

PHOTON ENERGY N.V. CONSOLIDATED AND ENTITY FINANCIAL REPORTS

2017Q1

for the period from 1 January to 31 March 2017

9 May 2017 | Amsterdam | The Netherlands

CONSOLIDATED AND ENTITY FINANCIAL REPORTS

1. Selected financial results

1.1. Selected financial results for Photon Energy Group, for the period of 1 January to 31 March 2017

in Thousands	EUR		PLN		CZK	
	2016Q1	2017Q1	2016Q1	2017Q1	2016Q1	2017Q1
Total revenues	1,983	2,786	8,656	12,161	53,623	75,280
Gross profit	1,554	2,165	6,783	9,449	42,017	58,491
EBITDA	691	1,073	3,015	4,684	18,679	28,998
EBIT	-101	264	-439	1,154	-2,720	7,142
Profit / loss before taxation	-1,318	-219	-5,752	-956	-35,633	-5,916
Profit / loss from continuing operations	-1,391	-312	-6,072	-1,363	-37,612	-8,435
Total comprehensive income	-1,669	-131	-7,285	-573	-45,129	-3,544
Non-current assets	78,248	74,686	333,071	315,679	2,116,999	2,018,770
Current assets	10,817	10,666	46,044	45,081	292,654	288,291
Cash and cash equivalents	4,390	4,350	18,688	18,387	118,784	117,587
Total assets	89,065	85,352	379,115	360,760	2,409,653	2,307,061
Total equity	26,871	24,041	114,377	101,613	726,983	649,815
Current liabilities	9,134	17,462	38,880	73,812	247,119	471,997
Non-current liabilities	53,061	43,851	225,859	185,358	1,435,557	1,185,293
Operating cash flow	-1,249	162	-5,450	701	-33,761	4,385
Investment cash flow	0	0	0	0	0	0
Financial cash flow	124	-1,230	540	-5,315	3,346	-33,239
Net change in cash	-1,125	-1,068	-4,910	-4,614	-30,416	-28,854
EUR exchange rate - low			4.250	4.225	27.020	27.020
EUR exchange rate - average			4.365	4.321	27.039	27.020
EUR exchange rate - end of period			4.257	4.227	27.055	27.030
EUR exchange rate - high			4.496	4.413	27.075	27.030

Note: Exchange rates provided by the European Central Bank

Financial highlights:

- Unaudited consolidated revenues increased by 40.5% YOY from EUR 1.983 million to EUR 2.786 million in 2017Q1, mainly due to extraordinarily high electricity production, increased revenues from operations and maintenance and technology sales.
- Consolidated EBITDA increased to EUR 1.073 million (+55.3% YOY) in 2017Q1 compared to the same period of 2016.
- Consolidated EBIT increased to a profit of EUR 0.264 million compared to a loss of EUR 0.101 million in 2016Q1, marking the sixth consecutive quarter of YOY-EBIT improvements.
- In 2017Q1 the Company recorded a loss before taxation of EUR 0.219 million, significantly lower than the loss of EUR 1.318 million for the same period last year.
- The Company shrunk the loss after taxation to EUR 0.312 million in 2017Q1, from a EUR 1.391 million loss for the same period last year.
- Total comprehensive income came in at a loss of EUR 0.131 million in 2017Q1, materially reducing the loss of EUR 1.669 million one year ago.
- Total equity decreased to EUR 24.041 million at the end of 2017Q1 from EUR 26.871 million at the end of 2016Q1.
- YOY the equity ratio decreased from 34% to 31%¹.

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

Other highlights:

- In 2017Q1 the proprietary portfolio of PV plants generated approximately 4.6 GWh, which was 30.8% above the energy forecasts and up by 25.3% compared to 2016Q1;
- The total portfolio of Photon Energy Operations grew to 200 MWp as of the end of 2017Q1 compared to 154 MWp a year ago;
- The Company received confirmation from ActewAGL (local utility) for its project in Environa, Australia, that it can connect 14 MW AC capacity to the network substation. This will allow installing approximately 19 MWp (DC) of solar PV generation capacity on the site.
- Photon Energy is entering the Hungarian PV market and developing projects with a total installed capacity of some 6 MWp in a location near Budapest.

1.2. Standalone financial results for Photon Energy N.V., for the period of 1 January to 31 March 2017

in Thousands	EUR		PLN		CZK	
	2016Q1	2017Q1	2016Q1	2017Q1	2016Q1	2017Q1
Revenues	436	453	1,904	1,957	11,797	12,237
EBITDA	-11	2	-48	1,966	-297	58
EBIT	-14	-1	-60	1,955	-369	-14
Profit / loss before taxation	-246	-222	-1,072	998	-6,640	-5,998
Total comprehensive income	-246	-222	-1,072	998	-6,640	-5,998
Non-current assets	31,740	27,850	135,103	117,713	858,716	752,777
Current assets	10,848	13,216	46,174	55,859	293,483	357,216
Cash and cash equivalents	101	404	428	1,706	2,721	10,910
Total assets	42,587	41,065	181,278	173,573	1,152,199	1,109,993
Total equity	28,144	23,965	119,797	101,293	761,428	647,770
Current liabilities	6,181	16,195	26,310	68,453	167,224	437,758
Non-current liabilities	8,263	903	35,172	3,819	223,555	24,420
<i>EUR exchange rate - low</i>			4.250	4.225	27.020	27.020
<i>EUR exchange rate - average</i>			4.365	4.321	27.039	27.020
<i>EUR exchange rate - end of period</i>			4.257	4.227	27.055	27.030
<i>EUR exchange rate - high</i>			4.496	4.413	27.075	27.030

Notes:

Exchange rates are provided by the European Central Bank.

All data quoted in this report refer to the current reporting period i.e. from 1 January until 31 March 2017, unless specified otherwise;

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

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

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

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

2. Management discussion and analysis

2.1. A note from the Management Board

We are pleased to begin the year delivering the strongest opening quarter in the Company's history. A 40.5% revenue growth and 55.3% EBITDA growth YOY paved the way to the first ever positive EBIT in the seasonally weakest quarter of the year. Photon Energy's progress in project development in Australia and its market entry in Hungary set the stage for the company's strong growth in the years ahead. Strong electricity generation, continued growth in O&M revenues and tight cost control resulted in the sixth consecutive quarter of YOY-EBIT improvements and a solid start into 2017.

Strong electricity generation: Power plants produced 30.8% above predictions

Thanks to very favourable weather conditions in 2017Q1, generation results for our proprietary portfolio were well above energy audits. The accumulated average performance of the proprietary power plants connected and feeding electricity to the grid in 2017Q1 amounted to 4.6 GWh and was above the energy forecasts by an average of 30.8% (up by 25.3 % YOY).

More than 200 MWp in our O&M portfolio

In January, Photon Energy signed new contracts for operations and maintenance of solar PV power plants in the Czech Republic. With the new contracts worth 3 MWp, our O&M division now services more than 200 MWp of solar PV plants worldwide, of which 111 MWp is in the Czech Republic. Our O&M division's outstanding performance is driven by its constant innovation, such as developing the Company's String Monitoring System installed at one of the largest PV power plants in the Czech Republic, operated by the leading Czech energy company ČEZ.

Photon Energy continues project development in Australia

During the reporting period the Company received confirmation from ActewAGL (local utility) for its project in Environa that it can connect 14 MW AC capacity to the network substation. This will allow installing approximately 19 MWp (DC) of solar PV generation capacity on the site. The Company is now progressing with the Network Technical Study to finalise the Grid Connection Offer to enable to progress to the construction phase. In parallel the Development Application was published on the NSW Government development website and is being considered by the Joint Regional Council.

On the project in Leeton the Network Technical Study is progressing. The company is currently expecting that a Grid Connection Capacity of approximately 20 MW AC and an installation of about 22.6 MWp (DC) of Solar PV generation capacity will be feasible on the site. In the meantime the Development Application has been posted on the NSW Government development website and is being considered by the Joint Regional Council.

Based on the updated expected grid connection capacities the combined installed capacity (DC) of Leeton and Environa have grown to 41.6 MWp compared to the previously announced 34 MWp, thus improving the financial parameters of both projects.

Photon Energy enters the Hungarian market

During the reporting period, the Company also announced that several PV projects are under development in Hungary. A set of factors make Hungary a promising market for solar energy. With a share of 11% of electricity consumption being generated from renewable energy sources in 2016, Hungary falls significantly short of its EU commitment of 20% by 2020. With limited potential for other renewable energy sources and thanks to the material decline in investment costs for PV plants and local financing costs, the functioning support mechanisms provide for the commercial viability of PV plants in Hungary. Off-take prices for renewable energy around EUR 100 per MWh for up to 25 years allow for attractive returns for investors, while local banks have a strong mandate and appetite to provide long-term project financing on attractive terms.

The aim is to expand Photon Energy's own portfolio of power plants. Furthermore the Company also wants to be active through its EPC division and as a provider of operations and maintenance of PV power plants to third parties.

In a first step, through the fully-owned subsidiary Photon Energy HU SPV 1 Kft., Photon Energy is developing projects with a total installed capacity of some 6 MWp in a location near Budapest (details withheld for competitive reasons for now). At the same time Photon Energy is evaluating other locations for greenfield development as well as the cooperation with several local developers.

Strong financial results

Consolidated revenues increased by 40.5% YOY to EUR 2.786 million, leading to an EBITDA improvement by 55.3% to EUR 1.073 million. Photon Energy recorded the first positive Q1 EBIT in its history at EUR 0.264 million compared to an EBIT loss of EUR 0.101 million in the same period last year. The company significantly reduced the loss before taxation to EUR 0.219 million (from a EUR 1.318 million loss for the same period last year). Total comprehensive loss contracted by 92.1% YOY to EUR 0.131 million from EUR 1.669 million in 2016Q1.

We are entering 2017 very confidently as our project development efforts are progressing well, both in Australia, where utility-scale solar projects have finally become viable without investment support, and in our new market Hungary. Both markets will allow us to expand our power plant portfolio and to substantially grow our EPC and O&M services businesses.

We have over the past years developed our know-how and technology in several crucial parts of the solar industry value chain. Through our

Cardio subsidiary we have become prime experts in inverter maintenance, our Control subsidiary has successfully developed a state-of-the-art monitoring and control system for solar plants and other infrastructure while our PV-hybrid system capabilities have a proven track record allowing us to address the globally exploding off-grid market. As our business model and strategy will continue bearing more and more fruits in the quarters ahead we are confident that our efforts will be accordingly reflected in both the equity and debt capital markets, facilitating the execution of our ambitious plans.

Euro bond refinancing

In March 2013, the Company placed a 5-year corporate EUR bond with an 8% annual coupon and quarterly coupon payments in Germany, Austria, the Czech Republic, Slovakia and Poland, of which EUR 10.3 million were outstanding as of 31 March 2017. At the end of 2017Q1 the outstanding amount turned from a long-term to a short-term liability in our balance sheet, leading to a decline in our quick ratio. Photon Energy's performance and flawless track record in quarterly coupon payments has led to the bond trading above its nominal value on the Frankfurt Stock Exchange over the past several quarters. Photon Energy's management has initiated the process of selecting advisors for a follow-on offering to refinance the 2018 EUR bond and to raise capital for the construction of new PV power plants in Australia, Hungary and other potential markets.

2.2. Strategy and its execution

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

- ▶ Customised Energy Solutions
- ▶ Decentralised Energy Production and Energy Storage Solutions
- ▶ Operations & Maintenance of PV plants and Energy Storage facilities
- ▶ Asset Management

Our next steps are:

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

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

2.3. Investment action plan and its implementation

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

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

Proprietary portfolio

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

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

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

¹Mostkovice SPV 3 combines two power plants: Mostkovice SPV 3 (795 kWp) and Mostkovice SPV3R (131 kWp)

Generation results

The accumulated average generation of the power plants in the portfolio connected and feeding electricity to the grid in 2017Q1 amounted to 4.6 GWh, which was 30.8% above the energy forecasts and 25.3% above YOY. Detailed generation results for each power plant are being published on a monthly basis in our monthly reports.

Table 2. Generation results versus projections between 1 January and 31 March 2017

Project name	Legal entity	Capacity	Feed-in-Tariff	Prod. 2017 Q1	Proj. 2017 Q1	Perf.	YTD Prod.	YTD Proj.	Perf.	YTD YoY
Unit		kWp	per MWh, applicable in 2017	kWh	kWh	%	kWh	kWh	%	%
Komorovice	Exit 90 s.r.o.	2,354	CZK 13,966	405,307	299,095	35.5%	405,307	299,095	35.5%	22.3%
Zvíkov I	Photon SPV8 s.r.o.	2,031	CZK 13,966	406,250	262,152	55.0%	406,250	262,152	55.0%	17.3%
Dolní Dvořiště	Photon SPV10 s.r.o.	1,645	CZK 13,966	283,881	218,082	30.2%	283,881	218,082	30.2%	18.0%
Svatoslav	Photon SPV4 s.r.o.	1,231	CZK 13,966	171,705	161,968	6.0%	171,705	161,968	6.0%	10.8%
Slavkov	Photon SPV6 s.r.o.	1,159	CZK 13,966	223,821	154,240	45.1%	223,821	154,240	45.1%	25.7%
Mostkovice SPV 1	Photon SPV1 s.r.o.	210	CZK 13,966	36,207	32,063	12.9%	36,207	32,063	12.9%	23.0%
Mostkovice SPV 3	Photon SPV3 s.r.o.	926	CZK 15,004	154,338	120,545	28.0%	154,338	120,545	28.0%	21.1%
Zdice I	Onyx Energy I s.r.o.	1,499	CZK 13,966	283,399	192,263	47.4%	283,399	192,263	47.4%	24.5%
Zdice II	Onyx Energy projekt II s.r.o.	1,499	CZK 13,966	286,884	192,263	49.2%	286,884	192,263	49.2%	25.0%
Radvanice	Photon SPV11 s.r.o.	2,305	CZK 13,966	399,661	296,052	35.0%	399,661	296,052	35.0%	26.8%
Břeclav rooftop	Photon SPV1 s.r.o.	137	CZK 13,966	27,930	22,709	23.0%	27,930	22,709	23.0%	24.9%
Total Czech PP		14,996		2,679,382	1,951,432	37.3%	2,679,382	1,951,432	37.3%	21.6%
Babiná II	Sun4Energy ZVB s.r.o.	999	EUR 425.12	162,753	140,990	15.4%	162,753	140,990	15.4%	41.2%
Babina III	Sun4Energy ZVC s.r.o.	999	EUR 425.12	172,341	140,990	22.2%	172,341	140,990	22.2%	49.6%
Prša I.	Fotonika s.r.o.	999	EUR 425.12	177,909	141,329	25.9%	177,909	141,329	25.9%	18.1%
Blatna	ATS Energy s.r.o.	700	EUR 425.12	111,297	117,199	-5.0%	111,297	117,199	-5.0%	16.3%
Mokra Luka 1	EcoPlan 2 s.r.o.	963	EUR 382.61	229,368	163,756	40.1%	229,368	163,756	40.1%	27.7%
Mokra Luka 2	EcoPlan 3 s.r.o.	963	EUR 382.61	241,708	163,756	47.6%	241,708	163,756	47.6%	30.7%
Jovice 1	Photon SK SPV2 s.r.o.	979	EUR 382.61	137,191	123,547	11.0%	137,191	123,547	11.0%	24.8%
Jovice 2	Photon SK SPV3 s.r.o.	979	EUR 382.61	135,171	123,547	9.4%	135,171	123,547	9.4%	28.8%
Brestovec	Photon SK SPV1 s.r.o.	850	EUR 382.61	191,694	138,663	38.2%	191,694	138,663	38.2%	44.1%
Polianka	Solarpark Polianka s.r.o.	999	EUR 382.61	160,758	126,070	27.5%	160,758	126,070	27.5%	36.5%
Myjava	Solarpark Myjava s.r.o.	999	EUR 382.61	189,645	159,703	18.7%	189,645	159,703	18.7%	36.1%
Total Slovak PP		10,429		1,909,835	1,539,549	24.1%	1,909,835	1,539,549	24.1%	32.1%
Symonston		144	AUD 301.60	55,390	59,970	-7.6%	55,390	59,970	-7.6%	-4.4%
Total Australian PP		144		55,390	59,970	-7.6%	55,390	59,970	-7.6%	-4.4%
Total		25,569		4,644,607	3,550,950	30.8%	4,644,607	3,550,950	30.8%	25.3%

Notes

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

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

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

Chart 1.a Total production of the Czech portfolio

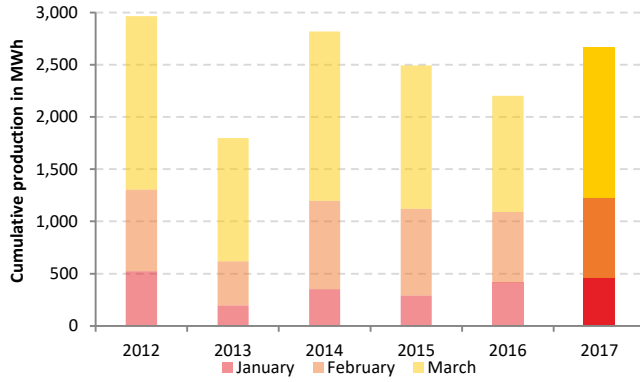
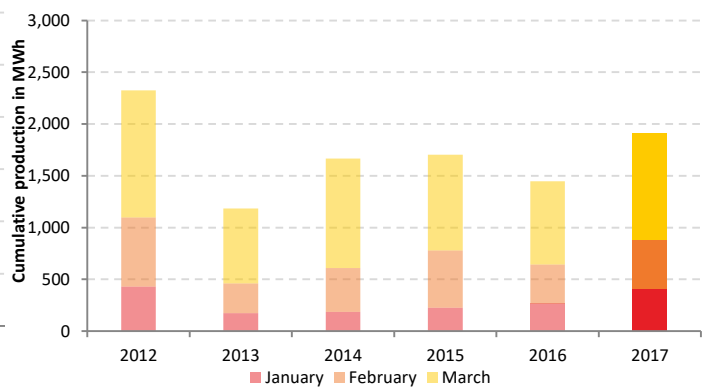


Chart 1.b Total production of the Slovak portfolio



O&M services

Photon Energy also remained focused on further expanding its Operations and Maintenance business in Europe. As of the end of 2017Q1, full O&M services contracts amounted to approximately 139 MWp, up by 46 MWp from the end of 2016Q1 (+3 MWp compared to 2016Q4), and can be broken down geographically into 111 MWp operated in the Czech Republic, 16 MWp in Slovakia, 11 MWp in Romania and 1 MWp in Australia. The O&M portfolio divides into 26 MWp of PV capacities from the proprietary portfolio and 113 MWp serviced for external clients.

As far as the “Inverter Cardio” services contracts are concerned, the Group is servicing 61 MWp of central inverters. In some countries like France or Germany the Group is holding a leading market position while in Belgium in particular, the Group is servicing all of the Satcon inverters ever installed. In detail, at the end of 2017Q1, the total cumulative capacity of central inverters can be divided regionally into France (21 MWp), Italy (15 MWp), Belgium (9 MWp), Czech Republic (8 MWp), Slovakia (5 MWp), Germany (2 MWp) and Bulgaria (1 MWp).

In January 2017, Photon Energy signed new contracts worth 3 MWp in the Czech Republic and now offers more than 200 MWp O&M services (full O&M services and “Inverter Cardio” services) across Europe and in Australia.

2.5. Enterprise value & Share price performance

2.5.1. NewConnect (Warsaw Stock Exchange)

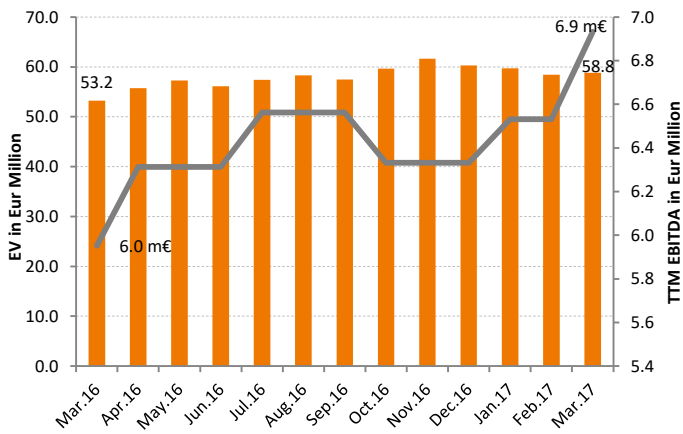
On 4 June 2013 Photon Energy N.V. shares commenced trading on the NewConnect market at a price of PLN 2.00, after a share swap for the minority investors in the Czech predecessor company, originally listed on New Connect in 2008.

The quarter closed at a price of PLN 0.88 on 31 March 2017 (+35% vs. 31 .03.2016), corresponding to a price to book ratio of 0.44x. The Company also reports average monthly trading volume of 196,937 shares in 2017Q1, compared to an average monthly traded volume of 255,647 shares in 2016.

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



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

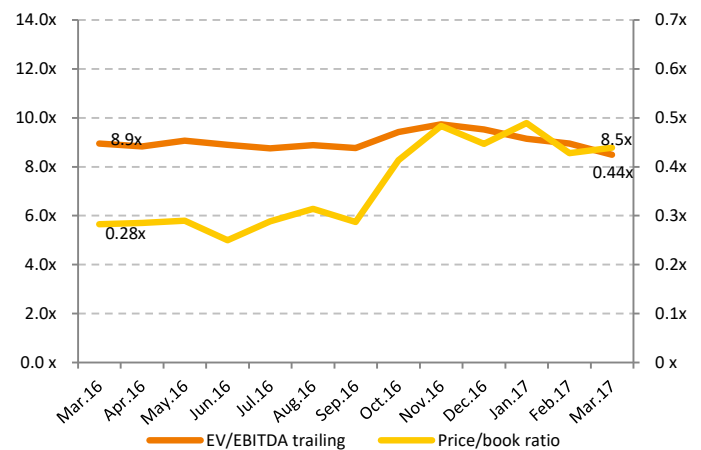


Notes:

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

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

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



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

2.5.2. Free Market (Prague Stock Exchange)

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

On 31 March 2017, the share price (ISIN NL0010391108) closed at a price of CZK 6.00 (-14% vs 31 December 2016, +22% vs CZK 4.90, the reference price on the first trading day on 17 October 2016), corresponding to a price to book ratio of 0.47x. The Company reports a quarterly trading volume of 225,001 shares (vs 623,307 shares from 17 October 2016 until 31 December 2016).

2.6. Bond trading performance

In March 2013 Photon Energy Investments N.V., at that time a fully-owned subsidiary of Photon Energy N.V., placed a 5-year corporate bond with an 8% annual coupon and quarterly coupon payments in Germany, Austria, the Czech Republic, Slovakia and Poland. Upon completion of the merger of Photon Energy N.V. and Photon Energy Investments N.V., Photon Energy N.V. became the legal successor and assumed all obligations towards the bondholders of Photon Energy Investments N.V. The bond is listed on the stock exchanges in Frankfurt, Berlin, Hamburg, Hannover, Munich and Vienna. Since listing the bond has been trading between 93.00% and 102.50%.

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

2.6.1. EUR Bond trading performance in Frankfurt

Chart 5. The Company's bond trading on the Frankfurt Stock Exchange in Germany between 1 April 2016 and 31 March 2017

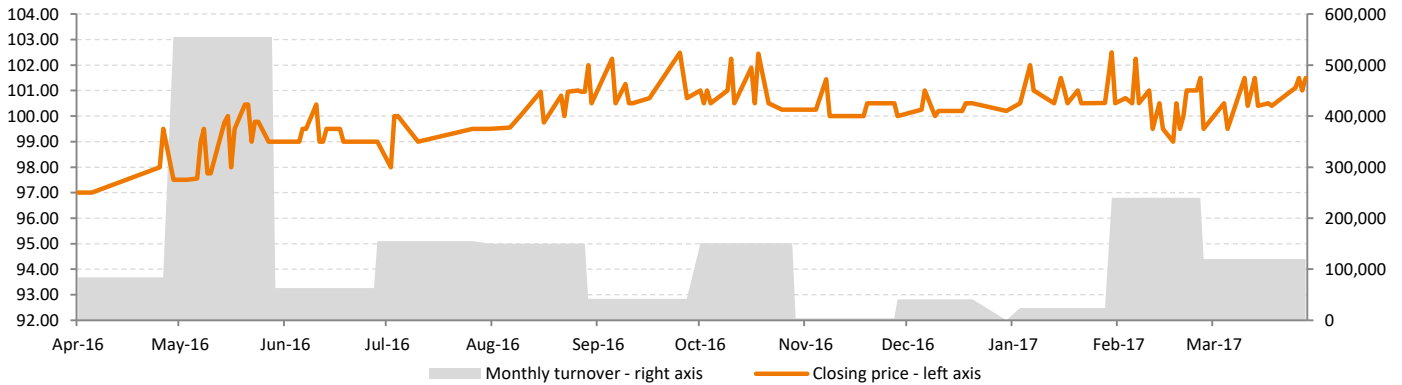
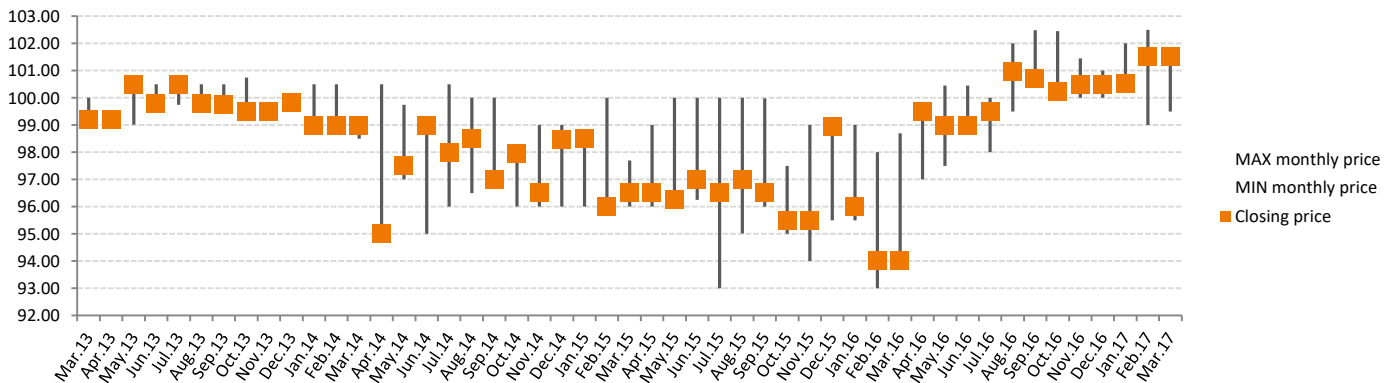


Chart 6. MIN, MAX and closing monthly prices



In the trading period from 12 March 2013 until 31 March 2017 the trading volume amounted to EUR 8.270 million (nominal value) with an opening price of 100.00 and a closing price of 101.50. During this period the average daily turnover amounted to EUR 8,068.

EUR Bond trading performance in 2017Q1

In 2017Q1, the trading volume amounted to EUR 384,000 (196,000 in 2016Q4) with an opening price of 100.50 and a closing price of 101.50. The average daily turnover amounted to EUR 5,908 in the reporting period compared to EUR 3,267 in 2016Q4 and 5,693 for the full-year 2016.

Since the beginning of the year, the Company issued an additional 134 bonds with a corresponding nominal value of EUR 0.134 million, bringing the total amount of subscribed bonds to EUR 10.254 million as of 31 March 2017.

2.6.2. CZK Bond trading performance in Prague

In the trading period from 12 December until 31 March 2017 the trading volume amounted to CZK 5,400,000 (nominal value) with a closing price of 100.00. In 2017 Q1 the trading volume amounted to CZK 5,010,000.

2.7. Financial statement analysis

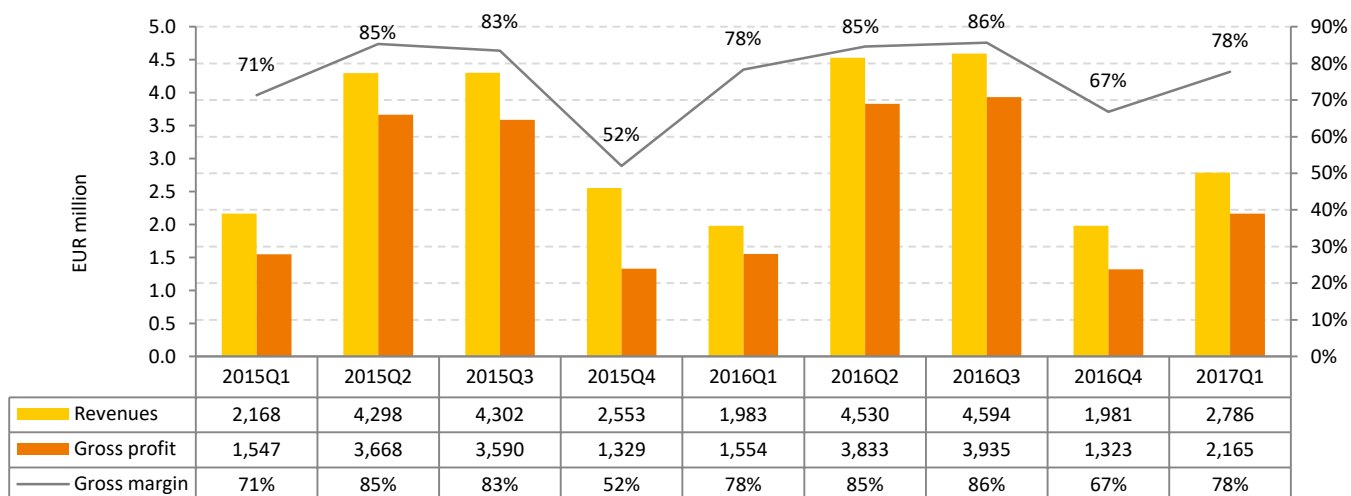
Profit and Loss statement

In 2017Q1, consolidated revenues increased by 40.5% YOY from EUR 1.983 million to EUR 2.786 million. This increase in revenues is primarily connected with the higher revenues from production of electricity as a result of the good weather conditions, increased revenues from operations and maintenance and technology sales.

Consolidated EBITDA increased by 55.3% as well from a EUR 0.691 million profit in 2016Q1 to a EUR 1.073 million profit in the reporting period. Comparing to the comparative period when EBIT resulted in a loss of EUR 0.101 million, in 2017Q1 EBIT turned around and resulted in a profit of EUR 0.264 million.

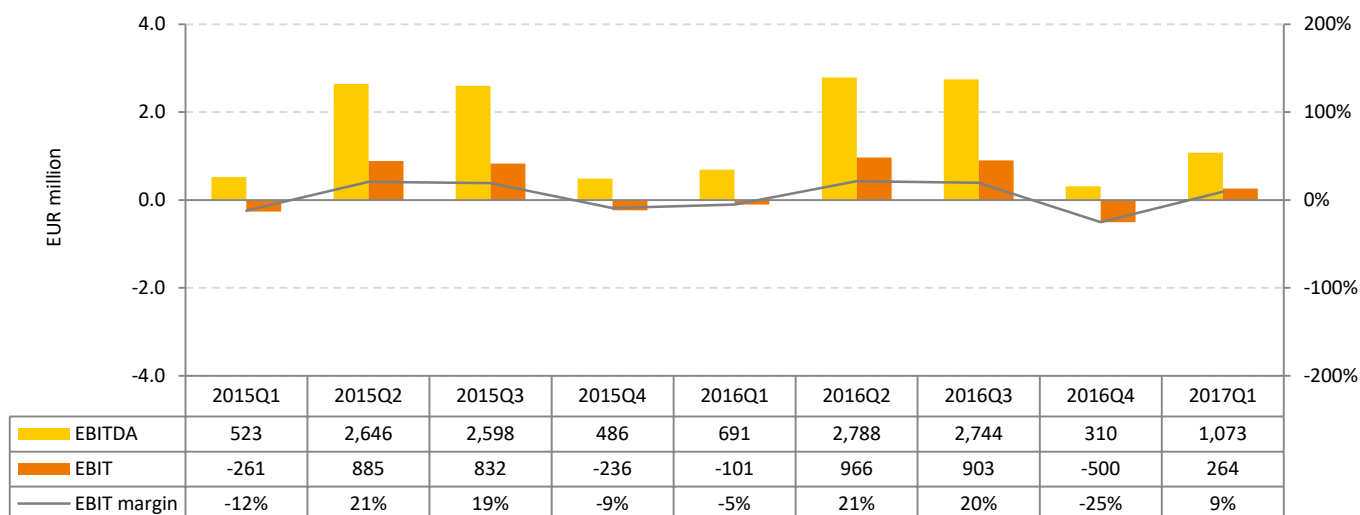
The Company recorded a loss before taxation of EUR 0.219 million, compared to a EUR 1.391 million loss for the same period last year. Total comprehensive income amounted to a loss of EUR 0.131 million in 2017Q1 (vs. a loss of EUR 1.669 million in the comparative period).

Chart 7. Revenues, gross profit and gross margin



The numbers presented above are based on quarterly published figures.

Chart 8. EBITDA, EBIT and EBIT margin development



The numbers presented above are based on quarterly published figures.

Balance Sheet

Total fixed assets amounted to EUR 74,686 million at the end of 2017Q1, a decrease by EUR 3.562 million compared to 2016Q1. The main reason for the decrease in assets is the annual depreciation.

Current assets decreased from EUR 10.817 million as of 31 March 2016 to EUR 10.666 million as of 31 March 2017 mainly due to lower other receivables.

Total liabilities amounted to EUR 61.313 million as of the end of the reporting period compared to EUR 62.195 million as of the end of 2016Q1. Current liabilities increased by EUR 8.328 million (up from EUR 9.134 million in 2016Q1 to EUR 17.462 million in 2017Q1) mainly due to the reclassification of the EUR bond from long-term liabilities to short-term liabilities (due date 12 March 2018) compensated by lower trade payables and other payables.

Long term liabilities decreased by EUR 9.210 million from EUR 53.061 million in 2016Q1 to EUR 43.851 million in 2017Q1. The main drivers of the change in long term liabilities was the reclassification of the EUR bond to the short-term liabilities and the increase in the outstanding balance of the bond and slightly higher deferred tax liabilities.

Chart 9. Net current assets

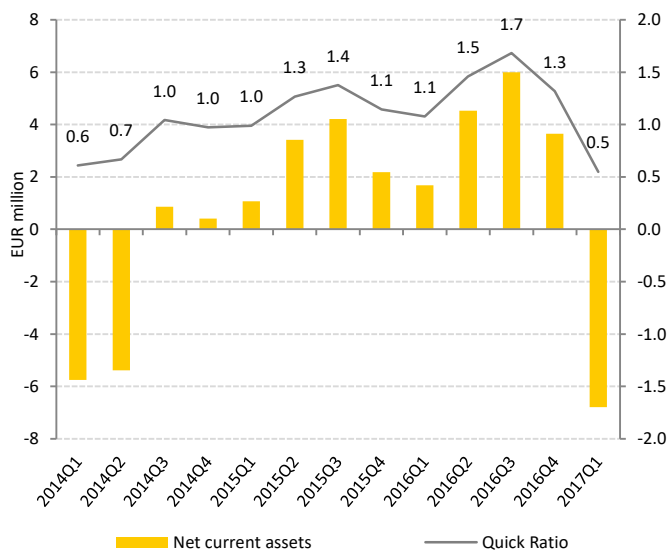
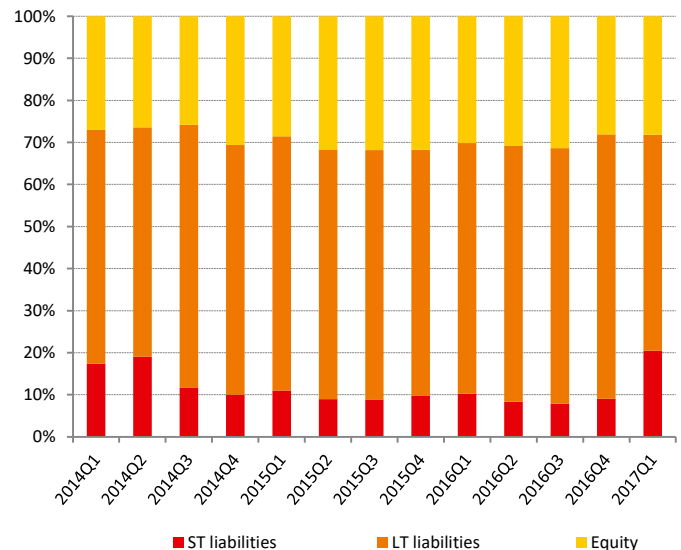


Chart 10. Break down of liabilities and equity



Changes in equity

Equity decreased to EUR 24.041 million in 2017Q1 compared to EUR 26.871 million in 2016Q1. This is mainly due to the results of the previous quarters.

Cash Flow

The Group posted a positive operating cash flow for the first quarter of 2017, which amounted to EUR 0.162 million. Financial cash flow was negative and amounted to EUR 1.230 million driven primarily by the repayment of borrowings and interest expenses. Investment cashflow equalled to zero. Overall, the cash position decreased by EUR 1.068 million in total and ended at EUR 4.350 million at the end of the reporting period (EUR 4.390 million one year ago).

2.8. Financial forecasts

The Company does not publish financial forecasts.

3. General information about the Issuer

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

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

4. Share capital of the Issuer

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

Share capital as of 31 March 2017

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

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

5. Shareholder structure

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

Shareholdership as of 31.03.2017	No. of shares	% of capital	No. of votes at the Shareholders Meeting	% of votes at the Shareholders Meeting
Solar Age Investments B.V.	26,463,974	44.11%	26,463,974	51.90%
Solar Future Cooperatief U.A.	8,590,683	14.32%	8,590,683	16.85%
Solar Power to the People Cooperatief U.A.	8,051,919	13.42%	8,051,919	15.79%
Photon Energy N.V.	9,006,785	15.01%	0	0.00%
Free float	7,886,639	13.14%	7,886,639	15.47%
Total	60,000,000	100.00%	50,993,215	100.00%

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

6. Statutory bodies of the Issuer

Board of Directors as of 31 March 2017

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

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

Supervisory Board

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

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

The company will only be under the obligation to establish a supervisory board if it meets such criteria on the balance sheet dates in three 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.






7. Description of the Issuer's business

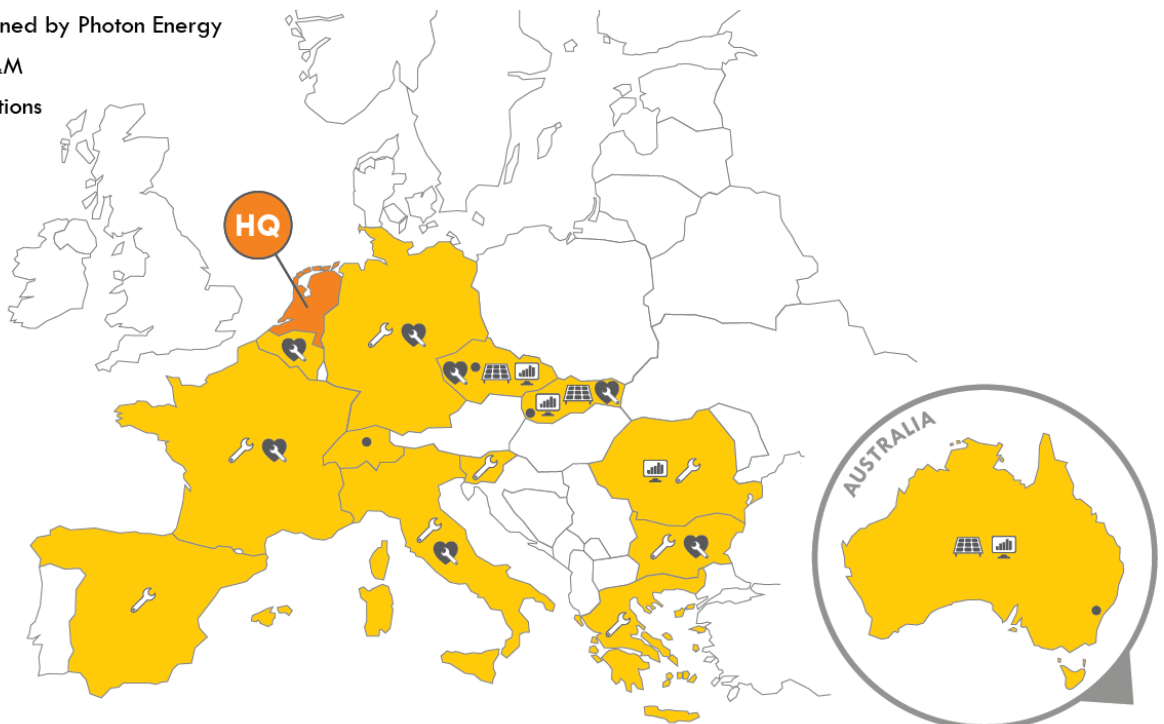
Photon Energy N.V. ("Photon Energy", "PENV", "Issuer" or "Company") is the holding company of the Photon Energy Group and was incorporated under the laws of the Netherlands on 9 December 2010. The Photon Energy Group ("Group" or "PE Group") offers comprehensive solutions and maintenance services for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

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

- ▶ **Solar Solutions:** Project development, EPC services , Financing models
- ▶ **Solar Storage Solutions:** Battery Backup Systems for off-grid solutions
- ▶ **Solar O&M:** High-end Operations & Maintenance Solutions
- ▶ **Solar Technology:** High-quality components
- ▶ **Solar Investment:** Investor in solar assets and producer of electricity

Country-specific references

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



Currently the Photon Energy Group is active with 69 professionals in 5 countries across 2 continents (headquartered in Amsterdam). With a track record of 50 MWp of grid-connected PV plants across 5 countries and more than 200 MWp of PV power plants under O&M management across two continents.

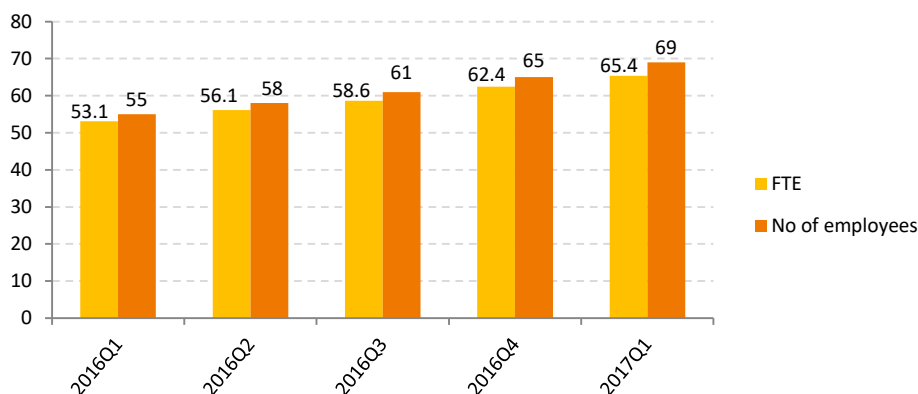
8. Implementation of innovative activities in the Company

None during the reporting period.

9. Employees

As of the end of 2017Q1 the Photon Energy Group had 69 employees (compared to 55 employees in 2016Q1) which translates into 65.4 FTE¹ (compared to 53.1 FTE in 2016Q1).

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



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

Employee Share Purchase Programme

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

10. Group structure

The following table presents the Group's structure (subsidiaries and joint-ventures) and the holding company's stake in the entities comprising the Group as of 31 March 2017.

Name	% of share capital held by the holding company	% of votes held by the holding company	Country of registration	Consolid. method	Legal Owner
1 Photon Energy N.V.	Holding Company		NL	Full Cons.	
2 Photon Directors B.V.	100%	100%	NL	Full Cons.	Photon Energy
3 Photon Energy Engineering B.V.	100%	100%	NL	Full Cons.	Photon Energy
4 Photon Energy Operations N.V.	100%	100%	NL	Full Cons.	Photon Energy
5 Photon Energy Australia Pty Ltd.	100%	100%	AUS	Full Cons.	Photon Energy
6 Photon Energy Generation Australia Pty. Ltd.	100%	100%	AUS	Full Cons.	Photon Energy
7 Photon Energy Operations Australia Pty.Ltd.	100%	100%	AUS	Full Cons.	Photon Energy Operations NV
8 Photon Energy Engineering Australia Pty Ltd	100%	100%	AUS	Full Cons.	Photon Energy Engineering BV
9 Photon Energy AUS SPV 1 Pty. Ltd.	100%	100%	AUS	Full Cons.	Photon Energy
10 Photon Energy AUS SPV 2 Pty. Ltd.	100%	100%	AUS	Full Cons.	Photon Energy
11 Photon Energy AUS SPV 3 Pty Ltd	100%	100%	AUS	Full Cons.	Photon Energy
12 Photon Energy AUS SPV 4 Pty Ltd	100%	100%	AUS	Full Cons.	Photon Energy
13 Global Investment Protection AG	100%	100%	CH	Full Cons.	Photon Energy
14 Photon Energy Corporate Services CZ s.r.o.	100%	100%	CZ	Full Cons.	Photon Energy
15 Photon SPV 1 s.r.o.	100%	100%	CZ	Full Cons.	Photon Energy
16 Photon Energy Operations CZ s.r.o.	100%	100%	CZ	Full Cons.	Photon Energy Operations NV
17 Photon Energy Control s.r.o.	100%	100%	CZ	Full Cons.	Photon Energy Operations CZ
18 Photon Energy Cardio s.r.o.	100%	100%	CZ	Full Cons.	Photon Energy Operations CZ
19 Photon Energy Technology CEE s.r.o.	100%	100%	CZ	Full Cons.	Photon Energy Engineering BV
20 Photon Water Technology s.r.o.	65%	65%	CZ	Full Cons.	Photon Energy
21 Photon Energy Solutions s.r.o	100%	100%	CZ	Full Cons.	Photon Energy
22 Photon Energy Projects s.r.o	100%	100%	CZ	Full Cons.	Photon Energy
23 The Special One s.r.o.	100%	100%	CZ	Full Cons.	Photon Energy
24 Charles Bridge Services s.r.o.	100%	100%	CZ	Full Cons.	Photon Energy
25 Photon Energy Finance Europe GmbH	100%	100%	DE	Full Cons.	Photon Energy
26 Photon Energy Corporate Services DE GmbH	100%	100%	DE	Full Cons.	Photon Energy
27 Photon Energy Engineering Europe GmbH	100%	100%	DE	Full Cons.	Photon Energy Engineering BV
28 EcoPlan 2 s.r.o. (Mokra Luka 1)	100%	100%	SK	Full Cons.	Photon Energy
29 EcoPlan 3 s.r.o. (Mokra Luka 2)	100%	100%	SK	Full Cons.	Photon Energy
30 Fotonika, s.r.o. (Prša I)	100%	100%	SK	Full Cons.	Photon Energy
31 Photon SK SPV 1 s.r.o. (Brestovec)	50%	50%	SK	Equity	Photon Energy
32 Photon SK SPV 2 s.r.o. (Jovice 1)	100%	100%	SK	Full Cons.	Photon Energy
33 Photon SK SPV 3 s.r.o. (Jovice 2)	100%	100%	SK	Full Cons.	Photon Energy
34 Solarpark Myjava s.r.o.	50%	50%	SK	Equity	Photon Energy
35 Solarpark Polianka s.r.o.	50%	50%	SK	Equity	Photon Energy
36 SUN4ENERGY ZVB, s.r.o. (Babiná II)	100%	100%	SK	Full Cons.	Photon Energy
37 SUN4ENERGY ZVC, s.r.o. (Babiná III)	100%	100%	SK	Full Cons.	Photon Energy
38 ATS Energy, s.r.o. (Blatna)	100%	100%	SK	Full Cons.	Photon Energy
39 Photon Energy Operations SK s.r.o.	100%	100%	SK	Full Cons.	Photon Energy Operations NV
40 Photon Energy HU SPV 1 Kft. b.a	100%	100%	HU	Full Cons.	Photon Energy Projects

Notes:

Country of registration

NL – the Netherlands

CZ – the Czech Republic

DE - Germany

CH - Switzerland

SK – Slovakia

AUS– Australia

HU - Hungary

Consolidation method:

Full Cons. - Full Consolidation Not Cons. – Not Consolidated

Equity – Equity Method

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

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

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

Notes:

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

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

- On 31 January 2017 Photon Energy N.V. sold 35% of its share in Photon Water Technology s.r.o. to its Managing Director Dr Petr Kvapil.
- On 28 February 2017, Photon Energy N.V. sold its 100% share in Photon Water s.r.o.

After the reporting period the following events occurred:

- None.

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

11.1. Summary of the key events from 1 January until 31 March 2017

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

- EBI 1/2017** published on 6 January 2017: Publication dates of periodic reports in 2017.
- EBI 2/2017** published on 11 January 2017: Monthly report for December 2016.
- EBI 3/2017** published on 6 February 2017: Quarterly report for 2016 Q4.
- EBI 4/2017** published on 10 February 2017: Monthly report for January 2017.
- EBI 5/2017** published on 6 March 2017: Publication date of the annual report 2016.
- EBI 6/2017** published on 9 March 2017: Monthly report for February 2017.
- EBI 7/2017** published on 13 March 2017: Annual report for the year 2016.

11.2. Summary of the key events after 31 March 2017

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

- EBI 8/2017** published on 11 April 2017: Photon Energy enters Hungarian market.
- EBI 9/2017** published on 11 April 2017: Monthly report for March 2017.
- EBI 10/2017** published on 11 April 2017: Convocation of the Annual General Meeting of Shareholders on 29 May 2017.
- EBI 11/2017** published on 11 April 2017: The draft of resolutions of the AGM on 29 May 2017.
- EBI 12/2017** published on 3 May 2017: Q & A Chat to be held in collaboration with Polish retail investors association SII on Wednesday, the 10th of May 2017 at 11:00am

12. Detailed consolidated financial results for 2017Q1

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

Statement of Comprehensive Income

in Thousands	EUR		PLN		CZK	
	2016Q1	2017Q1	2016Q1	2017Q1	2016Q1	2017Q1
Total revenues	1,983	2,786	8,656	12,161	53,623	75,280
<i>Out of that: Revenues from electricity generation</i>	1,505	1,949	6,568	8,505	40,683	52,651
<i>Out of that: Other revenues</i>	479	837	2,089	3,656	12,939	22,629
Cost of sales	-317	-484	-1,384	-2,111	-8,572	-13,067
Solar levy CZ	-112	-138	-490	-601	-3,034	-3,722
Gross profit	1,554	2,165	6,783	9,449	42,017	58,491
Other income	19	34	85	147	525	911
Administrative expenses	-340	-404	-1,486	-1,764	-9,207	-10,918
Personnel expenses	-542	-693	-2,366	-3,023	-14,656	-18,712
Other expenses	0	-29	0	-125	0	-774
EBITDA	691	1,073	3,015	4,684	18,679	28,998
Depreciation	-791	-809	-3,455	-3,531	-21,399	-21,856
EBIT	-101	264	-439	1,154	-2,720	7,142
Interests income	11	18	48	77	300	477
Financial revenues	0	114	0	496	0	3,073
Interests cost	-742	-735	-3,238	-3,209	-20,057	-19,862
Financial expenses	-13	0	-58	0	-358	0
Revaluation of derivatives	-387	158	-1,690	690	-10,470	4,273
Net finance expenses	-1,131	-446	-4,938	-1,945	-30,586	-12,039
Share of profit from associates / J-Vs	-86	-38	-376	-165	-2,328	-1,020
Profit / loss before taxation	-1,318	-219	-5,752	-956	-35,633	-5,916
Income tax – current	0	0	0	0	0	-2
Income tax – deferred	-62	-93	-271	-407	-1,679	-2,517
Profit/loss from continuing operations	-1,380	-312	-6,023	-1,363	-37,313	-8,435
Profit/loss from discontinued operations	-11	0	-48	0	-299	0
Profit/loss after taxation	-1,391	-312	-6,072	-1,363	-37,612	-8,435
Other comprehensive income for the period	-278	181	-1,213	790	-7,517	4,891
Total comprehensive income for the period	-1,669	-131	-7,285	-573	-45,129	-3,544
Profit/loss after taxation	-1,391	-312	-6,072	-1,363	-37,612	-8,435
<i>Attributable to the equity holders</i>	-1,378	-304	-6,013	-1,328	-37,250	-8,219
<i>Attributable to minority interest</i>	-13	-8	-58	-35	-362	-216
Total comprehensive income for the period	-1,669	-131	-7,285	-573	-45,129	-3,544
<i>Attributable to the equity holders</i>	-1,656	-123	-7,227	-538	-44,767	-3,328
<i>Attributable to minority interest</i>	-13	-8	-58	-35	-362	-216
Average no. of shares outstanding (in thousand)	50,938	50,982	50,938	50,982	50,938	50,982
Earnings per share outstanding	-0.027	-0.006	-0.119	-0.027	-0.738	-0.165
Comprehensive income per share outstanding	-0.033	-0.003	-0.143	-0.011	-0.886	-0.070
<i>EUR exchange rate – low</i>	-	-	4.250	4.250	27.020	27.020
<i>EUR exchange rate – average</i>	-	-	4.365	4.365	27.039	27.020
<i>EUR exchange rate – high</i>	-	-	4.496	4.496	27.075	27.030

Note: Exchange rate provided by the European Central Bank

Statement of Financial Position

in Thousands	EUR		PLN		CZK	
	31.3.2016	31.3.2017	31.3.2016	31.3.2017	31.3.2016	31.3.2017
Intangibles	0	0	0	0	0	0
Property, plant and equipment	76,260	73,168	324,607	309,262	2,063,204	1,977,730
Investments in associates /joint ventures	1,988	1,510	8,460	6,383	53,774	40,821
Other investments	1	8	3	34	20	220
Longterm receivables	0	0	0	0	0	0
Deferred tax assets	0	0	0	0	0	0
Non-current assets	78,248	74,686	333,071	315,679	2,116,999	2,018,770
Inventories – Goods	970	1,110	4,131	4,691	26,254	30,001
Trade receivables	1,645	1,866	7,000	7,889	44,492	50,450
Other receivables	2,514	1,871	10,702	7,908	68,023	50,572
Loans	700	738	2,980	3,121	18,939	19,957
Gross amount due from customers for contract work	0	0	0	0	0	0
Prepaid expenses	597	373	2,543	1,579	16,163	10,095
Cash and cash equivalents	4,390	4,350	18,688	18,387	118,784	117,587
Other S-T financial assets	0	356	0	1,506	0	9,629
Assets held for sale	0	0	0	0	0	0
Current assets	10,817	10,666	46,044	45,081	292,654	288,291
Total assets	89,065	85,352	379,115	360,760	2,409,653	2,307,061
Issued share capital	600	600	2,554	2,536	16,233	16,218
Share premium	23,760	23,760	101,137	100,427	642,827	642,233
Legal reserve fund	8	13	33	56	209	361
Reserves	23,394	22,930	99,578	96,918	632,918	619,791
Retained earnings	-21,029	-23,255	-89,512	-98,293	-568,937	-628,581
Equity attributable to owners of the Company	26,733	24,048	113,790	101,645	723,250	650,022
Non-controlling interests	138	-8	587	-32	3,733	-207
Total equity	26,871	24,041	114,377	101,613	726,983	649,815
Bank loan	38,950	36,934	165,795	156,110	1,053,792	998,326
Other long-term liabilities	8,346	1,394	35,527	5,892	225,809	37,680
Other loans	270	0	1,148	0	7,294	0
Deferred tax liabilities	5,495	5,523	23,389	23,344	148,662	149,287
Non-current liabilities	53,061	43,851	225,859	185,358	1,435,557	1,185,293
Bank Loans	3,793	3,297	16,144	13,935	102,614	89,116
Other loans	538	539	2,292	2,277	14,569	14,563
Trade payables	1,033	464	4,398	1,962	27,955	12,549
Other payables	3,108	2,509	13,228	10,603	84,077	67,808
Other shortterm liabilities	0	10,255	0	43,348	0	277,193
Current tax liabilities (income tax)	662	173	2,817	732	17,904	4,679
Provisions	0	225	0	951	0	6081
Current liabilities	9,134	17,462	38,880	73,812	247,119	471,997
Total Liabilities	62,195	61,313	264,738	259,153	1,682,676	1,657,281
TOTAL Equity & Liabilities	89,065	85,352	379,116	360,766	2,409,659	2,307,096
No. of shares outstanding in thousand	51,122	50,993	51,122	50,993	51,122	50,993
Book value per share outstanding	0.53	0.47	2.24	1.99	14.22	12.74

Cash Flow Statement

in Thousands	EUR		PLN		CZK	
	2016Q1	2017Q1	2016Q1	2017Q1	2016Q1	2017Q1
Profit/loss before taxation	-1,318	-219	-5,752	-946	-35,633	-5,916
Adjustments for:						
Depreciation	791	809	3,455	3,495	21,399	21,856
Other changes in fixed assets	-16	0	-70	0	-433	0
Share of profit of equity accounted investees	86	38	376	163	2,328	1,020
Profit /Loss on sale of property, plant and equipment	39	0	172	0	1,066	0
Other non-cash items	88	669	384	2,891	2,379	18,077
Changes in:						
Trade and other receivables	-878	-206	-3,832	-891	-23,737	-5,571
Gross amount due from customers for contract work	0	0	0	0	0	0
Prepaid expenses	91	15	395	65	2,449	406
Inventories	-46	12	-201	52	-1,246	326
Trade and other payables	-15	-541	-67	-2,337	-413	-14,613
Other liabilities	-71	-414	-310	-1,791	-1,921	-11,200
Operating cash flow	-1,249	162	-5,450	701	-33,761	4,385
Acquisition of property, plant and equipment	0	0	0	0	0	0
Acquisition of subsidiary (net of cash acquired), associates, joint ventures	0	0	0	0	0	0
Acquisition of other investments	0	0	0	0	0	0
Proceeds from sale of investments	0	0	0	0	0	0
Proceeds from sale of property, plant and equipment, other investments	0	0	0	0	0	0
Interest received	0	0	0	0	0	0
Investment cash flow	0	0	0	0	0	0
Proceeds from issuance of ordinary shares	0	0	0	0	0	0
Change of consolidation method (acquisition of JV)	0	0	0	0	0	0
Proceeds from borrowings	1,479	0	6,454	0	39,982	0
Repayment of borrowings	-804	-907	-3,509	-3,918	-21,739	-24,505
Proceeds from issuing bonds	193	412	842	1,780	5,218	11,128
Interest expenses	-744	-735	-3,247	-3,176	-20,115	-19,862
Financing cash flow	124	-1,230	540	-5,315	3,346	-33,239
Net increase/decrease in cash and cash equivalents	-1,125	-1,068	-4,910	-4,614	-30,416	-28,854
Cash at the beginning of the period	5,297	5,420	23,122	23,418	143,227	146,448
Effect of exchange rate fluctuation	218	-2	477	-417	5,972	-7
Cash at the end of the period	4,390	4,350	18,688	18,387	118,784	117,587
<i>EUR exchange rate - low</i>			4.250	4.225	27.020	27.020
<i>EUR exchange rate - average</i>			4.365	4.321	27.039	27.020
<i>EUR exchange rate - high</i>			4.496	4.413	27.075	27.030

Statement of Changes in Equity

in thousand EUR	Share capital	Share premium	Legal reserve Fund	Revaluation reserve	Currency translation reserve	Hedging reserve	Retained earnings	TOTAL	Non-controlling interests	TOTAL EQUITY
BALANCE at 31.12.2015	600	23,760	13	24,410	-1,139	-205	-23,260	24,180	0	28,540
Profit for the period 1.1.2016 – 31.12.2016							-312	-312	-8	-320
Revaluation of PPE								0		0
Share on revaluation of PPE of associates, JV								0		0
Foreign currency translation differences					79			79		79
Derivatives						102		102		102
Acquisition of JV								0		0
Total comprehensive income for the year	0	0	0	0	79	102	-312	-131	-8	-139
new shares								0		0
Move from revaluation reserve to retained earnings				-317			317	0		0
Legal reserve fund – move to RE on entity disposal								0		0
BALANCE at 31.12.2016	600	23,760	13	24,093	-1,060	-103	-23,255	24,048	-8	24,041

13. Detailed entity financial results for 2017Q1

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

Income Statement

in Thousands (except EPS)	EUR		PLN		CZK	
	2016 Q1	2017 Q1	2016 Q1	2017 Q1	2016 Q1	2017 Q1
Revenues from the sale of products, goods and services	436	453	1,904	1,957	11,797	12,237
Cost of sales	0	0	0	0	0	0
Gross profit	436	453	1,904	1,957	11,797	12,237
Other administrative expenses	-443	-453	-1,934	-1,957	-11,982	-12,237
Other income	0	3	0	11	0	70
Other expenses	-4	0	-18	-2	-112	-12
EBITDA	-11	2	-48	1,966	-297	58
Amortization&depreciation	-3	-3	-12	-11	-72	-72
EBIT	-14	-1	-60	1,955	-369	-14
Financial income	63	123	276	531	1,710	3,319
Financial costs	-295	-344	-1,288	-1,488	-7,980	-9,303
Profit / loss before taxation	-246	-222	-1,072	998	-6,640	-5,998
Income tax	0	0	0	0	0	0
Profit/loss for the period (net income)	-246	-222	-1,072	998	-6,640	-5,998

Balance Sheet

in Thousands	EUR		PLN		CZK	
	31.3.2016	31.3.2017	31.3.2016	31.3.2017	31.3.2016	31.3.2017
Intangibles	20	9	84	38	534	246
Property, plant and equipment	0	0	0	0	0	0
Investments in associates /joint ventures	31,720	27,762	135,020	117,342	858,190	750,404
Other investments	0	0	0	0	0	0
Longterm receivables	0	79	0	334	0	2,135
Deferred tax assets	0	0	0	0	0	0
Non-current assets	31,740	27,850	135,103	117,713	858,716	752,777
Inventories – Goods	0	0	0	0	0	0
Trade and other receivables	10,378	12,662	44,176	53,519	280,782	342,256
Loans	0	0	0	0	0	0
Gross amount due from customers for contract work	0	0	0	0	0	0
Prepaid expenses	369	150	1,570	633	9,981	4,050
Cash and cash equivalents	101	404	428	1,706	2,721	10,910
Current assets	10,848	13,216	46,174	55,859	293,483	357,216
Total assets	42,587	41,065	181,278	173,573	1,152,199	1,109,993
Issued share capital	600	600	2,554	2,536	16,233	16,218
Share premium	36,871	36,871	156,945	155,844	997,545	996,623
Legal reserve fund	0	0	0	0	0	0
Reserves	-975	-1,139	-4,151	-4,815	-26,381	-30,790
Retained earnings	-8,107	-12,145	-34,507	-51,334	-219,325	-328,282
Profit/loss for the current period	-246	-222	-1,045	-938	-6,644	-6,000
Equity attributable to owners of the Company	28,144	23,965	119,797	101,293	761,428	647,770
Non-controlling interests	0	0	0	0	0	0
Total equity	28,144	23,965	119,797	101,293	761,428	647,770
Non-current liabilities	8,263	903	35,172	3,819	223,555	24,420
Bank Loan	0	0	0	0	0	0
Other long term liabilities	8,263	903	35,172	3,819	223,555	24,420
Other loans	0	0	0	0	0	0
Deferred tax liabilities	0	0	0	0	0	0
Current liabilities	6,181	16,195	26,310	68,453	167,224	437,758
Bank Loans	0	0	0	0	0	0
Other loans	5,514	5,665	23,469	23,946	149,170	153,136
Trade and other payables	667	275	2,840	1,162	18,046	7,448
Other shortterm liabilities	0	10,255	0	43,348	0	277,193
Current tax liabilities (income tax)	0	0	0	0	0	0
Provisions	0	0	0	0	0	0
TOTAL Equity & Liabilities	42,588	41,065	181,278	173,573	1,152,199	1,109,993
<i>No. of shares outstanding in thousand</i>	<i>51,122</i>	<i>50,993</i>	<i>51,122</i>	<i>50,993</i>	<i>51,122</i>	<i>50,993</i>
<i>Book value per share outstanding</i>	<i>0.53</i>	<i>0.47</i>	<i>2.24</i>	<i>1.99</i>	<i>14.22</i>	<i>12.74</i>

14. Financial results per operating segments

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

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

EUR thousand	Energy solutions	Production of electricity	Operations, maintenance and PVPP supervision	PV Invest.	Other	Total forsegments	Elimination	Consolidated financial information
External revenues from the sale of products, goods and services	291	1,949	547	0	0	2,786	0	2,786
Revenues within segments from sale of products, goods, services	65	0	366	0	761	1,192	-1,192	0
Cost of sale	-381	-185	-400	0	-3	-969	485	-484
Energy levy	0	-138	0	0	0	-138	0	-138
Gross profit	-25	1,626	512	0	759	2,871	-706	2,165
Other external income	0	23	7	0	4	34	0	34
Administrative and other expenses	-67	-60	-310	0	-977	-1,415	290	-1,125
Depreciation	0	-786	-15	0	-8	-809	0	-809
Operating income	-93	802	194	0	-222	682	-417	264
Interest income	9	59	6	0	64	138	-120	18
Interest expenses	-15	-455	-23	0	-357	-849	114	-735
Other financial revenues	41	-2	5	0	92	136	0	136
Other financial expenses	-1	0	-1	0	-20	-22	0	-22
Revaluation of derivatives	0	158	0	0	0	158	0	158
Profit/loss share in entities in equivalency	0	0	0	-38	0	-38	0	-38
Income tax	0	0	0	0	0	0	0	0
Deferred tax	0	-93	0	0	0	-93	0	-93
Profit/loss from discontinuing operations	0	0	0	0	0	0	0	0
Profit/loss after taxation	-59	470	181	-38	-443	111	-422	-312
Revaluation of property, plant and equipment	0	0	0	0	0	0	0	0
Foreign currency translation diff. - foreign operations	0	0	0	79	0	79	0	79
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	102	0	102	0	102
Total comprehensive income	-59	470	181	143	-443	292	-422	-131
Assets, of which	641	85,561	3,786	1,510	15,339	106,837	-21,485	85,352
PPE – Lands	0	2,859	0	0	0	2,859	0	2,859
PPE – Photovoltaic power plants	0	69,916	0	0	0	69,916	0	69,916
PPE – Equipment	0	0	228	0	165	393	0	393
PPE – Assets in progress	0	0	0	0	0	0	0	0
Intangibles	0	0	0	0	0	0	0	0
Trade and other receivables	426	8,543	2,898	0	14,094	25,961	-21,485	4,476
Loans	0	0	0	0	0	0	0	0
Gross amount due from customers for contract work	0	0	0	0	0	0	0	0
Inventories – Goods	198	531	363	0	17	1,110	0	1,110
Investments in associates, JV, other	0	0	0	1,510	8	1,518	0	1,518
Deferred tax receivables	0	0	0	0	0	0	0	0
Long term receivables	0	0	0	0	0	0	0	0
Prepaid expenses	4	92	30	0	247	373	0	373
Assets held for sale	0	0	0	0	0	0	0	0
Cash and cash equivalents	12	3,619	267	0	452	4,350	0	4,350
Other S-T financial assets	0	0	0	0	357	357	0	357
Liabilities, of which	-4,357	-51,735	-6,832	0	-21,954	-84,878	23,566	-61,313
Trade and other payables	-4,357	-5,480	-6,695	0	-10,007	-26,539	23,566	-2,973
Bank Loans and other loans	0	-40,232	0	0	-538	-40,770	0	-40,770
Other long term liabilities	0	-327	-138	0	-929	-1,394	0	-1,394
Other short term liabilities	0	0	0	0	-10,255	-10,255	0	-10,255
Current tax liabilities (income tax)	0	-173	0	0	0	-173	0	-173
Provisions	0	0	0	0	-225	-225	0	-225
Deferred tax liabilities	0	-5,523	0	0	0	-5,523	0	-5,523

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

EUR thousand	Energy solutions	Production of electricity	Operations, maintenance and PVPP supervision	PV Invest.	Other	Total forsegments	Elimination	Consolidated financial information
External revenues from the sale of products, goods and services	159	1,505	319	0	0	1,983	0	1,983
Revenues within segments from the sale of products, goods, services	0	0	127	0	769	896	-896	0
Cost of sale	-91	-145	-187	0	-30	-453	136	-317
Energy tax	0	-112	0	0	0	-112	0	-112
Gross profit	68	1,248	259	0	739	2,314	-760	1,554
Other external income	0	0	0	0	19	19	0	19
Administrative and other expenses	-39	-45	-234	0	-1,324	-1,643	760	-883
Depreciation	0	-778	-5	0	-9	-791	0	-791
Operating income	29	424	20	0	-574	-101	0	-101
Interest income	6	56	4	0	52	118	-107	11
Interest expenses	-10	-512	-19	0	-309	-849	107	-742
Other financial revenues	0	0	0	0	0	0	0	0
Other financial expenses	7	-2	-5	0	-12	-13	0	-13
Revaluation of derivatives	0	-387	0	0	0	-387	0	-387
Profit/loss share in entities in equivalency	0	0	0	-86	0	-86	0	-86
Income tax	0	-62	0	0	0	-62	0	-62
Profit/loss from discontinuing operations	0	0	-11	0	0	-11	0	-11
Profit/loss after taxation	31	-484	-11	-86	-843	-1,392	0	-1,391
Revaluation of property, plant and equipment	0	0	0	0	0	0	0	0
Foreign currency translation diff. - foreign operations	0	0	0	0	-218	-218	0	-218
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	-60	0	0	0	-60	0	-60
Total comprehensive income	31	-544	-11	-86	-1,061	-1,670	0	-1,669
Assets, of which	1,740	88,455	2,194	1,988	11,843	106,219	-17,154	89,065
PPE – Lands	0	2,857	0	0	0	2,857	0	2,857
PPE – Photovoltaic power plants	0	73,138	0	0	0	73,138	0	73,138
PPE – Equipment	0	0	108	0	147	255	0	255
PPE – Assets in progress	0	7	3	0	0	9	0	9
Intangibles	0	0	0	0	0	0	0	0
Trade and other receivables	1,502	7,668	1,833	0	11,010	22,013	-17,154	4,859
Loans	0	0	0	0	0	0	0	0
Gross amount due from customers for contract work	0	0	0	0	0	0	0	0
Inventories – Goods	221	539	196	0	15	970	0	970
Investments in associates, JV, other	0	0	1	1,988	0	1,988	0	1,988
Deferred tax receivables	0	0	0	0	0	0	0	0
Long term receivables	0	0	0	0	0	0	0	0
Prepaid expenses	4	150	27	0	417	597	0	597
Assets held for sale	0	0	0	0	0	0	0	0
Cash and cash equivalents	13	4,097	27	0	253	4,390	0	4,390
Liabilities, of which	-2,907	-55,411	-4,949	0	-16,082	-79,349	17,154	-62,195
Trade and other payables	-2,905	-6,531	-4,888	0	-6,972	-21,295	17,154	-4,141
Bank Loans and other loans	0	-42,743	0	0	-808	-43,551	0	-43,551
Other long term liabilities	0	0	-45	0	-8,301	-8,346	0	-8,346
Other short term liabilities	0	0	0	0	0	0	0	0
Current tax liabilities (income tax)	-2	-643	-17	0	0	-662	0	-662
Provisions	0	0	0	0	0	0	0	0
Deferred tax liabilities	0	-5,495	0	0	0	-5,495	0	-5,495

15. Summary of significant accounting policies

Basis of preparation

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

The following main standards are applied by Group:

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

Use of estimates and judgments

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

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

Provisions

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

Presentation of Financial information

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

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

Consolidation

(a) Subsidiaries

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

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

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

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

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

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

(b) Associates

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

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

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

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

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

Segment reporting

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

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

As of 31 December 2013, the 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)

- ▶ PV Investment – This segment represents OCI of the Group flowing from the revaluation of the PV 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 financing and insurance solutions for PV investors, intermediating investments in rooftop photovoltaic projects and other less significant activities. None of these operations meets any of the quantitative thresholds for determining reportable segments in 2017 or 2016.

Segment results that are reported include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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

Foreign currency translation

(a) Functional and presentation currency

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

The consolidated financial information is presented in EUR, however, for presentation purposes; the financial information is translated into PLN as the presentation currencies. Effect from this translation is presented in Equity - in the Fund for currency conversions.

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

	PLN		CZK	
	2016Q1	2017Q1	2016Q1	2017Q1
EUR exchange rate – low	4.250	4.225	27.020	27.020
EUR exchange rate – high	4.496	4.413	27.075	27.030
EUR exchange rate – average	4.365	4.321	27.039	27.020
EUR exchange rate – end of period	4.257	4.227	27.055	27.030

(b) Transactions and balances

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

(c) Group companies

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

Property, plant and equipment

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

Inventories

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

The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production

or conversion costs and other costs incurred in bringing them to their existing location and condition.

Revenue recognition

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

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

Trade receivables

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

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

Cash and cash equivalents

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

Share capital

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

Trade payables

Trade payables are recognised at nominal value.

Loans and Borrowings

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

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

Current and deferred income tax

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

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

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

16. Management Board declaration

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

17. Investor Relations Contact

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Amsterdam, 9 May 2017

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

Georg Hotar
Member of the Board of Directors

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

Michael Gartner
Member of the Board of Director



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