators were used throughout this report: point “.” for decimals, comma “,” for thousand and million.



# FACTS & FIGURES

## Photon Energy turns the first net profit in its history

On the back of outstanding production by our proprietary portfolio of operating PV power plants and a solid increase in other revenue streams,

- we increased our revenues by 17.6% to a record level of EUR 20.26 million in 2018,
- while improving our EBITDA by 3.7% to EUR 8.15 million and our EBIT by 11.0% to EUR 2.54 million.

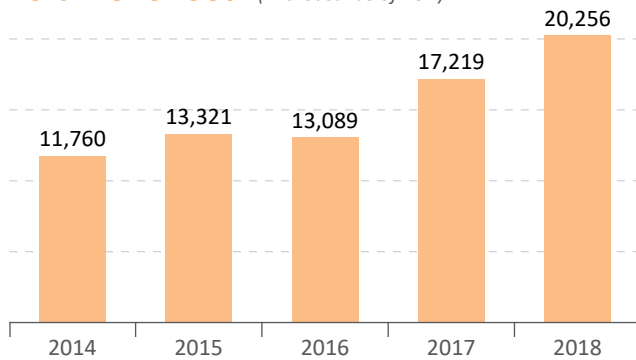
The Company quadrupled its profit before taxation to EUR 1.84 million, compared to EUR 0.35 million for the same period last

year (+431.4%), mainly driven by the results of the successful development work in Australia, materialized by a capital gain of EUR 3.07 million in 2018Q1.

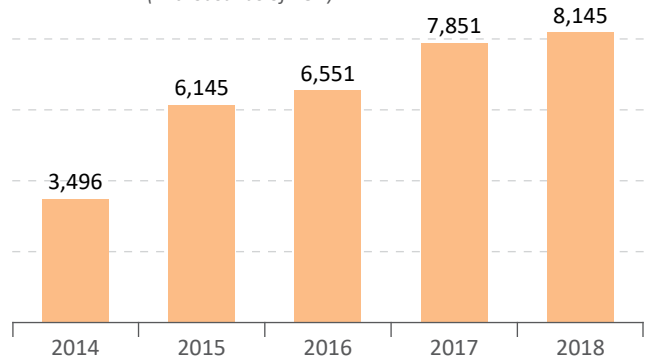
These positive revenue dynamics resulted in a fundamental improvement at the bottom line, translating to a net profit after taxation of EUR 0.51 million, compared to a loss of EUR 0.81 million for the same period last year.

The Company further reports positive consolidated total comprehensive income for the quarter and for the full year, driven by the activation of our eight power plants in Tiszakecke that were connected to the grid in December 2018.

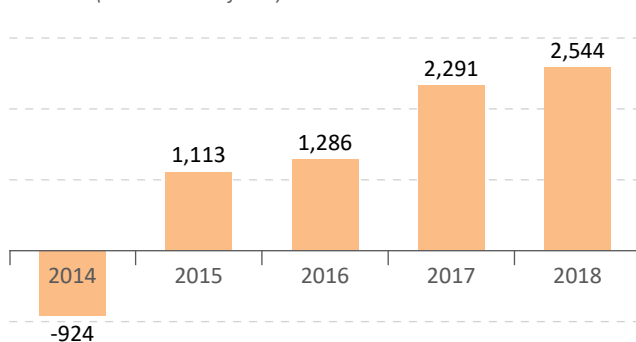
## Total revenues (In thousands of EUR)



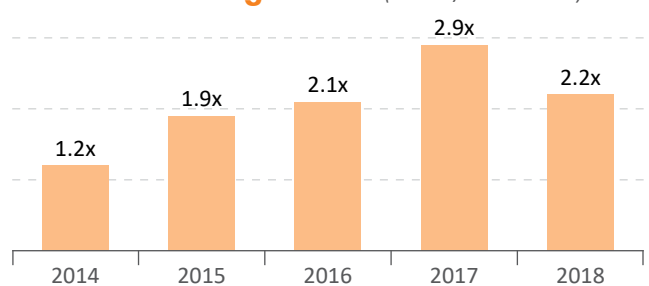
## EBITDA (In thousands of EUR)



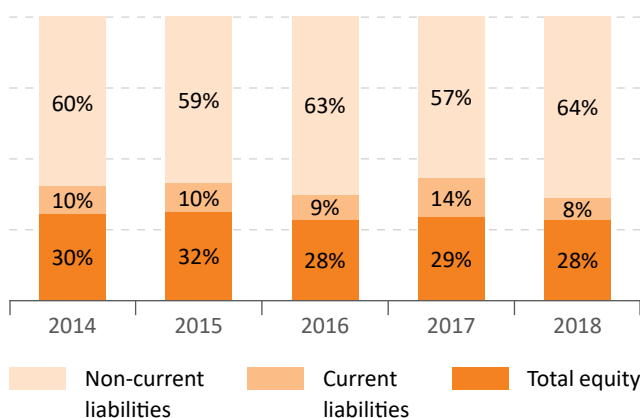
## EBIT (In thousands of EUR)



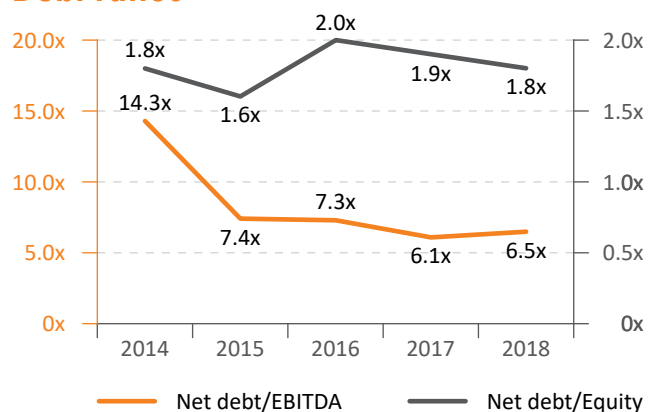
## Interest coverage ratio (EBITDA/Interest costs)



## Breakdown of liabilities & Equity



## Debt ratios



# AUSTRALIA: POSITIONED AT THE RIGHT TIME IN THE RIGHT PLACE



“In 2018 Australia was the fourth largest utility-scale PV market in the world after China, India and USA. Large scale solar became the biggest driver of growth overtaking residential PV for the first time. This is just the beginning of a major growth phase in the Australian PV market driven by large scale and commercial scale solar both areas where Photon Energy is leveraging its expertise.

During the year Photon Energy continued the development of eight large scale solar projects in NSW with a total capacity of about 1.5 GWp. Together with Canadian Solar we secured development approval for Suntop (200 MWp) followed in early

2019 by Gunnedah (150 MWp) for which grid connection agreements are on the table. Maryvale (160 MWp) application has been submitted and is now in the determination stage. Suntop Stage 2 (230 MWp) is completing community consultation and will be soon ready for submission. Gunning (316 MWp) is finalising the footprint for the final stage of the EIS preparation. In parallel we finalised the layout and sizing of Leeton (14 MWp), are now working on grid connection conditions and it is planned that construction will commence within the second half of 2019. At the same time we continued to progress with assessment of the sites at Brewongle (146 MWp) and Carrick (144 MWp).



“Acceptance of solar as an alternative or supplement to power from the grid is now well established and clients are more educated on solar and alternative power generation options. The ability to differentiate and build confidence with the customer is more important than ever in this more competitive market. Solar technology is mature and it is important to provide value for money and not rely on falling prices to secure good profitable business.

We continue to review our sales model and refocus on the areas that will deliver value to the customer such as PPA and leasing models which are now more attractive to customers. Retaining our competitive advantages remains challenging as competitors are monitoring our business and quickly follow. The ALDI business was a good example of how we deliver value to the customer.

The PECOM system and the innovative proprietary deployment methods contributed to Photon Energy successfully securing 30 ALDI stores and one distribution centre against other incumbent companies.

In the utility scale market the biggest challenge is the regulatory and connection requirements which have been a moving target. The Australian power industry is experiencing unprecedented growth in renewable energy resulting in a dramatic slowdown of approval for grid connections and development approvals. The reasons for the delays in connection can be attributed to the lack of local experience and resources to assist with modelling and engineering. However, Photon Energy has the experience, organisation structure and resources allowing Photon Energy to remain nimble and quickly adapt to any new changes has resulted in minimised delays to our projects. This is proven in our success in getting our projects successfully to approval.”

**Robert Ibrahim**

**Business Development Manager,  
Photon Energy Australia**



Also, Photon Energy secured its largest ever commercial solar project providing a large solar deployment for supermarket chain ALDI. This will see a behind the meter solar PV at 30 stores and one distribution centre with a total of 4.6 MWp with installation to be completed by the end of June 2019.

In line with the positive market development, we increased our capabilities in our Sydney office by adding further capacity in engineering, controls, sales and administration seeing our total headcount in Sydney increase to 16 people. This combined with implementation of state-of-the-art project

management software and improvements to our Integrated Management System has improved efficiency and brought significant capacity increase to meet the market demands. Australia remains a significant part of Photon Energy’s business and we expect growth to accelerate in what is set to be an exciting year ahead in 2019.”

**Michael Gartner**

**Managing Director, Photon Energy Australia**

# LETTER FROM THE MANAGEMENT



Dear shareholders, dear bondholders, dear readers,

In 2018 we have managed to continue implementing our growth strategy by expanding our proprietary portfolio by 6.0 MWp in Hungary and another 5.5 MWp in March 2019, by progressing with our project development activities in Australia and by expanding our O&M and related service businesses. Outstanding electricity production by our proprietary power plant portfolio contributed strongly to our 17.6% revenue growth to a record EUR 20.26 million, while our EBITDA improved by 3.7% to EUR 8.15 million and our EBIT grew by 11.0% to EUR 2.54 million. The most significant improvement occurred at the bottom line with pre-tax profit jumping by 431.4% to EUR 1.84 million and our company turning a previous net loss of EUR 0.81 million into a EUR 0.51 million net profit in 2018! Total comprehensive income advanced by 40.5% to EUR 2.53 million, pushing our consolidated group equity to EUR 29.78 million.

The past year has been full of important highlights starting with the signing of an agreement for the joint development of five utility-scale PV projects with a planned installed capacity exceeding 1.1 GWp in New South Wales with Canadian Solar, one of the world's leading integrated solar companies. Together with Canadian Solar we secured development approval for Suntop (200 MWp) followed in early 2019 by Gunnedah (150 MWp) for which grid connection agreements are on the table. We completed the construction of 11.5 MWp of PV power plants across three locations in Hungary and secured the long-term project financing of these plants with one of the leading local banks. Our pipeline of additional projects puts us well on the way of achieving our goal of expanding our proprietary portfolio by 50 MWp in Hungary.



**Co-founder and CEO Georg Hotar (C) with co-founder and MD for Australia Michael Gartner (L) and CFO Clemens Wohlmuth (R)**

**Together with Canadian Solar we secured development approval for Suntop (200 MWp) followed in early 2019 by Gunnedah (150 MWp).**



The continuing support for solar energy in Hungary through the METAR support system including indicated upcoming auctions provides a promising outlook for this very attractive market for several years to come. The Hungarian market also provides us with ample opportunities to grow our O&M business and for Photon Energy to become the leading O&M provider in the CEE region. The signing of an EPC contract for the installation of 4.6 MWp of rooftop solar systems for the retail chain ALDI across 31 locations in Australia underscores Photon Energy's market leading quality in the fast growing commercial user market.

Our Photon Water business is equally providing us with exciting new opportunities as we have brought ultra-sound-based solutions to fight blue-green algae formation in several locations in the Czech Republic. We believe that the success of this technology is a good foundation to bring our services approach to this widespread and growing problem to more lakes in the Czech Republic and other markets. A pilot project to treat drinking water contaminated by arsenic and boron has taken us to Peru, where we opened a new office at year-end 2018 and which will serve as a springboard to other Latin American markets for both our solar and water business lines.

Last but not least, in 2018 Photon Energy successfully repaid its first EUR bond and completed the placement of its EUR 30 million 5-year bond with a 7.75% coupon on the German capital market. The following stellar performance of the bond has pushed the yield-to-maturity of the bond to around 6%. This is testament to the transparency of the company, our proactive communication with investors and our flawless track record in serving our quarterly bond coupons since 2013. During 2018 Photon Energy's share price on the NewConnect market of the Warsaw Stock Exchange advanced by 31.4% to close at PLN 1.84. We believe in the importance of access to capital through public markets and therefore we remain strongly committed to open and pro-active investors relations.

We are looking ahead to 2019 as another year full of opportunities across all our business lines and are looking forward to some of our Australian utility-scale projects reaching the ready-to-build stage, to a further increase in our proprietary portfolio of power plants mainly in Hungary as well as strong growth in our O&M business and related services. We are also convinced that our Photon Water business will become an ever stronger contributor to our Group's business volume.

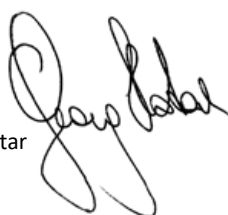
Amsterdam, 15 April 2019

Board of Directors



Michael Gartner

Director



Georg Hotar

Director

**We completed the construction of 11.5 MWp of PV power plants in Hungary and secured the long-term project financing of these plants with one of the leading local banks.**

**Signing of an EPC contract for the installation of 4.6 MWp of rooftop solar systems for the retail chain ALDI across 31 locations in Australia.**

**We have brought ultra-sound-based solutions to fight blue-green algae formation in several locations in the Czech Republic.**

**In 2018 Photon Energy successfully repaid its first EUR bond and completed the placement of its EUR 30 million 5-year bond with a 7.75% coupon on the German capital market.**



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FERTÓD, HUNGARY  
528 kWp

# 1.

## Company Profile

# WHO WE ARE

## Shaping the future of renewable energy

Photon Energy N.V. is a global solar power solutions and services company with a wide range of expertise covering the entire life-cycle of solar power systems.

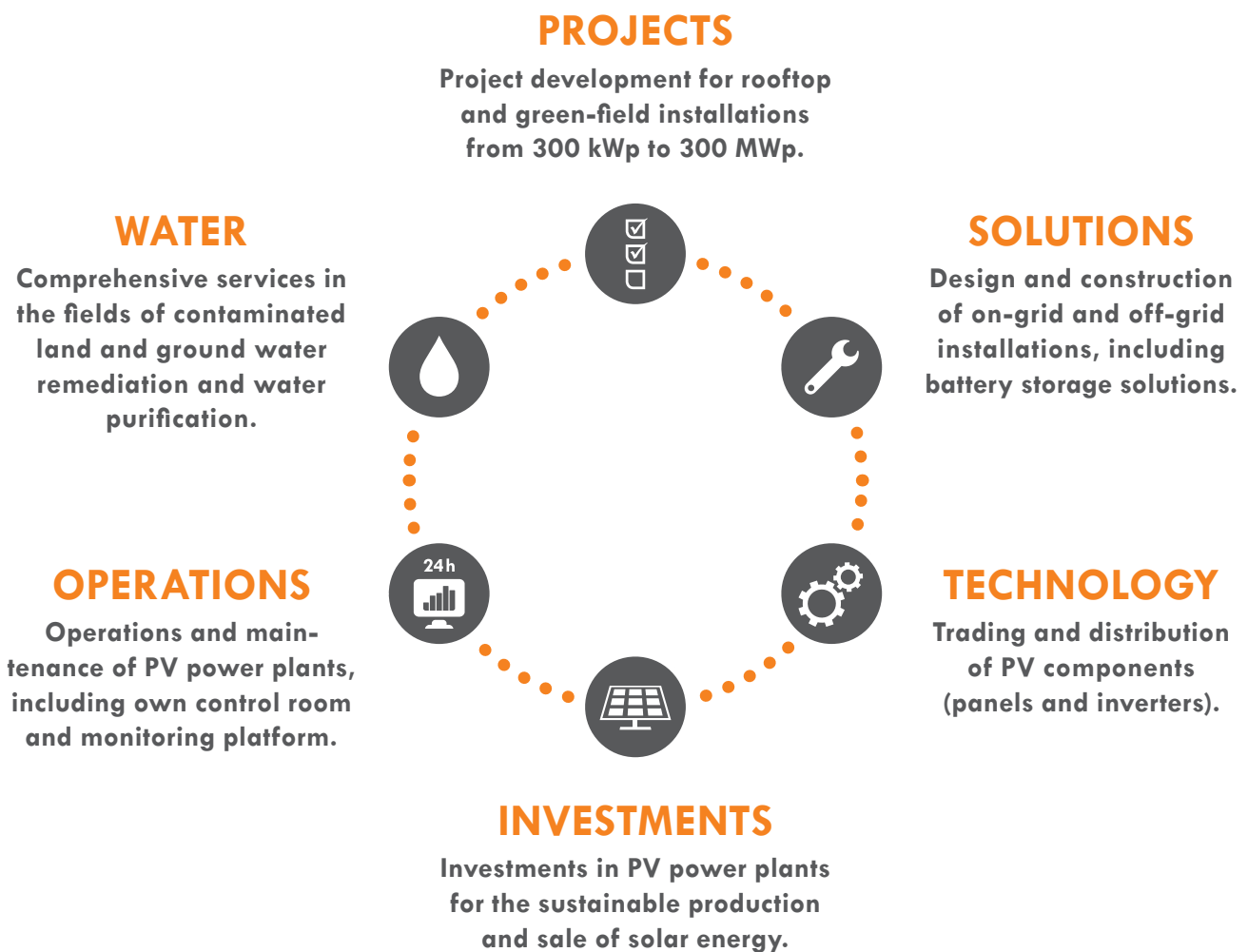
Our track record includes over 60 MWp of solar power plants built and commissioned and more than 250 MWp in our operations & maintenance portfolio. Photon Energy also manages its own proprietary portfolio of 37.1 MWp of power plant in four countries across two continents.

Photon Energy's team has a proven track record and in-depth knowledge of project development, investment management, project finance, insurance, technology solutions, EPC and O&M.

Photon Energy is headquartered in the Netherlands and has offices in Australia, the Czech Republic, Slovakia, Switzerland, Romania and Hungary.

Photon Energy is an innovative company dedicated to providing best-in-class solar power solutions that are robust, reliable, cost effective and applicable anywhere there is sunshine. Our power solutions provide solar and solar-hybrid power for a wide range of customers and applications.

Our O&M division Photon Energy Operations provides a wide range of first-in-class services for owners of PV power plants.





# CONTACT DETAILS

Name: **Photon Energy N.V.**  
Legal form: Joint-stock company (Naamloze Vennootschap)  
Address: Barbara Strozilaan 201, 1083 HN, Amsterdam, the Netherlands  
Registration: Dutch Chamber of Commerce (Kamer van Koophandel)

Company No.: 51447126  
Tax No: NL850020827B01  
Web address: [www.photonenergy.com](http://www.photonenergy.com)  
E-mail: [info@photonenergy.com](mailto:info@photonenergy.com)

# GLOBAL PRESENCE

 Power plants owned by Photon Energy     Power plants under O&M     Other O&M services     Offices

## HUNGARY

17 power plants with a combined capacity of 11.5 MWp built and connected.  
With 26.8 MWp second largest O&M market.  
Project pipeline of over 20 MWp.  
50 MWp target for proprietary power plant portfolio by year-end 2020.

Co-development financing deal with Canadian Solar for 1.14 GWp of Photon Energy's pipeline in Australia.

Roll-out start of 4.6 MWp rooftop solar across 30 ALDI stores and a distribution centre in New South Wales and Australia.

## PERU – New South American market entry.

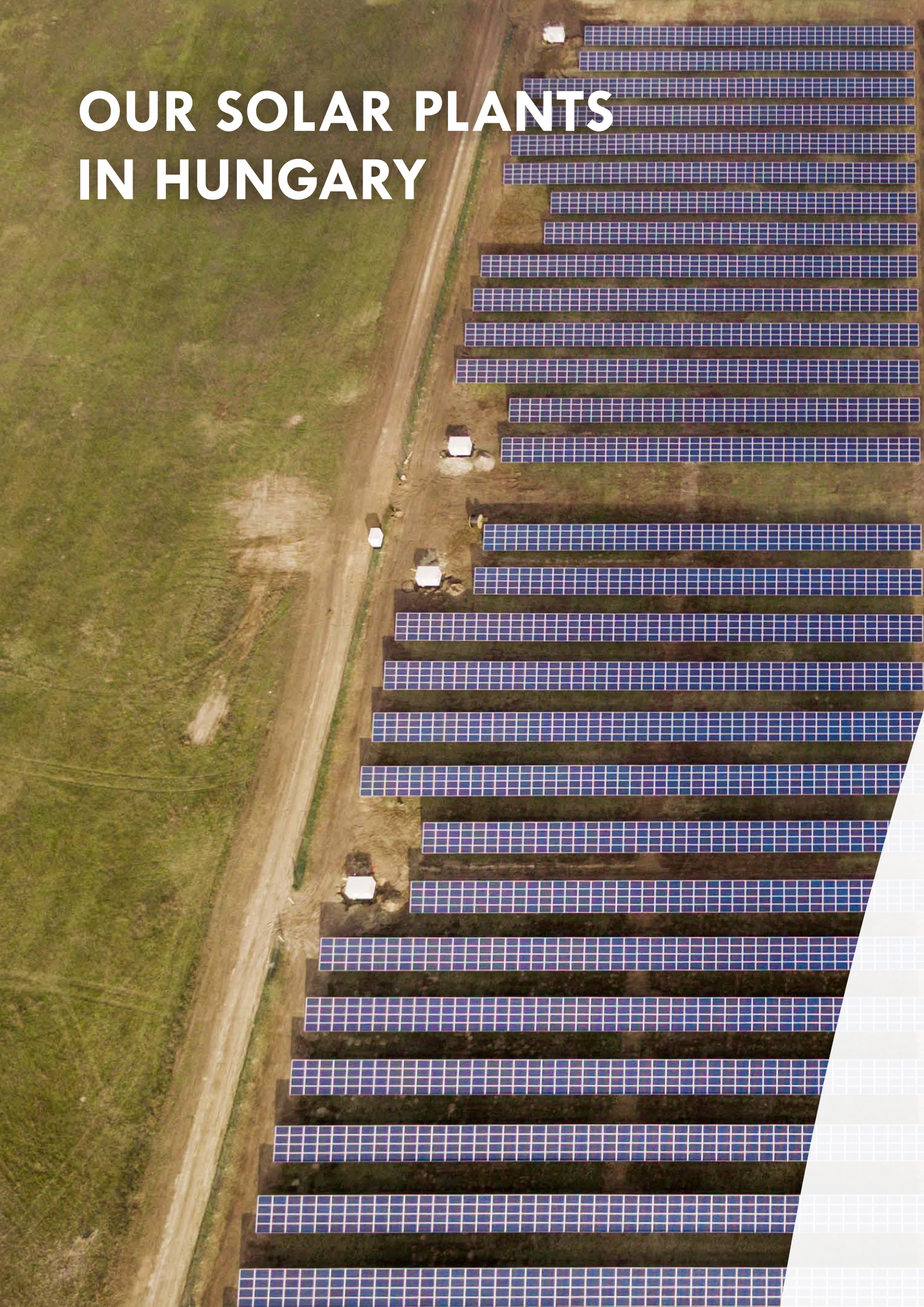
Successful implementation of a water treatment project ensuring that communities have access to a long-term reliable supply of clean and safe water.

PERU

AUSTRALIA



# OUR SOLAR PLANTS IN HUNGARY







At the time of publishing this report, we had 17 PV power plants in operation in Hungary, bringing the company's total proprietary portfolio in the country to 11.5 MWp. Built under the KÁT renewable energy support scheme, nine of these PV plants are located near the Slovak border in the municipalities of Fertőd and Almásfüzitő, while the remainder are located 86 km southeast of the Hungarian capital Budapest, close to the town of Tiszakécske.

The 17 PV power plants in Hungary are connected to the grid of E.ON, with whom Photon Energy signed Power Purchase Agreements (PPA) for a 25-year period, and are expected to generate 14.2 GWh of electricity annually. Altogether, the power plants operate under 17 KÁT licenses that entitle the plants to a feed-in tariff of 32,000 HUF per MWh (approx. EUR 100 per MWh) with a maximum approved and supported production of approx. 15.5 GWh per license for the power plants in Tiszakécske and Almásfüzitő and 14.3 GWh for the Fertőd I one. At year-end, Photon Energy was producing electricity from Fertőd I and the eight power plants located at Tiszakécske.

All aforementioned PV power plants are part of the company's 11.5 MWp proprietary PV power plant portfolio in Hungary, for which Photon Energy secured long-term non-recourse project financing with K&H Bank, the Hungarian subsidiary of the Belgian KBC Group and one of Hungary's largest banking and financial services firms.

As a result of our proven business model and the favourable photovoltaic investment environment in Hungary, Photon Energy is growing dynamically in the country and continuously seeking out new and attractive opportunities. In addition to the power plants in operation, we have a pipeline of projects with a combined capacity of 20.9 MWp.

"The commissioning of these Hungarian projects is yet another milestone for us as a developer, EPC contractor and investor, and we are excited to be a step closer to our aim of building 50 MWp of self-owned solar plants by 2020."

**Georg Hotar**  
CEO, Photon Energy



# LEADERSHIP



**Georg Hotar** Chief Executive Officer and co-founder

Georg co-founded Photon Energy in 2008 and was the company's CFO until 2011. Since then he has spearheaded the group's expansion in Europe and overseas as CEO. Georg has extensive knowledge of the solar energy industry as well as in international finance. Before Photon Energy, Georg established a finance and strategy advisory boutique focused on the CEE region and previously held various positions in financial services in London, Zurich and Prague.

**Michael Gartner** Managing Director of Photon Energy Australia and co-founder

Michael developed one of the first large PV installations in the Czech Republic before co-founding Photon Energy in 2008. Michael was CEO of Photon Energy until rolling out the company's business in Australia. Michael is instrumental in driving Photon Energy's off-grid and solar-hybrid power solutions. Before Photon Energy, Michael ran an investment boutique and was an analyst and head of fixed income sales at ING and Commerzbank Securities in Prague.



**Clemens Wohlmuth** Chief Financial Officer

Clemens joined Photon Energy in 2012 and is responsible for the group's financial activities and strategies. He contributes many years of experience in financial management, having run his own consulting practice focused on financial services and interim management. Prior to this, he was CFO and later CEO at Telekom Austria's subsidiary, Czech On Line. From 1994 to 2000 he was Senior Manager for Ernst & Young Consulting in Austria and worked on several reorganisation projects in Central Europe.

**Lukáš Kubásek** Managing Director of Photon Energy Operations

Lukáš is responsible for growing Photon Energy's customer base for operations and maintenance in Central Europe. Previously he was responsible for asset managing our 26 MWp portfolio of power plants on the technical, administrative and economic side, ensuring maximum portfolio performance. After joining Photon Energy in early 2010 as Project Manager, he oversaw the construction and commissioning of some of the company's power plants in the Czech Republic and Germany. Before Photon Energy, Lukáš worked as Project and Real Estate Manager in the retail sector.



**Marek Farský** Managing Director of Photon Energy Technology CEE

Marek joined Photon Energy in 2009 and has since then overseen the procurement and sale of PV technology worth several hundred MWp. Marek has wide-ranging contacts among PV manufacturers and substantial knowledge of solar technology. Before joining Photon Energy, he worked for Ernst Young and Deloitte, among others.

**Jan Marešovský** Managing Director of Photon Energy Solutions

Jan joined Photon Energy in 2017 and oversees the company's EPC activities, currently focusing on projects in Hungary, where he previously worked for three years as a real estate development manager. Thanks to his experience in construction and track record of delivering projects on time and at the highest standard, Jan and his team design and build solar power plants for Photon Energy's proprietary portfolio. Before Photon Energy, Jan worked with Metrostav, one of the leading general construction companies in the Czech Republic.



**Petr Kvapil** Managing Director of Photon Water Technology

Petr joined Photon Energy in 2017 to head the new business line and drive the company's water management activities in the Czech Republic, EU and selected countries in Asia and Latin America. The Photon Water team focuses on contaminated land and ground water remediation, water treatment, water management and since 2018, algae and biofilm control. Prior to joining Photon Energy, Petr worked as R&D Director and Member of the Board of one of the leading water management and environmental services companies in the Czech Republic.

# HISTORY



2008

Photon Energy a.s., the predecessor company was founded in the Czech Republic in January. In September, the company raised EUR 0.6m in a private placement (as the only external equity financing to date) and in October its shares were listed on the NewConnect segment of the Warsaw Stock Exchange.



2009

Photon Energy connected the first large-scale PV plant of 911 kWp as an EPC in July. In total, the company commissioned four plants with an installed capacity of 3.5 MWp, including the 795 kWp plant in Mostkovice, the first plant in its proprietary portfolio.



2010

Photon Energy built and connected 32.5 MWp of PV plants in the Czech Republic and Slovakia and expanded its proprietary portfolio to 20 MWp. In December, Photon Energy N.V. was incorporated by two founding shareholders: Mr. Georg Hotar (48.33% of share capital) and Mr. Michael Gartner (51.67%) under the laws of the Netherlands, with its statutory seat located in Amsterdam, Netherlands.



2011

Photon Energy built an additional 8.8 MWp of PV plants in Slovakia and added 1.3 MWp in Germany and 0.3 MWp in Italy (first power plant in this country). The Company also established its presence in Australia and started project development.



2012

The Group completed its corporate restructuring, implemented a structure based on legally separated business lines and transferred all activities and assets under its Dutch holding structure. Photon Energy connected a 1 MWp rooftop PV plant in Italy in June.



2013

We placed a 5-year corporate bond with an 8% coupon, which trades in Frankfurt, Berlin, Hamburg, Hannover and Vienna. In June 2013, Photon Energy relisted on the NewConnect segment of the Warsaw Stock Exchange, followed by a capital increase by EUR 24 million. Subsequently, the Group announced its new global strategy and signed contracts for new PV projects in the ACT, Australia.



2014

Photon Energy commissioned one of Australia's largest rooftop power plants and installed a revolutionary solar storage battery system that powers a large-scale radio antenna. Photon Energy's O&M division added five new countries to our map. In September 2014 Photon Energy partially repaid and successfully refinanced its short term loan facility in the amount of approximately EUR 6 million, significantly improving its liquidity position.



2015

Photon Energy further grew its O&M customer base by 35 MWp, expanding its activities to Romania. In 2015, Photon Energy also hit the 1 MWp mark in Australia. In the same year, we proactively managed our balance sheet to support our business operations: a financing facility amendment was signed with Raiffeisen Leasing s.r.o. to increase the existing credit facilities on nine power plants on attractive terms, and Photon Energy further implemented its geographical focus by selling its two Italian power plants, as well as its small-scale rooftop power plants in Germany.



2016

More power plants were built in Australia, including two rooftop projects totalling 347 kWp in Canberra, a smaller rooftop power plant for Sydney's Macquarie University, as well as a 99 kWp power plant in Leeton. 2016 also saw the Company close its best business year in terms of O&M contracts, with 45 MWp added in total, and strengthen its proprietary portfolio by acquiring outstanding equity interests from JV partners in Slovakia. Photon Energy was active on the capital markets, with the dual-listing of our shares on the Prague Stock Exchange and the issuance of a 6% corporate bond in the Czech Republic.



2017

In 2017, from a clean slate, our Sydney-based team has originated and developed a pipeline of seven utility-scale projects with a potential total installed capacity of over 1.4 GWp. We also opened an office in Budapest and our project pipeline in Hungary grew to 11.6 MWp spread across 17 projects in three locations at the end of the year 2017. In line with Photon Energy's integrated business model for solar PV plants, the company expanded its strategic focus to Water, intending to cover the entire life cycle of water purification and remediation systems both as a turn-key supplier as well as a provider of the final product – drinking water. 2017 has also been a crucial year for our presence on capital markets. In October 2017 Photon Energy launched a public offer for its second EUR-denominated 5-year corporate bond (with a 7.75% coupon and quarterly payments) together with an exchange offer for the holders of its first 8% EUR-bond due in March 2018.



# HIGHLIGHTS OF 2018



## PHOTON ENERGY EXPANDS PV POWER PLANT PORTFOLIO IN HUNGARY

At the time of publishing this report, we have 17 PV power plants in operation with a combined capacity of 11.5 MWp in Hungary, bringing Photon Energy's self-owned portfolio of PV power plants to 37.1 MWp. The 11.5 MWp volume includes the 528 kWp PV power plant Fertőd I, eight power plants in Tiszakécske totalling 5.5 MWp, and another eight plants in Almásfüzitő with a capacity of 5.5 MWp.

All power plants in Hungary were connected to the grid of E.ON and are expected to generate 14.2 GWh of clean electricity annually. At year-end 2018, Photon Energy was producing electricity from Fertőd I and the eight power plants located at Tiszakécske. The power plants operate under 17 KÁT licenses that entitle the power plants to a feed-in tariff of 32,000 HUF per MWh (approx. EUR 100 per MWh) with a maximum approved and supported production of approx. 15.5 GWh per license for the power plants in Tiszakécske and Almásfüzitő and 14.3 GWh for the Fertőd I one.

## O&M DIVISION ENTERS NEW MARKETS

A proven solar operations and maintenance partner, our O&M division successfully continued to offer customized service packages across new CEE markets in 2018, winning full-scope O&M service contracts for a combined capacity of 17.3 MWp in Hungary and Slovenia.

In December 2018, we expanded our O&M services portfolio with a 15-year operation and maintenance deal with owners of 28 PV power plants totaling 15.3 MWp in Hungary. This led to the country becoming Photon Energy's second largest O&M market.

In addition to Hungary, Photon Energy reached another milestone by entering into the Slovenian market, with a 2 MWp PV power plant being the first Photon Energy solar asset operated and maintained in the country. As a result, Photon Energy Operations' total O&M services portfolio under contract now amounts to approx. 250 MWp worldwide.



## PHOTON WATER TECHNOLOGY IMPLEMENTS PILOT PROJECTS

Complementing Photon Energy's core solar energy solutions and aligning with the Group's integrated business model, Photon Water Technology made continued progress on two major projects working jointly with the Czech Development Agency and other parties in 2018.

Throughout the reporting year, the water management subsidiary installed the innovative algae control solution based on the Water Trifecta® water management methodology and PV technology in different locations across the Czech Republic.

In November, the company implemented its water treatment project under Czech Development Agency's B2B programme in Peru. In order to ensure that local communities have access to a long-term reliable supply of clean and safe water, the company installed its solution in public spaces and informed the general public about the importance of quality drinking water

## MAJOR MILESTONES HIT DOWN UNDER



As a significant vote of confidence in our strategy and development skills an agreement was signed in late January 2018 with the global solar industry giant Canadian Solar to finance the ongoing development of five of our utility scale projects, leaving us with significant equity stakes and upside once fully developed. This milestone crystallized our strong efforts in the Australian market in the past years and proved that our strategic investment Down Under is bearing fruit. The deal is the largest of its kind in Australia to date, representing about 1.14 GWp of solar PV and sets a clear pathway to the ready-to-build stage of the projects.

Photon Energy is also to roll-out 4.6 MWp solar projects for Aldi across 30 stores and a distribution centre of the supermarket chain ALDI in New South Wales and Queensland. We are very proud to be cooperating with ALDI to transform its stores into solar power generators capable of providing a large proportion of their daytime electricity consumption. The 31 installations are designed to generate a total of more than 6.3 GWh of clean energy every year.

Photon Energy will also provide state-of-the-art monitoring as well as operations and maintenance services to ensure the systems are highly reliable with the maximum positive impact for ALDI.

## THE COMPANY SUCCESSFULLY PLACED ITS 7.75% EUR BOND 2017/22

One key event in 2018 that should be highlighted has definitely been the successful placement of our EUR 30 million corporate bond on 7 September 2018. The target volume of EUR 30 million was subscribed to in full before the end of the public placement that took place in Germany, Austria and Luxembourg, originally set until 20 September 2018.

Based on our improved financial results, our successful track record as a bond issuer including the repayment of the company's first 8 % corporate bond earlier in March 2018, as well as on a stable trading price and good trading liquidity, our EUR bond offers an attractive risk-return profile. Once again, we would like to thank our bond investors for the trust they placed in us. Investors can still purchase the bond on the Open Market of the Frankfurt Stock Exchange and other stock exchanges in Germany.

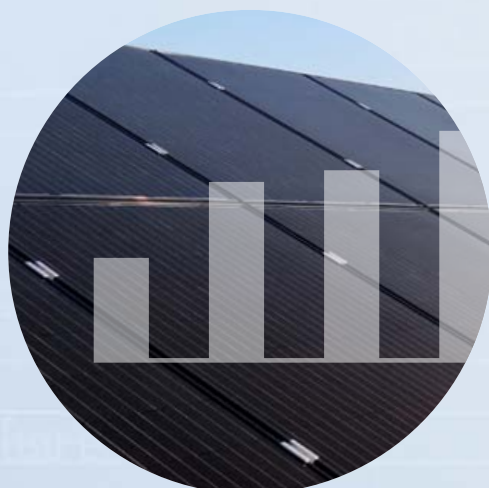


## PHOTON ENERGY TURNS THE FIRST NET PROFIT IN ITS HISTORY

On the back of outstanding production by our proprietary portfolio of operating PV power plants and a solid increase in other revenue streams, we increased our revenues by 17.6% to a record level of EUR 20.256 million in 2018, while improving our EBITDA by 3.7% to EUR 8.145 million, turning into the black at the net result level and recording a EUR 2.531 million total comprehensive income in 2018.

The Company quadrupled its profit before taxation to EUR 1.840 million, compared to EUR 0.346 million for the same period last year (+431.4%), mainly driven by the results of the successful development work in Australia, materialized by a capital gain of EUR 3.074 million in the first quarter of 2018.

These positive revenue dynamics resulted in a fundamental improvement at the bottom line, translating to a profit after taxation of EUR 0.510 million, compared to a loss of EUR 0.807 million for the same period last year. The Company further reports positive consolidated total comprehensive income for the full year, driven by the activation of our eight power plants in Tiszakecke that were connected to the grid in December 2018.





# TRUSTED MEDIA PARTNER

Over the past year at Photon Energy, we have continued to refine our media relations strategy. We actively expanded upon our long-term partnership with journalists covering energy, finance and sustainability-related stories with Hungary and Peru being the new additions to our target markets.

Our news and stories were covered by a wide range of European and Australian media outlets, from specialised energy news websites to popular daily newspapers. Additionally, we worked closely with industry associations and NGOs to help promote solar energy as a future-proof energy source and to share our industry know-how with our customers and partners.

Since we at Photon Energy see it as our duty to always be a trusted media partner, operating with honesty and in full transparency, our CEO, Georg Hotar, gave several interviews about our ongoing projects and future plans and goals, while our expert staff commented on solar energy related media inquiries throughout 2018.

For more articles on Photon Energy, please visit the Media Centre on our website:

[www.photonenergy.com](http://www.photonenergy.com)

30 January 2018

**pv magazine**

**Canadian Solar acquires 51% stake in five Photon Energy projects**

29 March 2018

**pv magazine**

**Photon Energy connects its first Hungarian solar power plant, expands pipeline to 26.1 MWp**

15 March 2018

 **Radio Praha**  
Český rozhlas

**Empresas checas depuran agua y se enfrentan a El Niño en Perú**

22 June 2018

**euro** 

**Solárníci proti sinicím. Photon Energy začala čistit české přehrady pomocí ultrazvuku**



18 June 2018

**Prima**

**Ultrasonic algae control by  
Photon Water Technology**

7 September 2018

**pv magazine**

**Photon Energy erreicht  
Vollplatzierung der Anleihe  
mit 30 Millionen Euro**

6 December 2018

**BUDAPEST  
BUSINESS JOURNAL**

**Hungary becomes Photon's  
second largest O&M market**

24 October 2018

**iROZHLAS**

**Firma Photon Energy zahájila  
v Maďarsku stavbu solárních  
elektráren za 150 milionů**

14 December 2018

**RENEW  
ECONOMY**

**Photon, Canadian get green  
light for 170 MW Suntop Solar  
Farm in NSW**

15 November 2018

**BONDGUIDE**  
Die Plattform für Unternehmensanleihen

**KFM Mittelstandsanleihen  
Barometer – die „7,75%-  
Photon-Energy-Anleihe“**

21 January 2019

**Világgazdaság**

**Hazai naperómű-beruházást  
finanszíroz a K&H**



# EMPLOYEES

As of 31 December 2018



92

Employees



38

Average age



30%

Female employees



18

Languages spoken



**Robert Ibrahim** General Project Manager, Photon Energy Australia

**1. How long have you been working for Photon Energy?**

I have been working for Photon Energy since 2012 when the company entered the Australian market. In my first role, I was tasked with introducing the company to the market. Recently, I was promoted to General Project Manager responsible for the entire project cycle which includes sales, customer relationship building and project deployment. It has been great watching the growth of the organisation and its achievements.

**2. What do you like most about your job?**

Photon Energy is a dynamic organisation which provides opportunities to get involved in all aspects of the project and sales process. Every day is different. I work with a great team of innovative people and we are always learning from each other.

**3. What are the challenges you face in your job?**

The challenges we face are staying ahead of the competition, remaining flexible in order to keep up with market requirements, and connecting to the grid networks. As Australia is currently in a solar growth phase, access to resources is becoming more difficult.

**Naira Matsakyan** Sales Support, Photon Energy Operations

**1. How long have you been working for Photon Energy?**

I joined Photon Energy in June 2017 to support our energetic sales team in the O&M division.

**2. What do you like most about your job?**

I enjoy being a part of a modern, growing and successful company and supporting its activities in existing markets as well as in new ones. I also appreciate the friendly work environment and homey atmosphere.

**3. What are the challenges you face in your job?**

My daily challenge is helping our team to deliver high quality services to our clients. At the moment, one of the biggest challenges is supporting our company's activities on the Hungarian market in order to win the leading position as an O&M provider.



## Nationalities represented among our employees:



Australia



Austria



Belgium



Czech Republic



Egypt



France



Hungary



Romania



Slovakia



Sweden

## Proprietary PV plants

The table below represents power plants owned directly or indirectly by Photon Energy N.V. in 2018.

### Production results in 2018

Project name	Legal entity	Capacity	Feed-in-Tariff	Prod. 2018	Proj. 2018	Perf.	% of change 2018 vs. 2017
Unit		kWp	per MWh, in 2018	kWh	kWh	%	%
Komorovice	Exit 90 s.r.o.	2,354	CZK 14,245	2,579,180	2,256,721	14.3%	7.2%
Zvíkov I	Photon SPV8 s.r.o.	2,031	CZK 14,245	2,313,135	1,977,907	16.9%	1.5%
Dolní Dvořiště	Photon SPV10 s.r.o.	1,645	CZK 14,245	1,685,623	1,645,456	2.4%	0.5%
Svatoslav	Photon SPV4 s.r.o.	1,231	CZK 14,245	1,273,178	1,222,080	4.2%	7.9%
Slavkov	Photon SPV6 s.r.o.	1,159	CZK 14,245	1,380,716	1,163,763	18.6%	5.2%
Mostkovice SPV 1	Photon SPV1 s.r.o.	210	CZK 14,245	228,261	188,826	20.9%	7.1%
Mostkovice SPV 3	Photon SPV3 s.r.o.	926	CZK 15,304	1,009,721	877,998	15.0%	7.2%
Zdice 1	Onyx Energy I s.r.o.	1,499	CZK 14,245	1,760,189	1,439,236	22.3%	7.9%
Zdice 2	Onyx Energy projekt II s.r.o.	1,499	CZK 14,245	1,784,980	1,439,236	24.0%	7.7%
Radvanice	Photon SPV11 s.r.o.	2,305	CZK 14,245	2,580,581	2,233,761	15.5%	6.6%
Břeclav rooftop	Photon SPV1 s.r.o.	137	CZK 14,245	160,181	130,578	22.7%	1.0%
<b>Total Czech Power plants</b>		<b>14,996</b>		<b>16,755,744</b>	<b>14,575,562</b>	<b>15.0%</b>	<b>5.5%</b>
Babiná II	Sun4Energy ZVB s.r.o.	999	EUR 425.12	975,631	963,958	1.2%	-5.3%
Babina III	Sun4Energy ZVC s.r.o.	999	EUR 425.12	986,983	963,958	2.4%	-4.3%
Prša I.	Fotonika s.r.o.	999	EUR 425.12	1,054,473	958,892	10.0%	-3.2%
Blatna	ATS Energy s.r.o.	700	EUR 425.12	723,978	705,225	2.7%	0.1%
Mokra Luka 1	EcoPlan 2 s.r.o.	963	EUR 382.61	1,008,817	1,004,684	0.4%	-15.1%
Mokra Luka 2	EcoPlan 3 s.r.o.	963	EUR 382.61	1,155,913	1,004,684	15.1%	-4.2%
Jovice 1	Photon SK SPV2 s.r.o.	979	EUR 382.61	891,940	925,853	-3.7%	-2.2%
Jovice 2	Photon SK SPV3 s.r.o.	979	EUR 382.61	891,598	925,853	-3.7%	-1.8%
Brestovec	Photon SK SPV1 s.r.o.	850	EUR 382.61	1,036,575	843,121	22.9%	1.0%
Polianka	Solarpark Polianka s.r.o.	999	EUR 382.61	997,155	947,680	5.2%	1.0%
Myjava	Solarpark Myjava s.r.o.	999	EUR 382.61	1,132,635	1,005,485	12.6%	0.7%
<b>Total Slovak Power plants</b>		<b>10,429</b>		<b>10,855,698</b>	<b>10,249,391</b>	<b>5.9%</b>	<b>-3.3%</b>
Symonston		144	AUD 301.60	169,312	187,930	-9.9%	-9.5%
<b>Total Australian Power plant</b>		<b>144</b>		<b>169,312</b>	<b>187,930</b>	<b>-9.9%</b>	<b>-9.5%</b>
Fertod 1	Fertod Napenergia-Termelo Kft.	528	HUF 32,000	577,658	513,815	12.4%	na
Tizsakécske 1	Ekopanel Befektetési Kft.	689	HUF 32,000	13,747	14,180	-3.1%	na
Tizsakécske 2	Onyx-sun Kft.	689	HUF 32,000	14,573	14,590	-0.1%	na
Tizsakécske 3	Solarkit Befektetési Kft.	689	HUF 32,000	14,504	14,168	2.4%	na
Tizsakécske 4	Energy499 Invest Kft.	689	HUF 32,000	14,383	14,590	-1.4%	na
Tizsakécske 5	Green-symbol Invest Kft.	689	HUF 32,000	14,081	14,590	-3.5%	na
Tizsakécske 6	Montagem Befektetési Kft.	689	HUF 32,000	13,702	14,180	-3.4%	na
Tizsakécske 7	SunCollector Kft.	689	HUF 32,000	12,960	13,671	-5.2%	na
Tizsakécske 8	Future Solar Energy Kft.	689	HUF 32,000	9,411	12,755	-26.2%	na
<b>Total Hungarian Power plants</b>		<b>6,040</b>		<b>685,019</b>	<b>626,538</b>	<b>9.3%</b>	<b>na</b>
<b>Total</b>		<b>31,609</b>		<b>28,465,773</b>	<b>25,639,421</b>	<b>11.0%</b>	<b>4.3%</b>

#### Notes:

Capacity: installed capacity of the power plant

Prod.: production in the reporting period.

Proj.: projection in the reporting period.

Perf.: performance of the power plant in the reporting period i.e. (production in 2018 / projection for 2018) - 1.

## 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 31 December 2018.

	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	Gunning Solar Farm Pty. Ltd. (former Photon Energy Generation Australia Pty. Ltd.)	49%	AUS	Equity	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	Suntop Stage 2 Solar farm Pty. Ltd. (former Mumbil Solar Farm Pty. Ltd.)	25%	AUS	Equity	PENV
12	Photon Energy AUS SPV 6 Pty. Ltd.	51%	AUS	Equity	PENV
13	Gunnedah Solar Farm Pty. Ltd. (former Photon Energy AUS SPV 7 Pty. Ltd.)	25%	AUS	Equity	PENV
14	Suntop Solar Farm Pty. Ltd. (former Photon Energy AUS SPV 8 Pty. Ltd.)	25%	AUS	Equity	PENV
15	Photon Energy AUS SPV 9 Pty. Ltd.	51%	AUS	Equity	PENV
16	Maryvale Solar Farm Pty. Ltd. (former Photon Energy AUS SPV 10 Pty. Ltd.)	25%	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 (GIP 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



	Name	% of share capital held by the holding company	Country of registration	Consolid. method	Legal Owner
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.	Alfemo AG
49	Fertod Napenergia-Termelo Kft.	100%	HU	Full Cons.	Alfemo AG
50	Photon Energy Operations HU Kft.	100%	HU	Full Cons.	PEONV
51	Photon Energy Solutions HU Kft.	100%	HU	Full Cons.	PENV
52	Future Solar Energy Kft	100%	HU	Full Cons.	Alfemo AG
53	Montagem Befektetési Kft.	100%	HU	Full Cons.	Alfemo AG
54	Solarkit Befektetesi Kft.	100%	HU	Full Cons.	Alfemo AG
55	Energy499 Invest Kft.	100%	HU	Full Cons.	Alfemo AG
56	SunCollector Kft.	100%	HU	Full Cons.	Alfemo AG
57	Green-symbol Invest Kft.	100%	HU	Full Cons.	Alfemo AG
58	Ekopanel Befektetési és Szolgáltató Kft.	100%	HU	Full Cons.	Alfemo AG
59	Onyx-sun Kft.	100%	HU	Full Cons.	Alfemo AG
60	Tataimmo Kft	100%	HU	Full Cons.	Alfemo AG
61	Öreghal Kft.	100%	HU	Full Cons.	Alfemo AG
62	European Sport Contact Kft.	100%	HU	Full Cons.	Alfemo AG
63	ALFEMO Alpha Kft.	100%	HU	Full Cons.	Alfemo AG
64	ALFEMO Beta Kft.	100%	HU	Full Cons.	Alfemo AG
65	ALFEMO Gamma Kft.	100%	HU	Full Cons.	Alfemo AG
66	Archway Solar Kft.	100%	HU	Full Cons.	PENV
67	Barbican Solar Kft.	100%	HU	Full Cons.	Alfemo AG
68	Belsize Solar Kft.	100%	HU	Full Cons.	Alfemo AG
69	Blackhorse Solar Kft.	100%	HU	Full Cons.	Alfemo AG
70	Caledonian Solar Kft	100%	HU	Full Cons.	Alfemo AG
71	Camden Solar Kft	100%	HU	Full Cons.	Alfemo AG
72	Hampstead Solar Kft.	100%	HU	Full Cons.	Alfemo AG
73	Ráció Master Oktatási	100%	HU	Full Cons.	Alfemo AG
74	P&P Solar Immo Kft.	35%	HU	Equity	Alfemo AG
75	Photon Energy Peru S.C.A.	99%	PE	Equity	GIP AG

**Notes:**

Country of registration:

NL – the Netherlands

SK – Slovakia

CZ – the Czech Republic

DE – Germany

AUS – Australia

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
10	Kaliopie s.r.o.	100%	0%	CZ	Full Cons.	RL

**Notes:**

RL – Raiffeisen - Leasing, s.r.o.

**In the reporting period, there were the following changes to the Group structure:**

**List of incorporated subsidiaries**

- On 28 June 2018, Archway Solar Kft. was incorporated as a 100% subsidiary of Photon Energy N.V.
- On 28 June 2018, Barbican Solar Kft., Belsize Solar Kft., Blackhorse Solar Kft., Caledonian Solar Kft., Camden Solar Kft., and Hampstead Solar Kft., were incorporated as 100% subsidiaries of Alfemo AG.

**Mergers**

- None in 2018.

**List of liquidated subsidiaries**

- None in 2018.

**List of acquired subsidiaries**

- On 28 March 2018, Alfemo AG acquired Future Solar Energy Kft., Montagem Befektetési Kft., Solarkit Befektetési Kft., Energy499 Invest Kft., SunCollector Kft., Green-symbol Invest Kft., Ekopanel Befektetési és Szolgáltató Kft. and Onyx-sun Kft., as project companies related to the project in Tiszakécske.
- On 10 April 2018, Alfemo AG acquired Tataimmo Kft., Öreghal Kft. European Sport Contact Kft. as project companies related to the project in Tata.
- On 12 June 2018, ALFEMO AG acquired 100% of the shares of the Hungarian SPV ALFEMO Alpha Kft. (spin off of PET - FLY Kft.).

- On 28 June 2018, Alfemo AG acquired 100% of the shares of the Hungarian SPV ALFEMO Beta Kft. (spin off of HP Solar Kft.) and ALFEMO Gamma Kft. (spin off of KK Solar Kft.).
- On 4 July 2018, ALFEMO AG acquired 40% of the shares of the Hungarian SPV Ráció Master Oktatási Kft.
- On 23 August 2018, ALFEMO AG increased its shareholding from 40% to 76% in the Hungarian SPV Ráció Master Oktatási Kft.
- On 20 September, 2018 ALFEMO AG acquired 34.52% of the shares of the Hungarian SPV P&P Solar Immo Kft. This company is the owner of part of the land we are going to build the Monor PVP on. The remaining shares are owned by Vidéki Rokonok Kft.
- On 9 October 2018, in an intra-group transaction ALFEMO AG acquired 100% of the shares of the Hungarian SPV Fertod Napenergia-Termelo Kft from Photon Energy Projects s.r.o.
- On 28 November 2018, ALFEMO AG increased its shareholding from 76% to 100% in the Hungarian SPV Ráció Master Oktatási Kft.
- On 13 December 2018, Global Investment Protection AG became 99% shareholder of Photon Energy Peru S.C.A.

**List of disposed subsidiaries**

During 2018, the following subsidiaries were disposed out of the Group:

- On 18 December 2018 Photon Energy Projects s.r.o. sold its 100% shares in Photon Energy HU SPV 1 kft to ALFEMO AG.

## Renaming

- On 13 March 2018, Photon Energy Generation Australia Pty. Ltd. was renamed to Gunning Solar Farm Pty. Ltd., Photon Energy AUS SPV 5 Pty. Ltd. was renamed to Mumbil Solar Farm Pty. Ltd., Photon Energy AUS SPV 7 Pty. Ltd. was renamed to Gunnedah Solar Farm Pty. Ltd., Photon Energy AUS SPV 8 Pty. Ltd. was renamed to Suntop Solar Farm Pty. Ltd. and Photon Energy AUS SPV 10 Pty. Ltd was renamed to Maryvale Solar Farm Pty. Ltd.
- On 15 October 2018, Mumbil Solar Farm Pty Ltd. was renamed to Suntop Stage 2 Solar Farm Pty Ltd. The reason for the name change was that the project in Mumbil became unfeasible and was replaced by Suntop Stage 2 project (an expansion of our Suntop project we were developing already).

## Other

- On 29 January 2018, Photon Energy entered into a co-financing development agreement with Canadian Solar Energy Holding Singapore 4 Pty. Ltd. in which it sold 51% of its shareholding in Photon Energy Generation Australia Pty. Ltd. and 26.01% of its respective shareholdings 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.

## After the reporting period, the following events occurred from the beginning of the year 2019

- None.



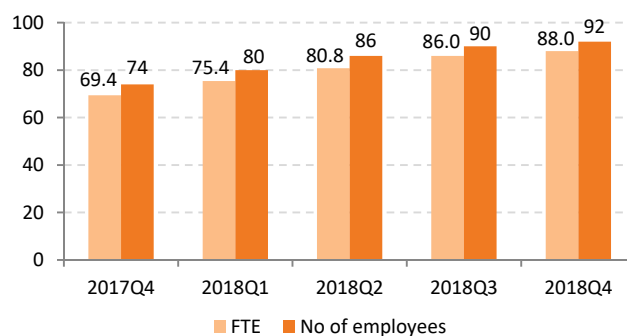
## Employees

As of 31 December 2018, Photon Energy Group had 92 employees (compared to 74 employees as of 31 December 2017), which translates into 88.0 FTE<sup>1</sup> (compared to 69.4 FTE in 2017).

### 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 manages an Employee Share Purchase Programme as 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.

### 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 a 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 part-time.

## Statutory bodies

### Board of Directors as of 31 December 2018

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 sheet amounts to at least EUR 16 million,
- ▶ The company or a dependent company has 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 subsequent 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.

## Shares and shareholder structure

**Market:** NewConnect, Poland

**Ticker:** PEN

**Web address:** [www.newconnect.pl](http://www.newconnect.pl)

**Market:** Free Market, Czech Republic

**Ticker:** PEN

**Web address:** <https://www.pse.cz/en/>

### Share capital

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. Each share has one vote at the General Meeting of Shareholders, with the exception of the treasury shares held by the Issuer.

### Share capital as of 31 December 2018

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	-	-	60,000,000	600,000	cash
Total number of shares				60,000,000		
Total share capital					600,000	
<b>Nominal value per share = EUR 0.01</b>						

### Shareholder structure

The number of issued shares by the Company amounts to 60,000,000. As of the reporting date, to the knowledge of the Management, the shareholder structure was as follows:

The shareholder structure as of 31 December 2018 can be found in the Directors' report.

Shareholders as of 15.04.2019	No. of shares	% of capital	No. of votes at the Shareholders Meeting	% of votes at the Shareholders Meeting
Solar Future Cooperatief U.A.	22,266,182	37.11%	22,266,182	43.58%
Solar Power to the People Cooperatief U.A.	20,843,375	34.74%	20,843,375	40.80%
Photon Energy N.V.	8,911,370	14.85%	0	0.00%
Free float	7,979,073	13.30%	7,979,073	15.62%
<b>Total</b>	<b>60,000,000</b>	<b>100.00%</b>	<b>51,088,630</b>	<b>100.00%</b>

*In 2018, shares were transferred from Photon Energy N.V. to the Employee share purchase programme. These shares were added to the free float.*

- Solar Age Investments B.V.** is a limited liability company established under the laws of the Netherlands, with its statutory seat in Amsterdam and its place of business at Barbara Strozziilaan 201, 1083 HN, Amsterdam, The Netherlands. The board of Directors has one member, Mr. Georg Hotar. The company was liquidated as of the end of December 2018 and its shares were transferred to its shareholders: Solar Future Cooperatief U.A. and Solar Power to the People Cooperatief, according to their respective ownership. The liquidation of Solar Age Investments B.V. has therefore no impact on the shareholder structure of Photon Energy N.V..
- Solar Future Cooperatief U.A.** is a cooperative established under the laws of the Netherlands, with its statutory seat in Amsterdam and its place of business at Barbara Strozziilaan 201, 1083 HN, Amsterdam, The Netherlands. The Board of Directors has two members: Mr Michael Gartner as Director A and Mrs Magda Gartnerova as Director B.
- Photon Energy N.V.** is a company established under the laws of the Netherlands, with its statutory seat in Amsterdam and its place of business at Barbara Strozziilaan 201, 1083 HN, Amsterdam, the Netherlands. The Board of Directors has two members: Mr. Georg Hotar and Mr. Michael Gartner.

- Solar Power to the People Cooperatief U.A. is a cooperative established under the laws of the Netherlands, with its statutory seat in Amsterdam and its place of business at Barbara Strozzilaan 201, 1083 HN, Amsterdam, The Netherlands. The Board of Directors has two members: Mr. Georg Hotar as Director A and Mr. Michael Gartner as Director B.

### Market Maker Details

**Dom Maklerski PKO Bank Polski**

**Address:** ul. Puławska 15, 02-515 Warszawa, Poland

**Internet:** [www.dm.pkobp.pl](http://www.dm.pkobp.pl)

### Communications with investors

The Company attaches great importance to maintaining good relationships with all investors and ensures that shareholders and bondholders are kept informed of significant Company developments.

- The Company's website continues to be developed to ensure it remains a principal source of information on the Group and its activities. An **investor relations news service** allows investors to stay up to date on Company announcements, reports and other ad hoc information.
- In 2018, the IR department organised **two online chats** – on 10 May and on 9 November – jointly with the Polish retail investors association SII. SII members as well as other investors were able to submit questions to Georg Hotar, the Company's CEO. The chats were webcast live in Polish and English at [www.sii.org.pl](http://www.sii.org.pl) and transcripts of the chats in Polish were published in the investor relations section of our website.
- The Company participated in the **Family Office Capital Day** held on 31 January 2018 in Vienna.
- The Company participated in the **Mid Small Cap Forum** held on 7 February 2018 in Zurich.
- The Company participated in the **Prague Capital Bond Conference** held on 22 February 2018 in Prague.
- The Company participated in the **MKK Conference** (Münchener Kapitalmarkt Konferenz) held on 25 April 2018 in Munich.

- Finally, we are proud and honoured to report that Photon Energy received the **"Best Annual Report 2017 on NewConnect" award** in a contest jointly organised by the Warsaw Stock Exchange and the Institute of Accountancy and Taxes. The aim of the contest is to reward high standards of disclosure and to encourage this outcome. Communications towards investors has always been more than a mere legal requirement at Photon Energy. We believe it is a means to build trust in our business practices and an opportunity to be transparent about our financial health and business achievements.



### Dividend policy

The Company's strategy is to create value for its shareholders through strong expansion in the globalising PV industry. For as long as value-creating growth and investment opportunities exist, the Board of Directors does not intend to propose to distribute dividends to shareholders.



## Share performance in 2018

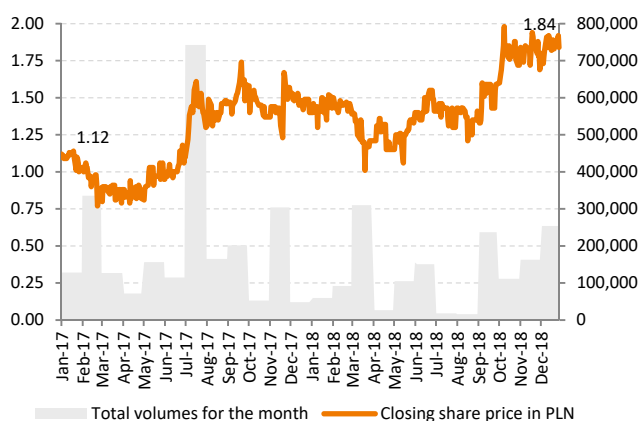
### NewConnect (Warsaw Stock Exchange)

Selected share information	PLN
Opening price (3 January 2018)	1.40
52-week max (9 October 2018)	1.98
52-week min (20 March 2018)	1.01
<b>Closing price (28 December 2018)</b>	<b>1.84</b>

Source: <http://www.newconnect.pl/>

The average trading volume in the year 2018 amounted to 6,266 shares per trading session compared to 9,713 shares in 2017. The Company has been listed on NewConnect since 4 June 2013.

### Performance of Photon Energy shares in 2017 & 2018



### 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 now also been traded on the PSE Free Market. No additional shares have been issued, nor capital raised through this listing.

Selected share information	CZK
Reference price (17 October 2016)	4.90
Opening price (4 January 2018)	8.20
52-week max (1 February 2018)	9.80
52-week min (27 March 2018)	7.40
<b>Closing price (20 December 2018)</b>	<b>8.70</b>

Source: <http://www.pse.cz>

On 31 December 2018, the share price (ISIN NL0010391108) closed at a price of CZK 8.70 (+5.4% vs 31 December 2017, +77.5% vs CZK 4.90, the reference price on the first trading day on 17 October 2016), corresponding to a price to book ratio of 0.58x. The Company reports a yearly trading volume of 305,991 shares compared to 519,736 shares in 2017.

## Bonds performance in 2018

On 12 March 2018, the Company fully repaid its 5-year corporate EUR bond issued in March 2013 with an 8% annual coupon and quarterly payments (ISIN DE000A1HELE2).

In December 2016, the Company issued a 7-year corporate CZK bond with a 6% annual coupon and monthly payments. The corporate bond, with a denomination 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 Germany, Austria and Luxemburg. The target volume of EUR 30 million was subscribed to in full on 7 September 2018, before the end of the public placement that took place in Germany, Austria and Luxemburg, originally set until 20 September 2018. The corporate bond, with a denomination of EUR 1,000 (ISIN DE000A19MFH4), has been traded on the Open Market of the Frankfurt Stock exchange since 27 October 2017. The bond is also listed on the stock exchanges in Berlin, Hamburg, Hannover, Munich and Stuttgart.

### CZK Bond trading performance in Prague

In the trading period from 1 January 2018 until 31 December 2018 the trading volume amounted to CZK 2,820,000 (nominal value) with a closing price of 100.00 (CZK 6,030,000 last year).

### EUR Bond 2013/18 trading performance

As of 12 March 2018, the bond was fully repaid.

### EUR Bond 2017/22 trading performance

In the trading period from 1 January 2018 until 31 December 2018, the trading volume amounted to EUR 25.080 million (nominal value) with an opening price of 100.00 and a closing price of 103.65 in Frankfurt (EUR 2.686 million from 25 October 2017 until 31 December 2017).

### EUR Bond 2017/22 trading performance in Frankfurt

Selected bond information	%
Opening price (2 January 2018)	99.75
52-week max (9 November 2018)	104.50
52-week min (9 February 2018)	99.50
<b>Closing price (28 December 2018)</b>	<b>103.65</b>

Source: <http://www.en.boerse-frankfurt.de>

# PHOTON ENERGY BOND

**7.75% annual  
coupon**

**Quarterly  
payment**

**Daily  
liquidity**

The target issue volume of EUR 30 million for our 7.75% EUR Bond 2017/22 was fully placed with institutional and private investors on 7 September 2018. Investors can still buy the bond (ISIN: DE 000A19MFH4) through the Open Market of the Frankfurt Stock exchange and other regional exchanges in Munich, Stuttgart, Hamburg, Hannover or Berlin at the actual trading price.

## TERMS AND CONDITIONS

Issuer:	Photon Energy N.V.
Issued volume:	EUR 30 Mio.
Coupon:	7.75% p.a., quarterly payment
Initial offering:	27. 10. 2017
Placement / Segment:	Public offer in Germany, Austria and Luxembourg Private placement in other European countries Secondary market: traded on Open Market of the Frankfurt Stock Exchange since 27. 10. 2017
Covenants:	<ul style="list-style-type: none"><li>▀ Dividend restriction (no dividend first 2 years, after max 50% if EBITDA/ICR &gt;2)</li><li>▀ Cross default</li><li>▀ Negative pledge</li><li>▀ Pari passu – Equal seniority of existing and future unsecured claims</li><li>▀ Change of Control-Clause</li><li>▀ Equity ratio must always be at least 25%*</li></ul> <p>* Subject to current legal framework requirements. The sum of interest-bearing debt capital and equity capital are used as total capital to determine the Equity ratio.</p>
Denomination:	EUR 1,000
Term / Redemption:	Five years: 26. 10. 2022 / 27. 10. 2022 at par
ISIN:	DE 000A19MFH4
Use of proceeds:	Refinancing of outstanding bonds (ISIN DE000A1HELE2). Remaining proceeds will be invested with focus on Australia and Hungary.



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KFM-Barometer  
Mittelstandsanleihen  
November 2018

**7,75%-Anleihe**  
**Photon Energy N.V.**  
Anleihe 17/22, WKN A19MFH



**Attraktiv**  
**(positiver Ausblick)**  
(4,5 von 5)

**Photon Energy's corporate EUR bond 2017/22 upgraded from 4 to 4.5 stars (out of 5) "Attractive with a positive outlook" by KFM Barometer**

"This rating upgrade from KFM Deutsche Mittelstand AG, the German-based investment company managing a successful fund dedicated to SME corporate bonds, came a week after Photon Energy delivered an excellent set of financials for the third quarter of 2018. We are very honored to have received this rating upgrade by KFM as a recognition of our continued efforts to improve our operating and financial profile. Being qualified as an attractive investment with a 'positive outlook' evokes trust among numerous investors and institutions."

**Clemens Wohlmuth**  
CFO, Photon Energy







CANBERRA, AUSTRALIA  
148 kWp

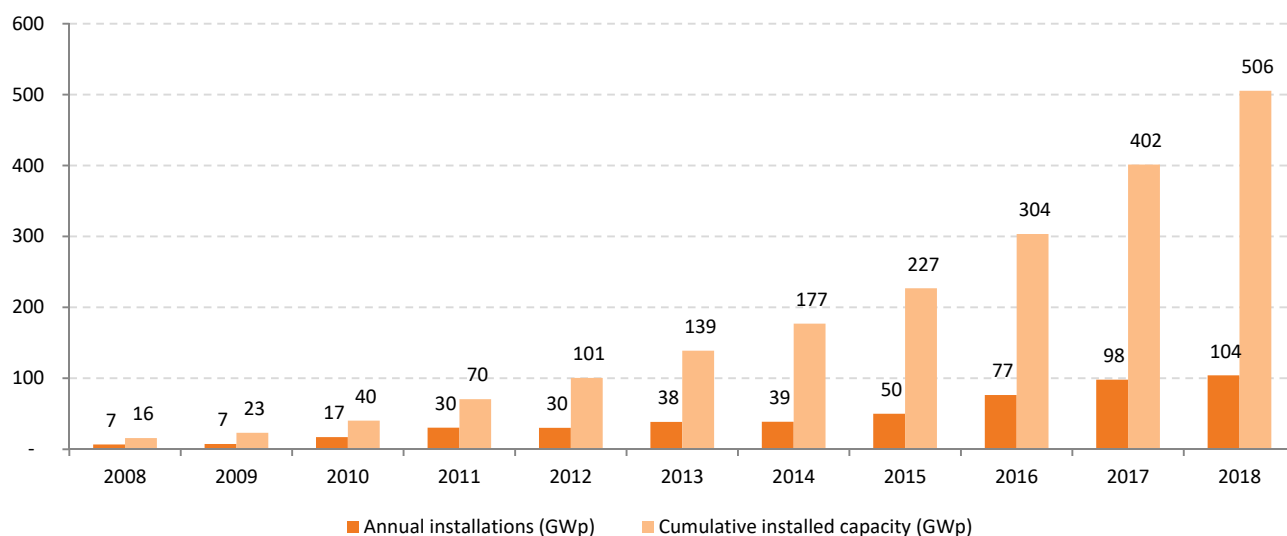
# 2.

## Management Report

## Market description and positioning

### Global market and regional trends in 2018<sup>1</sup>

#### Evolution of global annual and cumulative installed capacity 2008-2018 (GWp)



Over the last two decades, grid-connected PV systems have increased from a niche market to one of the leading power generation capacity additions annually. 2018 saw 104.1 GWp of new solar generation capacity deployed, in comparison to 98.9 GWp in 2017, according to figures released by SolarPower Europe.

The PV Market Alliance also published preliminary numbers which showed at least 98 GWp worth of solar was installed in 2018. China led with 44 GWp, as the country's own National Energy Administration reported in January 2019, while non-Chinese markets grew from 45 GWp in 2017 to 54 GWp in 2018, a 20% YOY growth — however, according to the Alliance, the United States, Japan, and India did not contribute to this growth. Europe installed approximately 8.5 GWp driven primarily by Germany and Denmark, while several emerging and established markets across all continents started to increase their share with at least 19.5 GWp installed, including countries such as Australia, Korea, the UAE, Egypt, Mexico, and Brazil.

The PV Market Alliance also expects solar to continue to grow, and in a separate announcement, the analysts revealed that it believes solar PV markets should double during the next five years and reach between 180 GWp and 200 GWp from 2022 thanks to a more diversified market.

#### Photon Energy's geographical presence

All in all, Photon Energy Group commissioned more than **60 MWp** of PV power plants across 6 countries and has more than **250 MWp** of PV power plants under O&M management across two continents.










The Company's proprietary 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 2018, consisted of 33 power plants, in the Czech Republic (15.0 MWp), Slovakia (10.4 MWp), Hungary (6.0 MWp) and Australia (0.1 MWp) with a total installed capacity of 31.5 MWp. **At the time of publishing this report, the portfolio consisted of 41 power plants with a total capacity of 37.1 MWp**, including an additional capacity of 5.5 MWp grid connected in Hungary in March 2019.

Moreover, at the end of December 2018 the total O&M portfolio could be broken down geographically into 135.3 MWp operated in the Czech Republic, 21.4 MWp in Slovakia, 21.3 MWp in France, 15.0 MWp in Italy, 15.0 MWp in Romania, 1.8 MWp in Germany, 10.2 MWp in Belgium, 1.4 MWp in Australia and 6.0 MWp in Hungary with a total capacity of 227.4 MWp (+5% compared to one year ago). **At the time of publishing this report, additional contracts signed have brought Photon Energy Operations' total O&M services portfolio under contract to approx. 250 MWp worldwide.**

<sup>1</sup> After Solar Power Europe press release dated 6 March 2019.



## Overview of Photon Energy's markets at the end of 2018

<i>in MWp</i>		<b>Proprietary portfolio</b>	<b>O&amp;M Services</b>
Czech Republic		15.0	135.3
Slovakia		10.4	21.4
Hungary		6.0	6.0
France			21.3
Italy			15.0
Romania			15.0
Belgium			10.2
Germany			1.8
Australia		0.1	1.4
<b>Total</b>		<b>31.5</b>	<b>227.4</b>

### Australia

In 2018 Australia was the fourth largest utility-scale PV market in the world after China, India and USA. Large scale solar became the biggest driver of growth overtaking residential PV for the first time. This is just the beginning of a major growth phase in the Australian PV market driven by large scale and commercial scale solar both are areas where Photon Energy is leveraging its expertise.

Economic trends continued to play into the hands of renewable energy despite the energy policy vacuum. In 2018 Australia produced about 21.2% of its energy from all renewable sources and this is set to accelerate as the cost of solar, other renewables and batteries continued on its downward trajectory. It is now safe to say that solar has become the lowest cost source of energy available in Australia. In addition, the looming closures aging coal power generators over the next decade has the energy market on watch for the rollout of new generation capacity paving the way for newly built renewable power generation and solar in particular.

During the year Photon Energy continued the development of eight large scale solar projects in New South Wales (NSW) with a total capacity of about 1.5 GWp. In 2018 together with Canadian Solar we secured development approval for Suntop (200 MWp) followed in early 2019 by Gunnedah (150 MWp) for which grid connection agreements are on the table. Also, there was a notable in behind the meter commercial solar projects as Photon Energy secured its largest ever commercial solar project providing a large solar deployment for supermarket chain ALDI.

The Company's proprietary portfolio comprised one rooftop photovoltaic power plant in Symonston with a total capacity of **144 KWp** acquired in April 2013.

The total O&M portfolio operated in Australia comprised **1.4 MWp** of PV plants managed for the proprietary portfolio and external clients.

### Hungary

Hungary saw between 300 and 400 MWp of PV capacity deployed in 2018. This year's growth was mainly driven by large-scale solar projects developed under the FIT scheme (KÁT), for which application deadline was end of 2016. Overall, these projects are expected to contribute between 200 and 300 MWp of capacity, while net metered projects under 50 kWp, provided around another 100 MWp.

The country's cumulative installed PV capacity stood at around 310 MWp, as of the end of December 2017. This means, if the forecast growth volumes are confirmed by official statistics, total installed PV power in the country may surpass 700 MWp, or even have reached 800 MWp, by the end of 2018.

The Company's proprietary portfolio comprised 9 power plants with a total capacity of **6.0 MWp** at the end of 2018, and, at the time of publishing this report, 17 power plants with a total capacity of 11.5 MWp.

The total O&M portfolio operated in Hungary comprised **6.0 MWp** of PV plants managed for the proprietary portfolio at the end of the reporting period. At the time of publishing this report, the O&M portfolio amounted to 26.8 MWp managed for the proprietary portfolio and external clients.

### Czech Republic

The proprietary portfolio of Photon Energy in the Czech Republic comprises 12 photovoltaic power plants. It mainly includes green-field installations, with a total installed output of approximately **15.0 MWp**. All projects (with one exception) were connected to the network/grid in November/December 2010. Photon Energy did not commission new capacities in 2018.

The Czech Republic has over 2,000 MWp of installed PV capacity. Since 2010, additions to the Czech Republic's solar power sector have been small. The reason for this is the decision by the government to reduce subsidies by 25%, since the country had already reached its national solar target of 1,695 MWp in that year. The Czech Republic was one of the two countries in the European Union to reach its "National renewable energy action Plan" ten years in advance of the target date.

The PV market in the Czech Republic reached a total of 7 MWp in 2018, a growth of approximately 0.33%. Most projects are residential rooftop projects (6 MWp), the rest are commercial rooftops. There are no new utility-scale installations under development in the Czech Republic as there is currently no legislation for large-scale storage in combination with solar energy.

The Czech Republic only supports residential and commercial rooftop installations by means of investment support. There is currently no FiT or premium system in place.

The ongoing consolidation of the Czech and Slovak PV markets means that the ownership of PV power plants will be less fragmented, enhancing the conditions for a renowned O&M provider such as our subsidiary Photon Energy Operations. When current O&M clients acquire new PV plants the chances are high that – based on their good experience with Photon Energy – they will entrust the Group with the operations and maintenance of new PV power plants.

The total **O&M portfolio** operated in the Czech Republic included **135.3 MWp** (138.5 MWp at the time of publishing this report) of PV capacities managed for the proprietary portfolio and external clients.

### **Slovakia**

The same as in 2017, Slovakia's additional capacity was inexistent in 2018, implying an unchanged cumulative capacity of around **545 MWp** at the end of December 2018.

Photon Energy currently owns shares in 11 SPVs in Slovakia with a total installed output of approximately **10.4 MWp**. Each SPV operates one photovoltaic power plant. Photon Energy did not commission new PV capacities in 2018.

The total **O&M portfolio** operated in Slovakia includes **21.4 MWp** (unchanged compared to December 2017) of PV capacities managed for the proprietary portfolio and external clients.

### **Italy**

The total O&M portfolio operated in Italy comprises **15.0 MWp** (unchanged compared to December 2017) of serviced capacity.

### **Germany**

The total O&M portfolio operated in Germany comprises 1.75 MWp (unchanged compared to December 2017) of serviced capacity.

### **Belgium**

The total O&M portfolio operated in Belgium comprised **10.2 MWp** of PV plants managed for third parties. The team provides preventive maintenance services, called "Inverter Cardio". After the now bankrupt manufacturer Satcon (estimated capacity of 350 MWp of inverters installed across Europe), closed its operations, Photon Energy Operations secured both key personnel and access to spare parts. The Group is well positioned to offer cost-effective remote and on-site support, repair of faulty components and quick, diversified access to spare parts at competitive prices. 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 (10.2 MWp).

### **France**

In 2018 Photon Energy Operations provided preventive maintenance in France on the base of contracts for Satcon central inverters at power plants worth **21.3 MWp**.

### **Romania**

In 2018 Photon Energy Operations provided full monitoring, operations and maintenance for power plants with a total installed capacity of **15 MWp**.

## Competition

The market for PV downstream services solutions becomes more competitive. Photon Energy's competitive landscape is comprised of internal PV departments of large utilities companies, as well as independent competitors or new entrants that may compete broadly with us or in limited segments of our market.

With the end or the reduction of incentives in some big markets, one of the main drivers for creating value in the PV sector is the improvement of operating efficiency in existing plants through operations and maintenance, an increasingly central activity for many operators in different markets.

The competitive landscape of the PV O&M market is country specific, with different firms leading in each of the top solar markets.

The companies that offer O&M services are mostly: EPCs, Developers, electrical/inverter firms, vertically integrated solar firms, IPPs/utility companies and independent O&M providers.

The typical clients are solar system owners, ranging from private investors to large banks.

We believe that we are able to differentiate ourselves from these competitors by, among other things:

- Applying our 10 year experience to the development and delivery of products and professional services that enable our customers to overcome their challenges and achieve service differentiation by providing a personalized and intelligent customer experience, simplifying the complexity of the operating environment,
- Continuing to design and develop solution targeted specifically to the PV industry,
- Innovating and enabling our customers to adopt new business models that will improve their ability to drive new revenues, and compete and win in a changing market,
- Providing high-quality, scalable, reliable, integrated, yet modular services.

## Subsequent events in 2019, which had material impact on the Group's business

### Hungarian refinancing

In January 2019, the Company signed a financing agreement amounting to 3.33 billion HUF (10.4 million EUR) provided by K&H Bank, the Hungarian subsidiary of Belgian KBC Group N.V. and one of Hungary's largest banking and financial services firms as well as a leading local player in project finance, for a period of 15 years. The financing has been provided for its 11.5 MWp proprietary PV power plant portfolio in Hungary. The portfolio is comprised of 17 individual KÁT-licensed PV power plants in three different locations. Draw down of the loan is planned for April 2019.

### Future plans

Building and expanding on our experience, know-how and technical capabilities we are embarking on an exciting new path, which will take us into many new markets around the world. We will combine solar energy, energy storage and water

### Almásfüzitő

In March 2019, the Companies subsidiary Photon Energy Solutions HU Kft has grid-connected eight PV power plants with a combined capacity of 5.5 MWp located in Almásfüzitő, Hungary, expanding the Group's proprietary portfolio of PV power plants to 37.1 MWp. The Company owns and operates the projects through the Group's wholly owned company Ráció Master Kft. Revaluation of the Group's proprietary portfolio will be recorded as the Group's Other Comprehensive Income in the 2019Q1 Profit and Loss Statement.

technologies to meet the growing needs of billions of potential customers from the poorest to the richest countries in the world. See presentation of the detailed strategy in the Directors' report.





# PROVEN O&M PARTNER IN CEE REGION

With over 130 MWp serviced, Photon Energy defended its position as the number one provider of solar assets operation and maintenance services in the Czech market in 2018, while dynamically expanding the business segment across the CEE region.

We achieved a historic milestone for our O&M business line in December 2018, when Photon Energy inked a 15-year operation and maintenance agreement with owners of 28 PV power plants with a combined capacity of 15.3 MWp in Hungary turning the country into Photon Energy's second largest O&M market.

Strongly motivated to replicate its successful business model in the entire CEE region, Photon Energy reached another significant achievement of entering into the Slovenian market, with a 2 MWp PV power plant being the first Photon Energy solar asset operated and maintained in the country.

In addition to the Czech Republic, Hungary, and the new Slovenian market, Photon Energy remained focused on further enlarging its O&M business in Slovakia, Romania and Australia during 2018, while seeking new opportunities elsewhere.

“We are proud to have closed these long-term contracts as this is perfectly in line with our strategy to significantly grow our O&M business in the CEE region. Based on our strong track record and proven business plan, we are excited to see our O&M portfolio further diversify across the entire region over the next few years.”

**Lukáš Kubásek**

**Managing Director, Photon Energy Operations**





## Photon Energy ONE

In 2018, Photon Energy put a stake in the ground by launching Photon Energy ONE, an innovative solar monitoring solution to monitor, analyse, control and plan every aspect of the solar PV portfolio for our customers.

Communicating directly with PECOM, the in-house solar data monitoring platform we developed, Photon Energy ONE is designed to suit every solar installation through perfectly customizable packages made up of a blend of hardware and software components that combine to enable the ultimate performance of solar assets.

“With the launch of our new, easy-to-configure solution, Photon Energy ONE, we are further enhancing our solar data monitoring suite to maximize investment returns to solar assets owners throughout the entire life-cycle of their power plants.”

**Lukáš Porkert**

**Managing Director, Photon Energy Control**



## Financial ratios

Selected financial ratios for consolidated performance are presented below.

<b>Financial Ratios – Consolidated</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Profitability</b>			
Net Profit / Revenues	-20%	-5%	3%
Return on Equity (Net profit / Total equity)	-11%	-3%	2%
Return on Assets (Net profit / Total assets)	-3%	-1%	0%
<b>Liquidity</b>			
Current ratio (Current Assets / Current liabilities)	1.46	1.23	2.77
<b>Working Capital</b>			
Net Working Capital (Current assets - Current liabilities)	3,646	2,854	15,397
Net Working Capital / Total Assets	0.04	0.03	0.14
<b>Indebtness</b>			
Debt / Equity Ratio (Total liabilities / Stockholders' Equity)	2.60	2.45	2.58

## Authorised Advisors remuneration

Photon Energy N.V. has not used the services of an Authorised Advisor in 2018.

## Statutory Auditor remuneration

Total remuneration of the Company's auditor Grant Thornton Accountants en Adviseurs B.V. in the year 2018 amounted to EUR 115,500 and included fees for a full-year review of 2018 financial statements.

## Total Board of Directors remuneration

The remuneration of the Board of Directors is subject to confidentiality.



## NewConnect's Best Practices applied and not applied in 2018

The Company's goal is to follow fully the corporate governance rules as formatted in the Best Practices of NewConnect Listed Companies. The Code of Best Practices accommodates opinions

of market participants as well as European trends and highest communication standards applicable to companies listed in alternative trading systems in Europe.

According to the NewConnect requirements we provide the list of Best Practises applied and not applied in 2018 by our Company:

No.	Rule	Comments
1	A company should pursue a transparent and effective information policy using both traditional methods and modern technologies and state-of-the-art communication tools ensuring fast, secure, broad and interactive access to information.	Applied
	Using such methods to the broadest extent possible, a company should ensure adequate communication with investors and analysts using for this purpose also modern methods of Internet communication, enable on-line broadcasts of General Meetings over the Internet, record General Meetings, and publish the recordings on the company website.	Not applied due to high costs – the Company provides investors with appropriate access to information on the organisation and conduct of the General Meeting by publishing relevant EBI and ESPI reports and information on its website.
2	A company should ensure effective access to information necessary to assess the company's situation and outlook as well as its operations.	Applied
3	A company should maintain a corporate website and publish:	Applied
3.1.	Basic information about the company and its business (home page);	Applied
3.2.	Description of the issuer's business including indication of the issuer's business segment generating the highest revenue;	Applied
3.3	Description of the issuer's market including indication of the issuer's market position;	Applied
3.4.	Professional CVs of the members of the company's governing bodies;	Applied
3.5.	Information known to the Management Board based on a statement by a member of the Supervisory Board on any relationship of a member of the Supervisory Board with a shareholder who holds shares representing not less than 5% of all votes at the company's General Meeting;	Not applied – there is no Supervisory Board.
3.6.	Corporate documents of the company: Statute, excerpt from the registry;	Applied
3.7.	Outline of the company's strategic plans;	Applied
3.8.	Published financial targets for the current financial year including their assumptions and adjustments of such targets (if targets are published by the issuer);	Not applied – the Company does not intend to publish financial forecasts due to the dynamic phase of development of the market in which the Company operates and in view of the fact that the Company is currently building up its position in this market. For this reason, the publication of any financial forecast is subject to very high level of uncertainty.
3.9.	Shareholder structure, with indication of the main shareholders and the free float shares;	Applied
3.10.	Contact details to the person responsible for investor relations and contacts with media;	Applied
3.11.	Published current and periodic reports;	Applied
3.12.	Dates of planned publication of periodic financial reports, GA, meetings with investors and analysts and press conferences;	Applied
3.13.	Information on corporate events such as payment of the dividend, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles of such operations. Such information	Applied

No.	Rule	Comments
	should be published within a timeframe enabling investors to make investment decisions;	
3.14.	Shareholders' questions on issues on the agenda submitted before and during a General Meeting together with answers to those questions;	Applied
3.15.	Information on the reasons for cancellation of the General Meeting, changes to the date or agenda, together with the reasons;	Applied
3.16.	Information about the break in the proceedings of the General Meeting together with the reasons;	Applied
3.17.	Information about the entity which signed an Authorised Adviser Service Agreement with the company, including the name, the website address, telephone numbers and e-mail addresses of the Adviser;	Applied
3.18.	Information about the entity acting as animator of the issuer's shares;	Applied
3.19.	Information document (issue prospectus) of the company published within the last 12 months;	Applied
4	A company should publish its corporate website in Polish or in English, at the issuer's discretion. Current and periodic reports should be published on the website in the same language in which they are published according to regulations applicable to the issuer.	Applied
5	A company should pursue an information policy with a particular emphasis on the needs of individual investors. For this purpose, in addition to its corporate website, the company should use its individual investor relations section on the website <a href="http://www.gpwinfostrefa.pl">www.gpwinfostrefa.pl</a> .	Not applied – on its website the Company provides a separate investor relations section that provides individual investors with access to sufficient information about the Company.
6	An issuer should maintain on-going contacts with representatives of the Authorised Adviser in order to enable it to properly perform its obligations towards the issuer. The company should appoint a person responsible for contacts with the Authorised Adviser.	Applied
7	If an event occurs in the company, which, in the opinion of the issuer, has material significance to the performance of obligations by the Authorised Adviser, the issuer should immediately inform the Authorised Adviser thereof.	Applied
8	An issuer should give the Authorised Adviser access to all documents and information necessary to perform the obligations of an Authorised Adviser.	Applied
9	In the annual report the issuer should publish:	
9.1	Information about the total amount of remuneration of all members of the Management Board and the Supervisory Board;	Not applied since 2014 after the publication of EBI report 11/2014.
		There is no Supervisory Board.
9.2	Information about the fee paid by the issuer to the Authorised Advisor in respect of all services provided to the issuer;	Not applied – The Company did not use the services of an authorised advisor in 2018.
10	Members of the Management Board and the Supervisory Board who can answer questions asked at the General Meeting should attend a General Meeting.	Applied
		There is no Supervisory Board.
11	An issuer in co-operation with the Authorised Adviser should organize meetings with investors, analysts and the media open to the public at least 2 times per year.	Applied. The Company has ruled out the organisation of two online chats with investors during the year – a first one was organised in May 2018, and a second one in Nov 2018 – these meetings are open to the public.

No.	Rule	Comments
12	A resolution of the General Meeting concerning an issue of shares with subscription rights should specify the issue price or the mechanism of setting it or obligate the competent body to set it before the date of subscription rights within a timeframe enabling an investment decision.	Applied
13	Resolutions of the General Meeting should allow for a sufficient period of time between decisions causing specific corporate events and the date of setting the rights of shareholders pursuant to such events.	Applied
13a.	If the Management Board of an issuer is notified by a shareholder who holds at least a half of the share capital or at least a half of all votes in the company that the issuer has summoned an extraordinary General Meeting pursuant to Article 399 § 3 of the Code of Commercial Partnerships and Companies, the Management Board of the issuer shall immediately perform actions it is obliged to take in organising and conducting a General Meeting. This principle shall also apply where the registration court authorises shareholders to summon an extraordinary General Meeting pursuant to Article 400 § 3 of the Code of Commercial Partnerships and Companies.”	Applied
14	The date of setting the right to dividend and the date of dividend payment should be set so to ensure the shortest possible period between them, in each case not longer than 15 business days. A longer period between these dates requires detailed grounds.	Applied
15	A resolution of the General Meeting concerning a conditional dividend payment may only contain such conditions whose potential fulfilment must take place before the date of setting the right to dividend.	Applied
16	An issuer should publish monthly reports within 14 days after the end of each month. Monthly reports should include at least the following:	Applied
	- information on trends and events occurring in the issuer’s market environment which, in the opinion of the issuer, could in future have significant effects to the financial standing and the financial results of the issuer;	
	- list of all information published by the issuer in the form of current reports in the reporting period;	
	- information about achievement of the goals of an issue if they were achieved at least partly in the reporting period;	
	- dates important to investors including events planned in the coming month concerning the issuer and important from the perspective of investor rights, including in particular dates of publication of periodic reports, planned General Meetings, opening of subscriptions, meetings with investors or analysts and expected dates of publication of analytical reports.	
16a.	If an issuer is in breach of the reporting obligation set out in Exhibit 3 to the Alternative Trading System Rules (“Current and Periodical Information in the Alternative Trading System on the NewConnect Market”), the issuer shall immediately publish information explaining the situation pursuant to the procedure applicable to providing current reports on the NewConnect market.”	Applied



## Summary of information disseminated

Below is a summary of the key events which were important for the Issuer's business from 1 January 2018 until 31 December 2018 and which were reported in the EBI system:

- ▶ **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.
- ▶ **EBI 4/2018** published on 5 February 2018: Quarterly report for 2017 Q4.
- ▶ **EBI 5/2018** published on 6 February: Photon Energy expands its Hungarian pipeline to 20.6 MWp by adding 13 projects in two locations.
- ▶ **EBI 6/2018** published on 9 February: Photon Energy commits PLN 4.8 million to the Valuetech seed fund in Poland and announces first investment.
- ▶ **EBI 7/2018** published on 12 February: Monthly report for January 2018.
- ▶ **EBI 8/2018** published on 12 March: Photon Energy repays its corporate bond 2013/18.
- ▶ **EBI 9/2018** published on 12 March: Monthly report for February 2018.
- ▶ **EBI 10/2018** published on 28 March 2018: Publication date of the annual report 2017.
- ▶ **EBI 11/2018** published on 9 April 2018: Annual report for the year 2017.
- ▶ **EBI 12/2018** published on 9 April 2018: Convocation of the Annual General Meeting of Shareholders on 22 May 2018.
- ▶ **EBI 13/2018** published on 11 April 2018: Correction to Annual report 2017.
- ▶ **EBI 14/2018** published on 11 April 2018: Monthly report for March 2018.
- ▶ **EBI 15/2018** published on 7 May 2018: Quarterly report for 2018Q1.
- ▶ **EBI 16/2018** published on 14 May 2018: Monthly report for April 2018.
- ▶ **EBI 17/2018** published on 22 May 2018: The Minutes of the AGM of shareholders held on 22 May 2018.
- ▶ **EBI 18/2018** published on 11 June 2018: Monthly report for May 2018.

- ▶ **EBI 19/2018** published on 12 July 2018: Monthly report for June 2018.
- ▶ **EBI 20/2018** published on 6 August 2018: Quarterly report for 2018Q2.
- ▶ **EBI 21/2018** published on 9 August 2018: Monthly report for July 2018.
- ▶ **EBI 22/2018** published on 7 September 2018: Photon Energy fully places 7.75% EUR bond 2017/22 with a total volume of EUR 30 million.
- ▶ **EBI 23/2018** published on 11 September 2018: Monthly report for August 2018.
- ▶ **EBI 24/2018** published on 9 October 2018: Monthly report for September 2018.
- ▶ **EBI 25/2018** published on 5 November 2018: Quarterly report for 2018Q3.
- ▶ **EBI 26/2018** published on 12 November 2018: Monthly report for October 2018.
- ▶ **EBI 27/2018** published on 11 December 2018: Publication dates of periodic reports in 2019.
- ▶ **EBI 28/2018** published on 11 December 2018: Monthly report for November 2018.

Below is a summary of the key events which were important for the Issuer's business from 1 January 2018 until 31 December 2018 and which were reported in the ESPI system:

- ▶ **ESPI 1/2018** published on 19 February: Photon Energy announces administration of new EUR Bond 2017/2022 by Bankhaus Neelmeyer AG.
- ▶ **ESPI 2/2018** published on 20 February 2018: Insider trading notification.
- ▶ **ESPI 3/2018** published on 1 March 2018: Insider trading notification.
- ▶ **ESPI 4/2018** published on 6 March 2018: Notification substantial block of shares.
- ▶ **ESPI 5/2018** published on 21 March 2018: Insider trading notification.
- ▶ **ESPI 6/2018** published on 21 March 2018: Photon Energy expands its Hungarian pipeline to 26.1 MWp by acquiring eight projects with 5.5 MWp.
- ▶ **ESPI 7/2018** published on 28 March 2018: Photon Energy connects its first Hungarian plant.
- ▶ **ESPI 8/2018** published on 3 May 2018: Q & A Chat to be held in collaboration with Polish retail investors association SII on Thursday, the 10th of May 2018 at 11:00am.

- ▶ **ESPI 9/2018** published on 24 May 2018: List of all Shareholders entitled to vote on General Meeting of shareholders to be held on 22 May 2018.
- ▶ **ESPI 10/2018** published on 24 May 2018: List of shareholders holding at least 5% of votes at the Annual General Meeting of shareholders held on 22 May 2018.
- ▶ **ESPI 11/2018** published on 25 May 2018: Insider trading notification.
- ▶ **ESPI 12/2018** published on 4 June 2018: Insider trading notification.
- ▶ **ESPI 13/2018** published on 11 June 2018: Insider trading notification.
- ▶ **ESPI 14/2018** published on 18 June 2018: Insider trading notification.
- ▶ **ESPI 15/2018** published on 25 June 2018: Insider trading notification.
- ▶ **ESPI 16/2018** published on 30 July 2018: Change in substantial blocks of shares.
- ▶ **ESPI 17/2018** published on 5 September 2018: Insider trading notification.
- ▶ **ESPI 18/2018** published on 12 September 2018: Insider trading notification.
- ▶ **ESPI 19/2018** published on 21 September 2018: Insider trading notification.
- ▶ **ESPI 20/2018** published on 3 October 2018: Insider trading notification.
- ▶ **ESPI 21/2018** published on 17 October 2018: Insider trading notification.
- ▶ **ESPI 22/2018** published on 22 October 2018: Insider trading notification.
- ▶ **ESPI 23/2018** published on 23 October 2018: Photon Energy starts construction on 5.5 MWp solar projects in Tiszakécske, Hungary.
- ▶ **ESPI 24/2018** published on 31 October 2018: Q&A Chat to be held in collaboration with Polish retail investors association SII on Friday, the 9th of November 2018 at 11:00am.
- ▶ **ESPI 25/2018** published on 5 November 2018: Photon Energy breaks ground on 5.5 MWp solar projects in Almásfüzitő, Hungary.
- ▶ **ESPI 26/2018** published on 14 November 2018: Insider trading notification.
- ▶ **ESPI 27/2018** published on 22 November 2018: Insider trading notification.
- ▶ **ESPI 28/2018** published on 22 November 2018: Change in substantial blocks of shares.
- ▶ **ESPI 29/2018** published on 4 December 2018: Hungary Becomes Photon Energy's Second Largest O&M Market.

- ▶ **ESPI 30/2018** published on 11 December 2018: Development approval granted for our Suntop Solarfarm project in Australia.
- ▶ **ESPI 31/2018** published on 13 December 2018: Photon Energy connects eight power plants in Hungary for a total capacity of 5.5MWp.
- ▶ **ESPI 32/2018** published on 23 December 2018: Insider trading notification.

**Below is a summary of the key events which were important for the Issuer's business after 31 December 2018 until the date of this report and which were reported in the EBI and ESPI system:**

#### **EBI System**

- ▶ **EBI 1/2019** published on 17 January 2019: Monthly report for December 2018.
- ▶ **EBI 2/2019** published on 29 January 2019: Publication date of the annual report 2018.
- ▶ **EBI 3/2019** published on 11 February 2019: Quarterly report for 2018Q4.
- ▶ **EBI 4/2019** published on 14 February 2019: Monthly report for January 2019.
- ▶ **EBI 5/2019** published on 12 March 2019: Monthly report for February 2019.
- ▶ **EBI 6/2019** published on 10 April 2019: Monthly report for March 2019.

#### **ESPI system**

- ▶ **ESPI 1/2019** published on 17 January 2019: Photon Energy secures long-term financing for 11.5 MWp of PV power plants in Hungary.
- ▶ **ESPI 2/2019** published on 17 January 2019: Insider trading notification.
- ▶ **ESPI 3/2019** published on 21 January 2019: Photon Energy will install PV power plants with a combined capacity of 4.6 MWp for ALDI in Australia.
- ▶ **ESPI 4/2019** published on 25 February 2019: Photon Energy expands its Hungarian pipeline by acquiring three projects with 2.1 MWp.
- ▶ **ESPI 5/2019** published on 6 March 2019: Photon Energy connects eight power plants in Almásfüzitő, Hungary for a total capacity of 5.5MWp.
- ▶ **ESPI 6/2019** published on 12 March 2019: Development approval granted for our Gunnedah Solarfarm project in Australia.
- ▶ **ESPI 7/2019** published on 19 March 2019: Change in substantial block of shares.
- ▶ **ESPI 8/2019** published on 6 April 2019: Photon Energy acquires three projects with a total capacity of 2.1 MWp in Hungary.

## Statement of relations

### Statement on relations between the Issuer, its managing and supervising persons and its shareholders owning more than 5% of the Company's shares

No Supervisory Board was established.

According to the knowledge of the Board of Directors following relations existed between the Issuer, its managing and supervising persons and its shareholders owning more than 5% of the Company's shares:

Shareholders as of 15 April 2018	No. of shares	% of capital	No. of votes at the Shareholders Meeting	% of votes at the Shareholders Meeting
Solar Future Cooperatief U.A.	22,266,182	37.11%	22,266,182	43.58%
Solar Power to the People Cooperatief U.A.	20,843,375	34.74%	20,843,375	40.80%
Photon Energy N.V.	8,911,370	14.85%	0	0.00%
Free float	7,979,073	13.30%	7,979,073	15.62%
<b>Total</b>	<b>60,000,000</b>	<b>100.00%</b>	<b>51,088,630</b>	<b>100.00%</b>

- Mr. Michael Gartner and Mr. Georg Hotar are the only members of the Company's Board of Directors.

Mr. Michael Gartner indirectly owns 43.6% of votes at the Shareholders Meeting, via cooperative Solar Future Coöperatief U.A., Mr. Georg Hotar indirectly owns 40.8% of votes at the Shareholders Meeting, via cooperative Solar Power to the People Coöperatief U.A..

## Implementation of innovative activities in the Company in 2018

### Algae control

Photon Water Technology developed an effective solution for algae and biofilm control in ponds, pools and technology equipment: "Algae control".

The principle of algae and biofilm control is based on an environmentally friendly methodology called The Water Trifecta© with three sound principles, which work in synchronicity.

- Increased oxygen levels keep the bacteria active consuming the excess nutrients that cause algae blooms.
- An ultrasound algae control transducer kills the majority of the algae types that are prone to blooming in a pond.
- Beneficial bacteria added to the pond consume the nutrients and suspended solids.

This comprehensive strategy makes it possible to effectively reduce and even stop algae blooms and biofilm growth in ponds, pools, tanks, basins and other water management equipment.

### Photon Energy ONE

Photon Energy ONE is a fully-integrated solar monitoring solution with intelligent software that provides comprehensive monitoring and control of solar power plants. With our perfectly customized packages to suit every solar installation, we help our customers select the right mix of hardware and software components that combine to enable ultimate performance of their solar systems:

- Optimizes installation and hardware costs
- Enhances photovoltaic power plant efficiency
- Detects threats in a timely manner
- Used by industry-scale owners, operators and investors
- Connects to external systems (CSV, XML, Binary format, Rest API, GraphQL API, individual format) free of charge
- Expert technical support available 24/7.



## Material off-balance sheet items

The Group did not have any material off-balance sheet items in the year 2018.

## Further information

For more information about:

- a) characteristics of the structure of assets and liabilities of the consolidated balance sheet, also from perspective of the liquidity of the Issuer's group and
- b) description of the structure of main equity deposits or main capital investments made within the Issuer's group during the financial year

Please refer to Chapter 3 – Financial section and the Company's audit.

## Board of Directors' statements

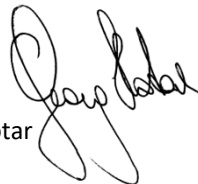
### Board of Directors' statement concerning reliability of prepared financial statement for the year 2018 and report on the Company's activity

The Board of Directors declares that according to their best knowledge the audited consolidated IFRS financial statements, which were derived from local financial statements, were prepared in accordance with International Financial and

Reporting Standards and further declares that they present a true and fair view of the Company's property and financial situation and its financial result as of the date of the publication of this report and that the report on the Report of the Management presents a fair view of the Issuer's situation, including a description of basic exposures and risks.



Michael Gartner  
Director



Georg Hotar  
Director

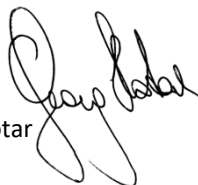
### Board of Directors' statement concerning the entity entitled to audit the annual financial statement for the year 2018

The Board of Directors' declares that the entity authorised to audit financial statements which audited annual consolidated

financial statements was selected in accordance with legal regulations and that such entity and certified auditors who audited these statements met conditions to express their impartial and independent opinion on the audit, in accordance with relevant regulations of local law.



Michael Gartner  
Director



Georg Hotar  
Director

# SUSTAINABLE WATER TREATMENT SOLUTIONS





Introduced in late 2017 as a new business segment to address the world's ever-growing water quality issues, Photon Water Technology can look back on a truly eventful year in 2018.

We are proud to see that our business strategy as a container-based water management solutions provider proved fruitful. Not only did we successfully implement our first pilot projects in our target markets, Peru and the Czech Republic, but we also closed new business deals, continued to forge valuable partnerships and explored new markets.

In the reporting period, we successfully installed our innovative algae control solution combining the environmentally friendly Water Trifecta® water management methodology and PV technology in four locations across the Czech Republic. It has been exciting to record all the positive results and to share the excitement with our customers.

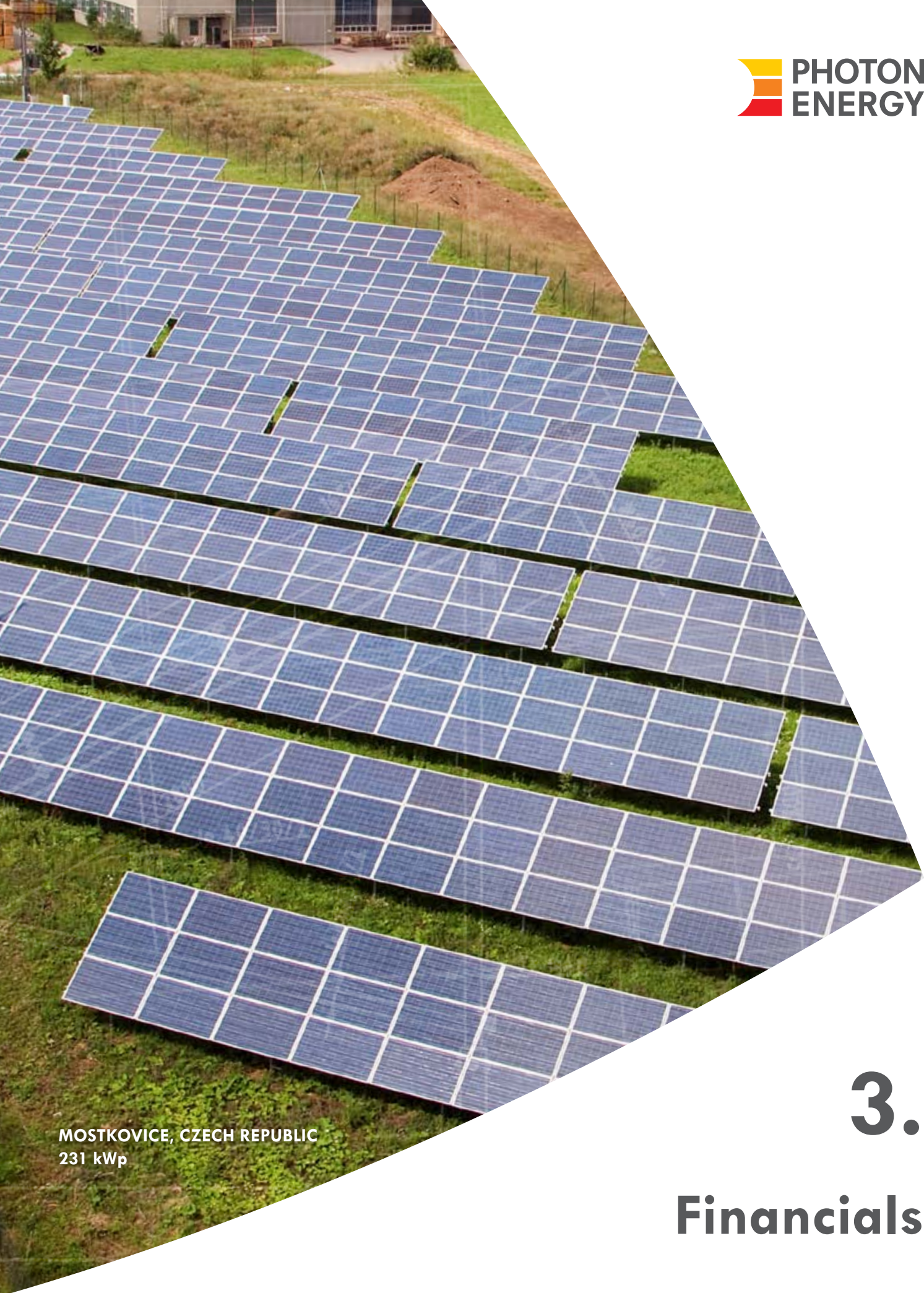
In 2018, our Photon Energy Technology team also carried out a series of business trips to Peru within the B2B programme of the Czech Development Agency to improve the supply of quality drinking water in the areas affected by volcanic and mining activities. As part of these trips, the company installed five water treatment plants that rid the polluted water of the carcinogens arsenic and boron in different public spaces and informed the public about the importance of quality drinking water.

Thanks to its wide-ranging applications, this new strategic focus of Photon Energy Group is proving successful. We are looking forward to what promises to be an even more exciting 2019.









MOSTKOVICE, CZECH REPUBLIC  
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# 3.

## Financials





The background of the cover is a stylized, light gray grid with a perspective effect, resembling a technical drawing or a financial chart. The grid lines are dashed and intersect to form a series of trapezoidal shapes. Faint text labels are scattered across the grid, including 'Monday 00:00', 'Monday 06:00', 'Monday 12:00', 'Monday 18:00', and 'Tuesday 00:00'.

# Financial Statements

## for the year ended 31 December 2018

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# Directors' report

## Directors' report

The directors present their report together with the annual financial statements of Photon Energy N.V. (the "Company") for the year ended 31 December 2018.

Photon Energy N.V. (the "Company") is a joint-stock company incorporated under the laws of the Netherlands on 9 December 2010. The statutory seat of the Company is Barbara Strozzi-laan 201, 1083HN Amsterdam. The consolidated financial

statements of the Company as at and for the year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

The company is controlled by the following shareholders:

<i>In shares</i>	<b>No. of shares</b>	<b>% of capital</b>
Solar Future Cooperatief U.A.	22,266,182	37.11%
Solar Power to the People Cooperatief U.A.	20,843,375	34.74%
Photon Energy N.V.	8,955,934	14.93%
Free float	7,934,509	13.22%
<b>Total</b>	<b>60,000,000</b>	<b>100.00%</b>

The Board of Directors consists of the Directors Mr. Georg Hotar and Mr. Michael Gartner.

## Developments in 2018

### Result

The total equity attributable to the owners of the Company as at 31 December 2018 amounts to EUR 29,819 thousand (2017: EUR 26,001 thousand). The total result for the year 2018 amounts to a profit of EUR 510 thousand (2017: loss EUR 807 thousand).

### Revenues and cost of sales

Revenues in 2018 increased to EUR 20,256 thousand compared to 2017, when the revenues amounted to EUR 17,219 thousand. In 2018, cost of sales increased to 5,539 thousand from EUR 4,145 thousand in the financial year 2017.

The increase in revenues is a result of higher revenues in all the segments except of others and PV investments.

The gross profit margin equalled to 68% in 2018 compared to 71% in 2017. The lower margin in 2018 is mainly a consequence of higher cost of sales coming from the revenue growth of less profitable engineering and technology sales compared to electricity production.

### Financial income and expenses

Financial income and expenses consist mainly of interest expense. The other part of financial income and expenses represents the result from revaluation of swaps, interest income, and bank fees.

### Other comprehensive income

Other comprehensive income includes mainly positive impact of revaluation of PPE (positive effect of EUR 2,366 thousand coming from the newly connected power plants in Hungary) and

change in the derivatives reserve (positive impact of EUR 113 thousand) compensated by negative impact of the currency translation reserve of EUR 457 thousand.

### Non-current assets

The increase in fixed assets compared to 2017, is mainly influenced by the put in use and the revaluation of the powerplants in Hungary and high balance of the assets in progress compensated by the annual depreciation.

### Current assets

Current assets increased in 2018 compared to 2017, from EUR 15,338 thousand to EUR 23,856 thousand. This increase was influenced mainly by higher cash, higher trade and other receivables, and higher prepayments.

### Total liabilities

The total liabilities include primarily:

- 1) Loans and borrowings
- 2) Trade payables
- 3) Bond related liability

Long-term liabilities increased by EUR 16,885 thousand. The main driver of this increase was the increase in the bond liability by EUR 23,266 thousand compensated by lower bank loans, lower deferred tax liability and lower other loans. The Group's current payables decreased mainly due to repayment of the short-term part of the bond (EUR 6,533 thousand) compensated by slightly higher trade and other payables.



## Financial instruments and risk management

In 2018, financial instruments were only used to mitigate risks and were not used for trading purposes. We refer to the notes in the financial statements for more details about the company's financial instruments.

### Principle risks

The Group has exposure to the following risks:

- Credit risk,
- Sovereign
- Liquidity risk,
- Operational risk,
- Currency risk,
- Interest risk,
- Market risk.

In the notes to the consolidated financial statements, information is included about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

### Sovereign risk

The Company's results can be adversely affected by political or regulatory developments negatively impacting on the income streams of projects in the portfolio. A number of countries have already succumbed to retroactive measures reneging on existing agreements, guarantees and legislation by imposing levies, cancelling contracts or renegotiating terms unilaterally or by other measures reducing or in the worst case cancelling Feed in Tariffs for renewable energy investments. Legal remedies available to compensate investors for expropriation or other takings may be inadequate. Lack of legal certainty exposes projects in the portfolio to increased risk of adverse or unpredictable actions by government officials, and also makes it more difficult for us to enforce existing contracts. In some cases these risks can be partially offset by agreements to arbitrate disputes in an international forum, but the adequacy of this remedy may still depend on the local legal system to enforce the award.

### Operational risk

The economic viability of energy production using photovoltaic power plants installations depends on Feed-in-Tariff (FiT) systems. The FiT system can be negatively affected by a number of factors including, but not limited to, a reduction or elimination in the FiT or green bonus per KWh produced, an elimination or reduction of the indexation of the FiT and a shortening of the period for which the FiT applies to photovoltaic installations. On the investment side the Company faces uncertainty in relation to the approval process for the construction of photovoltaic installations, grid connection and the investment cost per KWh of installed capacity. The operating and financial results of the

Company can be seriously affected by a sudden or significant change in the regulatory environment in each of the countries where the Company or its subsidiaries conduct business.

During the fourth quarter of 2010, the Czech parliament and the Czech government approved several changes in the legal framework governing certain aspects of the photovoltaic and other industries. Those changes included mainly: (i) a 3 years solar levy, newly introduced into the Czech tax system, of 26% on the revenues of photovoltaic power plants above 30kW of installed capacity, completed in the years 2009 and 2010, (ii) the abolishment of a six-year corporate income tax exemption for photovoltaic power plants, and (iii) a tenfold increase of the contractual fees previously agreed between the photovoltaic power plant operators and the state Land Fund for the extraction of certain classes of land from the state fund.

In September 2013, additional prolongation of the solar levy was approved. The percentage was decreased to 10% and applicability of this tax prolonged till end of the useful economic life of the power plants. The Company reflected this change in the DCF models for Czech SPVs already as of 30 September 2013. The fair value decrease was reflected in the value of assets, related deferred tax and other comprehensive income in 2013 financial statements.

After opting for its Czech power plants for the green bonus scheme in the years 2016 and 2017, the Group reconsidered this approach and applied again for the feed-in-tariff scheme in 2018.

Since 2013 several investigations relating to the issuance of the energy production license of the PV power plant of Photon Energy SPV 11 s.r.o. (SPV 11) have been conducted, always coming to the conclusion that the license had been issued legitimately. At the beginning of 2018 criminal charges were filed against two former subcontractors of the EPC provider of SPV 11 and as of August 2018 the difference of the feed in tariff 2010 and 2011 is withheld by ČEZ Prodej a.s. In total this amounts to EUR 316 thousand (CZK 8,126 thousand) of revenues, which is shown as trade receivables in the financial statements as of 31.12.2018. In case of a conviction of one or both of these subcontractors a reassessment of the issuance of the license could be initiated. Management is not aware of any fact that neither the issuance of the license had been not lawful nor that such reassessment would not come to the same result of the lawfulness of the feed in tariff 2010. Therefore, no provisions have been made in the financial statements for 2018. SPV 11 is valued in the financial statements at an entity value of EUR 7,629 thousand (CZK 196,247 thousand). If SPV should be only entitled to the feed in tariff for 2011, the fair value would decrease to EUR 4,298 thousand (CZK 110,564 thousand). If the feed in tariff for 2011 were to be applied retrospectively or in case that the license would be withdrawn, the full value would need to be written off.

### Currency risk

The Group is exposed to a currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities.

The transactions of the Group entities are denominated in CZK, EUR, AUD, CHF, and HUF mainly. There is no financial hedging used by the company against the currency risk. Company's management does not formally monitor the FX positions.

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, including the electricity distributors.

### Trade and other receivables

The Group's exposure to credit risk is influenced mainly by individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. In most cases, the Company requires advance payments (partial or 100%) for the delivery of electricity in order to minimise the credit risk. Additionally, in case of new customers, the company looks for market references of the potential customers that are available in public resources. The collections are regularly monitored by the responsible employees and any significant overdue receivables are discussed with the management of the company. Management of the company is responsible for the decision whether allowance is to be created or any other steps need to be performed.

### Cash and cash equivalents

The Group held cash and cash equivalents of EUR 12,340 thousand at 31 December 2018 (2017: EUR 7,333 thousand), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with banks and financial institution counterparties. Only those banks and financial institutions, which were approved by the members of the board of directors, can be used by the company.

Cash held by the SPVs under legal ownership of Raiffeisen Leasing s.r.o. (RL) is restricted only for certain transactions, e.g. loan and related interest provided to those SPV's by Photon Energy N.V. is subordinated to the loan from RL and will be paid only after the repayment of the RL loan. Total amount of the cash owned by these SPVs is EUR 4,634 thousand as at 31 December 2018 (2017: EUR 2,553 thousand).

### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its

liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

### Interest risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. It is measured by the extent to which changes in market interest rates impact on net interest expense. The Company uses interest rate derivatives for managing the interest rate risk.

Slovak SPVs, consolidated in full or by using the equity method by the Group, own interest rate derivatives used for hedging. The purpose of the derivatives is to hedge against movement of interest rates. Concluding the derivative contract was one of conditions required by financing bank as defined in the Loan contract.

The change in fair value of these derivatives is recognized via equity of the Company and the result is shown in Derivatives reserve of the Company's equity since 1 January 2012. Until then, the change in fair value of the derivatives was recorded to profit and loss.

The Czech SPVs own interest rate derivatives. Concluding the derivative contract was one of conditions required by the financing bank as defined in the Loan contract. The change in value of these derivatives is recognized via Profit and loss as they do not meet criteria for the hedging derivatives.

### Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy will unwind accordingly to the further negotiations with the Group's creditors.

The Group's net debt to adjusted equity ratio at the reporting date was as follows:

<i>In thousand of EUR</i>	<b>2018</b>	<b>2017</b>
Total liabilities	76,569	63,709
Less: cash and cash equivalents	12,340	7,333
Net debt	64,229	56,376
Total equity	29,779	25,982
<b>Net debt to adjusted equity ratio at 31 December</b>	<b>2.16</b>	<b>2.17</b>

There were no changes in the Group's approach to capital management during the year. A net debt to adjusted equity ratio shows lower indebtedness of the Group than in the previous year.

## Selected indicators

### Debt to assets ratio (total liabilities/total assets)

- 2018: 0.72
- 2017: 0.71

### Debt to equity ratio (total liabilities/shareholders' equity)

- 2018: 2.58
- 2017: 2.45

## Research and development

The Company does not perform any material research and development activities.

## Personnel

During the year, the number of staff employed by the Group was 92 (2017: 74). Management expects that the number of employees in 2019 will be higher compared to the current year.

On 1 January 2014, The Management and Supervision Act came into force requiring that at least 30% of the directors is female

## Strategy for 2019 and beyond

In 2018 we have managed to continue implementing our growth strategy by expanding our proprietary portfolio by 6.3 MWp in Hungary and another 5.5 MWp slated for grid-connection in 2019Q1, by progressing with our project development activities in Australia and by expanding our O&M and related service businesses. Outstanding electricity production by our proprietary power plant portfolio contributed strongly to our 17.6% revenue growth to a record EUR 20.26 million, while our EBITDA improved by 3.7% to EUR 8.15 million and our EBIT grew by 11.0% to EUR 2.54 million. The most significant improvement occurred at the bottom line with pre-tax profit jumping by 431.4% to EUR 1.84 million and our company turning a previous net loss of EUR 0.81 million into a EUR 0.51 million net profit in 2018! Total comprehensive income advanced by 40.5% to EUR 2.53 million, pushing our consolidated group equity to EUR 29.78 million.

The past year has been full of important highlights starting with the signing of an agreement for the joint development of five utility-scale PV projects with a planned installed capacity exceeding 1.1 GWp in New South Wales with Canadian Solar, one of the world's leading integrated solar companies. We completed the construction of 11.5 MWp of PV power plants across three locations in Hungary and secured the long-term project financing of these plants with one of the leading local banks. Our pipeline of additional projects puts us well on the way of

### Current ratio (current assets/current liabilities)

- 2018: 2.77
- 2017: 1.23

Debt to equity slightly worsened in 2018 compared to 2017 due to higher total liabilities. The current ratio has improved due to higher current assets.

and at least 30% is male. At this moment the company does not comply with this Act and management does not believe nominations for (re-) appointments will change this in the near future.

achieving of our goal of expanding our proprietary portfolio by 50 MWp in Hungary. The continuing support for solar energy in Hungary through the METAR support system including indicated upcoming auctions provides a promising outlook for this very attractive market for several years to come. The Hungarian market also provides us with ample opportunities to grow our O&M business and for Photon Energy to become the leading O&M provider in the CEE region. The signing of an EPC contract for the installation of 4.6 MWp of rooftop solar systems for the retail chain ALDI across 32 locations in Australia underscores Photon Energy's market leading quality in the fast growing commercial user market.

Our Photon Water business is equally providing us with exciting new opportunities as we have brought ultra-sound-based solutions to fight blue-green algae formation in several locations in the Czech Republic. We believe that the success of this technology is a good foundation to bring our services approach to this widespread and growing problem to more lakes in the Czech Republic and other markets. A pilot project to treat drinking water contaminated by arsenic and boron has taken us to Peru, where we opened a new office at year-end 2018 and which will serve as a springboard to other Latin American markets for both our solar and water business lines.



Last but not least, in 2018 Photon Energy successfully repaid its first EUR bond and completed the placement of its EUR 30 million 5-year bond with a 7.75% coupon on the German capital market. The following stellar performance of the bond has pushed the yield-to-maturity of the bond to around 6%. This is testament to the transparency of the company, our proactive communication with investors and our flawless track record in serving our quarterly bond coupons since 2013. During 2018 Photon Energy's share price on the NewConnect market of the Warsaw Stock Exchange advanced by 31.4% to close at PLN 1.84. We believe in the importance of access to capital through public markets and therefore we remain strongly committed to open and pro-active investors relations.

We are looking ahead to 2019 as another year full of opportunities across all our business lines and are looking forward to some of our Australian utility-scale projects reaching the ready-

to-build stage, to a further increase in our proprietary portfolio of power plants mainly in Hungary as well as strong growth in our O&M business and related services. We are also convinced that our Photon Water business will become an ever stronger contributor to our Group's business volume.

### Going concern

#### Management statement

In preparing these accounts on a going concern basis, management used its best estimates to forecast cash movements over the next 12 months from the date of these accounts. As per today, management believes the Company will be able to repay its liabilities and ensure the further development of the Group.

## Subsequent events

### Hungarian refinancing


In January 2019, the Company signed a financing agreement amounting to 3.33 billion HUF (10.4 million EUR) provided by K&H Bank, the Hungarian subsidiary of Belgian KBC Group N.V. and one of Hungary's largest banking and financial services firms as well as a leading local player in project finance, for a period of 15 years. The financing has been provided for its 11.5 MWp proprietary PV power plant portfolio in Hungary. The portfolio is comprised of 17 individual KÁT-licensed PV power plants in three different locations. Draw down of the loan is planned for April 2019.

### Almasfuzito

In March 2019, the Companies subsidiary Photon Energy Solutions HU Kft has finished building and grid-connected eight PV power plants with a combined capacity of 5.5 MWp located in Almásfűzitő, Hungary, expanding the Group's proprietary portfolio of PV power plants to 37.1 MWp. The Company owns and operates the projects through the Group's wholly owned company Ráció Master Kft. Revaluation of the Group's proprietary portfolio will be recorded as the Group's Other Comprehensive Income in the 2019Q1 Profit and Loss Statement.

Amsterdam, 12 April 2019

The Board of Directors:



Georg Hotar, Director



Michael Gartner, Director

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# **Consolidated Financial Statements**

## **for the year ended 31 December 2018**

## Consolidated statement of comprehensive income for the year ended 31 December

<i>In thousand of EUR</i>	<b>Note</b>	<b>2018</b>	<b>2017</b>
Revenue	<u>10</u>	20,256	17,219
Cost of sales	<u>11</u>	-5,539	-4,145
Solar levy	<u>11</u>	-877	-821
<b>Gross profit</b>		<b>13,840</b>	<b>12,254</b>
Other income	<u>12</u>	392	517
Administrative expenses	<u>14</u>	-2,342	-1,756
Personnel expenses	<u>14</u>	-3,371	-2,592
Other expenses	<u>13</u>	-373	-572
Depreciation		-5,602	-5,560
<b>Results from operating activities</b>		<b>2,544</b>	<b>2,291</b>
Finance income	<u>15</u>	0	0
Interest income	<u>15</u>	149	191
Finance costs	<u>15</u>	-434	-489
Revaluation of derivatives	<u>15</u>	171	997
Interest costs	<u>15</u>	-3,687	-2,710
<b>Net finance expenses</b>		<b>-3,801</b>	<b>-2,010</b>
Disposal of investment		3,074	0
Share of profit equity-accounted investments (net of tax)	<u>24</u>	23	66
<b>Profit/loss before taxation</b>		<b>1,840</b>	<b>346</b>
Income tax due/deferred	<u>16</u>	-1,331	-1,153
<b>Profit/loss for the year from continuing operations</b>		<b>510</b>	<b>-807</b>
Profit for the year from discontinued operations	<u>9</u>	0	0
<b>Profit/loss for the year</b>		<b>510</b>	<b>-807</b>
<b>Other comprehensive income (loss)</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Revaluation of property, plant and equipment	<u>23</u>	2,366	0
Share of revaluation of property, plant and equipment of associates/joint ventures	<u>23</u>	0	0
<b>Items that will be reclassified subsequently to profit or loss</b>			
Foreign currency translation difference - foreign operations	<u>23</u>	-457	2,294
Derivatives (hedging)	<u>28</u>	113	315
Share of currency translation diff. Of associates / JV	<u>23</u>	0	0
<b>Other comprehensive income for the year, net of tax</b>		<b>2,022</b>	<b>2,609</b>
<b>Total comprehensive income for the year</b>		<b>2,531</b>	<b>1,802</b>
<b>Profit attributable to:</b>			
Attributable to the owners of the company		530	-788
Attributable to non controlling interest		-20	-19
<b>Profit for the year</b>		<b>510</b>	<b>-807</b>
<b>Total comprehensive income attributable to:</b>			
Attributable to the owners of the company		2,552	1,821
Attributable to non controlling interest		-20	-19
<b>Total comprehensive income for the year</b>		<b>2,531</b>	<b>1,802</b>
<b>Earnings per share</b>			
Earnings per share (basic) (in EUR)	<u>24</u>	0.012	-0.015
Earnings per share (diluted) (in EUR)	<u>24</u>	0.010	-0.013
Total comprehensive income per share (in EUR)	<u>24</u>	0.051	0.035

The notes on pages 72 to 120 are an integral part of these financial statements.



## Consolidated statement of financial position as at 31 December

<i>In thousand of EUR</i>	<b>Note</b>	<b>31 December 2018</b>	<b>31 December 2017</b>
<b>Assets</b>			
Property, plant and equipment	<u>17</u>	79,294	72,742
Investments in equity-accounted investees	<u>9.3</u>	3,179	1,604
Other investments	<u>18</u>	20	9
Long-term receivables	<u>21</u>	0	0
Deferred tax assets		0	0
<b>Non-current assets</b>		<b>82,492</b>	<b>74,354</b>
Inventories	<u>20</u>	1,148	1,345
Trade receivables	<u>21</u>	2,394	1,459
Other receivables	<u>21</u>	5,370	3,109
Gross amount due from customers for contract work	<u>20</u>	587	374
Current tax receivable	<u>21</u>	0	0
Loans	<u>21</u>	840	650
Prepaid expenses	<u>21</u>	1,176	715
Cash and cash equivalents	<u>22</u>	12,340	7,333
Other S-T financial asset	<u>22</u>	0	352
Assets classified as held for sale	<u>8</u>	0	0
<b>Current assets</b>		<b>23,856</b>	<b>15,338</b>
<b>Total assets</b>		<b>106,348</b>	<b>89,692</b>
<b>Equity &amp; Liabilities</b>			
<b>Equity</b>			
Share capital	<u>23</u>	600	600
Share premium	<u>23</u>	23,760	23,760
Revaluation reserve	<u>23</u>	22,935	22,506
Legal reserve fund	<u>23</u>	13	13
Hedging reserve	<u>23</u>	223	110
Translation reserve	<u>23</u>	698	1,155
Retained earnings	<u>23</u>	-18,411	-22,143
<b>Equity attributable to owners of the Company</b>		<b>29,819</b>	<b>26,001</b>
Non-controlling interests	<u>23</u>	-40	-19
<b>Total equity</b>		<b>29,779</b>	<b>25,982</b>
<b>Liabilities</b>			
Loans and borrowings	<u>25</u>	29,250	34,786
Other long-term liabilities	<u>27</u>	32,551	9,285
Other loans	<u>25</u>	0	1,000
Deferred tax liabilities	<u>19</u>	6,308	6,153
Long-term liability from income tax	<u>27</u>	0	0
<b>Non-current liabilities</b>		<b>68,110</b>	<b>51,225</b>
Loans and borrowings	<u>25</u>	3,686	3,695
Trade payables	<u>26</u>	1,166	238
Other payables	<u>26</u>	3,177	1,263
Other Loans	<u>25</u>	0	270
Other short-term liabilities	<u>27</u>	0	6,533
Current tax liabilities	<u>27</u>	430	469
Provisions	<u>27</u>	0	17
Liabilities classified as held for sale	<u>8</u>	0	0
<b>Current liabilities</b>		<b>8,459</b>	<b>12,484</b>
<b>Total liabilities</b>		<b>76,569</b>	<b>63,709</b>
<b>Total equity and liabilities</b>		<b>106,348</b>	<b>89,692</b>

The notes on pages 72 to 120 are an integral part of these financial statements.

### Consolidated statement of changes in equity for the year ended 31 December

<i>In thousand EUR</i>	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	-	24,180
<b>BALANCE at 1.1.2017</b>	600	23,760	13	24,410	-1,139	-205	-23,260	24,180	-	24,180
<b>Profit for the year</b>	-	-	-	-	-	-	-788	-788	-19	-807
Revaluation of PPE	-	-	-	-	-	-	-	-	-	-
Share on revaluation of PPE of associates, JV	-	-	-	-	-	-	-	-	-	-
Foreign currency translation differences	-	-	-	-	2,294	-	-	2,294	-	2,294
Derivatives	-	-	-	-	-	315	-	315	-	315
Acquisition on JV	-	-	-	-	-	-	-	-	-	-
<b>Other comprehensive income</b>	-	-	-	-	2,294	315	-788	1,821	-19	1,802
Move from revaluation reserve to retained earnings	-	-	-	-1,904	-	-	1,904	-	-	-
Legal reserve fund	-	-	-	-	-	-	-	-	-	-
New shares	-	-	-	-	-	-	-	-	-	-
Move of RE due to entity disposal/change of cons. method	-	-	-	-	-	-	-	-	-	-
<b>BALANCE at 31.12.2017</b>	600	23,760	13	22,506	1,155	110	-22,143	26,001	-19	25,982
<b>BALANCE at 1.1.2018</b>	600	23,760	13	22,506	1,155	110	-22,143	26,001	-19	25,982
<b>Profit for the year</b>	-	-	-	-	-	-	530	530	-20	510
Revaluation of PPE	-	-	-	2,366	-	-	-	2,366	-	2,366
Share on revaluation of PPE of associates, JV	-	-	-	-	-	-	-	-	-	-
Foreign currency translation differences	-	-	-	-	-457	-	-	-457	-	-457
Derivatives	-	-	-	-	-	113	-	113	-	113
Acquisition on JV	-	-	-	-	-	-	-	-	-	-
<b>Other comprehensive income</b>	-	-	-	2,366	-457	113	530	2,552	-20	2,531
Move from revaluation reserve to retained earnings	-	-	-	-1,936	-	-	1,936	-	-	-
Legal reserve fund	-	-	-	-	-	-	-	-	-	-
Equity effect of JV capital increase	-	-	-	-	-	-	1,267	1,267	-	1,267
Move of RE due to entity disposal/change of cons. method	-	-	-	-	-	-	-	-	-	-
<b>BALANCE at 31.12.2018</b>	600	23,760	13	22,935	698	223	-18,411	29,819	-40	29,779

The notes on pages 72 to 120 are an integral part of these financial statements.

### Consolidated statement of cash flows for the year ended 31 December

<i>In thousand of EUR</i>	<b>Note</b>	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities</b>			
<b>Profit for the year before tax</b>		<b>1,840</b>	<b>346</b>
<b>Adjustments for:</b>			
Depreciation	<u>17</u>	5,602	5,560
Other changes in fixed assets	<u>17</u>	0	0
Share of profit of equity-accounted investments	<u>24</u>	-23	-66
Profit/loss on sale of property, plant and equipment	<u>17</u>	0	0
Other non-cash items	<u>24</u>	-153	247
Capital gains		-3,074	0
Net finance costs		3,801	0
<b>Changes in:</b>			
Trade and other receivables	<u>21</u>	-2,665	-945
Gross amount due from customers for contract work		-213	-374
Prepaid expenses	<u>21</u>	-461	-326
Inventories	<u>20</u>	197	-223
Trade and other payables	<u>26</u>	2,842	-2,013
Other liabilities	<u>27</u>	-39	454
<b>Net cash from operating activities</b>		<b>7,654</b>	<b>2,661</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	<u>9</u>	-9,552	0
Acquisition of subsidiaries, associates, JV	<u>9</u>	-2,532	-53
Acquisition of other investments	<u>9</u>	-404	0
Proceeds from sale of investments	<u>9</u>	3,074	0
Sale of investments- cash sold	<u>9</u>	0	0
Interest received	<u>15</u>	0	0
<b>Net cash used in investing activities</b>		<b>-9,415</b>	<b>-53</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares		0	0
Proceeds from borrowings	<u>25</u>	0	1,000
Change in consolidation method	<u>25</u>	0	0
Repayment of borrowings	<u>25</u>	-6,039	-5,064
Proceeds from issuing bonds	<u>25</u>	23,026	7,844
Repayment of bonds	<u>25</u>	-6,533	-4,059
Interest expenses	<u>25</u>	-3,687	-2,710
<b>Net cash from (used in) financing activities</b>		<b>6,767</b>	<b>-2,989</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>5,006</b>	<b>-381</b>
<b>Cash and cash equivalents at 1 January</b>		<b>7,333</b>	<b>5,420</b>
Effect of exchange rate fluctuations on cash held		0	2,294
<b>Cash and cash equivalents at 31 December</b>		<b>12,340</b>	<b>7,333</b>

The notes on pages 72 to 120 are an integral part of these consolidated financial statements.





The background of the page is a stylized, light gray globe with a grid of dashed lines. The globe is tilted and has several time labels in a light gray font, including 'Monday 00:00', 'Monday 06:00', 'Monday 12:00', 'Monday 18:00', and 'Tuesday 00:00'.

# **Notes to the Consolidated Financial Statements**

**for the year ended 31 December 2018**

## 1. Reporting entity

Photon Energy N.V. ("Photon Energy" or the "Company"), ID 51447126, is a joint-stock company incorporated under the laws of Netherlands on 9 December 2010. The statutory seat of the Company is Barbara Strozilaan 201, 1083HN Amsterdam. The consolidated financial statements of the Company as at and for the year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

## 2. Basis of preparation

### 2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union ("EU IFRSs") and title 9 Book 2 of the Netherlands Civil code. It represents the international accounting standards adopted in the form of European Commission Regulations in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council.

The consolidated financial statements were authorised for issue by the Board of Directors on 12 April 2019.

#### Going concern

In preparing these accounts on a going concern basis, management used its best estimates to forecast cash movements over the next 12 months from the date of these accounts. As per today, management believes the Company will be able to repay its liabilities and ensure the further development of the Group.

### 2.2 Basis of measurement

The consolidated financial statements have been prepared on historical cost basis except for the following material items in the statement of financial position:

- Property, plant and equipment – photovoltaic power plants are measured at revalued amounts (for revaluation details refer to the note [23](#))
- Investments in equity instruments accounted for using the equity method

### 2.3 Functional currency

These financial statements are presented in EUR.

The functional currencies used in the Group are CZK for Czech subsidiaries, EUR for Dutch, German and Slovak companies, CHF for Swiss subsidiary, HUF for Hungarian entities and AUD for Australian subsidiaries. All financial information presented in EUR has been rounded to the nearest thousand.

### 2.4 Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with EU IFRSs requires management to make judge-

ments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Significant management judgement is used in key assumptions applied discounted cash flow projections related to the valuation of the photovoltaic power plants (refer to Note [5.1](#)) and in case of professional judgment and internal knowledge of the customer related to the creation of the allowance for bad and doubtful debts (refer to Note [28.2](#)).

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note [5.1](#) – key assumptions used in discounted cash flow projections related to the valuation of the photovoltaic power plants
- Note [28.2](#) – professional judgment and internal knowledge of the customer related to the creation of the allowance for bad and doubtful debts



### 3. Application of new and revised EU IFRSs

#### 3.1 New and revised EU IFRSs affecting amounts reported in the current year (and/or prior years)

The following new and revised EU IFRSs have been applied in the current period and have affected the amounts reported in the financial statements.

##### **IFRS 15 Revenue**

Effective from annual periods beginning on or after 1 January 2018 the core principle of IFRS 15 is that an entity will recognize revenue to reflect the transfer of goods or services, measured as the amount to which the entity expects to be entitled in exchange for those goods or services. In particular, the new standard requires distinct goods or services to be accounted for separately, which may have a significant impact on the timing of revenue and profit recognition. While the overall principles will sound familiar, IFRS 15 includes a significant amount of guidance on many issues that arise in determining the appropriate timing and measurement of revenue. Finally, the new standard also requires significant disclosures relating to the reporting of revenue, and entities will need to ensure that they can gather the appropriate information in a timely manner.

Company performed the analysis of the potential impact of the IFRS 15 application and based on the analysis concluded the impact of the application should not be material under the existing conditions and for the currently concluded and running contracts.

##### **IFRS 9 Financial instruments**

On 24 July 2014, IASB issued IFRS 9 Financial instruments. This is the final version of the standard and supersedes all previous versions. The standard has a mandatory effective date for annual periods beginning on or after 1 January 2018, with earlier application permitted.

The Company has reviewed its financial assets and liabilities and based on this review there have not been any reclassifications from the application of IFRS 9 in the financial statements for the financial year 2018.

#### 3.2 New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised EU IFRSs that have been issued but are not yet effective (dates in brackets shows effective date):

- IFRS 17 Insurance contracts (January 2021)
- IFRS 16 Leases (January 2019)

##### **IFRS 16 Leases**

Effective from annual periods beginning on or after 1 January 2019 lessees are required to account for all leases on their balance sheets, including those which had previously been treated as operating leases and accounted for in the P&L account as an "in-year" expense. This will include leases of retail and commercial property, equipment and vehicles.

The Group will apply the standard from its mandatory adoption date 1 January 2019; the Company intends to apply the simplified transition approach and will not restate comparative amounts for the year to first adoption. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted to any prepaid or accrued lease expenses). As at reporting date, the group has non-cancellable lease commitments and right of use assets in the total value of EUR 1,939 thousand.

##### **IAS 17 Insurance contracts**

IFRS 17 required insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance contracts as of 1 January 2021.

## 4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

### 4.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

#### 4.1.1 Business combinations

Acquisition of businesses is accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognized in profit or loss as incurred.

#### 4.1.2 Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Income and expenses and other comprehensive income 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. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with Group accounting policies.

#### 4.1.3 Special purpose entities

The Group includes special purpose entities (SPEs). The Group does not have any direct or indirect shareholdings in these entities. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE. SPEs controlled by the Group were established under terms that impose strict limitations on the decision-making powers of the SPEs' management and that result in the Group receiving the majority of the benefits related to the SPEs' operations and net assets, being exposed to the majority of risks incident to the

SPEs' activities, and retaining the majority of the residual or ownership risks related to the SPEs or their assets.

SPEs currently include entities owned by Raiffeisen – Leasing s.r.o. ("RL"). All these SPEs are financed by RL.

Based on new contractual agreements, the Company has the right to apply a call option for purchase of a 100% share in the RL SPVs in case of full repayment of external loans, security loans, and all the other financial liabilities of PENV towards RL and the Financing bank, plus payment of the future purchase price for the transfer of share in the SPEs.

See the list of SPEs in note [30](#).

#### 4.1.4 Loss of control

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

#### 4.1.5 Investments in associates and jointly controlled entities (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds 20 percent or more of the voting power of another entity. Joint ventures are arrangements that the Company controls jointly with one or more other investors, and over which the Company has rights to a share of the arrangements net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

Investments in associates and jointly controlled entities are accounted for using the equity method (equity-accounted investees) and are recognized initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

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.

#### 4.1.6 Transactions eliminated on consolidation

Regarding subsidiaries all intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Regarding equity-accounted investees (see note 4.1.5) part of a margin on sales to these entities is eliminated. This part is calculated as a percentage of margins equal to the percentage of the entity's shares owned by the Group.

## 4.2 Foreign currency

### 4.2.1 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of available-for-sale equity investments.

### 4.2.2 Foreign operations

The assets and liabilities of foreign operations (those in the Czech Republic, Switzerland, Hungary and Australia as of 31 December 2018) are translated into Euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated into Euro at exchange rates at the dates of the transactions.

### 4.2.3 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

## 4.3 Financial instruments

Financial instruments are only used to mitigate risks and are not used for trading purposes.

### 4.3.1 Non-derivative financial assets

The Group initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at amortised costs, fair value through P&L and fair value through OCI.

### Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

### Cash and cash equivalents

Cash and cash equivalents comprise cash balances on bank accounts and cash on hand and call deposits with original maturities of three months or less.

### Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise other shares, where the Group holds less than 20% of the voting power and the Group has no control, joint control or significant influence over the investee.



### 4.3.2 Non-derivative financial liabilities

The Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

### 4.3.3 Share capital

#### Ordinary shares

Ordinary shares are classified as equity. Consideration received above the nominal value of the ordinary shares is classified in equity as Share premium. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

#### 4.3.4. Derivative financial instruments

The Slovak SPVs own interest rate derivatives used for hedging. The purpose of the derivatives is to hedge against movement of interest rates. Concluding the derivative contract was one of the conditions required by the financing bank as defined in the loan contract. The change in value of these derivatives is recognized via the equity of the Company and the result is shown in the derivatives reserve of the Company's equity since 1 January 2012. Until then, they were recognized via profit and loss.

The required documentation has been prepared and derivatives were successfully tested for effectiveness.

The Czech SPVs own interest rate derivatives. Concluding the derivative contract was one of the conditions required by the financing bank as defined in the loan contract with the fixed interest rate of 5.19%. The change in value of these derivatives is recognized via the profit and loss as they do not meet criteria for hedging derivatives.

## 4.4 Property, plant and equipment

### 4.4.1 Recognition and measurement

Photovoltaic power plants are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed at sufficient regularity so that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. The need for revaluations is assessed every quarter.

For fair value determination see note 5.1.

Any revaluation surplus arising on the revaluation of such photovoltaic power plant is recognized in other comprehensive income and accumulated in equity, except to the extent that the surplus reverses a revaluation deficit on the same asset previously recognized in profit or loss. Any deficit on the revaluation of such photovoltaic power plants is recognized in profit or loss except to the extent that it reserves a previous revaluation surplus on the same asset, in which case the debit to that extent is recognized in other comprehensive income.

Photovoltaic power plants, which the Company consolidates, in the course of construction are carried at cost, less any recognized impairment loss. The cost of self-constructed assets includes the cost of materials and direct labor plus any other costs directly attributable to bringing the assets to a working condition for their intended use and capitalized borrowing costs. Such properties are reported as Property, plant, equipment - Assets in progress and are classified to Property, plant and equipment - Photovoltaic power plants when completed and ready for use. These assets are completed and ready for use when the power plant is connected to the electricity network and all technical parameters necessary for electricity production are completed. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Additional costs capitalized in the value of the asset are included in the regular review of power plants value as done on quarterly basis.

The costs of maintenance, repairs, renewals or replacements which do not extend productive life are charged to operations as incurred. The costs of replacements and improvements which extend productive life are capitalized. The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably.

Included in the property plant and equipment are non separable intangible assets mainly relating to the rights to build and operate photovoltaic power plants in a specific country. Because the items are non separable, the rights are included in property, plant and equipment.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The gain or loss on disposal of an item of fixtures and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized net within other income/other expenses in profit or loss.

#### 4.4.2 Depreciation

Depreciation is recognized so as to write off the costs or revalued amount of property, plant and equipment (other than land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation of revalued photovoltaic power plants is recognized in profit or loss. Every quarter the amount equal to the difference between depreciation based on the revalued carrying amount of photovoltaic power plants and depreciation based on asset's original cost is transferred directly to retained earnings. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Land is not depreciated.

The estimated useful lives for the current and comparative years are as follows (based on the professional judgement combining the Feed in Tariff period and useful estimated live of the components and technology used in the power plants):

- ▶ Photovoltaic power plants 20 years
- ▶ Fixtures and equipments 3–10 years

#### 4.5 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

#### 4.6 Impairment

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less

costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

#### 4.7 Non-current assets held for sale or distribution

Non-current assets held for sale or distribution comprises assets and liabilities, which are expected to be recovered primarily through sale or distribution rather than through continuing use. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are re-measured in accordance with the Group's accounting policies. Thereafter, generally, the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on a *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, which continue to be measured in accordance with the Group's accounting policies.

Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Once classified as held for sale or distribution, intangible assets and property, plant and equipment are no longer amortised or depreciated.

#### 4.8 Provisions

A provision is recognized 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.

##### 4.8.1 Warranties

A provision for warranties is recognized when the underlying services are sold, i.e. when the construction contracts are finished. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

#### 4.9 Revenue

##### 4.9.1 Goods sold

Revenues are booked when the control over the goods is transferred from the supplier (Group) to the customer. This transfer of control is clearly defined in the contractual conditions. Group as a supplier does not provide in major of the cases any other

separate performance as part of the delivery. In very rare immaterial cases, the storage services or arrangement of customs duty is provided and invoiced individually, however this is provided only on the individual basis and represents an immaterial part of the overall revenues within the sale of technology division.

#### 4.9.2 Services

Revenue from services (e.g. maintenance, technical-administrative; installation) are invoiced on regular monthly basis for a fixed fee agreed in the contract, additionally to this adhoc interventions are invoiced based on the actual usage of the on call service intervention. In this case, invoice is issued only on the basis of the accepted protocol confirming the services were really provided to the customer and were accepted. Part of this intervention and service provided can be also provision/usage the miscellaneous material that is at the end part of the total invoice. However, this is not provided independently without the related service so it cannot be considered as a separate performance obligation.

#### 4.9.3 Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognized in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognized as incurred unless they create an asset related to future contract activity.

The stage of completion is measured by reference to the contract costs incurred up to the reporting date as a percentage of total estimated costs for each contract. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss.

Construction services are provided based on the engineering and procurement contracts (EPC) either to the internal or external customers. In the contract, stages for invoicing are clearly defined. EPC provider commits itself to the construction and delivery of the powerplant with the regular warranty for quality of the work delivered. No long-term extraordinary guarantees that could be considered as a separate obligation under IFRS 15 are provided.

#### 4.9.4 Sale of electricity

Revenues from sale of electricity are coming from the sale of electricity produced and sold to the local electricity distributor. Invoices are issued/ revenues are booked only when the electricity is delivered to the distribution net in the volume reviewed and accepted by the distributors.

#### 4.10 Finance income and finance costs

Finance income comprises interest income on loans and net foreign currency gains. Interest income is recognized in profit or loss using the effective interest rate method.

Finance costs comprise interest expense on borrowings, bank account fees and net foreign currency losses. Interest expense is recognized using the effective interest rate method.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss. Borrowing costs incurred by the Group directly attributable to the construction of power plants is capitalized in the cost of the related asset until the date of its completion.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

#### 4.11 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax liability is recognized for assets revaluation reported in other comprehensive income and other temporary differences. Assets revaluation represents the revaluation of photovoltaic power plants described in note [4.4.1](#).

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on

the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### 4.12 Earnings per share

The Group uses ordinary shares only. The Group presents basic earnings per share and total comprehensive income per share data.

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Total comprehensive income per share is calculated by dividing the total comprehensive income attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

## 5. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

### 5.1 Property, plant and equipment

The fair value of items of plant, equipment, fixtures and fittings is based on the market approach, using quoted market prices for similar items when available, or the income approach (an internally generated discounted cash-flow model) if there is no market based evidence of the fair value. Otherwise, the depreciated replacement cost approach will be used, when appropriate. The depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence.

For photovoltaic power plants market prices are not available. Therefore, the income approach is used. Under this approach the fair value of photovoltaic power plants was in previous years based on an internally generated discounted cash flow model, discounted at weighted average cost of capital. Cash flows were calculated for the period equal to the duration of the Feed-in-Tariff (period with guaranteed sales prices) in a given country and based on the expected after tax cost of debt and expected cost of equity. On a quarterly basis, management reviewed the expected debt costs of individual projects vis-a-vis actual inter-

### 4.13 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.

Segment results that are reported include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's office premises), head office expenses, and other minor expenses non-allocable to the any of the segments.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

est cost, financial market conditions, and interest rate for a 15-year state bond. On a quarterly basis, management also reviewed expected cost of equity for the period of the cash flow model. The initial valuations were done as of the date of put in use of an individual power plant, and each model is periodically reviewed and any potential change in inputs is considered. The cash flow projections were prepared for 20 years in Czech Republic and 15 years in Slovak Republic, equal to the duration of the projects. Main inputs used in the models are the following: overall project budget, taxes, interest rates, reserve funds, feed in tariff, OPEX.

- The valuation for Czech SPVs (represented by option rights) was approximated by the current Project Value. Moreover the valuation was based on Unlevered Free Cash Flow to Firm (FCFF) basis of the SPVs. The FCFF calculation used in the valuation was consistent with the overall known definition and approaches.
- The valuation of the Slovak SPVs was based on the Unlevered Free Cash Flow to Firm (FCFF) basis of the SPVs. The discount rate was based on the Capital Asset Pricing Model ("CAPM"). The CAPM is used to determine the appropriate required rate of return of an asset, if that asset is to be added to an already well-diversified portfolio, given that asset's non-diversifiable risk.
- The valuation of the Hungarian SPVs follows the in 2014 changed valuation methodology and was based



on the Levered Free Cash Flow to Equity (FCFE) basis of the SPVs. The discount rate was based on the Capital Asset Pricing Model adjusted by the Miller-Modigliani formula ("CAPMMM"). The CAPMMM is used to determine the appropriate required rate of return of an asset, if that asset is to be added to an already well-diversified portfolio, given that asset's non-diversifiable risk.

The revaluation reserve created, based on the DCF models, was annually released to the retained earnings in the amount equal to the depreciation calculated from the amount of revaluation.

### Changes in valuation methodology in 2014

During summer 2014 the Group managed to change various conditions of senior bank financing at the project level. These changes consisted mainly of debt increase, changes in interest rates, changes in reserve accounts and in some cases extension of loan tenor (i.e. changes in debt repayment schedule). In addition to changes in project finance there were major changes in inputs for SK Portfolio that were not reflected in the old valuation models. These changes were imposing a new grid connection fee for Slovak projects.

Moreover the old methodology based on DCF Entity with not adjusting discount rates due to capital structure change tended to provide less accurate results on the value by DCF. Therefore the DCF Equity method with clear cash streams available to shareholders was chosen to provide significantly more accurate results, because all the changes in financing structure and related interest/principal payments are reflected undistorted.

### Changes in the valuation methodology

The DCF Equity valuation method is based on a Discounted Cash Flow method. This method includes the future cash flows available to the shareholders/providers of equity of photovoltaic projects (i.e. after all debt repayments and interests) that are later discounted by respective discount rates. On the contrary the old model was based on DCF Entity and included future cash flows available to the company.

The new valuation of the project keeps in mind the risk profile of future cash flows and the way the project is financed. The risk profile is represented by a discount rate (cost of equity levered). Due to existence of senior project finance the cost of equity

calculated by CAPM formula is adjusted by Miller-Modigliani formula to achieve the most precise cost of equity levered for each project respecting its unique capital structure. On the contrary the old model used unchanging WACC as the cost of capital.

Another change of the valuation model is the change in discounting frequency. In the new valuation model, a quarterly discount is applied. This is based on the fact that debt repayments are happening on quarterly basis. This is effecting the overall change in financing structure and indirectly effecting cost of equity levered. On the contrary the old model discounted a yearly cash flow (mid-year convention).

Result of the revaluation based on the above described change amounted to EUR 6,581 thousand in 2014.

This methodology and input parameters have not been changed in 2018.

## 5.2 Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

## 5.3 Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, but including service concession receivables, is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when acquired in a business combination.

## 5.4 Non-derivative financial liabilities

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value (estimated at the present value of the future cash outflows discounted by effective interest rate) plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. For finance leases the market rate of interest is determined by reference to similar lease agreements.

## 6. Financial risk management

### 6.1 Risk management framework

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined

and constructive control environment in which all employees understand their roles and obligations.

### 6.2 Sovereign Risk

The Company's results can be adversely affected by political or regulatory developments negatively impacting on the income streams of projects in the portfolio. A number of countries have already succumbed to retroactive measures renegeing on existing

agreements, guarantees and legislation by imposing levies, cancelling contracts or renegotiating terms unilaterally or by other measures reducing or in the worst case cancelling Feed in Tariffs for renewable energy investments. Legal remedies available to compensate investors for expropriation or other takings may be inadequate. Lack of legal certainty exposes projects in the portfolio to increased risk of adverse or unpredictable actions by government officials, and also makes it more difficult for us to enforce existing contracts. In some cases these risks can be partially offset by agreements to arbitrate disputes in an international forum, but the adequacy of this remedy may still depend on the local legal system to enforce the award.

### 6.3 Operational risk

The economic viability of energy production using photovoltaic power plants installations depends on Feed-in-Tariff (FiT) systems. The FiT system can be negatively affected by a number of factors including, but not limited to, a reduction or elimination in the FiT or green bonus per kWh produced, an elimination or reduction of the indexation of the FiT and a shortening of the period for which the FiT applies to photovoltaic installations. On the investment side the Company faces uncertainty in relation to the approval process for the construction of photovoltaic installations, grid connection and the investment cost per kWp of installed capacity. The operating and financial results of the Company can be seriously affected by a sudden or significant change in the regulatory environment in each of the countries where the Company or its subsidiaries conduct business.

During the fourth quarter of 2010, the Czech parliament and the Czech government approved several changes in the legal framework governing certain aspects of the photovoltaic and other industries. Those changes included mainly: (i) a 3 years solar levy, newly introduced into the Czech tax system, of 26% on the revenues of photovoltaic power plants above 30kW of installed capacity, completed in the years 2009 and 2010, (ii) the abolishment of a six-year corporate income tax exemption for photovoltaic power plants, and (iii) a tenfold increase of the contractual fees previously agreed between the photovoltaic power plant operators and the state Land Fund for the extraction of certain classes of land from the state fund.

In September 2013, additional prolongation of the solar levy was approved. The percentage was decreased to 10% and applicability of this tax prolonged till end of the useful economic life of the power plants. The Company reflected this change in the DCF models for Czech SPVs already as of 30 September 2013. The fair value decrease was reflected in the value of assets, related deferred tax and other comprehensive income in 2013 financial statements.

For the years 2016 and 2017 the Group opted for its Czech power plants for the green bonus scheme and for 2018 the management decided to opt again back for the feed-in-tariff.

#### Photon SPV 11 s.r.o.

Since 2013 several investigations relating to the issuance of the energy production license of the PV power plant of Photon

Energy SPV 11 s.r.o. (SPV 11) have been conducted, always coming to the conclusion that the license had been issued legitimately. At the beginning of 2018 criminal charges were filed against two former subcontractors of the EPC provider of SPV 11 and as of August 2018 the difference of the feed in tariff 2010 and 2011 is withheld by ČEZ Prodej a.s. In total this amounts to EUR 316 thousand (CZK 8,126 thousand) of revenues, which is shown as trade receivables in the financial statements as of 31.12.2018. In case of a conviction of one or both of these subcontractors a reassessment of the issuance of the license could be initiated. Management is not aware of any fact that neither the issuance of the license had been not lawful nor that such reassessment would not come to the same result of the lawfulness of the feed in tariff 2010. Therefore, no provisions have been made in the financial statements for 2018. SPV 11 is valued in the financial statements at an entity value of EUR 7,629 thousand (CZK 196,247 thousand). If SPV should be only entitled to the feed in tariff for 2011, the fair value would decrease to EUR 4,298 thousand (CZK 110,564 thousand). If the feed in tariff for 2011 were to be applied retrospectively or in case that the license would be withdrawn, the full value would need to be written off.

### 6.4 Currency risk

The Group is exposed to a currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities.

The transactions of the Group entities are denominated in CZK, EUR, AUD, CHF, and HUF. There is no financial hedging used by the company against the currency risk. Company's management does not formally monitor the FX positions.

### 6.5 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, including the electricity distributors.

#### Trade and other receivables

The Group's exposure to credit risk is influenced mainly by individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. In most cases, the Company requires advance payments (partial or 100%) for the delivery of electricity in order to minimise the credit risk. Additionally, in case of new customers, the company looks for market references of the potential customers that are available in public resources. The collections are regularly monitored by the responsible employees and any significant overdue receivables are discussed with the management of the company. Management of the company is responsible for the decision whether allowance is to be created or any other steps need to be performed.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

### Cash and cash equivalents

The Group held cash and cash equivalents of EUR 12,340 thousand at 31 December 2018 (2017: EUR 7,333 thousand), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with banks and financial institution counterparties. Only those banks and financial institutions, which were approved by the members of the board of directors, can be used by the company.

Cash held by the SPVs under legal ownership of RL is restricted only for certain transactions, e.g. loan and related interest provided to those SPV's by Photon Energy N.V. (originally by Phoenix Energy a.s.) is subordinated to the loan from RL and will be paid only after the repayment of the RL loan. Total amount of the cash owned by these SPVs is EUR 4,634 thousand as at 31 December 2018 (2017: EUR 2,553 thousand).

### 6.6 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

### 6.7 Interest risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. It is measured by the extent to which changes in market interest rates impact on net interest expense. The Company uses interest rate derivatives for managing the interest rate risk.

Slovak SPVs, consolidated in full or by using the equity method by the Group, own interest rate derivatives used for hedging.

The purpose of the derivatives is to hedge against movement of interest rates. Concluding the derivative contract was one of conditions required by financing bank as defined in the Loan contract.

The change in fair value of these derivatives is recognized via equity of the Company and the result is shown in Derivatives reserve of the Company's equity since 1 January 2012. Until then, the change in fair value of the derivatives was recorded to profit and loss.

The Czech SPVs own interest rate derivatives. Concluding the derivative contract was one of conditions required by the financing bank as defined in the Loan contract. The change in value of these derivatives is recognized via Profit and loss as they do not meet criteria for the hedging derivatives.

### Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy will unwind accordingly to the further negotiations with the Group's creditors.

The Group's net debt to adjusted equity ratio at the reporting date was as follows:

<i>In thousand of EUR</i>	<b>2018</b>	<b>2017</b>
Total liabilities	76,569	63,709
Less: cash and cash equivalents	12,340	7,333
Net debt	64,229	56,376
Total equity	29,779	25,982
<b>Net debt to adjusted equity ratio at 31 December</b>	<b>2.16</b>	<b>2.17</b>

There were no changes in the Group's approach to capital management during the year. A net debt to adjusted equity ratio shows lower indebtedness of the Group.

## 7. Operating segments

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 the financial results of Photon Energy Group to be reported in segments from 1 January 2010.

As of 31 December 2013, Management Board has 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 -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 are connected to the distribution network and produce the electricity)

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

Other operations include the water treatment business and other less significant activities. None of these operations meets any of the quantitative thresholds for determining reportable segments in 2018 or 2017.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit after income tax, as included in the internal management reports that are reviewed by the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.



## 7. Operating segments (continued)

### Information about reportable segments

#### Operating segments for the period from 1 January 2018 to 31 December 2018

<i>In thousand EUR</i>	Energy solutions	Production of electricity	Operations, maint. and PVPP supervision	PV Invest.	Other	Total for segments	Elimination	Consolidated financial information
External revenues from sale of products, goods and services	5,241	12,537	2,200	0	278	20,256	0	20,256
Revenues within segments from sale of products, goods, services	17,966	299	912	0	4,552	23,728	-23,728	0
Cost of sale	-16,649	-1,180	-1,616	0	-178	-19,624	14,086	-5,539
Solar levy	0	-877	0	0	0	-877	0	-877
<b>Gross profit</b>	<b>6,558</b>	<b>10,779</b>	<b>1,495</b>	<b>0</b>	<b>4,651</b>	<b>23,482</b>	<b>-9,643</b>	<b>13,840</b>
Other external income	2	178	36	0	175	391	0	391
Administrative and other expenses	-3,200	-489	-2,277	0	-4,998	-10,965	4,879	-6,086
Depreciation	-10	-5,483	-76	0	-33	-5,602	0	-5,602
<b>Operating income</b>	<b>3,350</b>	<b>4,985</b>	<b>-823</b>	<b>0</b>	<b>-206</b>	<b>7,306</b>	<b>-4,763</b>	<b>2,544</b>
Interest income	80	301	54	0	592	1,028	-878	149
Interest expenses	-188	-1,851	-124	0	-2,403	-4,565	879	-3,687
Other financial revenues	0	0	0	0	0	0	0	0
Other financial expenses	-259	-37	-44	0	-94	-434	0	-434
Revaluation of derivatives	0	171	0	0	0	171	0	171
Profit/loss share in entities in equivalency	0	0	0	23	0	23	0	23
Disposal of investment	0	0	0	0	3,074	3,074	0	3,074
Income tax	-219	-989	0	0	-9	-1,218	0	-1,218
Deferred tax	0	-112	0	0	0	-112	0	-112
Profit/loss from discontinuing operations	0	0	0	0	0	0	0	0
<b>Profit/loss after taxation</b>	<b>2,764</b>	<b>2,468</b>	<b>-937</b>	<b>23</b>	<b>955</b>	<b>5,273</b>	<b>-4,763</b>	<b>510</b>
Revaluation of property, plant and equipment	0	2,366	0	0	0	2,366	0	2,366
Foreign currency translation diff. - foreign operations	0	-457	0	0	0	-457	0	-457
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	113	0	0	0	113	0	113
<b>Total comprehensive income</b>	<b>2,764</b>	<b>4,489</b>	<b>-937</b>	<b>23</b>	<b>955</b>	<b>7,295</b>	<b>-4,763</b>	<b>2,531</b>

<i>In thousand EUR</i>	Energy solutions	Production of electricity	Operations, maint. and PVPP supervision	PV Invest.	Other	Total for segments	Elimination	Consolidated financial information
<b>Assets, of which</b>	<b>18,665</b>	<b>91,364</b>	<b>7,144</b>	<b>3,179</b>	<b>47,398</b>	<b>167,749</b>	<b>-61,402</b>	<b>106,348</b>
PPE – Lands	0	3,615	0	0	451	4,066	0	4,066
PPE – Photovoltaic power plants	0	69,893	0	0	0	69,893	0	69,893
PPE – Equipment	0	453	0	0	107	560	0	560
PPE – Assets in progress	5	4,105	436	0	230	4,776	0	4,776
Intangibles	0	0	0	0	0	0	0	0
Trade and other receivables	17,568	6,545	6,053	0	38,999	69,166	-61,402	7,764
Loans	0	0	0	0	840	840	0	840
Gross amount due from customers for contract work	277	0	0	0	310	587	0	587
Inventories – Goods	333	324	441	0	51	1,148	0	1,148
Investments in associates, JV, other	0	0	9	3,179	11	3,199	0	3,199
Deferred tax receivables	0	0	0	0	0	0	0	0
Long term receivables	0	0	0	0	0	0	0	0
Prepaid expenses	18	27	22	0	1,109	1,176	0	1,176
Assets held for sale	0	0	0	0	0	0	0	0
Cash and cash equivalents	464	6,402	184	0	5,290	12,340	0	12,340
Other S-T financial assets	0	0	0	0	0	0	0	0
<b>Liabilities, of which</b>	<b>18,345</b>	<b>54,988</b>	<b>11,170</b>	<b>0</b>	<b>53,468</b>	<b>137,971</b>	<b>-61,402</b>	<b>76,569</b>
Trade and other payables	17,981	14,970	11,054	0	21,741	65,745	-61,402	4,343
Bank Loans and other loans	0	32,936	0	0	0	32,936	0	32,936
Other long term liabilities	0	674	117	0	31,761	32,551	0	32,551
Other short term liabilities	0	0	0	0	0	0	0	0
Current tax liabilities (income tax)	364	100	-1	0	-33	430	0	430
Provisions	0	0	0	0	0	0	0	0
Deferred tax liabilities	0	6,308	0	0	0	6,308	0	6,308

### Operating segments for the period from 1 January 2017 to 31 December 2017

<i>In thousand EUR</i>	Energy solutions	Production of electricity	Operations, maint. and PVPP supervision	PV Invest.	Other	Total for segments	Elimination	Consolidated financial information
External revenues from sale of products, goods and services	3,091	11,782	2,109	0	237	17,219	0	17,219
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
Solar levy	0	-821	0	0	0	-821	0	-821
<b>Gross profit</b>	<b>856</b>	<b>10,077</b>	<b>2,207</b>	<b>0</b>	<b>3,296</b>	<b>16,430</b>	<b>-4,177</b>	<b>12,254</b>
Other external income	59	105	78	0	276	517	0	517
Administrative and other expenses	-1,159	-359	-2,717	0	-4,861	-9,096	4,177	-4,920
Depreciation	0	-5,469	-61	0	-30	-5,560	0	-5,560
<b>Operating income</b>	<b>-244</b>	<b>4,354</b>	<b>-493</b>	<b>0</b>	<b>-1,320</b>	<b>2,291</b>	<b>0</b>	<b>2,291</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>-268</b>	<b>2,100</b>	<b>-569</b>	<b>66</b>	<b>-2,129</b>	<b>-807</b>	<b>0</b>	<b>-807</b>
Revaluation of property, plant and equipment	0	0	0	0	0	0	0	0
Foreign currency translation diff. - foreign operations	0	0	0	2,294	0	2,294	0	2,294
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>-268</b>	<b>2,100</b>	<b>-569</b>	<b>2,675</b>	<b>-2,129</b>	<b>1,802</b>	<b>0</b>	<b>1,802</b>

<i>In thousand EUR</i>	Energy solutions	Production of electricity	Operations, maint. and PVPP supervision	PV Invest.	Other	Total for segments	Elimination	Consolidated financial information
<b>Assets, of which</b>	<b>5,148</b>	<b>84,904</b>	<b>4,061</b>	<b>1,605</b>	<b>22,265</b>	<b>117,982</b>	<b>-28,290</b>	<b>89,692</b>
PPE – Lands	0	3,137	0	0	0	3,137	0	3,137
PPE – Photovoltaic power plants	0	68,752	0	0	0	68,752	0	68,752
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	17,227	32,804	-28,236	4,568
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	1,605	9	1,613	0	1,613
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	2,705	7,333	0	7,333
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>-30,490</b>	<b>-91,945</b>	<b>28,236</b>	<b>-63,709</b>
Trade and other payables	-6,791	-2,032	-6,891	0	-14,022	-29,737	28,236	-1,501
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
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



## 7. Operating segments (continued)

All the operational segments are managed on an international basis (not on a country level). In 2018 the Group operated in the Czech Republic, Slovak Republic, Germany, Hungary, Australia, Switzerland, Peru and the Netherlands with headquarters in the Netherlands.

In 2018, revenues were generated in all above mentioned markets, except of the Netherlands and Peru. Non-current assets (power plants) are located in the Czech Republic, Slovak Republic, Hungary and Australia.

For the booking of transactions between the segments, the same rules for the recognition are applied as for the third parties.

In 2018, revenues increased in all the segments, except of Other and FVE Investments. When presenting geographical information below, segment revenue is based on the geographical location of entities generating the revenues. Segment assets are based on the geographical location of the assets.

### Revenue

<i>In thousand of EUR</i>	<b>2018</b>	<b>2017</b>
The Czech Republic	13,835	13,111
The Slovak Republic	3,101	3,361
Australia	3,269	747
Germany	0	0
Hungary	51	0
Switzerland	0	0
<b>Consolidated revenues</b>	<b>20,256</b>	<b>17,219</b>

### Non-current assets <sup>(i)</sup>

<i>In thousand of EUR</i>	<b>2018</b>	<b>2017</b>
The Czech Republic	49,848	54,648
The Slovak Republic	16,203	17,560
Hungary	12,489	153
Australia	754	381
<b>Total</b>	<b>79,294</b>	<b>72,742</b>

**Note:** (i) Non-current assets presented consist mainly of property, plant and equipment (lands, photovoltaic power plants, other equipment, and assets under construction), and assets in progress.

### Major customer

The Group has many customers. For the companies selling electricity, there is usually only one distribution company, which buys produced electricity. These local electricity distributors further deliver and resell electricity to final customers. Distribu-

tors are obliged to purchase all of the electricity production for the price based on Feed in Tariff prices. The Group as such is not dependent on any individual customer.

## 8. Current assets held for sale

### Assets classified as held for sale

On 31 December 2018, the Company did not classify any assets as held for sale.

## 9. Acquisitions of subsidiary and non-controlling interests; financial information for the joint ventures and associates

### 9.1 Establishment of new subsidiaries

During 2018, Photon Energy N.V. (directly or via its subsidiaries) incorporated the following subsidiaries:

- Archway Solar Kft.
- Barbican Solar Kft.
- Belsize Solar Kft.
- Blackhorse Solar Kft.
- Caledonian Solar Kft
- Camden Solar Kft
- Hampstead Solar Kft.
- Tataimmo Kft
- Öregfal Kft.
- European Sport Contact Kft.
- Ráció Master Kft.
- P&P Solar Immo Kft.
- ALFEMO Alpha Kft..
- ALFEMO Beta Kft.
- ALFEMO Gamma Kft.
- Photon Energy Peru S.C.A.

During 2017, Photon Energy N.V. (directly or via its subsidiaries) incorporated the following subsidiaries:

- Photon Energy AUS SPV 5 Pty. Ltd.
- Photon Energy AUS SPV 6 Pty. Ltd.
- Photon Energy AUS SPV 7 Pty. Ltd.
- Photon Energy AUS SPV 8 Pty. Ltd.
- Photon Energy AUS SPV 9 Pty. Ltd.
- Photon Energy AUS SPV 10 Pty. Ltd.
- Photon Energy Operations HU Kft.
- Photon Energy Solutions HU Kft.

### 9.2 Acquisitions of subsidiaries

During 2018, Photon Energy N.V. (directly or via its subsidiaries) acquired the following entities:

- Future Solar Energy Kft
- Montagem Befektetési Kft
- Solarkit Befektetesi Kft.
- Energy499 Invest Kft.
- SunCollector Kft.
- Green-symbol Invest Kft.
- Ekopanel Befektetési és Szolgáltató Kft.
- Onyx-sun Kft.

The total consideration paid for the acquiring of the Hungarian entities' shares equaled to EUR 1,300 thousands. Detail of the acquired entities as follows:

<i>In thousand of EUR</i>	
Long-term assets	404
Current assets	33
Cash	42
Short-term liabilities	161
Resources	518

The above mentioned entities incurred a loss of EUR 75 thousands consisting mainly from interest expenses and bank fees.

Photon Energy Peru S.C.A. was incorporated on behalf of the Company by Peruvian lawyers and transferred to the Company at nominal value immediately after.

During 2017, Photon Energy N.V. (directly or via its subsidiaries) acquired the following entities:

- Fertod Napenergia-Termelo Kft.
- Alfemo AG
- Koradol AG

The total consideration paid for the acquiring of the entity's shares (Fertod Napaenergia-Termelo Kft) equaled to EUR 53 thousands. Value of assets acquired at the moment of acquisition equals to approximately EUR 28 thousand and the value of liabilities to approximately EUR 18 thousand.

Alfemo AG and Koradol AG were established by Georg Hotar and sold to Photon Energy N.V. for the nominal value of CHF 100 thousand each. Both companies were at the moment of acquisition newly established with only share capital paid.

### Other developments in 2018

The following SPVs were renamed during 2018:

- Photon Energy AUS SPV 5 was renamed to SUNTOP Stage 2 Solar Farm Pty Ltd.
- Photon Energy Generation Pty Ltd was renamed to GUNNING SOLAR FARM Pty Ltd.
- Photon Energy AUS SPV 7 Pty Ltd was renamed to - GUNNEDAH SOLAR FARM Pty Ltd
- Photon Energy AUS SPV 8 Pty Ltd was renamed to SUNTOP SOLAR FARM Pty Ltd
- Photon Energy AUS SPV 10 Pty Ltd was renamed to MARYVALE SOLAR FARM Pty Ltd

In January 2018, the Group 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. Photon Energy's utility scale solar project pipeline, the largest pipeline in Australia, includes the 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, all of which will be further codeveloped with Canadian Solar. Canadian Solar has acquired a 51% shareholding in all five project companies. Post-transaction, Photon Energy NV retains a 49% stake in the Gunning project and 24.99% stakes in the four other projects. Total income from the disposal of the stakes equalled to EUR 3,074 thousand.

### Other developments in 2017

During 2017, Photon Energy N.V. sold the company Photon Energy Water s.r.o. for symbolical amount of CZK 10.

## 9.3 Financial information for the joint ventures and associates

### Joint ventures and associates

Investments in equity-accounted investees amounting to EUR 3,179 thousand (2017: EUR 1,604 thousand) represent the nominal share in the joint ventures and associates owned by the Group.

#### 2018:

<i>In thousand of EUR</i>	Photon SK SPV 1	Solarpark Myjava	Solarpark Polianka	PE AUS SPV 5 - Suntop II	PE AUS SPV 6	PE AUS SPV 7 - Gunnedah	PE AUS SPV 8 - Suntop	PE AUS SPV 9	PE AUS SPV 10 - Maryvale	PE Generation Aust. Gunning	P&P Solar Immo Kft	Total
Definition	joint venture	joint venture	joint venture	joint venture	joint venture	joint venture	joint venture	joint venture	joint venture	joint venture	joint venture	
Share	50%	50%	50%	25%	51%	25%	25%	51%	25%	49%	34%	
Share on equity	-593	-384	-686	-192	1	-300	-329	1	-184	-512	0	-3,179
Share of profit	15	25	-5	-2	-1	-1	-2	-1	-2	-3	0	23
Cash and cash equivalents	205	236	240	325	5	19	45	5	91	85	0	1,257
Current assets	251	289	301	327	6	21	96	16	91	95	0	1,491
Long-term assets	2,405	1,924	2,654	541	1,147	1,225	1,421	280	848	1,051	0	13,495
Current liabilities	-401	-302	-409	-98	-203	-46	-201	-288	-202	-101	0	-2,251
Long-term liabilities	-1,086	-1,142	-1,189	0	0	0	0	0	0	0	0	-3,417
Expenses	367	383	392	7	2	6	7	1	7	7	0	1,178
Revenues	-397	-433	-382	0	0	-1	0	0	0	0	0	-1,213

## 2017:

<i>In thousand of EUR</i>	Photon SK SPV 1	Solarpark Myjava	Solarpark Polianka	AUS SPV 5	AUS SPV 6	AUS SPV 7	AUS SPV 8	AUS SPV 9	AUS SPV 10	Total
Definition	joint venture	joint venture	joint venture	joint venture	joint venture	joint venture	joint venture	joint venture	joint venture	
Share	50%	50%	50%	51%	51%	51%	51%	51%	51%	
Share on equity	-575	-402	-627	0	0	0	0	0	0	-1,604
Share of profit	18	33	17	-0	-0	-1	-1	-0	-0	66
Other comprehensive income	-49	-43	-38	0	0	0	0	0	0	-129
Total comprehensive income	-32	-9	-21	-0	0	-63	0	0	0	-125
Cash and cash equivalents	230	242	214	1	5	16	8	2	4	722
Current assets	266	286	265	7	6	21	12	3	5	871
Long-term assets	2,577	2,157	2,822	92	127	249	209	115	119	8,467
Current liabilities	-460	-297	-398	-85	-97	-158	-122	-109	-74	-1,800
Long-term liabilities	-1,252	-1,345	-1,370	0	0	0	0	0	0	-3,967
Expenses	357	363	343	1	1	1	1	1	1	1,069
Revenues	-393	-430	-378	0	0	0	0	0	0	-1,201

All of the entities included in the above table are accounted for using the equity method of consolidation as at 31 December 2018 and have been accounted for in the financial year 2017 (SK SPVs) using the equity method as well. The joint ventures can

distribute profit only after agreement of the financing bank and the approval of the co-owner of the entity (via the general meeting, valid for SK SPVs).

### Disposals in 2018

The Group did not dispose any entity during 2018.

### Disposals in 2017

- 1) Photon Water s.r.o.

<i>In thousand of EUR</i>	Photon Water s.r.o.	Total
Cash & cash held	5	5
Net assets	9	9
Local cost of FI	89	89
Sales price	0	0
Loss/profit from the sale	-89	-89
Total consideration received in cash	0	0



## 10. Revenue

<i>In thousand of EUR</i>	<b>2018</b>	<b>2017</b>
Sale of goods	2,086	2,379
Rendering of services	5,633	3,058
Sale of electricity	12,537	11,782
	<b>20,256</b>	<b>17,219</b>

The increase in revenues is a result of higher revenues in all the segments. Electricity production increased as a result of higher production. Additionally, the revenues from engineering and

O&M services, together with revenues from the sales of technology increased significantly compared to last year.

## 11. Cost of sales

Main expense' classes represent material consumed, cost of goods sold, 3rd party services received, depreciation and other expenses, such as travelling or representation costs.

<i>In thousand of EUR</i>	<b>2018</b>	<b>2017</b>
Material consumed	-20	-19
Goods (invertors, etc)	-2,003	-2,193
Services (3 <sup>rd</sup> party services received)	-3,516	-1,933
Other (representation, travelling, NBV of assets sold, etc)	0	0
Change of allowances for receivables/reserves	0	0
	<b>-5,539</b>	<b>-4,145</b>

Cost of sales consists mainly of material and goods necessary for construction of photovoltaic power plants and related services. Its increase is mainly caused by higher consumption of material, goods and subcontracted services for the projects realized during 2018.

### 11.1 Solar levy

<i>In thousand of EUR</i>	<b>2018</b>	<b>2017</b>
10%/26% solar levy	-877	-821
	<b>-877</b>	<b>-821</b>

For detailed information about the solar levy refer to Note 6.2.

## 12. Other income

<i>In thousand of EUR</i>	<b>2018</b>	<b>2017</b>
Other income	392	517
	<b>392</b>	<b>517</b>

Other income included revenues from insurance compensation (EUR 111 thousands), government subsidy (EUR 87 thousand) and income from recycling fees (EUR 103 thousands).

## 13. Other expenses

Other expenses comprise of other taxes, penalties and other minor expenses.

<i>In thousand of EUR</i>	<b>2018</b>	<b>2017</b>
Other taxes and fees	-27	-4
Insurance	-102	0
Receivables write-off	-220	-379
Other expenses	-24	-189
	<b>-373</b>	<b>-572</b>

## 14. Administrative and personnel expenses

<i>In thousand of EUR</i>	<b>2018</b>	<b>2017</b>
Wages and salaries	-3,000	-2,336
Social and health insurance *	-371	-256
Consulting, legal and other administrative services	-2,342	-1,756
	<b>-5,713</b>	<b>-4,348</b>

\*Pension costs are integral part of social security expenses

On 31 December 2018 the Group employs 92 employees. 4 are employed in Slovakia by Slovak entities; 5 are employed in Hungary, 10 in Australia; 3 in Romania, 1 in Switzerland and 1 in the Netherlands. The remaining employees are employed in the Czech Republic.

Split per professional occupation is the following: 44 technical and engineering employees, 12 monitoring and SW development employees, 13 project/development managers, rest covers various back office professions, including accountants, lawyers, marketing, HR, sales support.

On 31 December 2017 the Group employs 74 employees. 4 are employed in Slovakia by Slovak entities; 5 in Australia; 3 in Romania, 1 in Switzerland and 1 in the Netherlands. The remaining employees are employed in the Czech Republic.

Rental expenses of the Group amount to EUR 140 thousand annually. The Company is not involved in long-term rental lease contracts.

## 15. Finance income and finance costs

<i>In thousand of EUR</i>	2018	2017
Interest income on loans and receivables	149	191
Finance income	-	-
Release of allowances	-	-
Profit from revaluation of derivatives	171	997
<b>Finance income</b>	<b>320</b>	<b>1,188</b>
Interest expense on loans and receivables	-3,687	-2,710
Net bank account fees	-85	-33
Fx Losses	-349	-456
Loss from revaluation of derivatives	-	-
VAT related interest costs	-	-
<b>Finance costs</b>	<b>-4,121</b>	<b>-3,199</b>
<b>Net finance income / costs</b>	<b>-3,801</b>	<b>-2,010</b>

## 16. Income tax expense

### 16.1 Income tax recognized in profit or loss

<i>In thousand of EUR</i>	2018	2017
<b>Current tax expense</b>		
Current year	-1,218	-1,016
	<b>-1,218</b>	<b>-1,016</b>
<b>Deferred tax expense</b>		
Temporary differences (margin on PPV)	-112	-137
<b>Total tax expense</b>	<b>-1,331</b>	<b>-1,153</b>

### 16.2 Income tax recognized in other comprehensive income

<i>In thousand of EUR</i>	For the year ended 31 December 2018			For the year ended 31 December 2017		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Revaluation of property, plant and equipment	2,366	234	2,600	-	-	-
<b>Total deferred tax for the revaluation</b>		-			-	

### 16.3 Reconciliation of effective tax rate

<i>In thousand of EUR</i>	<b>%</b>	<b>2018</b>
<b>Profit before income tax</b>		<b>1,934</b>
Tax using the Company's domestic tax rate	-25%	-483
Effect of tax rates difference in foreign jurisdictions	-6%	-116
<b>Non-deductible expenses</b>		
Interest expenses	-12%	-233
other	-15%	-290
Recognition of tax effect previously unrecognized tax losses	-105%	-2,030
Current year losses for which no deferred tax asset was recognized	0%	0
<b>Total tax expenses</b>		<b>-1,218</b>

<i>In thousand of EUR</i>	<b>%</b>	<b>2017</b>
<b>Profit before income tax</b>		<b>383</b>
Tax using the Company's domestic tax rate	-25%	-106
Effect of tax rates difference in foreign jurisdictions	-6%	-251
<b>Non-deductible expenses</b>		
Interest expenses	-145%	-615
other	-15%	-60
Recognition of tax effect previously unrecognized tax losses	-105%	-445
Current year losses for which no deferred tax asset was recognized	0%	0
<b>Total tax expenses</b>		<b>-1,016</b>



## 17. Property, plant and equipment

<i>In thousand of EUR</i>	Land	Photovoltaic power plant	Other equipment	In progress	Total
<b>Carrying amounts</b>					
At 31 December 2017	3,136	68,753	184	669	72,742
At 31 December 2018	4,066	69,893	560	4,776	79,294
<b>Gross revalued amount</b>					
<b>Balance at 1 January 2017</b>	<b>2,860</b>	<b>98,778</b>	<b>849</b>	<b>0</b>	<b>102,487</b>
Other Additions	130	0	0	669	799
Transfer from assets in progress		0	0	0	0
Disposals	0	0	0	0	0
Revaluation increase	0	0	0	0	0
Effect of movements in exchange rates	146	3,372	8	0	3,526
<b>Balance at 31 December 2017</b>	<b>3,136</b>	<b>102,150</b>	<b>857</b>	<b>669</b>	<b>106,812</b>
<b>Balance at 1 January 2018</b>	<b>3,136</b>	<b>102,150</b>	<b>857</b>	<b>669</b>	<b>106,812</b>
Other Additions	930	0	686	9,415	11,031
Transfer from assets in progress	0	5,308	0	-5,308	0
Disposals	0	0	0	0	0
Revaluation increase	0	2,366	0	0	2,366
Effect of movements in exchange rates	0	-1,142	-100	0	-1,242
<b>Balance at 31 December 2018</b>	<b>4,066</b>	<b>108,682</b>	<b>1,443</b>	<b>4,776</b>	<b>118,967</b>
<b>Depreciation and impairment losses</b>					
<b>Balance at 1 January 2017</b>	<b>0</b>	<b>28,037</b>	<b>473</b>	<b>0</b>	<b>28,510</b>
Depreciation for the year	0	5,360	200	0	5,560
Impairment loss	0	0	0	0	0
Effect of movements in exchange rates	0	0	0	0	0
<b>Balance at 31 December 2017</b>	<b>0</b>	<b>33,397</b>	<b>673</b>	<b>0</b>	<b>34,070</b>
Balance at 1 January 2018	0	33,397	673	0	34,070
Depreciation for the year	0	5,392	210	0	5,602
Impairment loss	0	0	0	0	0
Effect of movements in exchange rates	0	0	0	0	0
<b>Balance at 31 December 2018</b>	<b>0</b>	<b>38,789</b>	<b>883</b>	<b>0</b>	<b>39,672</b>
<b>Carrying amounts</b>					
At 31 December 2017	3,136	68,753	184	669	72,742
At 31 December 2018	4,066	69,893	560	4,776	79,294

## 17. Property, plant and equipment (continued)

### Revaluation details by power plants

<i>In thousand of EUR</i>					
	kWp	Net book value at costs as at 31 December 2018	Net book value at FV as at 31 December 2018	Net book value at costs as at 31 December 2017	Net book value at FV as at 31 December 2017
<b>Photovoltaic power plants</b>					
Breclav – ZS	137	449	864	525	946
Cukrovar Slavkov	1,159	836	3,879	1,172	4,244
Dolni Dvoriste	1,64	708	5,564	1,151	6,048
Komorovice	2,354	542	7,616	1,135	8,266
Mostkovice – Mostkovice plocha	1,135	2,565	3,302	2,864	3,625
Prerov Radvanice	2,305	1,107	7,612	1,765	8,326
Svatoslav pozemek	1,231	3,240	4,068	3,595	4,453
Zdice I	1,498	2,878	5,021	3,255	5,436
Zdice II	1,498	1,419	4,966	1,844	5,428
Zvikov	2,031	1,154	6,958	1,701	7,557
Mokr Lka II	990	1,048	2,102	1,225	2,280
Mokr Lka III	990	1,355	2,097	1,532	2,274
Jovice V	990	1,409	2,072	1,563	2,226
Jovice VI	990	1,253	2,064	1,405	2,217
Babina II	999	1,017	2,146	1,204	2,334
Babina III	999	1,895	2,140	2,081	2,327
Blatn	700	2,068	1,489	2,192	1,613
Prsa I	999	1,662	2,094	1,856	2,290
Fertod	528	649	695	0	0
Tiszakecske 1	689	583	901	0	0
Tiszakecske 2	689	582	906	0	0
Tiszakecske 3	689	584	889	0	0
Tiszakecske 4	689	582	906	0	0
Tiszakecske 5	689	579	904	0	0
Tiszakecske 6	689	583	906	0	0
Tiszakecske 7	689	583	900	0	0
Tiszakecske 8	689	583	901	0	0
		<b>31,912</b>	<b>73,959</b>	<b>32,066</b>	<b>71,889</b>

In 2018, company performed revaluation of the powerplants in Hungary, total OCI coming from this transactions net of tax resulted in EUR 2,366 thousand. Total adjustment related to the revaluation of powerplants equaled to EUR 7,908 thousand.

In 2018 the Group did not capitalize any borrowing cost into Property, plant and equipment (2017: EUR 0 thousand).

The Group has purchased several intangible assets, however these cannot be classified as intangible assets as they are con-

sidered to represent an inseparable part of photovoltaic power plants. These intangible assets mainly include rights to build the power plant, or rights to use land on which to build a power plant are classified as property plant and equipment. The total amount of these rights amounted to EUR 22 thousand (2017: EUR 1,375).

## Security

As at 31 December 2018 the following properties with a carrying amount of EUR 66,051 thousand (2017: EUR 71,190 thousand) are subject to a registered debenture to secure bank loans (see note 25):

- Property, plant and equipment – Lands in an amount of EUR 2,654 thousand pledged to RL and EUR 333 thousand pledged to UniCredit Bank Czech Republic and Slovakia a.s.
- Property, plant and equipment – Photovoltaic power plants in an amount of EUR 47,194 thousand pledged to RL

- Property, plant and equipment – Photovoltaic power plants in an amount of EUR 15,870 thousand pledged to UniCredit Bank Czech Republic and Slovakia a.s.

## Property, plant and equipment under construction

Property, plant and equipment under construction equaled to the amount of EUR 4,776 thousand (2017: EUR 669 thousand) comprising mainly of powerplants under construction in Hungary.

## Sale of property, plant and equipment

In 2018, proceeds from sales of property, plant and equipment amounted to EUR 0 thousand (2017: EUR 0 thousand).

## 18. Other investments

<i>In thousand of EUR</i>	<b>2018</b>	<b>2017</b>
<b>Non-current investments</b>		
Other investments measured at cost <sup>(1)</sup>	20	9
	<b>20</b>	<b>9</b>

**Notes:** (1) The equity investments represent shares in IPVIC GBR.

## 19. Deferred tax assets and liabilities

### Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

#### 2018:

<i>In thousand of EUR</i>	Assets			Liabilities			Net		
	2018	y-y change	2017	2018	y-y change	2017	2018	y-y change	2017
Property, plant and equipment	2,160	247	1,913	-8,468	-382	-8,086	-6,308	-135	-6,153
Inventories (allowance)	0	0	0	0	0	0	0	0	0
Construction contracts	0	0	0	0	0	0	0	0	0
Receivables (allowances)	0	0	0	0	0	0	0	0	0
Employee benefits	0	0	0	0	0	0	0	0	0
Tax loss carry-forwards	0	-473	473	0	0	0	0	0	0
<b>Tax assets (liabilities)</b>	<b>2,160</b>	<b>-226</b>	<b>2,386</b>	<b>-8,468</b>	<b>-382</b>	<b>-8,086</b>	<b>-6,308</b>	<b>-135</b>	<b>-6,153</b>
<b>Net tax assets (liabilities)</b>	<b>2,160</b>	<b>-226</b>	<b>2,386</b>	<b>-8,468</b>	<b>-382</b>	<b>-8,086</b>	<b>-6,308</b>	<b>-135</b>	<b>-6,153</b>

#### 2017:

<i>In thousand of EUR</i>	Assets			Liabilities			Net		
	2017	y-y change	2016	2017	y-y change	2016	2017	y-y change	2016
Property, plant and equipment	1,913	-493	1,933	-8,086	-347	-7,739	-6,153	-347	-6,279
Inventories (allowance)	0	0	0	0	0	0	0	0	0
Construction contracts	0	0	0	0	0	0	0	0	0
Receivables (allowances)	0	0	0	0	0	0	0	0	0
Employee benefits	0	0	0	0	0	0	0	0	0
Tax loss carry-forwards	473	-473	0	0	0	0	0	0	473
<b>Tax assets (liabilities)</b>	<b>2,386</b>	<b>-493</b>	<b>1,933</b>	<b>-8,086</b>	<b>-347</b>	<b>-7,739</b>	<b>-6,153</b>	<b>-347</b>	<b>-5,806</b>
<b>Net tax assets (liabilities)</b>	<b>2,236</b>	<b>-493</b>	<b>1,933</b>	<b>-8,086</b>	<b>-347</b>	<b>-7,739</b>	<b>-6,153</b>	<b>-347</b>	<b>-5,806</b>



## 19. Deferred tax assets and liabilities (continued)

### Movement in temporary differences during the year

<i>In thousand of EUR</i>	Balance as at 31 December 2016	Recognized in profit or loss	Recognized in OCI of which Fx translation	Recognized in OCI of which DT from revaluation	Balance as at 31 December 2017	Recognized in profit or loss	Recognized in OCI of which Fx translation	Recognized in OCI of which DT from revaluation	Balance as at 31 December 2018
Property, plant and equipment	-6,279	-137	263	0	-6,153	-112	-43	0	-6,308
Inventories (allowance)	0	0	0	0	0	0	0	0	0
Construction contracts	0	0	0	0	0	0	0	0	0
Receivables (allowance)	0	0	0	0	0	0	0	0	0
Employee benefits	0	0	0	0	0	0	0	0	0
Tax loss carry-forwards	473	0	-473	0	0	0	0	0	0
<b>Total</b>	<b>-5,806</b>	<b>-137</b>	<b>-210</b>	<b>0</b>	<b>-6,153</b>	<b>-112</b>	<b>-43</b>	<b>0</b>	<b>-6,308</b>

## 20. Inventories

<i>In thousand of EUR</i>	2018	2017
Goods	1,148	1,345
Gross amount due from customers (work in progress)	587	374
	<b>1,735</b>	<b>1,719</b>

Goods consist mainly of photovoltaic panels, invertors and other system components for photovoltaic power plants.

The cost of inventories recognized as an expense in cost of sales during the year in respect of continuing operations amounted to EUR 2,003 thousand (31 December 2017: EUR 2,193 thousand).

## 21. Trade and other receivables

### Trade receivables

<i>In thousand of EUR</i>	Note	2018	2017
Trade receivables	<u>28.2</u>	2,394	1,459
Allowance for doubtful debts	<u>28.2</u>	0	0
		<b>2,394</b>	<b>1,459</b>

The average credit period on sales of goods and services is 42 days. No interest is charged. The Group recognizes an allowance for doubtful debts according to individual assessment. If the receivables are individually not significant the Company recognizes a potential allowance for doubtful debts based on the collective assessment. However Company usually does not create allowances as the receivables are usually overdue 1-2 months.

During 2018 receivables with a total amount of EUR 102 thousand were written-off (2017: EUR 379 thousand).

The receivables include as well EUR 316 thousand in relation to the revenues, which are currently held back by ČEZ Prodej a.s. in the SPV 11 case. More detailed information on the case is given in Chapter 6.3 above.

### Other receivables

<i>In thousand of EUR</i>	Note	2018	2017
Paid advances		1,782	9
Loans to directors	<u>29.1</u>	220	137
Loans to associates / joint ventures	<u>29.1</u>	46	135
Other receivables		3,322	2,828
Loans to related parties		840	650
		<b>6,210</b>	<b>3,759</b>

Other receivables includes mainly a VAT receivable (EUR 396 thousand); deferred revenue (EUR 533 thousand); revaluation of derivatives (EUR 178 thousand), rest is mainly represented by other loans provided to the 3<sup>rd</sup> parties.

Prepaid expenses as presented in the financial statements amounted to EUR 1,176 thousand in 2018 (2017: EUR 715 thousand) and include mainly bond-related costs (EUR 1,013 thousand).

## 22. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and at banks. Cash and cash equivalents at the end of the reporting period as

shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

<i>In thousand of EUR</i>	<b>2018</b>	<b>2017</b>
Bank balances	12,340	7,333
Cash on hand	0	0
<b>Cash and cash equivalents</b>	<b>12,340</b>	<b>7,333</b>

Cash held by the SPVs under legal ownership of the RL is restricted only for certain transactions e.g. loan and related interest provided to those SPV's by Photon Energy N.V. is subordinated to the loan from RL and will be paid only after the

repayment of the RL loan. Total amount of the cash owned by these SPVs is EUR 4,634 thousand at 31 December 2018 (2017: EUR 2,553 thousand).

## 23. Capital and reserves

During 2018 and 2017, transfer of shares between Free float and other shareholders and between Solar Age Investment B.V. and Solar Future Cooperatief U.A. and Solar Power to the People Cooperatief U.A. were performed within the capital structure of the Group, refer to the tables below.

### Share capital and share premium

#### Ordinary shares

<i>In shares</i>	<b>2018</b>
<b>On issue at 1 January 2018</b>	<b>60,000,000</b>
<b>On issue at 31 December – fully paid</b>	<b>60,000,000</b>

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.

As of 31 December 2018 the shareholder structure was as follows.

<b>Shareholder</b>	<b>No. of shares</b>	<b>% of capital</b>	<b>No. of votes at Shareholders Meeting</b>	<b>% of votes at Shareholders Meeting</b>
Solar Future Cooperatief U.A.	22,266,182	37.11%	22,266,182	43.62%
Solar Power to the People Cooperatief U.A.	20,843,375	34.74%	20,843,375	40.84%
Photon Energy N.V.	8,955,934	14.93%	0	0.00%
Free float	7,934,509	13.22%	7,934,509	15.54%
<b>Total</b>	<b>60,000,000</b>	<b>100.00%</b>	<b>51,044,066</b>	<b>100.00%</b>

#### Ordinary shares

All shares rank equally with regard to the Company's residual assets.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the shareholders' meetings of the Company.

As of 31 December 2017 the shareholder structure was as follows.

Shareholder	No. of shares	% of capital	No. of votes at Shareholders Meeting	% of votes at 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.

With respect to a deed of transfer of Photon Energy N.V. shares from Solar Age Investments B.V. ("SAI") to Solar Future Cooperatief U.A. and Solar Power to the People Cooperatief U.A. executed on 28 December 2018, SAI transferred 13,675,499 Photon Energy N.V. shares to Solar Future Cooperatief U.A. and 12,791,501 Photon Energy N.V. shares to Solar Power to the People Cooperatief U.A..

- As from that date, SAI is no longer a shareholder in the Company.
- As the aforementioned transfers have been executed in proportion to Solar Future Cooperatief U.A. and Solar Power to the People Cooperatief U.A.'s respective shares in the capital of SAI (41.67% and 48.33%), the detailed transactions have no impact on the ultimate ownership of the Company's shares, which remains unchanged.

### Reserves

The reserves relate to the legal reserve; the revaluation of property, plant and equipment - photovoltaic power plants the hedging reserve and the currency translation reserve. Refer below.

<i>In thousand of EUR</i>	2018	2017
Legal reserve	13	13
Revaluation reserve	22,935	22,506
Foreign currency translation reserve	698	1,155
Hedging reserve	223	110
	<b>23,870</b>	<b>23,784</b>

### Legal reserve fund

The legal reserve is a reserve required by the Czech commercial law and Slovak commercial law. It has been created from the prior years' profit of the Czech and Slovak entities based on the approval of the general meeting.

The legal reserve amounts to EUR 13 thousand at 31 December 2018 (2017: EUR 13 thousand).



### Revaluation reserve

<i>In thousand of EUR</i>	<b>2018</b>	<b>2017</b>
Balance at beginning of year	22,506	24,410
Increase arising on revaluation of properties net of deferred tax	2,366	0
Share on revaluation of PPE of associates JV	0	0
Share of non-controlling interest	0	0
Increase arising on acquisition of properties-associates JV	0	0
Share on non-controlling interest	0	0
Impairment losses	0	0
Reversals of impairment losses	0	0
Move from revaluation reserve to retained earnings	-1,936	-1,904
NCI release	0	0
<b>Balance at end of year</b>	<b>22,935</b>	<b>22,506</b>

The revaluation reserve arises on the revaluation of photovoltaic power plants. The revaluation reserve is being released to the retained earnings during the duration of Feed-in-Tariff-currently 20 years. The amount equal to the amount of depreciation coming from revaluation released in 2018 is equal to EUR 1,936 thousand (2017: EUR 1,904 thousand). The Group revalued its powerplants newly built in Hungary, total revaluation net of deferred tax amounted to EUR 2,366 thousand. See note [16](#) and [17](#).

For NCI release description, refer to statement of changes in equity.

The revaluation reserve as such cannot be distributed only the amounts released to retained earnings can be distributed to the shareholder.

### Foreign currency translation reserve

<i>In thousand of EUR</i>	<b>2018</b>	<b>2017</b>
Balance at beginning of year	1,155	-1,139
Foreign currency translation differences for foreign operations	-457	2,294
<b>Balance at end of year</b>	<b>698</b>	<b>1,155</b>

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of operations using different currency from Euro. It

relates to Czech Republic, Hungary, Switzerland and Australia. This reserve cannot be distributed.

### Derivatives hedging reserve

<i>In thousand of EUR</i>	2018	2017
Balance at beginning of year	110	-205
Derivatives	113	315
Share on non-controlling interest	0	0
Share on derivatives joint ventures	0	0
Share on non-controlling interest	0	0
Release of non-controlling interest	0	0
<b>Balance at end of year</b>	<b>223</b>	<b>110</b>

Derivatives hedging reserve cannot be distributed.

### Dividends

There were no dividends declared and paid by the Company in 2018 and 2017.

## 24. Earnings per share

<i>In EUR</i>	2018	2017
Basic earnings per share	0.012	-0.015
Diluted earnings per share	0.010	-0.013
Total comprehensive income per share	0.05	0.035

### Basic earnings per share

The calculation of basic earnings per share at 31 December 2018 was based on the profit attributable to ordinary shareholders of profit EUR 530 thousand (2017: loss EUR 788 thousand) and a weighted average number of ordinary shares outstanding of

51,298 thousand (2017: 51,017 thousand). The calculation of diluted earnings per share as 31 December 2018 was based on the profit attributable to ordinary shareholders of profit EUR 530 thousand (2017: loss EUR 788 thousand) and a weighted average number of total shares outstanding of 60,000 thousand.

### Profit (loss) attributable to ordinary shareholders

<i>In thousand of EUR</i>	Profit (loss) attributable to ordinary shareholders	
	2018	2017
Profit (loss) for the year	530	-788
Profit (loss) attributable to ordinary shareholders	530	-788

### Weighted average number of ordinary shares

There were no new shares issued in 2018. The number of shares at the year-end 2017, 2016 was 60,000,000.

Share on profit of equity-accounted investees amounted to EUR 23 thousand (2017: EUR 66 thousand)

### Basic and diluted total comprehensive income per share

The calculation of total comprehensive earnings per share (the calculation is the same for the diluted EPS) at 31 December 2018 and 2017 was based on the total comprehensive income (loss) attributable to ordinary shareholders of EUR 2,552 thousand (2017: EUR 1,802 thousand) and a weighted average number of ordinary shares outstanding of 60,000 thousand (2017: 60,000 thousand).

## 25. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost.

<i>In thousand of EUR</i>	2018	2017
<b>Non-current liabilities</b>		
Long-term secured bank loans	29,250	34,786
Long-term portion of other loans	0	1,000
<b>Total</b>	<b>29,250</b>	<b>35,786</b>
<b>Current liabilities</b>		
Current portion of long-term secured bank loans	3,686	3,695
Short-term secured bank loans	0	0
Current portion of other loans	0	270
<b>Total</b>	<b>3,686</b>	<b>3,965</b>
<b>Total loans &amp; borrowings</b>	<b>32,936</b>	<b>39,751</b>

Movement schedule for the bank loans

<i>In EUR</i>	Short-term portion	Long-term portion
Opening balance as of 1.1.2018	3,695	34,786
Repayments	-193	-5,846
Fx impact	184	310
Closing balance as of 31.12.2018	3,686	29,250

### Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

<i>In thousand of EUR</i>	Currency	Nominal interest rate	Year of maturity	31 December 2018		31 December 2017	
				Credit limit	Credit limit	Credit limit	Credit limit
Secured bank loan	CZK	5.19%	5.1.2021	23,399	23,399	27,440	27,440
Secured bank loan	EUR	3M EURIBOR+2.7%	30.6.2024	4,679	5,452	5,452	5,452
Secured bank loan	EUR	3M EURIBOR+2.7%	31.12.2024	4,858	5,589	5,589	5,589
Other loan	EUR	9%	12.12.2019	0	0	1,000	1,000
Other loan	EUR	3%	12.3.2018	0	0	270	270
<b>Total interest bearing liabilities</b>				<b>32,936</b>	<b>34,440</b>	<b>39,751</b>	<b>39,751</b>

### Other long-term liabilities (bonds)

<i>In thousand of EUR</i>	2018	2017
<b>Non-current liabilities</b>		
EUR bond	30,000	7,004
CZK bond	1,682	1,652
<b>Total</b>	<b>31,682</b>	<b>8,656</b>

On 30 December 2015 a contract on refinancing of the Czech portfolio was concluded, the actual flow of money was performed in January 2016. The total amount of the increase in loan equaled to EUR 1,479 thousand.

All secured bank loans are secured by SPVs assets of power plants including real estate if any and technology receivables generated by power plants. In case of secured bank loans denominated in CZK nearly all power plants are cross-collateralized.

#### Covenants

The project financing sets certain operational conditions to be met by each power plant with Debt Service Coverage Ratio (DSCR) typically above 1.20.

All power plants met the DSCR criteria as of 31 December 2018.

#### Bonds

In October 2017, Group has issued new EUR bonds with annual coupon of 7.75% with maturity in October 2022. Outstanding amount as of 31 December 2017 was EUR 30,000 thousand. CZK bond issued in October 2016 has an annual coupon of 6% and maturity date in October 2023, with an outstanding amount of EUR 1,682 thousand as of 31 December 2017.

## 26. Trade and other payables

#### Trade payables

<i>In thousand of EUR</i>	2018	2017
Payables to suppliers	1,166	238
	<b>1,166</b>	<b>238</b>

#### Other payables

<i>In thousand of EUR</i>	2018	2017
Advances received	1,205	319
Accrued expenses	580	571
Payables to employees	281	166
Payables to health and social authorities	9	15
Derivatives	0	59
Other payables-loans	1,102	134
	<b>3,177</b>	<b>1,263</b>

Advances received from customers for contract work amounted to EUR 1,205 thousand (31 December 2017: EUR 319 thousand). Accrued expenses include mainly not invoiced deliveries of goods (technology) and services provided and amounted to EUR 580 thousand (31 December 2017: EUR 571 thousand). Payables to employees and health and social authorities amount to EUR 290 thousand. Other payables-loans represented loans provided

by originally intercompany companies that were sold out of the group during. An interest charge of 3% was applied to the outstanding balances. These are not classified as loans and borrowing as they have not been provided by financial institution or a bank but former subsidiaries. At 31 December 2018 retentions held by customers for contract work amounted to EUR 0 thousand (31 December 2017: EUR 0 thousand).



## 27. Other long-term and short-term liabilities

### 27.1 Other long term liabilities

<i>In thousand of EUR</i>	<b>2018</b>	<b>2017</b>
VAT payables	0	0
Long term liability from income tax	0	0
Other long-term loans	0	0
Other long-term liabilities	869	629
Bond	31,682	8,656
	<b>32,551</b>	<b>9,285</b>

In February and March 2013 the Company placed an 8% corporate bond in Germany, Austria, the Czech Republic, Slovakia and Poland. The bond was listed on the stock exchanges in Frankfurt, Munich, Berlin, Hamburg, Hannover and Vienna.

The bond coupon was paid quarterly and the bond was due 5 years after issuance in 2018. Bond related costs in the amount of approximately EUR 1,013 thousand have been accrued for the period of 5 years and were regularly released in the P&L. The total outstanding balance was repaid in March 2018.

In December 2016 the Company placed a 6% CZK corporate bond in the Czech Republic. The bond is listed on the Prague

Stock Exchange. The bond coupon is paid monthly and the bond is due in 7 years from issuance. The balance of this bond as of the year-end 2018 is equal to EUR 1,682 thousand. In October 2017, the group has launched the process of exchange offer and issuance of a new EUR bond. Annual interest is 7.75%, the bond coupon is paid quarterly and it is due in 5 years. The bond was fully placed and the outstanding amount as of 31 December 2018 is EUR 30,000 thousand.

Other long-term liabilities include leasing liabilities and provision for liquidation of panels in the future.

### 27.2 Other short term liabilities

<i>In thousand of EUR</i>	<b>2018</b>	<b>2017</b>
VAT liability /provision	0	17
Other liabilities	0	6,533
Other loans	0	270
	<b>0</b>	<b>6,820</b>

All the short-term liabilities listed in the above table were repaid within the year 2018.

### 27.3 Current tax liability

Other liabilities in amount of EUR 430 thousand represent payable for other taxes. This liability relates mainly to the Czech SPVs and is result of their actual annual result.

## 28. Financial instruments

The major financial risks faced by the Company are those related to credit exposures, exchange change risk, interest rate risk and solar levy risk. These risks are managed in the following manner.

### 28.1 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incur-

ring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities including estimated interest payments and excluding the impact of netting agreements.

Total current assets of the Group as of 31 December 2018 equals to EUR 21,530 thousand comparing to contractual cash flows of non-derivative financial liabilities of EUR 10,255 thousand payable within the next 12 months.

#### 31 December 2018

<i>In thousand of EUR</i>	Carrying amount	Contractual cash flows	1 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
<b>Non-derivative financial liabilities</b>						
Secured bank loans	32,936	34,325	4,101	4,232	24,276	1,715
Trade payables	1,166	1,166	1,166	0	0	0
Bond	31,682	44,093	2,426	2,426	37,278	1,963
Other payables	3,177	3,177	3,177	0	0	0
Tax payables	430	430	430	0	0	0
	<b>69,391</b>	<b>83,191</b>	<b>11,300</b>	<b>6,658</b>	<b>61,554</b>	<b>3,678</b>

#### 31 December 2017

<i>In thousand of EUR</i>	Carrying amount	Contractual cash flows	1 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
<b>Non-derivative financial liabilities</b>						
Secured bank loans	39,751	43,140	4,556	4,500	34,084	0
Other loans	1,270	1,365	285	1,080	0	0
Trade payables	238	238	238	0	0	0
Bond	14,349	17,920	7,647	592	1,775	7,907
Other payables	1,263	1,263	1,263	0	0	0
Tax payables	486	486	486	0	0	0
	<b>57,357</b>	<b>64,412</b>	<b>14,475</b>	<b>6,172</b>	<b>35,858</b>	<b>7,907</b>

In 2017, other loans consisted of a loan provided by a non-bank financial institution therefore it is classified as other loan. The interest rate charged was 3%. This loan was repaid in 2018.

## 28. Financial instruments (continued)

### 28.1 Liquidity risk (continued)

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

#### Effective interest rates and re-pricing analysis

In respect of interest-bearing financial liabilities, the following tables indicate their effective interest rates at the reporting date

and the periods in which they re-price. The table includes only loans with variable interest rate and the balance is shown in a period within 6 months, as the interest rate is changed within this period.

For 2018, none of the bank loans have a variable interest rate (the Czech portfolio has a fixed interest rate and the Slovak portfolio interest rates are hedged), therefore the table below includes only those hedged (Slovak SPVs).

#### 2018:

<i>In thousand of EUR</i>	Effective interest rate	Total	6 months or less	6–12 months	1–5 years	Fixed interest rate
Bank loans	2.78%	-9,537	-9,537	0	0	0
<b>Total</b>		<b>-9,537</b>	<b>-9,537</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### 2017:

<i>In thousand of EUR</i>	Effective interest rate	Total	6 months or less	6–12 months	1–5 years	Fixed interest rate
Bank loans	2.78%	-11,041	-11,041	0	0	0
<b>Total</b>		<b>-11,041</b>	<b>-11,041</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 28.2 Credit risk

#### Exposure to credit risk

Credit risk is the risk of financial loss occurring as a result of default by a borrower or counterparty on their obligation to the Company.

The Company's exposure to credit risk is disclosed in the tables below that show the analysis of credit quality of financial assets:

#### Trade receivables

<i>In thousand of EUR</i>	2018	2017
<b>Financial assets</b>		
Not due yet	534	544
Overdue 180 days or less	908	820
Overdue over 180 days	952	95
<b>Total</b>	<b>2,394</b>	<b>1,459</b>
<b>Out of which</b>		
Overdue 180 days or less	0	0
Overdue over 180 days	0	0
Impairment loss to trade receivables overdue 360 days	0	0
<b>Total overdue impaired</b>	<b>368</b>	<b>0</b>
<b>Total overdue not impaired</b>	<b>1,544</b>	<b>915</b>
<b>Total financial assets after impairment</b>	<b>2,394</b>	<b>1,459</b>

<i>In thousand of EUR</i>	<b>2018</b>
Allowance for receivables as at 31 December 2017	0
Creation of allowance in 2018	85
Allowance for receivables as at 31 December 2018	85

The Group believes that the other unimpaired amounts that are past due by more than 30 days are still collectible based on historic payment behavior; business relationships or management judgment.

### 28.3 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. It is measured by the extent to which changes in market interest rates impact on net interest expense.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

<i>In thousand of EUR</i>	Carrying amount	
	<b>2018</b>	<b>2017</b>
<b>Interest rate instruments</b>		
Financial assets	0	0
Financial liabilities	-32,936	-39,751
	<b>-32,936</b>	<b>-39,751</b>

Financial liabilities comprise short-term and long-term bank loans (see note 25).

In respect of interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and also due date of loans based on the valid repayment schedules:

#### Interest bearing financial liabilities

##### 31 December 2018

<i>In thousand of EUR</i>	Effective interest rate	Total	Less than 1 year	2–5 years	More than 5 years
Bank and other loans	4.53%	32,936	4,093	28,497	1,714
<b>Total</b>		<b>32,936</b>	<b>4,093</b>	<b>28,497</b>	<b>1,714</b>

##### 31 December 2017

<i>In thousand of EUR</i>	Effective interest rate	Total	Less than 1 year	2–5 years	More than 5 years
Bank and other loans	4.55%	39,751	4,556	4,500	34,084
<b>Total</b>		<b>39,751</b>	<b>4,556</b>	<b>4,500</b>	<b>34,084</b>



### Loans and borrowings with variable rate

Below analysis includes only loans with a variable interest rate.

For 2018 the Czech portfolio has a fixed interest rate and the Slovak portfolio has a variable interest rate that is hedged, therefore the table below includes only those hedged Slovak SPVs.

#### 2018:

<i>In thousand of EUR</i>	Effective interest rate	Total	6 months or less	6–12 months	1–5 years	Fixed interest rate
Bank loans	2.56%	-9,537	-9,537	0	0	0
<b>Total</b>		<b>-9,537</b>	<b>-9,537</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### 2017:

<i>In thousand of EUR</i>	Effective interest rate	Total	6 months or less	6–12 months	1–5 years	Fixed interest rate
Bank loans	2.82%	-11,041	-11,041	0	0	0
<b>Total</b>		<b>-11,041</b>	<b>-11,041</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Loans and borrowings with variable rate – Slovak portfolio

Slovak loans interest rate is hedged by the interest derivatives.

On 31 December 2018 the total amount of the hedging reserve amounted to EUR 223 thousand (2017: EUR 110 thousand)

### Loans and borrowings with variable rate

#### 2018:

<i>In EUR thousand</i>	Carrying amount	Contractual cash flow					
Derivatives financial liabilities		Total	1 year	2 years	3 year	4 years	5 years
Interest rate swaps used for hedging	178	293	127	96	70	0	0

#### 2017:

<i>In EUR thousand</i>	Carrying amount	Contractual cash flow					
Derivatives financial liabilities		Total	1 year	2 years	3 year	4 years	5 years
Interest rate swaps used for hedging	238	444	151	127	96	70	0

The effect on equity would be the same as the effect on profit or loss. In the calculation, the assumptions that current debt maturing in 2018 will be rolled over in that period.

Actual interest expenses related to bank loans and borrowings incurred by the Company in 2018 were EUR 1,833 thousand (2017: EUR 2,710 thousand) coming from the carrying value of

loans drawn in the amount of EUR 32,936 thousand as at 31 December 2018 (2017: EUR 39,751 thousand).

An increase/decrease of interest rates by 1% at the reporting date would have decreased/increased the profit before tax by EUR 15 thousand as shown in the following table. This analysis assumes that all other variables remain constant.

31. 12. 2018	Effective interest rate	Total	Interest (calculated)	Effective interest rate	Interest (calculated)	Additional PL effect	Effective interest rate	Interest (calculated)	Additional PL effect
Bank loans with variable rate	4.53	32,936	1,490	4.57	1,505	-15	4.48	1,476	15
<b>Total</b>		<b>32,936</b>	<b>1,490</b>			<b>-15</b>			<b>15</b>

31. 12. 2017	Effective interest rate	Total	Interest (calculated)	Effective interest rate	Interest (calculated)	Additional PL effect	Effective interest rate	Interest (calculated)	Additional PL effect
Bank loans with variable rate	4.55	39,751	1,808	4.60	1,826	-18	4.50	1,790	18
<b>Total</b>		<b>39,751</b>	<b>1,808</b>			<b>-18</b>			<b>18</b>

## 28.4 Exchange rate risk

The Company's functional currency of its major subsidiaries is EUR and CZK. Foreign exchange risk is associated with sales and purchases of goods and services and loans received denominated in local currencies.

An increase/decrease of exchange rates by 10% at the reporting date would have decreased/increased the profit before tax by EUR 28 thousand (EUR 34 thousand respectively) as shown in the following table. This analysis assumes that all other variables remain constant.

### 2018

	31 December 2018	+ 10%	- 10%
exchange rate CZK/EUR	25.724	28.2964	23.1516

31.12.2018	Currency	in Currency	teur	Teur +10%	change	teur -10%	change
Trade receivables	TCZK	39,663	1,542	1,402	-140	1,713	171
<b>Total TCZK</b>					<b>-140</b>		<b>171</b>

31.12.2018	Currency	in Currency	teur	Teur +10%	change	teur -10%	change
Trade payables, loans	TCZK	-47,477	-1,846	-1,678	168	-2,051	-205
<b>Total TCZK</b>					<b>168</b>		<b>-205</b>

### 2017

	31 December 2017	+ 10%	- 10%
exchange rate CZK/EUR	25.535	28.0885	22.9815

31.12.2017	Currency	in Currency	teur	Teur +10%	change	teur -10%	change
Trade receivables	TCZK	44,894	1,758	1,598	-160	1,953	195
<b>Total TCZK</b>					<b>-160</b>		<b>195</b>

31.12.2017	Currency	in Currency	teur	Teur +10%	change	teur -10%	change
Trade payables, loans	TCZK	-70,438	-2,759	-2,508	251	-3,065	-307
<b>Total TCZK</b>					<b>251</b>		<b>-307</b>

## 28.5 Accounting classifications and fair values

### Fair values vs. carrying amounts

The fair values of financial assets and liabilities together with the carrying amounts shown in the statement of financial position are as follows. For the other financial assets/financial liabilities, the fair value approximates the carrying amount.

#### 31 December 2018

<i>In thousand of EUR</i>	Note	Fair value – hedging instruments	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
Cash and Cash equivalents	<u>22</u>	0	12,340	0	12,340	12,340
Loans and receivables	<u>21</u>	0	8,605	0	8,605	8,605
Secured bank loans	<u>26</u>	0	0	32,936	32,936	32,936
Trade payables	<u>267</u>	0	0	1,166	1,166	1,166
Bond	<u>27</u>	0	31,682	0	31,682	31,682
Other payables	<u>26</u>	0	0	3,177	3,177	3,177
Tax payables	<u>27</u>	0	0	430	430	430
Interest rate derivatives	<u>4.3.2</u>	177	0	0	177	177

#### 31 December 2017

<i>In thousand of EUR</i>	Note	Fair value – hedging instruments	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
Cash and Cash equivalents	<u>23</u>	0	7,333	0	7,333	7,333
Loans and receivables	<u>21</u>	0	5,218	0	5,218	5,218
Secured bank loans	<u>26</u>	0	0	38,481	38,481	38,481
Other loans	<u>26</u>	0	0	1,270	1,270	1,270
Trade payables	<u>27</u>	0	0	238	238	238
Bond	<u>27</u>	0	14,349	0	14,349	14,349
Other payables	<u>27</u>	0	0	1,434	1,434	1,434
Tax payables	<u>27</u>	0	0	486	486	486
Interest rate derivatives	<u>4.3.2</u>	59	0	0	59	59

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at the end of the reporting period plus an appropriate credit spread discount rate used equalled to 4.53% for 2018.

### Fair value hierarchy

The table above analyses financial instruments carried at fair value by the levels in the fair value hierarchy. The different levels have been defined as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### 31 December 2018

<i>In thousand of EUR</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and Cash equivalents	0	12,340	0	<b>12,340</b>
Loans and receivables	0	8,605	0	<b>8,605</b>
Secured bank loans	0	32,936	0	<b>32,936</b>
Trade payables	0	1,166	0	<b>1,166</b>
Bond	0	31,682	0	<b>31,682</b>
Other payables	0	3,177	0	<b>3,177</b>
Tax payables	0	430	0	<b>430</b>
Interest rate derivatives	0	177	0	<b>177</b>

### 31 December 2017

<i>In thousand of EUR</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and Cash equivalents	0	7,333	0	<b>7,333</b>
Loans and receivables	0	5,218	0	<b>5,218</b>
Secured bank loans	0	38,481	0	<b>38,481</b>
Other loans	0	1,270	0	<b>1,270</b>
Trade payables	0	239	0	<b>239</b>
Bond	0	14,349	0	<b>14,349</b>
Other payables	0	1,263	0	<b>1,263</b>
Tax payables	0	486	0	<b>486</b>
Interest rate derivatives	0	59	0	<b>59</b>

The below analysis shows impact of change in discount rate by +/-3% on the enterprise/entity value in absolute and relative figures as of 31.12.2018.

Sensitivity analysis of DCF for powerplants

<i>In thousand of EUR</i>	<b>Discount rate +3%</b>	<b>Discount rate +3% in %</b>	<b>Discount rate -3%</b>	<b>Discount rate -3% in %</b>
HU powerplants	-976	-13%	3,477	47%
CZ powerplants	-5,972	-11.2%	7,783	14.6%
SK powerplants	-1,169	-5.7%	1,358	6.6%

All financial assets and financial liabilities (refer to Note 4.3.4) have been defined to Level 2.

Assumptions used for calculating revalued amounts of PPE (level 3) are as follows:

The DCF Equity valuation method is based on a Discounted Cash Flow method. It includes the future cash flows available to the shareholders/providers of equity of photovoltaic projects (i.e. after all debt repayments and interests) that are later discounted by respective discount rates. The risk profile is represented

by a discount rate (cost of equity levered). Due to existence of senior project finance the cost of equity calculated by CAPM formula is adjusted by Miller-Modigliani formula to achieve the most precise cost of equity levered for each project respecting its unique capital structure.

In the valuation model, a quarterly discount is applied. This is based on the fact that debt repayments are happening on quarterly basis. This is effecting the overall change in financing structure and indirectly effecting cost of equity levered.

## 29. Related parties

Balances and transactions between the Company and its subsidiaries which are related parties of the Company have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

### 29.1 Parent and ultimate controlling party

The Company is jointly controlled by Mr. Michael Gartner (via Solar Future Coöperatief U.A. ) and Mr. Georg Hotar (via Solar

Power to the People Coöperatief U.A.), who are the Company's directors.

The original lender (loans provided to the Directors) has been sold out of the Group in December 2012. However, the Group has provided the following loans to the above directors in compliance with the arm-length principle:

<i>In thousand of EUR</i>	2018	2017
Balance at beginning of year	153	163
Transferred due to the sale	0	0
Loan provided to Mr. Hotar	77	0
Unpaid interests from Mr. Hotar	0	0
Loan provided to Mr. Gartner	0	0
Unpaid interests from Mr. Gartner	0	0
Effect of the movement of Fx rate	-13	-10
<b>Carrying amount at 31 December</b>	<b>219</b>	<b>153</b>

Members of the board of directors did not receive any compensation during 2018 nor 2017 for their duties serving on the board of directors for the Group of entities. There were no trade relations between the Group and members of the board of directors of the Company.

The total outstanding loan from the related parties above the structure of Photon Energy N.V. equals to EUR 156 thousand as of 31 December 2018.

### Other related party transactions

<i>In thousand of EUR</i>	transaction value for the year-ended		balance outstanding at the year-end	
	2018	2017	2018	2017
<b>Sale of goods and services</b>				
Joint ventures – sale of services	0	0	0	0
Joint ventures – construction contracts revenues (SK SPV1, Solarpark Myjava, Solarpark Polianka, AUS SPVs)	0	0	0	0
<b>Purchase of goods and services</b>				
Joint ventures – purchase of services	0	51	0	15
Joint ventures – purchase of services activated (AUS SPVs)	4,485	554	4,485	554
<b>Current assets</b>				
Loans	45	129	45	129

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.



## 30. Group entities

### Subsidiaries

The following subsidiaries are consolidated as at 31 December 2018.

	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	Gunning Solar Farm Pty. Ltd. (former Photon Energy Generation Australia Pty. Ltd.)	49%	AUS	Equity	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	Suntop Stage 2 Solar farm Pty. Ltd. (former Mumbil Solar Farm Pty. Ltd.)	25%	AUS	Equity	PENV
12	Photon Energy AUS SPV 6 Pty. Ltd.	51%	AUS	Equity	PENV
13	Gunnedah Solar Farm Pty. Ltd. (former Photon Energy AUS SPV 7 Pty. Ltd.)	25%	AUS	Equity	PENV
14	Suntop Solar Farm Pty. Ltd. (former Photon Energy AUS SPV 8 Pty. Ltd.)	25%	AUS	Equity	PENV
15	Photon Energy AUS SPV 9 Pty. Ltd.	51%	AUS	Equity	PENV
16	Maryvale Solar Farm Pty. Ltd. (former Photon Energy AUS SPV 10 Pty. Ltd.)	25%	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 (GIP 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.	Alfemo AG
49	Fertod Napenergia-Termelo Kft.	100%	HU	Full Cons.	Alfemo AG
50	Photon Energy Operations HU Kft.	100%	HU	Full Cons.	PEONV
51	Photon Energy Solutions HU Kft.	100%	HU	Full Cons.	PENV
52	Future Solar Energy Kft	100%	HU	Full Cons.	Alfemo AG
53	Montagem Befektetési Kft.	100%	HU	Full Cons.	Alfemo AG
54	Solarkit Befektetesi Kft.	100%	HU	Full Cons.	Alfemo AG
55	Energy499 Invest Kft.	100%	HU	Full Cons.	Alfemo AG
56	SunCollector Kft.	100%	HU	Full Cons.	Alfemo AG
57	Green-symbol Invest Kft.	100%	HU	Full Cons.	Alfemo AG

Name	% of share capital held by the holding company	Country of registration	Consolid. method	Legal Owner	
58	Ekopanel Befektetési és Szolgáltató Kft.	100%	HU	Full Cons.	Alfemo AG
59	Onyx-sun Kft.	100%	HU	Full Cons.	Alfemo AG
60	Tataimmo Kft	100%	HU	Full Cons.	Alfemo AG
61	Öreghal Kft.	100%	HU	Full Cons.	Alfemo AG
62	European Sport Contact Kft.	100%	HU	Full Cons.	Alfemo AG
63	ALFEMO Alpha Kft.	100%	HU	Full Cons.	Alfemo AG
64	ALFEMO Beta Kft.	100%	HU	Full Cons.	Alfemo AG
65	ALFEMO Gamma Kft.	100%	HU	Full Cons.	Alfemo AG
66	Archway Solar Kft.	100%	HU	Full Cons.	PENV
67	Barbican Solar Kft.	100%	HU	Full Cons.	Alfemo AG
68	Belsize Solar Kft.	100%	HU	Full Cons.	Alfemo AG
69	Blackhorse Solar Kft.	100%	HU	Full Cons.	Alfemo AG
70	Caledonian Solar Kft	100%	HU	Full Cons.	Alfemo AG
71	Camden Solar Kft	100%	HU	Full Cons.	Alfemo AG
72	Hampstead Solar Kft.	100%	HU	Full Cons.	Alfemo AG
73	Ráció Master Oktatási	100%	HU	Full Cons.	Alfemo AG
74	P&P Solar Immo Kft.	35%	HU	Equity	Alfemo AG
75	Photon Energy Peru S.C.A.	99%	PE	Full Cons.	GIP AG

The following subsidiaries are consolidated as at 31 December 2017.

Name	% of share capital held by the holding company	% of votes held by the holding company	Country of registration	Legal Owner
1	Photon Energy N.V. (PENV)	Holding	NL	-
2	Photon Directors B.V.	100%	NL	Photon Energy
3	Photon Energy Engineering B.V. (PEE BV)	100%	NL	Photon Energy
4	Photon Energy Operations N.V. (PEO NV)	100%	NL	Photon Energy
5	Photon Energy Australia Pty Ltd.	100%	AUS	Photon Energy
6	Photon Energy Generation Australia Pty. Ltd.	100%	AUS	Photon Energy
7	Photon Energy AUS SPV 1 Pty. Ltd.	100%	AUS	Photon Energy
8	Photon Energy AUS SPV 2 Pty. Ltd.	100%	AUS	Photon Energy
9	Photon Energy AUS SPV 3 Pty. Ltd.	100%	AUS	Photon Energy
10	Photon Energy AUS SPV 4 Pty. Ltd.	100%	AUS	Photon Energy
11	Photon Energy AUS SPV 5 Pty. Ltd.	51%	AUS	Photon Energy
12	Photon Energy AUS SPV 6 Pty. Ltd.	51%	AUS	Photon Energy
13	Photon Energy AUS SPV 7 Pty. Ltd.	51%	AUS	Photon Energy
14	Photon Energy AUS SPV 8 Pty. Ltd.	51%	AUS	Photon Energy
15	Photon Energy AUS SPV 9 Pty. Ltd.	51%	AUS	Photon Energy
16	Photon Energy AUS SPV 10 Pty. Ltd.	51%	AUS	Photon Energy
17	Photon Energy Operations Australia Pty.Ltd.	100%	AUS	PEO NV
18	Photon Energy Engineering Australia Pty Ltd	100%	AUS	PEE BV
19	Global Investment Protection AG	100%	CH	Photon Energy
20	Alfemo AG	100%	CH	Photon Energy
21	Koradol AG	100%	CH	Photon Energy
22	Photon Energy Corporate Services CZ s.r.o.	100%	CZ	Photon Energy
23	Photon SPV 1 s.r.o.	100%	CZ	Photon Energy
24	Photon Energy Operations CZ s.r.o. (PEOCZ) <sup>1</sup>	100%	CZ	PEO NV
25	Photon Energy Control s.r.o.	100%	CZ	PEO CZ
26	Photon Energy Technology CEE s.r.o.	100%	CZ	PEE BV
27	Photon Water Technology s.r.o.	65%	CZ	Photon Energy
28	Photon Energy Solutions s.r.o.	100%	CZ	Photon Energy
29	Photon Energy Projects s.r.o. (PEP)	100%	CZ	Photon Energy
30	Photon Energy Cardio s.r.o.	100%	CZ	PEO CZ
31	The Special One s.r.o.	100%	CZ	Photon Energy
32	Charles Bridge Services s.r.o.	100%	CZ	Photon Energy
33	Photon Energy Finance Europe GmbH	100%	DE	Photon Energy
34	Photon Energy Corporate Services DE GmbH	100%	DE	Photon Energy
35	Photon Energy Engineering Europe GmbH	100%	DE	PEE BV
36	EcoPlan 2 s.r.o.	100%	SK	Photon Energy

	Name	% of share capital held by the holding company	% of votes held by the holding company	Country of registration	Legal Owner
37	EcoPlan 3 s.r.o.	100%	100%	SK	Photon Energy
38	Fotonika, s.r.o.	100%	100%	SK	Photon Energy
39	Photon SK SPV 1 s.r.o.	50%	50%	SK	Photon Energy
40	Photon SK SPV 2 s.r.o.	100%	100%	SK	Photon Energy
41	Photon SK SPV 3 s.r.o.	100%	100%	SK	Photon Energy
42	Solarpark Myjava s.r.o.	50%	50%	SK	Photon Energy
43	Solarpark Polianka s.r.o.	50%	50%	SK	Photon Energy
44	SUN4ENERGY ZVB, s.r.o.	100%	100%	SK	Photon Energy
45	SUN4ENERGY ZVC, s.r.o.	100%	100%	SK	Photon Energy
46	ATS Energy, s.r.o.	100%	100%	SK	Photon Energy
47	Photon Energy Operations SK s.r.o.	100%	100%	SK	PEONV
48	Photon Energy HU SPV 1 Kft. b.a	100%	100%	HU	PEP
49	Fertod Napenergia-Termelo Kft.	100%	100%	HU	PEP
50	Photon Energy Operations HU Kft.	100%	100%	HU	PEO NV
51	Photon Energy Solutions HU Kft.	100%	100%	HU	Photon Energy

CZ = Czech Republic, SK = Slovak Republic, NL = Netherlands, CH = Switzerland, AUS = Australia, HU= Hungary

Other consolidated subsidiaries (special purpose entities) exist as at 31 December 2018, where the holding company has control but does not have any ownership or direct voting rights. The following entities are included:

Name	% of Consolidated share	% of Ownership share	Country of registration	Legal Owner
Kaliope s.r.o.	100%	0%	CZ	RL
Photon SPV 3 s.r.o.	100%	0%	CZ	RL
Photon SPV 8 s.r.o.	100%	0%	CZ	RL
Exit 90 SPV s.r.o.	100%	0%	CZ	RL
Photon SPV 4 s.r.o.	100%	0%	CZ	RL
Photon SPV 6 s.r.o.	100%	0%	CZ	RL
Onyx Energy s.r.o.	100%	0%	CZ	RL
Onyx Energy projekt II s.r.o.	100%	0%	CZ	RL
Photon SPV 10 s.r.o.	100%	0%	CZ	RL
Photon SPV 11 s.r.o.	100%	0%	CZ	RL

CZ = Czech Republic

100% share in the above entities is owned by Raiffeisen – Leasing s.r.o. (“RL”). Although those companies are legally owned by RL, the Group consolidates them under IFRS rules. Photon Energy N.V. is considered the beneficial owner as it is owner of economic benefits and is directly exposed to economic risks of those companies.

## 31. Subsequent events

### Hungarian refinancing

In January 2019, the Company signed a financing agreement amounting to 3.33 billion HUF (10.4 million EUR) provided by K&H Bank, the Hungarian subsidiary of Belgian KBC Group N.V. and one of Hungary's largest banking and financial services firms as well as a leading local player in project finance, for a period of 15 years. The financing has been provided for its 11.5 MWp proprietary PV power plant portfolio in Hungary. The portfolio is comprised of 17 individual KÁT-licensed PV power plants in three different locations. Draw down of the loan is planned for April 2019.

### Almasfuzito

In March 2019, the Companies subsidiary Photon Energy Solutions HU Kft has finished building and grid-connected eight PV power plants with a combined capacity of 5.5 MWp located in Almásfüzitő, Hungary, expanding the Group's proprietary portfolio of PV power plants to 37.1 MWp. The Company owns and operates the projects through the Group's wholly owned company Ráció Master Kft. Revaluation of the Group's proprietary portfolio will be recorded as the Group's Other Comprehensive Income in the 2019Q1 Profit and Loss Statement.

## 32. Contingent assets and liabilities

There are no significant contingent assets or liabilities that need to be disclosed.

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# **Stand-alone Financial Statements**

## **for the year ended 31 December 2018**



## Company balance sheet as at 31 December 2018

(before profit appropriation)

<i>In thousand of EUR</i>	Note	31 December 2018	31 December 2017
<b>Fixed assets</b>			
Financial fixed assets	<u>36</u>	44,507	38,209
Intangible assets	<u>36</u>	0	1
Long-term receivables		83	0
<b>Total fixed assets</b>		<b>44,590</b>	<b>38,210</b>
<b>Current assets</b>			
Trade and other receivables	<u>38</u>	10,834	7,136
Loans	<u>37</u>	15,944	3,554
Cash and cash equivalents	<u>38</u>	5,143	2,752
<b>Total current assets</b>		<b>31,921</b>	<b>13,442</b>
<b>Total assets</b>		<b>76,511</b>	<b>51,652</b>
<b>Shareholders' equity</b>	<u>39</u>		
Issued share capital		600	600
Share premium		36,871	36,871
Revaluation reserve		15,644	16,049
Hedging reserve		223	110
Currency translation reserve		698	1,155
Unappropriated result		8,417	-788
Retained Earnings		-24,808	-25,308
<b>Total equity</b>		<b>37,645</b>	<b>28,689</b>
<b>Non-current liabilities</b>	<u>40</u>	<b>33,625</b>	<b>11,607</b>
Other loans		1,933	2,951
Other long-term liability		31,692	8,656
<b>Current liabilities</b>	<u>41</u>	<b>5,241</b>	<b>11,355</b>
Trade and other liabilities		1,759	8,074
Other loans		3,481	3,281
<b>Total equity and liabilities</b>		<b>76,511</b>	<b>51,652</b>

The notes on pages 126 to 133 are an integral part of these financial statements.

### Company income statement for the financial year ended 31 December 2018

<i>In thousand of EUR</i>	<b>1 January – 31 December 2018</b>	<b>1 January – 31 December 2017</b>
Share in results from participating interests, after taxation	5,480	-1,286
Income from subsidiaries	0	0
Other result after taxation	2,937	498
<b>Net result</b>	<b>8,417</b>	<b>-788</b>

*The notes on pages 126 to 133 are an integral part of these financial statements.*



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# **Notes to the Company Financial Statements**

**for the year ended 31 December 2018**

## 34. General

The company financial statements are part of the 2016 financial statements of Photon Energy N.V. (the 'Company'). With reference to the income statement of the company, use has been

made of the exemption pursuant to Section 402 of Book 2 of the Netherlands Civil Code.

## 35. Principles for the measurement of assets and liabilities and the determination of the result

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, the Company makes use of the option provided in section 2:362 (8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of the Company are the same as those applied for the consolidated EU-IFRS financial statements. Participating interests, over which significant influence is exercised, are stated on the basis of the

equity method. These consolidated EU-IFRS financial statements are prepared according to the standards laid down by the International Accounting Standards Board and endorsed by the European Union (hereinafter referred to as EU-IFRS). Please see pages 23 to 37 for a description of these principles. The share in the result of participating interests consists of the share of the Company in the result of these participating interests. Results on transactions, where the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves are not incorporated insofar as they can be deemed to be unrealised.

## 36. Financial fixed assets

<i>In thousand of EUR</i>	31 December 2018	31 December 2017
Participating interests in group companies	44,507	38,209
	<b>44,507</b>	<b>38,209</b>

The movements of the financial fixed assets can be shown as follows:

<i>In thousand of EUR</i>	Note	Participating interests in group companies	Total
<b>Balance at 1 January 2018</b>		<b>38,209</b>	<b>38,209</b>
Capital contribution existing subsidiaries	36	1,267	1,267
Revaluation reserve change	36	-405	-405
Share in result of participating interests	43	5,480	5,480
Set-up of new entities	36	181	181
Excess cash correction	36	0	0
Liquidation of subsidiaries	36	0	0
Share in foreign currency translation differences in participating interest	36	--457	--457
Dividend payment	36	-1,003	-1,003
Derivatives	36	113	113
Sale of subsidiaries		0	0
<b>Balance at 31 December</b>		<b>44,299</b>	<b>44,299</b>
Allowances	36	207	207
<b>Final balance at 31 December 2018</b>		<b>44,507</b>	<b>44,507</b>



## 2018

A participating legal Company is under Dutch law a participation which exercises significant influence over the operating and financial policies (hereinafter: participation), valued using the equity method. This method means that the carrying amount of the investment is increased or decreased by the share in the results and changes in equity of the associate, less the dividend from the participation. The carrying amount, the share in the results and changes in equity are determined according to the principles of the holding.

Therefore the direct changes in equity in the participations of PE NV are included in the standalone financial statements of the Company.

The direct equity movements of the subsidiaries of PE NV consist of:

- 1) Revaluation of assets valued at fair value in the participations (decrease of value of assets)
- 2) Foreign currency translation differences in the participations
- 3) Effective portion of hedging derivatives in the participations

### The Company, with statutory seat in Amsterdam, is the holding company and has the following financial interests:

	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	Gunning Solar Farm Pty. Ltd. (former Photon Energy Generation Australia Pty. Ltd.)	49%	AUS	Equity	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	Suntop Stage 2 Solar farm Pty. Ltd. (former Mumbil Solar Farm Pty. Ltd.)	25%	AUS	Equity	PENV
12	Photon Energy AUS SPV 6 Pty. Ltd.	51%	AUS	Equity	PENV
13	Gunnedah Solar Farm Pty. Ltd. (former Photon Energy AUS SPV 7 Pty. Ltd.)	25%	AUS	Equity	PENV
14	Suntop Solar Farm Pty. Ltd. (former Photon Energy AUS SPV 8 Pty. Ltd.)	25%	AUS	Equity	PENV
15	Photon Energy AUS SPV 9 Pty. Ltd.	51%	AUS	Equity	PENV
16	Maryvale Solar Farm Pty. Ltd. (former Photon Energy AUS SPV 10 Pty. Ltd.)	25%	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 (GIP 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.	Alfemo AG

	Name	% of share capital held by the holding company	Country of registration	Consolid. method	Legal Owner
49	Fertod Napenergia-Termelo Kft.	100%	HU	Full Cons.	Alfemo AG
50	Photon Energy Operations HU Kft.	100%	HU	Full Cons.	PEONV
51	Photon Energy Solutions HU Kft.	100%	HU	Full Cons.	PENV
52	Future Solar Energy Kft	100%	HU	Full Cons.	Alfemo AG
53	Montagem Befektetési Kft.	100%	HU	Full Cons.	Alfemo AG
54	Solarkit Befektetési Kft.	100%	HU	Full Cons.	Alfemo AG
55	Energy499 Invest Kft.	100%	HU	Full Cons.	Alfemo AG
56	SunCollector Kft.	100%	HU	Full Cons.	Alfemo AG
57	Green-symbol Invest Kft.	100%	HU	Full Cons.	Alfemo AG
58	Ekopanel Befektetési és Szolgáltató Kft.	100%	HU	Full Cons.	Alfemo AG
59	Onyx-sun Kft.	100%	HU	Full Cons.	Alfemo AG
60	Tataimmo Kft	100%	HU	Full Cons.	Alfemo AG
61	Öreghal Kft.	100%	HU	Full Cons.	Alfemo AG
62	European Sport Contact Kft.	100%	HU	Full Cons.	Alfemo AG
63	ALFEMO Alpha Kft.	100%	HU	Full Cons.	Alfemo AG
64	ALFEMO Beta Kft.	100%	HU	Full Cons.	Alfemo AG
65	ALFEMO Gamma Kft.	100%	HU	Full Cons.	Alfemo AG
66	Archway Solar Kft.	100%	HU	Full Cons.	PENV
67	Barbican Solar Kft.	100%	HU	Full Cons.	Alfemo AG
68	Belsize Solar Kft.	100%	HU	Full Cons.	Alfemo AG
69	Blackhorse Solar Kft.	100%	HU	Full Cons.	Alfemo AG
70	Caledonian Solar Kft	100%	HU	Full Cons.	Alfemo AG
71	Camden Solar Kft	100%	HU	Full Cons.	Alfemo AG
72	Hampstead Solar Kft.	100%	HU	Full Cons.	Alfemo AG
73	Ráció Master Oktatási	100%	HU	Full Cons.	Alfemo AG
74	P&P Solar Immo Kft.	35%	HU	Equity	Alfemo AG
75	Photon Energy Peru S.C.A.	99%	PE	Full Cons.	GIP AG

CZ = Czech Republic, SK = Slovak Republic, NL = Netherlands, CH = Switzerland, AUS = Australia, HU=Hungary

The company booked a provision for negative equity in subsidiaries in the amount of EUR 668 thousand (outstanding balance 2017: EUR 9,483 thousand) as the Company's management has intention to maintain and support the related subsidiaries within the structure and support them by providing the required cash-flow and settle their liabilities. This allowance is presented in the current liabilities.

The total amount invested into capital contributions (by capitalization of entity's receivables from subsidiaries or issuance of a new share via retained earnings) to subsidiaries in 2018 amounted to EUR 1,267 thousand (2017: EUR 89 thousand; refer to Movement schedule above).

Increase of value resulting from the revaluation of subsidiaries amounted to EUR 11 thousand. Total result from participations resulted in loss of EUR 8,102 thousand. The Company also set-up/purchased new entities in value of EUR 181 thousand.

### 2018 developments

During 2018, Photon Energy N.V. (directly or via its subsidiaries) incorporated the following subsidiaries:

- Archway Solar Kft.
- Barbican Solar Kft.
- Belsize Solar Kft.
- Blackhorse Solar Kft.
- Caledonian Solar Kft
- Camden Solar Kft

- Hampstead Solar Kft.

During 2018, Photon Energy N.V. (directly or via its subsidiaries) acquired the following entities:

- Future Solar Energy Kft
- Montagem Befektetési Kft
- Solarkit Befektetesi Kft.
- Energy499 Invest Kft.
- SunCollector Kft.
- Green-symbol Invest Kft.
- Ekopanel Befektetési és Szolgáltató Kft.
- Onyx-sun Kft.
- Tataimmo Kft
- Öreghal Kft.
- European Sport Contact Kft.
- Ráció Master Kft.
- P&P Solar Immo Kft.
- ALFEMO Alpha Kft..
- ALFEMO Beta Kft.
- ALFEMO Gamma Kft.
- Photon Energy Peru S.C.A.

The following SPVs were renamed during 2018:

- Photon Energy AUS SPV 5 was renamed to SUNTOP Stage 2 Solar Farm Pty Ltd.
- Photon Energy Generation Pty Ltd was renamed to GUNNING SOLAR FARM Pty Ltd.
- Photon Energy AUS SPV 7 Pty Ltd was renamed to GUNNEDAH SOLAR FARM Pty Ltd
- Photon Energy AUS SPV 8 Pty Ltd was renamed to SUNTOP SOLAR FARM Pty Ltd
- Photon Energy AUS SPV 10 Pty Ltd was renamed to MARYVALE SOLAR FARM Pty Ltd

In January 2018, the Group 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. Photon Energy's utility scale solar project pipeline, the largest pipeline in Australia, includes the 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, all of which will be further codeveloped with Canadian Solar. Canadian Solar has acquired a 51% shareholding in all five project companies. Post-transaction, Photon Energy NV retains a 49% stake in the Gunning project and 24.99% stakes in the four other projects.

### 2017 developments

During 2017, Photon Energy N.V. (directly or via its subsidiaries) incorporated the following subsidiaries:

- Photon Energy AUS SPV 5 Pty. Ltd.
- Photon Energy AUS SPV 6 Pty. Ltd.
- Photon Energy AUS SPV 7 Pty. Ltd.
- Photon Energy AUS SPV 8 Pty. Ltd.
- Photon Energy AUS SPV 9 Pty. Ltd.
- Photon Energy AUS SPV 10 Pty. Ltd.
- Photon Energy Operations HU Kft.
- Photon Energy Solutions HU Kft.

During 2017, Photon Energy N.V. (directly or via its subsidiaries) acquired the following entities:

- Fertod Napenergia-Termelo Kft.
- Alfemo AG
- Koradol AG

Alfemo AG and Koradol AG were established by Georg Hotar and sold to Photon Energy N.V. for the nominal value of CHF 100 thousand each.

## 37. Loans

<i>In thousand of EUR</i>	<b>31 December 2018</b>	<b>31 December 2017</b>
Loans provided	15,944	3,554
	<b>15,944</b>	<b>3,554</b>

The balance of loans provided consists of the loans provided primarily to the companies within the Group and its increase is caused by provision of new funds during the year to the subsidiaries. Interest charged by PENV to its subsidiaries is 3% and the loans have a short-term character.

## 38. Current assets

<i>In thousand of EUR</i>	<b>31 December 2018</b>	<b>31 December 2017</b>
Trade and other receivables	10,834	7,136
Cash	5,143	2,752
	<b>15,977</b>	<b>9,888</b>

## 39. Shareholders' equity

### 39.1 Reconciliation of movement in capital and reserves

<i>In thousand of EUR</i>	Issued share capital	Share premium	Currency translation reserve	Hedging reserve	Revaluation reserve	Retained earnings	Unappropriated result	Total equity
<b>Balance at 1 January 2017</b>	<b>600</b>	<b>36,871</b>	<b>-1,139</b>	<b>-205</b>	<b>16,056</b>	<b>-25,343</b>	<b>-2,660</b>	<b>24,180</b>
Revaluation of assets in participating interest	-	-	-	-	-7	-	-	-7
Foreign currency translation differences in participating interest	-	-	2,294	-	-	-	-	2,294
Transfer to retained earnings	-	-	-	-	-	-2,660	2,660	0
Release of provision to financial investments	-	-	-	-	-	2,688	-	2,688
Correction of RE previous period	-	-	-	-	-	7	-	7
Derivatives	-	-	-	314	-	-	-	314
Actual result	-	-	-	-	-	-	-788	-788
<b>Balance at 31 December 2017</b>	<b>600</b>	<b>36,871</b>	<b>1,155</b>	<b>110</b>	<b>16,049</b>	<b>-25,309</b>	<b>-788</b>	<b>28,689</b>
<b>Balance at 1 January 2018</b>	<b>600</b>	<b>36,871</b>	<b>1,155</b>	<b>110</b>	<b>16,049</b>	<b>-25,309</b>	<b>-788</b>	<b>28,689</b>
Revaluation of assets in participating interest	-	-	-	-	-405	-	-	-405
Foreign currency translation differences in participating interest	-	-	-458	-	-	-	-	-458
Transfer to retained earnings	-	-	-	-	-	-788	788	0
Release of provision to financial investments	-	-	-	-	-	-	-	-
Derivatives	-	-	-	113	-	-	-	113
Correction of RE previous period	-	-	-	-	-	22	-	22
Capital increase of the subsidiaries	-	-	-	-	-	1,267	-	1,267
Actual result	-	-	-	-	-	-	8,417	8,417
<b>Balance at 31 December 2018</b>	<b>600</b>	<b>36,871</b>	<b>698</b>	<b>223</b>	<b>15,644</b>	<b>-24,808</b>	<b>8,417</b>	<b>37,645</b>

## 39.2 Share capital and share premium

### 39.2.1 Ordinary shares

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. Each of the 60,000,000 shares represent one vote at the General Meeting.

The holders of ordinary shares (except of Treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company.

### Reserves

Reserves of the Company consist of the revaluation reserve, the currency translation reserve and the hedging reserve.

The revaluation reserve arises on the revaluation of photovoltaic power plant owned by the participation(s) and it amounted to

EUR 15,644 thousand as of 31 December 2018 (31 December 2017: EUR 16,049 thousand).

Currency translation reserve includes all foreign translation exchange differences in the participations and amounted to a profit EUR 698 thousand as of 31 December 2018 (31 December 2017: EUR 1,155 thousand).

The hedging reserve includes results from hedging derivatives in the participations and amounted to a profit of EUR 223 thousand in 2018 (2017: EUR 110 thousand).

### 39.2.2 Unappropriated result

To the General Meeting of Shareholders the following appropriation of the result 2018 will be proposed: the profit of EUR 8,417 thousand to be transferred and added to the retained earnings item in the shareholders' equity.

### 39.2.3 Reconciliation of consolidated group equity with company equity

<i>In thousand of EUR</i>	<b>31 December 2018</b>	<b>31 December 2017</b>
<b>Group equity</b>	<b>29,779</b>	<b>26,001</b>
Released provision for financial participations	0	2,689
Difference in results	7,907	0
<b>Minority interest of third parties in subsidiary:</b>		
Non-controlling interest	-40	0
<b>Shareholders' equity (company)</b>	<b>37,645</b>	<b>28,689</b>
<b>Group result</b>	<b>530</b>	<b>-788</b>
Income from subsidiaries	7,907	0
<b>Minority interest of third parties in result:</b>		
Non-controlling interest	-20	0
<b>Net result (company)</b>	<b>8,417</b>	<b>-788</b>

## 40. Long-term liabilities

<i>In thousand of EUR</i>	<b>31 December 2018</b>	<b>31 December 2017</b>
Loans	1,933	2,951
Other long-term liabilities	31,692	8,656
	<b>33,625</b>	<b>11,607</b>

Long-term loan was provided by a group entity (EUR 1,933 thousand). Other long-term liabilities include a EUR bond issued

in 2017 (EUR 30,000 thousand) and a CZK bond issued in December 2016 (EUR 1,692 thousand).



## 41. Current liabilities

<i>In thousand of EUR</i>	<b>31 December 2018</b>	<b>31 December 2017</b>
Loans	3,481	3,281
Trade payables	86	71
Accruals and deferred income	580	225
Other payables	1,094	7,778
	<b>5,241</b>	<b>11,355</b>

All loans included in the above table are provided by the subsidiaries of the entity.

The amount of EUR 6,533 thousands included in other payables in 2017 represented a short-term portion of the bond issued in 2013 and repaid in March 2018. Remaining other payables consisted of Company's liabilities from VAT, liabilities towards employees, advances or resulting from the cash transfers within the Group.

## 42. Financial instruments

### 42.1 General

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk.
- Liquidity risk.
- Market risk.

In the notes to the consolidated financial statements information is included about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

These risks, objectives, policies and processes for measuring and managing risk, and the management of capital also apply to the company financial statements of Photon Energy N.V.

No derivative financial instruments are being used at parent company level.

### 42.2 Fair value

The fair value of the financial instruments stated on the balance sheet, including cash at bank and in hand and current liabilities, is close to the carrying amount.

## 43. Share in results from participating interests

An amount of EUR 5,480 thousand (profit) of share in results from participating interests relates to group companies (2017: loss of EUR 788 thousand).

## 44. Fees of the auditor

With reference to Section 2:382a(1) and (2) of the Netherlands Civil Code, the following fees for the financial year have been charged by Grant Thornton Accountants en Adviseurs B.V. to the Company in 2018:

**2018:**

<i>In thousand of EUR</i>	<b>Grant Thornton Accountants en Adviseurs B.V.</b>	<b>Other Grant Thornton member firms and affiliates</b>	<b>Total</b>
Statutory audit of annual accounts	33	-	33
	<b>33</b>	<b>-</b>	<b>33</b>

With reference to Section 2:382a(1) and (2) of the Netherlands Civil Code, the following fees for the financial year 2017 have been charged by Grant Thornton Accountants en Adviseurs B.V. to the Company:

**2017:**

<i>In thousand of EUR</i>	<b>Grant Thornton Accountants en Adviseurs B.V.</b>	<b>Other Grant Thornton member firms and affiliates</b>	<b>Total</b>
Statutory audit of annual accounts	33	-	33
	<b>33</b>	<b>-</b>	<b>33</b>

## 45. Related parties

### 45.1 Transactions with key management personnel

#### 45.1.1 Key management personnel compensation

Key management personnel did not obtain any compensation for their activity for PE NV in 2018.

#### 45.1.2 Key management personnel and director

The directors of the Company control 86.26% of the voting shares of the Company. The Directors hold positions in other

group entities that result in having control or significant influence over the financial or operating policies of these entities.

#### 45.1.3 Emoluments of directors and supervisory directors

No emoluments, including pension obligations as intended in Section 2:383(1) of the Netherlands Civil Code were charged in the financial period to the Company.

Amsterdam, 12 April 2019

The Board of Directors:

Georg Hotar, Director

Michael Gartner, Director



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## Other information

## Other information

### **I. Provisions in the Articles of Association governing the appropriation of profit**

According to article 20 of the company's Articles of Association, the profit is at the disposal of the General Meeting of Shareholders, which can allocate the profit wholly or partly to the general or specific reserve funds.

The Company can only make payments to the shareholders and other parties entitled to the distributable profit for the amount the shareholders' equity are greater than the paid-up and called-up part of the capital plus the legally required reserves.

### **II. Subsidiaries**

The Company has subsidiaries in the Czech Republic, Slovak Republic, Germany, Hungary, Switzerland, Netherlands and Australia. For the list of all subsidiaries refer to the Note 30 of the Consolidated financial statements.

### **III. Independent auditor's report**

The independent auditor's report is set forth on the next pages.



To: the General Meeting of Shareholders of  
Photon Energy N.V.

Grant Thornton  
Accountants en Adviseurs B.V.  
Flemingweg 10  
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## **INDEPENDENT AUDITOR'S REPORT**

### **A. Report on the Audit of the Financial Statements**

#### **Our Opinion**

We have audited the accompanying financial statements for the year ended December 31, 2018 of Photon Energy N.V., based in Amsterdam, as set out on pages 1 to 80. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Photon Energy N.V. as at December 31, 2018, and of its result and its cash flows for 2018 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the accompanying company financial statements give a true and fair view of the financial position of Photon Energy N.V. as at December 31, 2018, and of its result in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- 1 the consolidated statement of financial position as at December 31 2018;
- 2 the following statements for the year ended December 31, 2018:  
the consolidated statement of income, the consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows; and
- 3 the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- 1 the company statement of financial position as at December 31;
- 2 the company statement of income for the year ended December 31, 2018; and
- 3 the notes comprising a summary of the accounting policies and other explanatory information.

**Basis for Our Opinion**

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the “Our responsibilities for the audit of the financial statements” section of our report.

We are independent of Photon Energy N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of matter**

We draw attention to paragraph 6.3 in the notes of the financial statements which describes circumstances related to Photon Energy SPV 11 s.r.o. Our opinion is not modified in respect of this matter.

**B. Report on the other information included in the annual report**

In addition to the financial statements and our auditor’s report thereon, the annual report contains other information, that consists of:

- the Director’s report;
- other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management board’s report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

## **C. Description of responsibilities regarding the financial statements**

### **Responsibilities of management and the supervisory board for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements .

### **Our Responsibilities for the audit of the financial statements**

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, April 15, 2019

Grant Thornton Accountants en Adviseurs B.V.

M.J.J. Welsink  
Registeraccountant





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