

PHOTON ENERGY N.V. CONSOLIDATED AND ENTITY FINANCIAL REPORTS

2017Q3

for the period from 1 July to 30 September 2017

MATERIAL	THINFILM	INSPECTION	TOLERANCE NORM ISO 8015:	PRECISION ISO...	INDEX	AMEND.
			YES		X	X
					X	X
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					X	X

6 November 2017 | Amsterdam | The Netherlands

CONCEPT	NORM.REF.	DESIGN	APPROVED	NAME	TYPE
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CONSOLIDATED AND ENTITY FINANCIAL REPORTS

1. Selected financial results

1.1. Selected financial results for Photon Energy Group, for the period of 1 July to 30 September 2017

in Thousands	EUR		PLN		CZK	
	2016Q3	2017 Q3	2016 Q3	2017 Q3	2016 Q3	2017 Q3
Total revenues	4,594	4,908	19,916	20,896	124,177	128,032
Gross profit	3,935	4,021	17,058	17,119	106,354	104,890
EBITDA	2,744	3,140	11,894	13,370	74,157	81,916
EBIT	903	1,229	3,913	5,234	24,396	32,066
Profit / loss before taxation	210	883	912	3,758	5,683	23,023
Profit / loss from continuing operations	175	613	757	2,611	4,720	15,997
Total comprehensive income	777	1,051	3,367	4,476	20,991	27,422
Non-current assets	76,857	73,932	331,952	318,206	2,076,689	1,920,373
Current assets	13,083	13,403	56,508	57,687	353,514	348,140
Cash and cash equivalents	5,208	4,670	22,495	20,102	140,731	121,314
Total assets	89,941	87,334	388,460	375,893	2,430,203	2,268,513
Total equity	28,210	26,832	121,840	115,485	762,234	696,951
Current liabilities	7,086	17,539	30,604	75,490	191,460	455,580
Non-current liabilities	54,645	42,964	236,016	184,918	1,476,513	1,115,982
Operating cash flow	2,365	1,646	10,254	7,009	63,932	42,943
Investment cash flow	-438	0	-1,899	0	-11,838	0
Financial cash flow	-1,348	-2,072	-5,844	-8,821	-36,435	-54,044
Net change in cash	579	-426	2,511	-1,812	15,659	-11,101
<i>EUR exchange rate - low</i>			4.260	4.202	27.020	25.965
<i>EUR exchange rate - average</i>			4.335	4.257	27.028	26.084
<i>EUR exchange rate - end of period</i>			4.319	4.304	27.020	25.975
<i>EUR exchange rate – high</i>			4.430	4.304	27.095	26.160

Note: Exchange rates provided by the European Central Bank

1.2. Selected financial results for Photon Energy Group, for the period of 1 January to 30 September 2017

in Thousands	EUR		PLN		CZK	
	2016Q1-Q3	2017 Q1-Q3	2016Q1-Q3	2017 Q1-Q3	2016Q1-Q3	2017 Q1-Q3
Total revenues	11,108	12,939	48,150	55,192	300,298	343,574
Gross profit	9,322	10,398	40,409	44,352	252,017	276,094
EBITDA	6,222	7,333	26,973	31,279	168,223	194,713
EBIT	1,768	2,717	7,665	11,587	47,806	72,133
Profit / loss before taxation	-908	1,339	-3,938	5,712	-24,561	35,557
Profit / loss from continuing operations	-869	695	-3,768	2,966	-23,497	18,462
Total comprehensive income	-330	2,652	-1,431	11,313	-8,925	70,426
Non-current assets	76,857	73,932	331,952	318,206	2,076,689	1,920,373
Current assets	13,083	13,403	56,508	57,687	353,514	348,140
Cash and cash equivalents	5,208	4,670	22,495	20,102	140,731	121,314
Total assets	89,941	87,334	388,460	375,893	2,430,203	2,268,513
Total equity	28,210	26,832	121,840	115,485	762,234	696,951
Current liabilities	7,086	17,539	30,604	75,490	191,460	455,580
Non-current liabilities	54,645	42,964	236,016	184,918	1,476,513	1,115,982
Operating cash flow	799	2,537	3,463	10,822	21,598	67,367
Investment cash flow	-438	0	-1,899	0	-11,841	0
Financial cash flow	-345	-4,990	-1,496	-21,284	-9,328	-132,494
Net change in cash	16	-2,453	69	-10,462	428	-65,128
EUR exchange rate - low			4.260	4.171	27.020	25.965
EUR exchange rate - average			4.335	4.266	27.035	26.553
EUR exchange rate - end of period			4.319	4.304	27.020	25.975
EUR exchange rate - high			4.430	4.413	27.150	27.060

Financial highlights:

- Unaudited consolidated revenues increased by 6.8% YOY from EUR 4.594 million to EUR 4.908 million in 2017Q3, mainly due to higher revenues from electricity production and higher revenues from the O&M segment, as well as from the sale of technology. YTD, revenues increased 16.5% to EUR 12.939 million.
- Consolidated EBITDA increased to an all-time high EUR 3.140 million (+14.5% YOY) in 2017Q3. YTD, EBITDA rose 17.8% to EUR 7.333 million.
- Consolidated EBIT increased to EUR 1.229 million (+36.2% YOY) in 2017Q3, YTD, EBIT grew by 53.6% to EUR 2.717 million.
- In 2017Q3, the Company recorded a profit before taxation of EUR 0.883 million, significantly higher than the EUR 0.210 million profit for the same period last year. YTD, the Company swung from a loss of EUR 0.908 million in 2016Q1-Q3 to a profit of EUR 1.339 million in 2017Q1-Q3.
- The Company recorded a profit after taxation of EUR 0.613 million in 2017Q3, compared to EUR 0.175 million for the same period last year (+251.2% YOY) and posted YTD a EUR 0.695 million profit after taxation in 2017Q1-Q3, compared to a loss of EUR 0.869 million in 2016Q1-Q3.
- Total comprehensive income increased by 35.4% to EUR 1.051 million in 2017Q3, compared to EUR 0.777 million one year ago. YTD, Total comprehensive income swung from a loss of 0.330 million in 2016Q1-Q3 to a profit of EUR 2.652 million in 2017Q1-Q3.
- Total equity increased to EUR 26.832 million at the end of 2017Q3 from EUR 24.180 million at year-end 2016.
- The equity ratio¹ increased from 31% at year-end 2016 to 40% at the end of 2017Q3.

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

Other highlights:

- In 2017Q3, the proprietary portfolio of PV plants generated approximately 9.3 GWh of electricity, which was 1.7% above the energy forecasts and down by 5.5% compared to 2016Q3 (up by 3.8% YOY YTD);
- Photon Energy's project pipeline in Australia now exceeds 1.4 GWp.
- Photon Energy acquired its first PV projects in Hungary.
- Photon Energy issued a 5-year 7.75% EUR bond for the refinancing of its corporate EUR bond 2013/2018 and for the financing of projects in Australia and Hungary.

1.3. Standalone financial results for Photon Energy N.V., for the period of 1 July to 30 September 2017

in Thousands	EUR		PLN		CZK	
	2016 Q3	2017 Q3	2016 Q3	2017 Q3	2016 Q3	2017 Q3
Revenues	461	418	1,997	1,778	12,454	10,892
EBITDA	-203	1	-879	2	-5,479	15
EBIT	-205	-2	-890	-9	-5,551	-55
Profit / loss before taxation	1,288	480	5,583	2,042	34,812	12,513
Total comprehensive income	1,288	480	5,583	2,042	34,812	12,513
Non-current assets	32,791	27,529	141,626	118,487	886,014	715,071
Current assets	13,316	15,408	57,514	66,317	359,805	400,222
Cash and cash equivalents	726	1,260	3,134	5,424	19,609	32,736
Total assets	46,107	42,937	199,140	184,804	1,245,820	1,115,293
Total equity	29,946	23,942	129,340	103,048	809,153	621,895
Current liabilities	4,003	15,747	17,288	67,777	108,155	409,033
Non-current liabilities	12,158	3,248	52,512	13,979	328,512	84,365
<i>EUR exchange rate – low</i>			4.260	4.202	27.020	25.965
<i>EUR exchange rate – average</i>			4.335	4.257	27.028	26.084
<i>EUR exchange rate - end of period</i>			4.319	4.304	27.020	25.975
<i>EUR exchange rate – high</i>			4.430	4.304	27.095	26.160

Notes:

Exchange rates are provided by the European Central Bank.

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

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

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

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

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

2. Management discussion and analysis

2.1. A note from the Management Board

Coming off a strong first half, Photon Energy delivered an even more robust performance in the third quarter. Revenue growth accelerated to 6.8% compared to 2016Q3 thanks to strong electricity production and to a solid revenue increase in other revenue streams: Photon Energy's continued success is noticeably built on the first-class technology used in our projects, our core expertise in Operations & Maintenance services, and in technology trading.

Going through the highlights, the Company posted all-time-high earnings, with a EUR 3.140 million EBITDA (+14.5% YoY), a EUR 1.229 million EBIT (+36.2% YoY) and a EUR 0.613 million net profit (+251.2% YoY).

Photon Energy's improving financial performance is de-risking the business as evidenced by a YoY reduction in the Net Debt/EBITDA ratio from 7.3 to 6.1 and a YoY improvement in the interest coverage ratio from 2.1 to 2.7. These improvements keep the company well within its bond covenants and increase its debt capacity.

Beyond financial result, we are continuing building a company that is positioned for success both today and in the future. This included benefiting from the group's synergies, which leads to above-average performance of PV-power plants, as well as pursuing our business development activities in Australia and in Hungary, where significant milestones have been achieved.

First projects acquired in Hungary, the new solar hot-spot in Central Europe

A combined set of factors led us to entering the Hungarian market in 2016. With a share of only 11% of electricity consumption being generated from renewable energy sources in 2016, Hungary falls significantly short of its EU commitment of 20% by 2020. Hungary has limited potential for renewable energy sources other than solar energy. The material decline in investment costs for PV plants and local financing costs in combination with 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.

In July 2017, Photon Energy acquired 100% of the shares of Fertőd Napenergia-Termelő Kft., a Hungarian limited-liability company owning all licenses, rights and permits for the construction of a 520 kWp (DC) photovoltaic power plant (subject to a 499 kW AC grid connection). The project is located in the municipality of Fertőd, in the Győr-Moson-Sopron region in the West of Hungary. The PV plant is eligible for support under the KAT support system guaranteeing an off-take price of HUF 31,770 (EUR 102.36) per MWh of electricity supplied to the grid. Photon Energy commenced construction and intends to connect the power plant in January 2018. During the 25-year support period the power plant is licensed to sell 14.3 GWh of renewable energy, generating revenues of at least EUR 1.464 million over the entire period.

After the reporting period, on 4 October 2017, Photon Energy announced the signing of a co-development and share purchase agreement for 100% of the shares of Ráció Master Oktatási Kft., which owns the KÁT licenses, grid connection and land usage rights for 8 PV projects in the Komárom-Esztergom region in Hungary. Upon the completion of the project development process including the construction permits, Photon Energy will acquire 100% of the shares of Ráció Master Oktatási Kft., which at that time will own all the land on which the 8 PV power plants will be built. This ready-to-built stage is expected to be reached by the end of 2018Q1. The installed DC capacity (the total installed generating power of the PV modules) is planned to reach 4.5 MWp.

Photon Energy's project pipeline in Australia now exceeds 1.4 GW

2017Q3 turned out to be an eventful quarter Down Under. Photon Energy NV announced details on further large-scale solar power plants under development in Australia. The 165 MWp (127 MW AC) project in Gunnedah, the 286 MWp (220 MW AC) project in Suntop, the 138 MWp (144 MW AC) project in Carrick, the 146 MWp (112 MW AC) project in Brewongle, the 178 MWp (137 MW AC) project in Mumbil and the 196 MWp (186 MW AC) project in Maryvale, all located in New South Wales (NSW), are being co-developed with a local joint venture partner. Photon Energy NV retains 51% shareholdings in each of the six project companies. After securing options on all required land, Photon Energy NV is progressing with the New South Wales Government State Significant Development process and is continuing its development capital raising effort for the six co-developed projects and its fully-owned project in Gunning, with its mandated advisor Pottinger. Photon Energy NV is seeking to bring in financial and strategic investors to accelerate the development process of these large-scale solar energy projects and expects to close the financing round by the end of 2017.

Development Approval granted for a 28.6 MWp solar farm in Leeton, Australia

After the reporting period, on 9 October 2017, Photon Energy NV announced that it had obtained Development Approval from the municipality of Leeton, New South Wales, for the construction of a 28.6 MWp solar farm. Photon Energy is now in the final stages of the grid connection process for the solar PV generator with regional network service provider Essential Energy. The Development approval is a major milestone for Photon Energy in Australia, validating our long term strategy and commitment to the Australian market.

Strong electricity generation: Power plants produced 1.7% above predictions

Thanks to favourable weather conditions in 2017Q3, generation results for our proprietary portfolio were above energy audits. The accumulated average performance of the proprietary power plants connected and feeding electricity to the grid amounted to 9.3 GWh in 2017Q3, which was 1.7% above the energy forecasts but still 5.5% below production levels in the corresponding period in 2016 (up by 3.8% YOY YTD).

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

After the reporting period, on 27 October 2017, Photon Energy N.V. issued a 5-year 7.75% Euro corporate bond with quarterly coupon payment, which has been introduced for trading on the Frankfurt Stock Exchange since the same day. The bond issue, for which the prospectus was approved by the CSSF ("Commission de Surveillance du Secteur Financier"), the financial markets regulator of the Grand Duchy of Luxembourg, on 21 September 2017, was aimed at holders of the company's outstanding EUR bond 2013/18 as a follow-up investment, as well as at new investors via a public offer in Germany, Austria and Luxembourg.

As of the publication date, the Company placed EUR 5.370 million. The raised amount represents already a significant part for the refinancing of the outstanding bond 2013/2018 (ISIN DE000A1HELE2) which will be due on 12 March 2018. The prospectus is valid until September 2018 and we are planning to continue placing until then. In the meantime, we focus on our business and continue to deliver positive company developments related to the planned expansion in Australia and in Hungary.

Strong financial results

Consolidated revenues increased by 6.8% YOY to EUR 4.908 million, leading to an all-time high EUR 3.140 million EBITDA (+14.5% YoY), a EUR 1.229 EBIT (+36.2% YoY), a EUR 0.613 million net profit (+251.2% YoY) and a Total Comprehensive Income of EUR 1.051 million (+35.4% YoY).

During the first three quarters of 2017 Photon Energy's continuing improvement is crystallizing in the form of a bottom line YoY turnaround from a net loss after taxation of EUR 0.869 million to a net profit after taxation of EUR 0.695 million. At the pre-tax level the company swung from a EUR 0.908 million loss to a profit of EUR 1.339 million. Consolidated revenues increased by 16.5% to EUR 12.939 million while EBITDA rose 17.8% to EUR 7.333 million and EBIT improved by 53.6% to EUR 2.717 million.

2.2. Strategy and its execution

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

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

Our next steps are:

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

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

2.3. Investment action plan and its implementation

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

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

Proprietary portfolio

The table below presents the portfolio of power plants owned directly or indirectly by Photon Energy N.V. at the end of the reporting period i.e. as of 30 September 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 30 September 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 owns two power plants: Mostkovice SPV 3 (795 kWp) and Mostkovice SPV3R (131 kWp)

Generation results

The cumulative average generation of the power plants in the portfolio connected and feeding electricity to the grid in 2017Q3 amounted to 9.3 GWh, which was 1.7% above the energy forecasts and 5.5% lower YOY (+3.8% YOY YTD). Detailed generation results for each power plant are being published on a monthly basis in our monthly reports.

Table 2. Generation results versus projections between 1 July and 30 September 2017

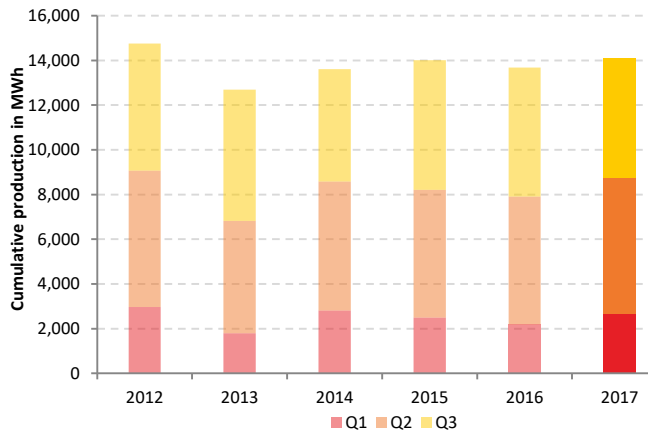
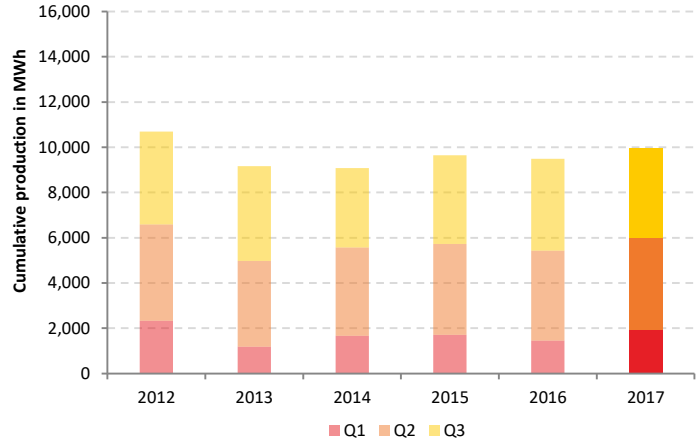
Project name	Legal entity	Capacity	Feed-in-Tariff	Prod. 2017Q3	Proj. 2017Q3	Perf.	YTD Prod.	YTD Proj.	Perf.	YTD YoY
Unit		kWp	per MWh, applicable in 2017	kWh	kWh	%	kWh	kWh	%	%
Komorovice	Exit 90 s.r.o.	2,354	CZK 13,966	821,235	848,706	-3.2%	2,153,361	2,066,745	4.2%	1.9%
Zvíkov I	Photon SPV8 s.r.o.	2,031	CZK 13,966	757,643	743,875	1.9%	1,997,046	1,811,465	10.2%	2.4%
Dolní Dvořiště	Photon SPV10 s.r.o.	1,645	CZK 13,966	579,495	618,820	-6.4%	1,488,502	1,506,936	-1.2%	6.7%
Svatoslav	Photon SPV4 s.r.o.	1,231	CZK 13,966	419,049	459,599	-8.8%	1,053,068	1,119,201	-5.9%	2.8%
Slavkov	Photon SPV6 s.r.o.	1,159	CZK 13,966	433,085	437,666	-1.0%	1,162,153	1,065,794	9.0%	2.6%
Mostkovice SPV 1	Photon SPV1 s.r.o.	210	CZK 13,966	70,547	64,987	8.6%	189,815	165,196	14.9%	0.0%
Mostkovice SPV 3	Photon SPV3 s.r.o.	926	CZK 15,004	313,844	326,604	-3.9%	846,818	799,313	5.9%	0.1%
Zdice I	Onyx Energy I s.r.o.	1,499	CZK 13,966	540,495	545,560	-0.9%	1,438,559	1,317,023	9.2%	2.5%
Zdice II	Onyx Energy projekt II s.r.o.	1,499	CZK 13,966	545,218	545,560	-0.1%	1,463,211	1,317,023	11.1%	8.9%
Radvanice	Photon SPV11 s.r.o.	2,305	CZK 13,966	808,378	840,070	-3.8%	2,171,134	2,045,716	6.1%	1.3%
Břeclav rooftop	Photon SPV1 s.r.o.	137	CZK 13,966	53,504	45,075	18.7%	140,242	113,906	23.1%	1.6%
Total Czech PP		14,996		5,342,493	5,476,523	-2.4%	14,103,908	13,328,319	5.8%	3.1%
Babiná II	Sun4Energy ZVB s.r.o.	999	EUR 425.12	370,212	340,297	8.8%	927,234	852,969	8.7%	11.1%
Babina III	Sun4Energy ZVC s.r.o.	999	EUR 425.12	367,749	340,297	8.1%	927,735	852,969	8.8%	10.4%
Prša I.	Fotonika s.r.o.	999	EUR 425.12	395,202	344,916	14.6%	968,943	857,106	13.0%	1.3%
Blatna	ATS Energy s.r.o.	700	EUR 425.12	259,806	241,809	7.4%	646,074	627,591	2.9%	-0.1%
Mokra Luka 1	EcoPlan 2 s.r.o.	963	EUR 382.61	401,323	346,359	15.9%	1,029,904	875,523	17.6%	2.3%
Mokra Luka 2	EcoPlan 3 s.r.o.	963	EUR 382.61	402,713	346,359	16.3%	1,042,867	875,523	19.1%	2.7%
Jovice 1	Photon SK SPV2 s.r.o.	979	EUR 382.61	342,393	347,764	-1.5%	814,323	848,016	-4.0%	6.2%
Jovice 2	Photon SK SPV3 s.r.o.	979	EUR 382.61	341,103	347,764	-1.9%	809,635	848,016	-4.5%	10.1%
Brestovec	Photon SK SPV1 s.r.o.	850	EUR 382.61	338,196	294,212	14.9%	906,429	742,297	22.1%	4.4%
Polianka	Solarpark Polianka s.r.o.	999	EUR 382.61	346,578	354,870	-2.3%	882,393	868,277	1.6%	2.7%
Myjava	Solarpark Myjava s.r.o.	999	EUR 382.61	377,805	354,717	6.5%	994,533	892,263	11.5%	3.2%
Total Slovak PP		10,429		3,943,080	3,659,365	7.8%	9,950,070	9,140,551	8.9%	4.8%
Symonston		144	AUD 301.60	38,390	35,110	9.3%	124,650	123,580	0.9%	3.1%
Total Australian PP		144		38,390	35,110	9.3%	124,650	123,580	0.9%	3.1%
Total		25,569		9,323,963	9,170,998	1.7%	24,178,628	22,592,450	7.0%	3.8%

Notes

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

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

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

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

O&M services

Photon Energy also remained focused on further expanding its Operations and Maintenance business in Europe. As of the end of 2017Q3, full O&M services contracts amounted to approximately 143 MWp, up by 18 MWp from the end of 2016Q3 (up by 4 MWp compared to 2017Q2), and can be broken down geographically into 115 MWp operated in the Czech Republic, 16 MWp in Slovakia, 11 MWp in Romania and 1 MWp in Australia. The O&M portfolio divides into 26 MWp of PV capacity from the proprietary portfolio and 117 MWp serviced for external clients.

As far as the “Inverter Cardio” services contracts are concerned, the Group is servicing 61 MWp of central inverters. In some countries like France or Germany the Group is holding a leading market position while in Belgium in particular, the Group is servicing all of the Satcon inverters ever installed. In detail, at the end of 2017Q3, the total capacity of central inverters serviced can be divided regionally into France (21 MWp), Italy (15 MWp), Belgium (9 MWp), Czech Republic (8 MWp), Slovakia (5 MWp), Germany (2 MWp) and Bulgaria (1 MWp).

In October 2017, Photon Energy started a new full O&M contract for a total capacity of 7.8 MWp with Energy 21, one of the leading Czech independent power producers. In addition to the contract signed in June 2016 for a total capacity of 28.5 MWp, the O&M services portfolio serviced for Energy 21 grew to 35.5 MWp. As a result, Photon Energy has contracted 212 MWp of O&M services (full O&M services and “Inverter Cardio” services) across Europe and in Australia.

2.5. Reporting on Photon Energy’s project pipeline

As of the reporting date, Photon Energy is developing PV projects in Australia (1,472.6 MWp) and Hungary (11.3 MWp) and is evaluating further markets for opportunities.

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

Country	Location	Project function	MWp	Commercial Model	Land	Grid connection	Construction permit	Expected RTB
Australia	Leeton	Own portfolio	28.6	Emarket + GC / PPA	Secured	Ongoing	Secured	2017Q4
Australia	Environa	Own portfolio	19.0	Emarket + GC / PPA	Secured	Ongoing	Ongoing	2018Q1
Total Own portfolio Australia			47.6					
Hungary	Pest region	Own portfolio	6.3	Licensed PPA	Secured	Secured	Ongoing	2018Q1
Hungary	Fertöd	Own portfolio	0.5	Licensed PPA	Secured	Secured	Secured	2017Q4
Hungary	Almásfüzitő	Own portfolio	4.5	Licensed PPA	Secured	Secured	In preparation	2018Q1
Total Own portfolio Hungary			11.3					
Total Own portfolio			58.9					
Australia	Gunning	Developer	316.0	Sale at ready to build	Secured	Ongoing	Ongoing	2019Q1
Australia	Gunnedah	Developer	165.0	Sale at ready to build	Secured	Ongoing	Ongoing	2018Q3
Australia	Suntop	Developer	286.0	Sale at ready to build	Secured	Ongoing	Ongoing	2019Q2
Australia	Carrick	Developer	138.0	Sale at ready to build	Secured	Ongoing	Ongoing	2019Q2
Australia	Brewongle	Developer	146.0	Sale at ready to build	Secured	Ongoing	Ongoing	2019Q2
Australia	Mumbil	Developer	178.0	Sale at ready to build	Secured	Ongoing	Ongoing	2019Q2
Australia	Maryvale	Developer	196.0	Sale at ready to build	Secured	Ongoing	Ongoing	2019Q2
Total Development Australia			1,425.0					

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

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

Australia

On 3 July 2017, Photon Energy announced the development of a 316 MWp solar power plant in Australia. Located in Gunning, New South Wales, the PV project would be the biggest in New South Wales and one of the largest planned in Australia, comparable in size to conventional utility scale power stations. The Solar Power Plant, which would be constructed on 590 ha of land near Gunning, is currently going through the Permitting and Grid Connection process. Construction could start in early 2019. The grid Connection Process is underway with Transgrid, the operator of the major high voltage transmission network in New South Wales and the Australian Capital Territory, for the design of a substation for approximately 300 MW AC to be connected to Transgrid's 330 KV network.

On 2 August 2017, Photon Energy NV announced details on a 155 MWp project in Gunnedah, New South Wales. The project is being co-developed with a local joint venture partner. Through its 51%-owned project company Photon Energy AUS SPV 7 Pty Ltd. the company has secured options on approximately 205 ha of land and is progressing with the New South Wales government State Significant Development process. Photon Energy has also signed a grid connection process agreement with Transgrid, the operator of the major high voltage transmission network in New South Wales and the Australian Capital Territory, for the design of a substation for approximately 150 MW AC to be connected to Transgrid's 330 KV network. Photon Energy expects to complete the project development process to the ready-to-build stage and to commence construction in 2018Q3. Once connected, the Gunnedah project is estimated to produce 279 GWh of clean energy each year, contributing significantly to Australia's Renewable Energy Target. The Gunnedah project is being co-developed with a local joint venture partner owning the remaining 49% of the project company. The project is part of a previously announced 1.4 GWp project pipeline (which includes the Gunning project as well), for which Photon Energy has mandated advisory firm Pottinger to advise on the raising of development capital.

The other PV projects are being co-developed with the local joint venture partner. Through 51%-owned project companies, Photon Energy has secured land options and is progressing with the New South Wales government State Significant Development process. Photon Energy expects to complete the project development process to the ready-to-build stage in 2019.

The projects are part of a previously announced 1.4 GWp project pipeline (which includes the Gunning project), for which Photon Energy has mandated advisory firm Pottinger to advise on the raising of development capital:

Country	Location	MWp	Project company name	% of ownership	Expected annual output
Australia	Gunning	316.0	Photon Energy Generation Pty Ltd.	100%	539,096 MWh
Australia	Gunnedah	165.0	Photon Energy AUS SPV 7 Pty Ltd.	51%	293,040 MWh
Australia	Suntop	286.0	Photon Energy AUS SPV 8 Pty Ltd.	51%	503,360 MWh
Australia	Carrick	138.0	Photon Energy AUS SPV 6 Pty Ltd.	51%	221,904 MWh
Australia	Brewongle	146.0	Photon Energy AUS SPV 9 Pty Ltd.	51%	239,878 MWh
Australia	Mumbil	178.0	Photon Energy AUS SPV 5 Pty Ltd.	51%	312,924 MWh
Australia	Maryvale	196.0	Photon Energy AUS SPV 10 Pty Ltd.	51%	345,940 MWh
Sub-total Australia		1,425.0			

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

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

Hungary

In the Pest region of Hungary Photon Energy is developing 11 projects with a grid connection capacity of 498 KW each. The installed capacity has been designed to be between 570 and 575 KWp for each plant. On 10 May 2017, Photon Energy received the energy production licenses under the KÁT support system, allowing each plant to feed a total volume of 16,950 MWh of electricity into the grid at the guaranteed price of HUF 31.77 (EUR 0.102) per KWh over 25 years from the date of grid connection. The KÁT licenses provide Photon Energy with a 2-year period (extendable to 3 years) for the commissioning of all plants since the date of the application for the KÁT licenses.

In July 2017, Photon Energy acquired 100% of the shares of Fertőd Napenergia-Termelő Kft., a Hungarian limited-liability company owning all licenses, rights and permits for the construction of a 520 KWp (DC) photovoltaic power plant (subject to a 499 KW AC grid connection limit). The project is located in the municipality of Fertőd, in the Győr-Moson-Sopron region in the West of Hungary. The PV plant is eligible for support under the KÁT support system, guaranteeing an off-take price of HUF 31.77 (EUR 0.102) per KWh of electricity supplied to the grid. During the 25-year support period the power plant is licensed to sell 14.3 GWh of renewable energy, generating revenues of at least EUR 1.464 million over the entire period. The project is ready-to-build and Photon Energy has started construction in October and is planning to connect the power plant in January 2018.

After the reporting period, on 4 October 2017, Photon Energy announced the signing of a co-development and share purchase agreement for 100% of the shares of Ráció Master Oktatási Kft., which owns the KÁT licenses, grid connection and land usage rights for 8 PV projects in the Komárom-Esztergom region in Hungary. Upon the completion of the project development process, including the construction permit, Photon Energy will acquire 100% of the shares of Ráció Master Oktatási Kft., which at that time will own all the land on which the 8 PV power plants will be built. This ready-to-built stage is expected to be reached by the end of 2018Q1. The planned installed DC capacity (the total installed generating power of the PV modules) is planned to reach 4.5 MWp. This acquisition marks an important step towards achieving the Company's goal of building 50 MWp of PV plants for its proprietary long-term portfolio in Hungary until year-end 2019.

2.6. Enterprise Value & Share Price performance

2.6.1. NewConnect (Warsaw Stock Exchange)

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

The quarter closed at a price of PLN 1.58 on 30 September 2017 (+45% YTD, +132% vs. 30 September 2016), corresponding to a price-to-book ratio of 0.75x. The Company also reports average monthly trading volume of 369,864 shares in 2017Q3, compared to an average monthly traded volume of 227,067 shares YTD and of 255,647 shares in 2016.

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

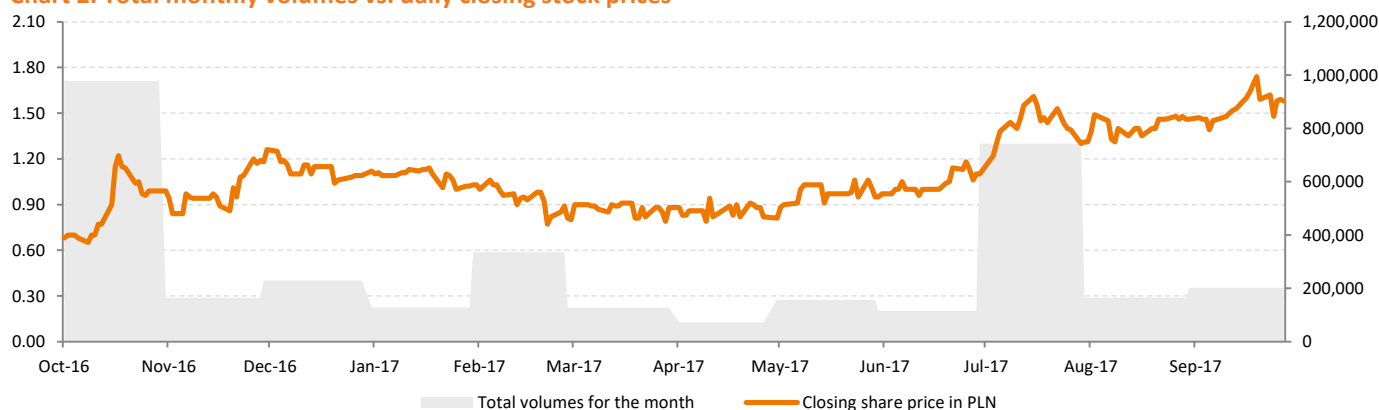


Chart 3. Enterprise value vs. trailing 12 months (TTM) EBITDA

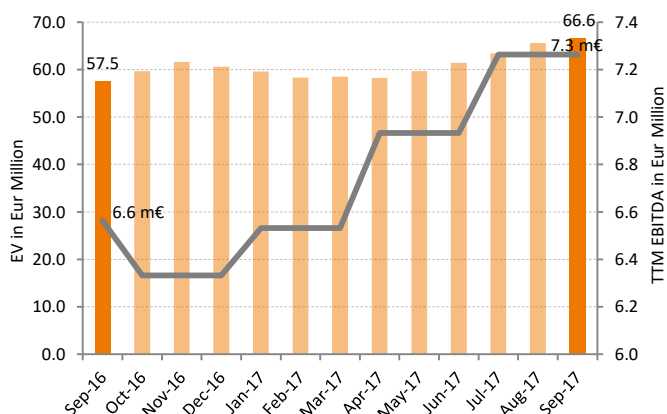
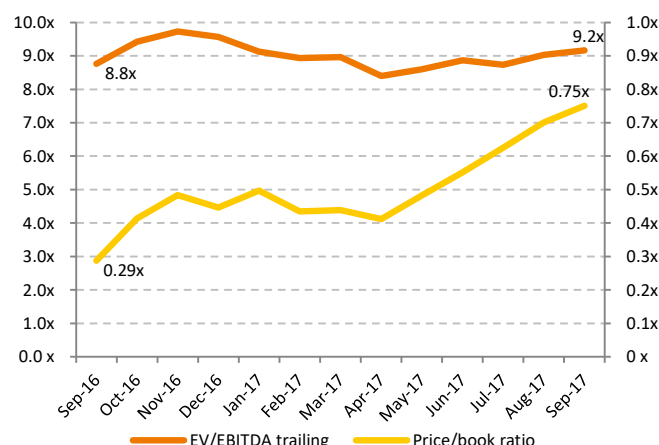


Chart 4. Enterprise value / trailing 12 months EBITDA & price to book ratio



Notes:

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

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

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

2.6.2. Free Market (Prague Stock Exchange)

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

On 30 September 2017, the share (ISIN NL0010391108) closed at a price of CZK 8.20 (+17% vs 31 December 2016, +67% vs CZK 4.90, the reference price on the first trading day on 17 October 2016), corresponding to a price-to-book ratio of 0.65x. The Company reports a quarterly trading volume of 180,126 shares, compared to 66,934 shares in 2017Q2.

2.7. Bond trading performance

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

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

After the reporting period, 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 corporate bond, with a nominal value of EUR 1,000 (ISIN DE000A19MFH4), has been traded on the Open Market of the Frankfurt Stock exchange since 27 October 2017. As of the reporting date, the total placement amounts to EUR 5,370,000, of which EUR 2,726,000 arose from the Exchange Offer. The public offer will end on 20 September 2018.

2.7.1. EUR Bond trading performance in Frankfurt

Chart 5. The Company's 8% EUR bond trading on the Frankfurt Stock Exchange in Germany between 1 October 2016 and 30 September 2017

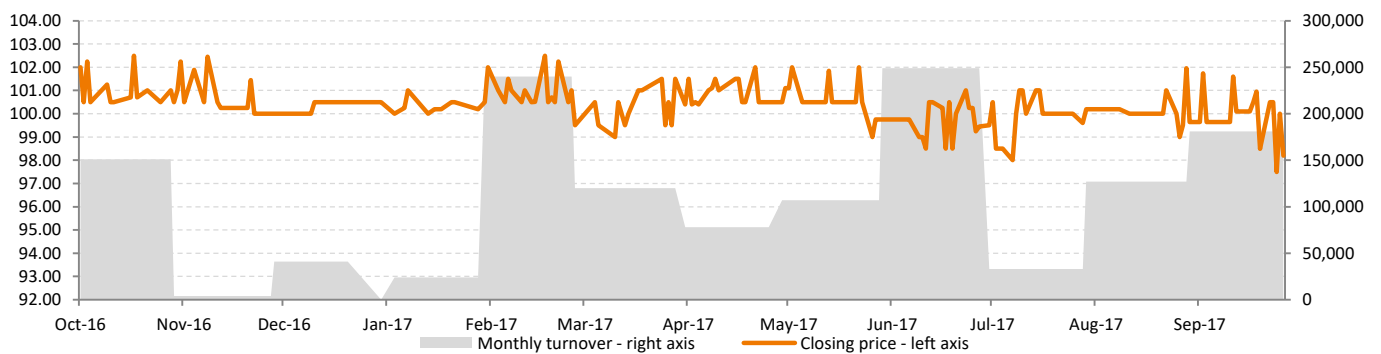
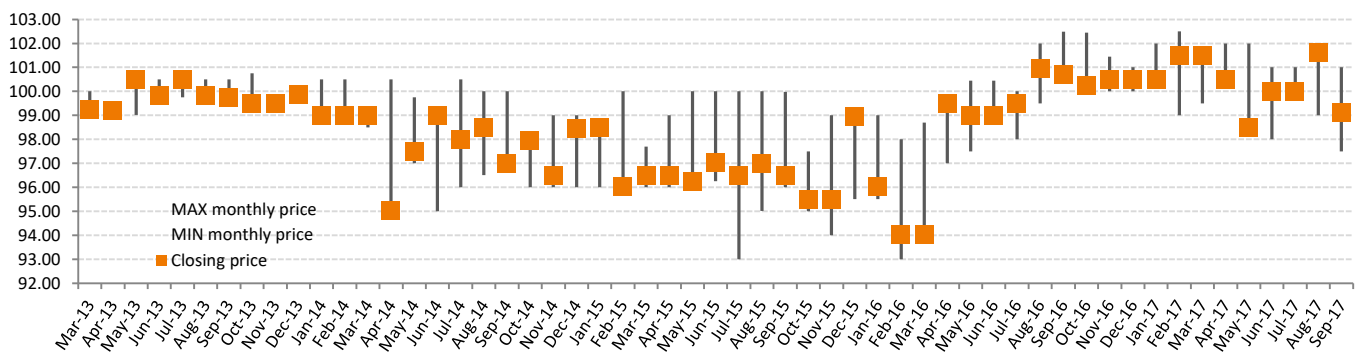


Chart 6. MIN, MAX and closing monthly prices



In the trading period from 12 March 2013 until 30 September 2017 the trading volume amounted to EUR 9.045 million (nominal value) with an opening price of 100.00 and a closing price of 99.10. During this period the average daily turnover amounted to EUR 7,858.

EUR Bond trading performance in 2017Q3

In 2017Q3, the trading volume amounted to EUR 341,000 (434,000 in 2017Q2) with an opening price of 100.00 and a closing price of 99.10. The average daily turnover amounted to EUR 5,246 in the reporting period compared to EUR 7,115 in 2017Q2 and 5,693 for the full-year 2016. Since the beginning of the year, the Company issued an additional 472 bonds (of which 224 in 2017Q3) with a corresponding nominal value of EUR 0.472 million, bringing the total amount of subscribed bonds to EUR 10.592 million as of 30 September 2017.

2.7.2. CZK Bond trading performance in Prague

In the trading period from 12 December 2016 until 30 September 2017 the trading volume amounted to CZK 5,940,000 (nominal value) with a closing price of 100.00. In 2017Q3, the trading volume amounted to CZK 450,000.

2.8. Financial statement analysis

Profit and Loss statement

Unaudited consolidated revenues increased by 6.8% YOY from EUR 4.549 million to EUR 4.908 million in 2017Q3, mainly due to higher revenues from electricity production and higher revenues from the O&M segment, as well as from the sale of technology. YTD, revenues increased 16.5% to EUR 12.939 million.

Consolidated EBITDA increased to an all-time-high of EUR 3.140 million (+14.5% YOY) in 2017Q3. YTD, EBITDA rose 17.8% to EUR 7.333 million.

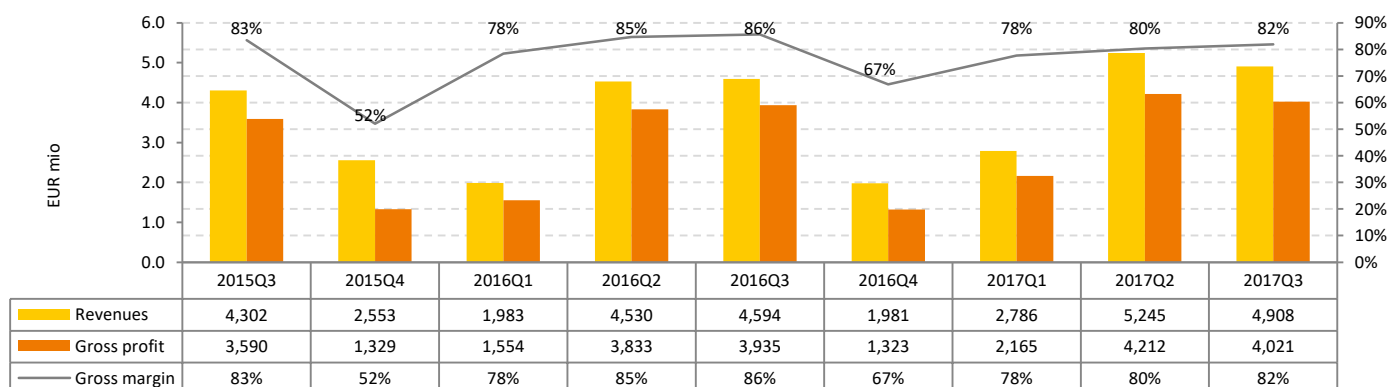
Consolidated EBIT increased to EUR 1.229 million (+36.2% YOY) in 2017Q3. YTD, EBIT grew by 53.6% to EUR 2.717 million.

In 2017Q3, the Company recorded a profit before taxation of EUR 0.883 million, significantly higher than the EUR 0.210 million profit for the same period last year. YTD, the Company swung from a loss of 0.908 million in 2016Q1-Q3 to a profit of EUR 1.339 million in 2017Q1-Q3.

The Company recorded a profit after taxation of EUR 0.613 million in 2017Q3, compared to EUR 0.175 million for the same period last year (+251.2% YOY) and posted YTD a EUR 0.695 million profit after taxation in 2017Q1-Q3, compared to a loss of EUR 0.869 million in 2016Q1-Q3.

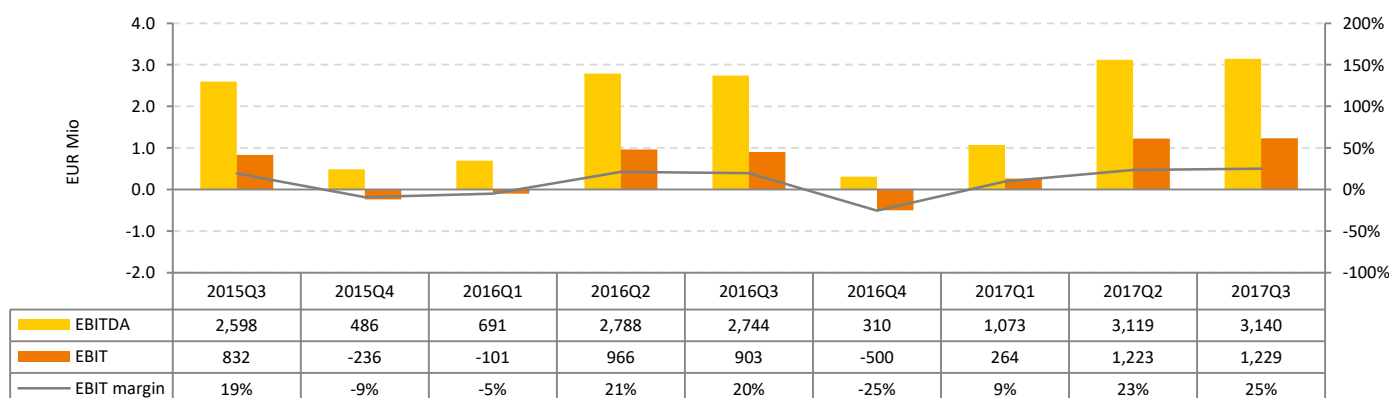
Total comprehensive income increased by 35.4% to EUR 1.051 million in 2017Q3, compared to EUR 0.777 million one year ago. YTD, Total comprehensive income swung from a loss of 0.330 million in 2016Q1-Q3 to a profit of EUR 2.652 million in 2017Q1-Q3.

Chart 7. Revenues, gross profit and gross margin



The numbers presented above are based on published quarterly figures.

Chart 8. EBITDA, EBIT and EBIT margin development



The numbers presented above are based on published quarterly figures.

Balance Sheet

Total fixed assets amounted to EUR 73.932 million at the end of 2017Q3, a decrease by EUR 2.926 million compared to 2016Q3. The main reason for the decrease in assets is the scheduled amortization and depreciation of fixed assets.

Current assets increased from EUR 13.083 million as of 30 September 2016 to EUR 13.403 million as of 30 September 2017 mainly due to higher work in progress and higher inventories.

Total liabilities amounted to EUR 60.503 million as of the end of the reporting period compared to EUR 61.731 million as of the end of 2016Q3. Current liabilities increased by EUR 10.453 million (up from EUR 7.086 million in 2016Q3 to EUR 17.539 million in 2017Q3) mainly due to the reclassification of the EUR bond from long-term liabilities to short-term liabilities (due date 12 March 2018), compensated slightly by lower other payables.

Long term liabilities decreased by EUR 11.682 million from EUR 54.645 million in 2016Q3 to EUR 42.964 million in 2017Q3. The main drivers of the change in long term liabilities were the reclassification of the EUR bond to the short-term liabilities and the decrease in the outstanding balance of bank loans.

Chart 9. Net current assets

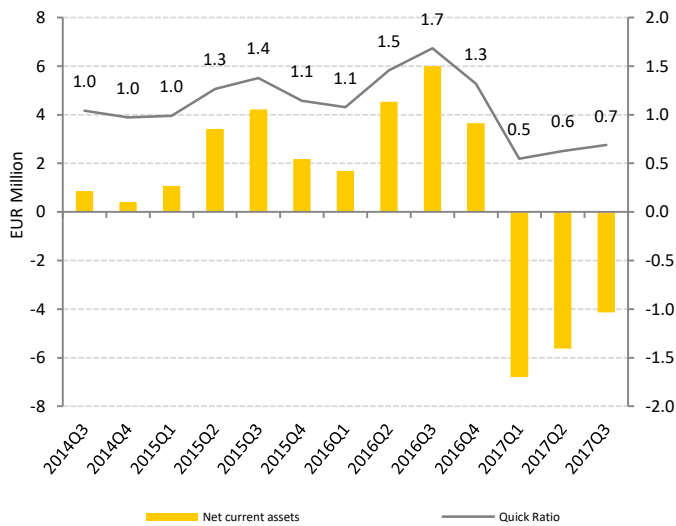
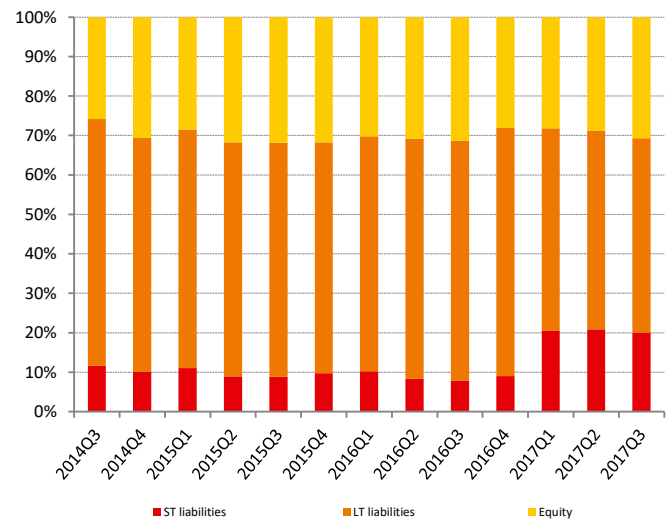


Chart 10. Break down of liabilities and equity



Changes in equity

Equity decreased to EUR 26.832 million in 2017Q3 compared to EUR 28.210 million in 2016Q3. This is mainly due to the negative result of 2016Q4. During 2017 total equity increased to EUR 26.832 million at the end of 2017Q3 from EUR 24.180 million at year-end 2016.

Cash Flow

The Group posted a positive operating cash flow for the third quarter of 2017, which amounted to EUR 1.646 million. Financial cash flow was negative and amounted to EUR 2.072 million driven primarily by the repayment of borrowings and interest expenses. Investment cashflow equalled to zero. All these movements were compensated by the effect of the change in exchange rates (a positive impact of EUR 0.380 million). Overall, the cash position decreased by EUR 0.426 million in total and amounted at EUR 4.670 million at the end of the reporting period (EUR 5.208 million one year ago).

2.9. Financial forecasts

The Company does not publish financial forecasts.

3. General information about the Issuer

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

Company name:	Photon Energy N.V.
Registered office:	Barbara 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 30 September 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 30 September 2017, to the knowledge of the Board of Directors of Photon Energy N.V., the shareholder structure was as follows:

Shareholdership as of 30.09.2017	No. of shares	% of capital	No. of votes at the Shareholders Meeting	% of votes at the Shareholders Meeting
Solar Age Investments B.V.	26,467,000	44.11%	26,467,000	51.94%
Solar Future Cooperatief U.A.	8,590,683	14.32%	8,590,683	16.86%
Solar Power to the People Cooperatief U.A.	8,051,874	13.42%	8,051,874	15.80%
Photon Energy N.V.	9,044,168	15.07%	0	0.00%
Free float	7,846,275	13.08%	7,846,275	15.40%
Total	60,000,000	100.00%	50,956,932	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 30 September 2017

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

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

Supervisory Board

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

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

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

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

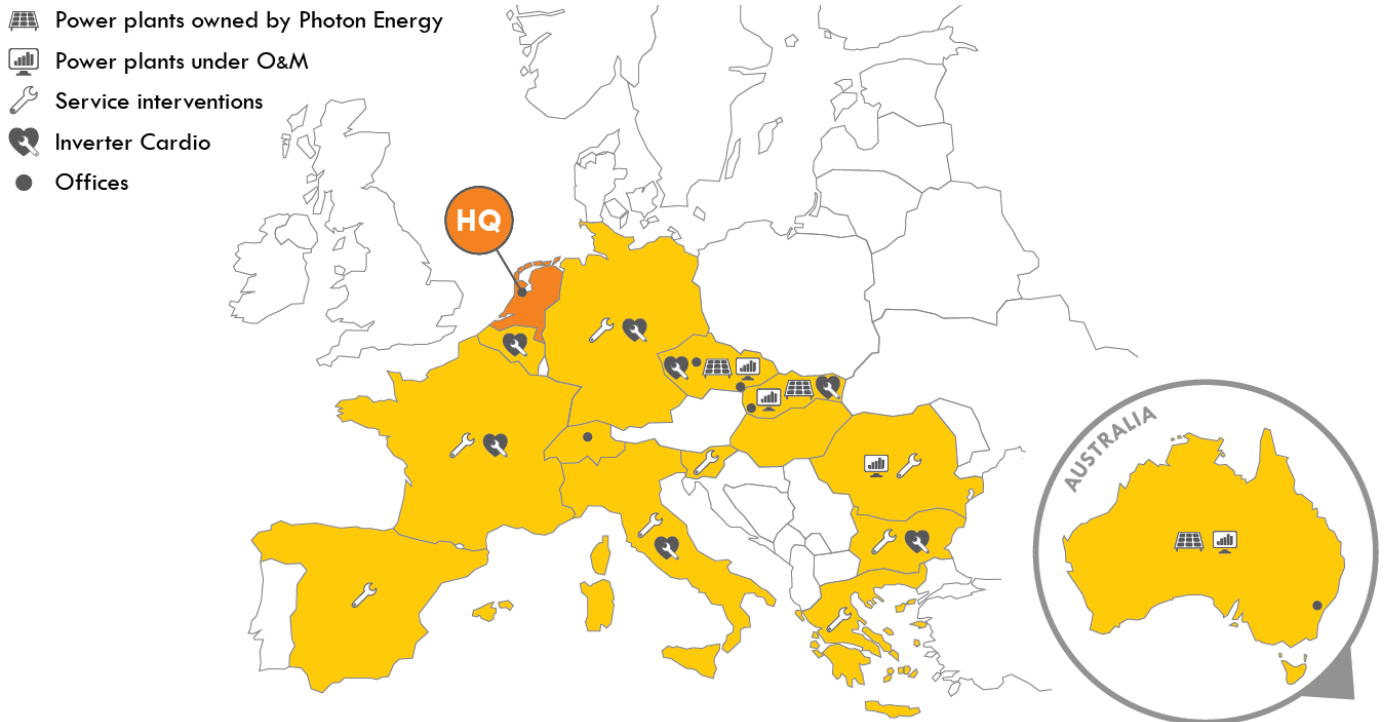
7. Description of the Issuer's business

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

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

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

Country-specific references



Currently the Photon Energy Group is active with 76 professionals in 5 countries across 2 continents (headquartered in Amsterdam). With a track record of 50 MWp of grid-connected PV plants across 5 countries and more than 210 MWp of PV power plants under O&M management across two continents.

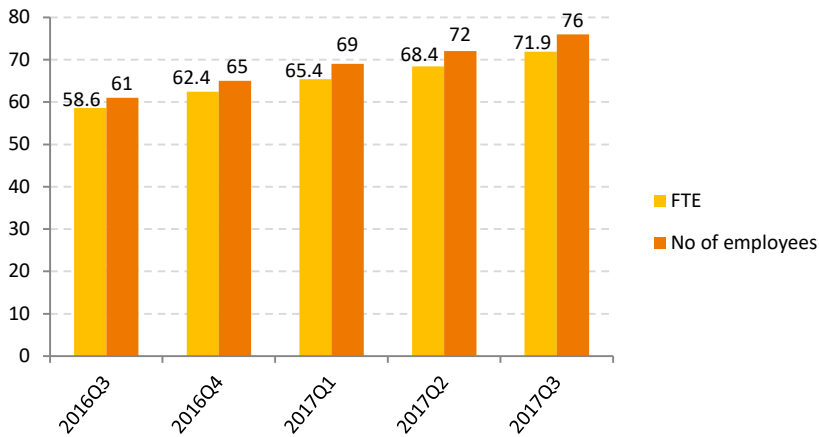
8. Implementation of innovative activities in the Company

None during the reporting period.

9. Employees

As of the end of 2017Q3, the Photon Energy Group had 76 employees (compared to 61 employees in 2016Q3) which translates into 71.9 FTE (compared to 58.6 FTE in 2016Q3).

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 the reporting date.

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

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, the following changes to the Group structure took place:

- ▶ On 22 September 2017, Photon Energy Operations HU Kft. was incorporated as a 100% subsidiary of Photon Energy Operations NV.
- ▶ On 27 September 2017, Photon Energy Solutions HU Kft. was incorporated as a 100% subsidiary of Photon Energy NV.

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 July until 30 September 2017

Below is a summary of the key events which were important for the Issuer's business from 1 July until 30 September 2017 and which were reported in the EBI system:

- ▶ **EBI 18/2017** published on 3 July 2017: Photon Energy is developing a 316 MWp solar power plant in Australia.
- ▶ **EBI 19/2017** published on 12 July 2017: Monthly report for June 2017.
- ▶ **EBI 20/2017** published on 13 July 2017: Photon Energy acquires 520 kW solar PV project in Hungary.
- ▶ **EBI 21/2017** published on 19 July 2017: Photon Energy mandates Pottinger as financial advisors for Australian project pipeline.
- ▶ **EBI 22/2017** published on 2 August 2017: Photon Energy announces the development of a 155 MWp solar plant in Australia.
- ▶ **EBI 23/2017** published on 7 August 2017: Quarterly report for 2017 Q2.
- ▶ **EBI 24/2017** published on 9 August 2017: Monthly report for July 2017.
- ▶ **EBI 25/2017** published on 29 August 2017: Photon Energy announces the development of a 253 MWp solar plant in Australia.
- ▶ **EBI 26/2017** published on 31 August 2017: Photon Energy announces the development of a 166 MWp solar plant in Australia.
- ▶ **EBI 27/2017** published on 4 September 2017: Photon Energy announces the development of three further solar plants in Australia for a total capacity of 402 MWp.
- ▶ **EBI 28/2017** published on 11 September 2017: Monthly report for August 2017.
- ▶ **EBI 29/2017** published on 21 September 2017: Photon Energy launches a public exchange offer and a public offer for a 5-year 7.75% corporate bond with a placement volume of up to EUR 30 million.

11.2. Summary of the key events after 30 September 2017

Below is a summary of the key events which were important for the Issuer's business after 30 September 2017 until the date of this report:

- ▶ **EBI 30/2017** published on 4 October 2017: Photon Energy acquires 8 PV projects with 4 MW AC in Hungary.
- ▶ **EBI 31/2017** published on 9 October 2017: Photon Energy announces Development Approval for 28.6 MWp solar farm in Leeton, Australia.
- ▶ **EBI 32/2017** published on 10 October 2017: Monthly report for September 2017.
- ▶ **EBI 33/2017** published on 24 October 2017: Interim result of the placement of the bond 2017/2022 (ISIN DE000A19MFH4).

12. Detailed consolidated financial results for 2017Q3

The tables below present the **consolidated** and **un-audited** financial statements of Photon Energy N.V. for the period starting on 1 July 2017 and ending on 30 September 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	
	2016Q3	2017Q3	2016Q3	2017Q3	2016Q3	2017Q3
Total revenues	4,594	4,908	19,916	20,896	124,177	128,032
<i>Out of that: Revenues from electricity generation</i>	4,151	4,050	17,994	17,240	112,190	105,633
<i>Out of that: Other revenues</i>	444	859	1,923	3,656	11,987	22,399
Cost of sales	-363	-609	-1,574	-2,592	-9,813	-15,881
Solar levy CZ	-296	-278	-1,285	-1,185	-8,009	-7,262
Gross profit	3,935	4,021	17,058	17,119	106,354	104,890
Other income	225	237	975	1,011	6,081	6,193
Administrative expenses	-442	-489	-1,916	-2,082	-11,949	-12,758
Personnel expenses	-557	-619	-2,414	-2,637	-15,053	-16,155
Other expenses	-417	-10	-1,809	-41	-11,277	-253
EBITDA	2,744	3,140	11,894	13,370	74,157	81,916
Depreciation	-1,841	-1,911	-7,981	-8,136	-49,761	-49,850
EBIT	903	1,229	3,913	5,234	24,396	32,066
Interests income	10	133	44	566	276	3,471
Financial revenues	0	0	0	0	2	0
Interests cost	-817	-797	-3,544	-3,392	-22,094	-20,783
Financial expenses	22	-166	95	-705	590	-4,320
Revaluation of derivatives	78	411	340	1,750	2,121	10,719
Net finance expenses	-707	-418	-3,064	-1,781	-19,104	-10,912
Share of profit from associates / J-Vs	14	72	63	305	391	1,869
Profit / loss before taxation	210	883	912	3,758	5,683	23,023
Income tax – current	-1	-266	-4	-1,131	-26	-6,927
Income tax – deferred	-35	-4	-151	-16	-939	-99
Profit/loss from continuing operations	175	613	757	2,611	4,718	15,997
Profit/loss from discontinued operations	0	0	0	0	2	0
Profit/loss after taxation	175	613	757	2,611	4,720	15,997
Other comprehensive income for the period	602	438	2,610	1,865	16,271	11,425
Total comprehensive income for the period	777	1,051	3,367	4,476	20,991	27,422
Profit/loss after taxation	175	613	757	2,611	4,720	15,997
<i>Attributable to the equity holders</i>	179	624	777	2,655	4,847	16,270
<i>Attributable to minority interest</i>	-5	-10	-20	-45	-126	-273
Total comprehensive income for the period	777	1,051	3,367	4,476	20,991	27,422
<i>Attributable to the equity holders</i>	781	1,062	3,387	4,520	21,117	27,695
<i>Attributable to minority interest</i>	-5	-10	-20	-45	-126	-273
Average no. of shares outstanding (in thousand)	50,972	50,956	50,972	50,956	50,972	50,956
Earnings per share outstanding	0.003	0.012	0.015	0.051	0.093	0.314
Comprehensive income per share outstanding	0.015	0.021	0.066	0.088	0.412	0.538
<i>EUR exchange rate – low</i>			4.260	4.202	27.020	25.965
<i>EUR exchange rate – average</i>			4.335	4.257	27.028	26.084
<i>EUR exchange rate – high</i>			4.430	4.304	27.095	26.160

Note: Exchange rates provided by the European Central Bank

Statement of Financial Position

in Thousands	EUR		PLN		CZK	
	30.9.2016	30.9.2017	30.9.2016	30.9.2017	30.9.2016	30.9.2017
Intangibles	0	0	0	0	0	0
Property, plant and equipment	74,646	72,241	322,402	310,929	2,016,948	1,876,454
Investments in associates /joint ventures	2,203	1,682	9,514	7,241	59,520	43,698
Other investments	8	8	35	36	220	220
Longterm receivables	0	0	0	0	0	0
Deferred tax assets	0	0	0	0	0	0
Non-current assets	76,857	73,932	331,952	318,206	2,076,689	1,920,373
Inventories – Goods	1,157	1,346	4,998	5,794	31,265	34,967
Trade receivables	3,075	3,025	13,283	13,021	83,097	78,581
Other receivables	2,456	2,224	10,610	9,570	66,374	57,757
Loans	800	755	3,455	3,250	21,616	19,611
Gross amount due from customers for contract work	0	531	0	2,284	0	13,787
Prepaid expenses	386	502	1,667	2,159	10,431	13,031
Cash and cash equivalents	5,208	4,670	22,495	20,102	140,731	121,314
Other S-T financial assets	0	350	0	1,506	0	9,091
Assets held for sale	0	0	0	0	0	0
Current assets	13,083	13,403	56,508	57,687	353,514	348,140
Total assets	89,941	87,334	388,460	375,893	2,430,203	2,268,513
Issued share capital	600	600	2,591	2,582	16,212	15,585
Share premium	23,760	23,760	102,621	102,264	641,995	617,166
Legal reserve fund	8	13	36	57	226	347
Reserves	23,453	23,491	101,294	101,106	633,693	610,172
Retained earnings	-19,611	-21,011	-84,701	-90,433	-529,892	-545,761
Equity attributable to owners of the Company	28,210	26,853	121,840	115,577	762,234	697,509
Non-controlling interests	0	-21	0	-92	0	-558
Total equity	28,210	26,832	121,840	115,485	762,234	696,951
Bank loans	38,286	35,023	165,359	150,741	1,034,487	909,723
Other long-term liabilities	10,431	1,954	45,052	8,410	281,846	50,754
Other loans	270	0	1,166	0	7,295	0
Deferred tax liabilities	5,658	5,987	24,438	25,767	152,885	155,504
Non-current liabilities	54,645	42,964	236,016	184,918	1,476,513	1,115,982
Bank Loans	3,890	3,637	16,802	15,655	105,114	94,479
Other loans	268	314	1,160	1,354	7,254	8,168
Trade payables	820	747	3,542	3,215	22,161	19,405
Other payables	1,907	1,512	8,236	6,506	51,527	39,265
Other shortterm liabilities	0	10,592	0	45,589	0	275,127
Current tax liabilities (income tax)	0	649	0	2,791	0	16,846
Provisions	200	88	864	379	5,404	2,289
Current liabilities	7,086	17,539	30,604	75,490	191,460	455,580
Total Liabilities	61,731	60,503	266,620	260,408	1,667,973	1,571,561
TOTAL Equity & Liabilities	89,941	87,334	388,460	375,893	2,430,207	2,268,512
<i>No. of shares outstanding in thousand</i>	<i>50,972</i>	<i>50,956</i>	<i>50,972</i>	<i>50,956</i>	<i>50,972</i>	<i>50,956</i>
<i>Book value per share outstanding</i>	<i>0.553</i>	<i>0.527</i>	<i>2.390</i>	<i>2.266</i>	<i>14.954</i>	<i>13.678</i>

Cash Flow Statement

in Thousands	EUR		PLN		CZK	
	2016Q3	2017Q3	2016Q3	2017Q3	2016Q3	2017Q3
Profit/loss before taxation	210	883	912	3,759	5,683	23,032
Adjustments for:			0	0	0	0
Depreciation	1,841	1,911	7,981	8,136	49,761	49,850
Other changes in fixed assets	-230	0	-997	0	-6,216	0
Share of profit of equity accounted investees	-14	-72	-63	-305	-391	-1,869
Profit /Loss on sale of property, plant and equipment	-39	0	-171	0	-1,066	0
Other non-cash items	1,190	236	5,158	1,005	32,163	6,156
Changes in:	0		0	0	0	0
Trade and other receivables	-439	-105	-1,902	-448	-11,857	-2,744
Gross amount due from customers for contract work	0	-531	0	-2,261	0	-13,851
Prepaid expenses	105	-155	454	-662	2,833	-4,055
Inventories	-88	-242	-382	-1,030	-2,379	-6,311
Trade and other payables	-412	-862	-1,788	-3,668	-11,149	-22,475
Other liabilities	242	583	1,051	2,483	6,551	15,213
Operating cash flow	2,365	1,646	10,254	7,009	63,932	42,943
Acquisition of property, plant and equipment	0	0	0	0	0	0
Acquisition of subsidiary (net of cash acquired), associates, joint ventures	-438	0	-1,899	0	-11,838	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	-438	0	-1,899	0	-11,838	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	0	0	0	0	0	0
Repayment of borrowings	-976	-1,616	-4,229	-6,878	-26,370	-42,143
Proceeds from issuing bonds	413	341	1,790	1,450	11,162	8,882
Interest expenses	-785	-798	-3,405	-3,396	-21,227	-20,809
Financing cash flow	-1,348	-2,072	-5,844	-8,821	-36,435	-54,044
Net increase/decrease in cash and cash equivalents	579	-426	2,511	-1,812	15,659	-11,101
Cash at the beginning of the period	4,643	4,716	20,127	20,076	125,490	123,008
Effect of exchange rate fluctuation	-16	380	-69	1,618	-432	9,912
Cash at the end of the period	5,208	4,670	22,578	19,882	140,770	121,819
<i>EUR exchange rate - low</i>			4.260	4.202	27.020	25.965
<i>EUR exchange rate - average</i>			4.335	4.257	27.028	26.084
<i>EUR exchange rate - high</i>			4.430	4.304	27.095	26.160

13. Detailed accumulated consolidated financial results for 2017 Q1-Q3

The tables below present the **consolidated** and **un-audited** financial statements of Photon Energy N.V. for the nine-month period starting on 1 January 2017 and ending on 30 September 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-Q3	2017Q1-Q3	2016Q1-Q3	2017Q1-Q3	2016Q1-Q3	2017Q1-Q3
Total revenues	11,108	12,939	48,150	55,192	300,298	343,574
<i>Out of that: Revenues from electricity generation</i>	9,721	10,403	42,138	44,374	262,804	276,231
<i>Out of that: Other revenues</i>	1,387	2,536	6,012	10,818	37,494	67,343
Cost of sales	-1,086	-1,807	-4,707	-7,709	-29,357	-47,991
Solar levy CZ	-700	-734	-3,034	-3,131	-18,924	-19,490
Gross profit	9,322	10,398	40,409	44,352	252,017	276,094
Other income	254	295	1,100	1,260	6,861	7,845
Administrative expenses	-1,206	-1,330	-5,230	-5,672	-32,617	-35,306
Personnel expenses	-1,644	-1,916	-7,126	-8,173	-44,446	-50,880
Other expenses	-503	-115	-2,179	-488	-13,592	-3,041
EBITDA	6,222	7,333	26,973	31,279	168,223	194,713
Depreciation	-4,454	-4,616	-19,308	-19,691	-120,416	-122,580
EBIT	1,768	2,717	7,665	11,587	47,806	72,133
Interests income	32	162	138	689	860	4,290
Financial revenues	0	0	0	0	2	0
Interests cost	-2,350	-2,062	-10,187	-8,794	-63,536	-54,745
Financial expenses	-12	-364	-53	-1,552	-330	-9,664
Revaluation of derivatives	-459	776	-1,989	3,308	-12,403	20,595
Net finance expenses	-2,789	-1,488	-12,091	-6,349	-75,406	-39,523
Share of profit from associates / J-Vs	112	111	487	474	3,039	2,948
Profit / loss before taxation	-908	1,339	-3,938	5,712	-24,561	35,557
Income tax – current	-12	-565	-53	-2,408	-331	-14,991
Income tax – deferred	63	-79	271	-338	1,692	-2,105
Profit/loss from continuing operations	-858	695	-3,720	2,966	-23,200	18,462
Profit/loss from discontinued operations	-11	0	-48	0	-297	0
Profit/loss after taxation	-869	695	-3,768	2,966	-23,497	18,462
Other comprehensive income for the period	539	1,957	2,336	8,348	14,572	51,965
Total comprehensive income for the period	-330	2,652	-1,431	11,313	-8,925	70,426
Profit/loss after taxation	-869	695	-3,768	2,966	-23,497	18,462
<i>Attributable to the equity holders</i>	-869	717	-3,768	3,057	-23,497	19,032
<i>Attributable to minority interest</i>	0	-21	0	-92	0	-570
Total comprehensive income for the period	-330	2,652	-1,431	11,313	-8,925	70,426
<i>Attributable to the equity holders</i>	-330	2,674	-1,431	11,405	-8,925	70,996
<i>Attributable to minority interest</i>	0	-21	0	-92	0	-570
Average no. of shares outstanding (in thousand)	50,986	50,971	50,986	50,971	50,986	50,971
Earnings per share outstanding	-0.017	0.014	-0.074	0.058	-0.461	0.362
Comprehensive income per share outstanding	-0.006	0.052	-0.028	0.222	-0.175	1.382
<i>EUR exchange rate – low</i>			4.260	4.171	27.020	25.965
<i>EUR exchange rate – average</i>			4.335	4.266	27.035	26.553
<i>EUR exchange rate – high</i>			4.430	4.413	27.150	27.060

Note: Exchange rates provided by the European Central Bank

Cash Flow Statement

in Thousands	EUR		PLN		CZK	
	2016Q1-Q3	2017Q1-Q3	2016Q1-Q3	2017Q1-Q3	2016Q1-Q3	2017Q1-Q3
Profit/loss before taxation	-908	1,339	-3,938	5,712	-24,561	35,555
Adjustments for:			0	0	0	0
Depreciation	4,454	4,616	19,308	19,691	120,416	122,580
Other changes in fixed assets	0	0	0	0	0	0
Share of profit of equity accounted investees	-112	-111	-487	-474	-3,039	-2,948
Profit /Loss on sale of property, plant and equipment	0	0	0	0	0	0
Other non-cash items	1,154	156	5,002	665	31,199	4,142
Changes in:			0	0	0	0
Trade and other receivables	-2,351	-1,728	-10,191	-7,371	-63,559	-45,885
Gross amount due from customers for contract work	0	-531	0	-2,265	0	-14,100
Prepaid expenses	302	-113	1,309	-483	8,162	-3,005
Inventories	-233	-224	-1,009	-956	-6,294	-5,954
Trade and other payables	-1,429	-1,255	-6,195	-5,353	-38,634	-33,323
Other liabilities	-77	388	-336	1,654	-2,092	10,296
Operating cash flow	799	2,537	3,463	10,822	21,598	67,367
Acquisition of property, plant and equipment	0	0	0	0	0	0
Acquisition of subsidiary (net of cash acquired), associates, joint ventures	-438	0	-1,899	0	-11,841	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	-438	0	-1,899	0	-11,841	0
Proceeds from issuance of ordinary shares	0	0	0	0	0	0
Change of consolidation method (acquisition of JV)	1,809	0	7,842	0	48,907	0
Proceeds from borrowings	1,479	0	6,411	0	39,985	0
Repayment of borrowings	-3,288	-3,919	-14,251	-16,715	-88,880	-104,053
Proceeds from issuing bonds	1,985	991	8,605	4,225	53,665	26,304
Interest expenses	-2,330	-2,062	-10,102	-8,794	-63,006	-54,745
Financing cash flow	-345	-4,990	-1,496	-21,284	-9,328	-132,494
Net increase/decrease in cash and cash equivalents	16	-2,453	69	-10,462	428	-65,128
Cash at the beginning of the period	5,297	5,420	22,962	23,119	143,206	143,918
Effect of exchange rate fluctuation	-105	1,703	-455	7,264	-2,839	45,220
Cash at the end of the period	5,208	4,670	22,575	19,921	140,795	124,011
EUR exchange rate - low			4.260	4.171	27.020	25.965
EUR exchange rate - average			4.335	4.266	27.035	26.553
EUR exchange rate - high			4.430	4.413	27.150	27.060

Statement of Changes in Equity

in thousand EUR	Share capital	Share premium	Legal reserve Fund	Revaluation reserve	Currency translation reserve	Hedging reserve	Retained earnings	TOTAL	Non-controlling interests	TOTAL EQUITY
BALANCE at 31.12.2016	600	23,760	13	24,410	-1,139	-205	-23,260	24,180	0	24,180
Profit for the period 1.1.2017 – 30.9.2017							717	717	-21	696
Revaluation of PPE								0		0
Share on revaluation of PPE of associates, JV								0		0
Foreign currency translation differences					1,703			1,703		1,703
Derivatives						254		254		254
Acquisition of JV								0		0
Total comprehensive income for the period	0	0	0	0	1,703	254	717	2,674	-21	2,652
new shares								0		0
Move from revaluation reserve to retained earnings				-1,532			1,532	0		0
Legal reserve fund – move to RE on entity disposal									-856	0
BALANCE at 30.9.2017	600	23,760	13	22,878	564	49	-21,011	26,853	-21	26,832

14. Detailed entity financial results for 2017Q3

The tables below present the **entity** and **un-audited** financial statements of Photon Energy N.V. for the three-month period starting on 1 July 2017 and ending on 30 September 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	
	2016Q3	2017Q3	2016Q3	2017Q3	2016Q3	2017Q3
Revenues from the sale of products, goods and services	461	418	1,997	1,778	12,454	10,892
Cost of sales	-340	-331	-1,474	-1,408	-9,190	-8,627
Gross profit	121	87	524	370	3,264	2,265
Other administrative expenses	-121	-85	-524	-360	-3,269	-2,208
Other income	1	0	4	0	27	0
Other expenses	-204	-2	-882	-7	-5,502	-42
EBITDA	-203	1	-879	2	-5,479	15
Amortization&depreciation	-3	-3	-12	-11	-72	-69
EBIT	-205	-2	-890	-9	-5,551	-55
Financial income	1,850	745	8,019	3,170	50,001	19,424
Financial costs	-357	-263	-1,546	-1,119	-9,637	-6,856
Profit / loss before taxation	1,288	480	5,583	2,042	34,812	12,513
Income tax	0	0	0	0	0	0
Profit/loss for the period (net income)	1,288	480	5,583	2,042	34,812	12,513

Balance Sheet

in Thousands	EUR		PLN		CZK	
	30.9.2016	30.9.2017	30.9.2016	30.9.2017	30.9.2016	30.9.2017
Intangibles	15	4	64	18	398	106
Property, plant and equipment	0	0	0	0	0	0
Investments in associates /joint ventures	32,697	27,443	141,222	118,116	883,484	712,832
Other investments	0	0	0	0	0	0
Longterm receivables	79	82	341	353	2,133	2,133
Deferred tax assets	0	0	0	0	0	0
Non-current assets	32,791	27,529	141,626	118,487	886,014	715,071
Inventories – Goods	0	0	0	0	0	0
Trade and other receivables	3,992	4,649	17,241	20,008	107,860	120,749
Loans	8,412	9,191	36,332	39,561	227,290	238,749
Gross amount due from customers for contract work	0	0	0	0	0	0
Prepaid expenses	187	308	807	1,324	5,046	7,989
Cash and cash equivalents	726	1,260	3,134	5,424	19,609	32,736
Current assets	13,316	15,408	57,514	66,317	359,805	400,222
Total assets	46,107	42,937	199,140	184,804	1,245,820	1,115,293
Issued share capital	600	600	2,591	2,582	16,212	15,585
Share premium	36,871	36,871	159,248	158,695	996,254	957,724
Legal reserve fund	0	0	0	0	0	0
Reserves	16,247	14,713	70,171	63,325	438,992	382,169
Retained earnings	-25,329	-27,997	-109,396	-120,501	-684,380	-727,225
Profit/loss for the current period	1,557	-245	6,725	-1,054	42,074	-6,358
Equity attributable to owners of the Company	29,946	23,942	129,340	103,048	809,153	621,895
Non-controlling interests	0	0	0	0	0	0
Total equity	29,946	23,942	129,340	103,048	809,153	621,895
Non-current liabilities	12,158	3,248	52,512	13,979	328,512	84,365
Bank Loan	0	0	0	0	0	0
Other long term liabilities	11,889	3,248	51,349	13,979	321,237	84,365
Other loans	269	0	1,163	0	7,275	0
Deferred tax liabilities	0	0	0	0	0	0
Current liabilities	4,003	15,747	17,288	67,777	108,155	409,033
Bank Loans	0	0	0	0	0	0
Other loans	269	314	1,163	1,351	7,275	8,156
Trade and other payables	3,534	4,753	15,262	20,458	95,476	123,464
Other shortterm liabilities	0	10,592	0	45,589	0	275,127
Current tax liabilities (income tax)	0	0	0	0	0	0
Provisions	200	88	864	379	5,404	2,286
TOTAL Equity & Liabilities	46,107	42,937	199,140	184,804	1,245,820	1,115,293
<i>No. of shares outstanding in thousand</i>	<i>50,972</i>	<i>50,956</i>	<i>50,972</i>	<i>50,956</i>	<i>50,972</i>	<i>50,956</i>
<i>Book value per share outstanding</i>	<i>0.588</i>	<i>0.470</i>	<i>2.537</i>	<i>2.022</i>	<i>15.874</i>	<i>12.205</i>

15. Detailed cumulative entity financial results for 2017 Q1-Q3

The tables below present the **entity** and **un-audited** financial statements of Photon Energy N.V. for the nine-month period starting on 1 January 2017 and ending on 30 September 2017 and the corresponding period of the previous year. The reported data is presented in accordance with **Dutch Accounting Standards (DAS)**.

in Thousands (except EPS)	EUR		PLN		CZK	
	2016 Q1-Q3	2017 Q1-Q3	2016 Q1-Q3	2017 Q1-Q3	2016 Q1-Q3	2017 Q1-Q3
Revenues from the sale of products, goods and services	1,364	1,292	5,911	5,510	36,864	34,303
Cost of sales	-994	-941	-4,309	-4,014	-26,873	-24,989
Gross profit	370	351	1,602	1,496	9,990	9,314
Other administrative expenses	-370	-361	-85	-1,539	-9,996	-9,580
Other income	1	3	0	11	27	67
Other expenses	-208	-5	-48	-23	-5,616	-143
EBITDA	-207	-13	1,469	-55	-5,595	-342
Amortization&depreciation	-8	-8	-2	-34	-216	-212
EBIT	-215	-21	1,467	-89	-5,810	-554
Financial income	1,979	866	456	3,696	53,490	23,007
Financial costs	-206	-1,090	-48	-4,651	-5,582	-28,953
Profit / loss before taxation	1,557	-245	1,876	-1,044	42,098	-6,500
Income tax	0	0	0	0	0	0
Profit/loss for the period (net income)	1,557	-245	1,876	-1,044	42,098	-6,500

16. Financial results per operating segments

The tables below present the **consolidated** and **un-audited** financial results per operating segment of Photon Energy N.V. for the period starting on 1 January 2017 and ending on 30 September 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 30 September 2017

EUR thousand	Energy solutions	Production of electricity	Operations, maintenance and PVPP supervision	PV Invest.	Other	Total for segments	Elimination	Consolidated financial information
External revenues from sale of products, goods and services	913	10,403	1,542	0	81	12,939	0	12,939
Revenues within segments from sale of products, goods, services	104	0	765	0	2,225	3,094	-3,094	0
Cost of sale	-948	-703	-1,039	0	-86	-2,776	969	-1,807
Energy levy	0	-734	0	0	0	-734	0	-734
Gross profit	69	8,973	1,268	0	2,220	12,523	-2,125	10,398
Other external income	0	290	0	0	5	296	0	296
Administrative and other expenses	-260	-191	-215	0	-3,527	-4,193	833	-3,360
Depreciation	0	-4,548	-45	0	-23	-4,616	0	-4,616
Operating income	-191	4,524	1,008	0	-1,324	4,009	-1,292	2,717
Interest income	25	173	19	0	886	1,104	-942	162
Interest expenses	-51	-1,907	-70	0	-977	-3,004	942	-2,062
Other financial revenues	0	0	0	0	0	0	0	0
Other financial expenses	-11	-3	-3	0	-347	-364	0	-364
Revaluation of derivatives	0	776	0	0	0	776	0	776
Profit/loss share in entities in equivalency	0	0	0	111	0	111	0	111
Income tax	0	-565	0	0	0	-565	0	-565
Deferred tax	0	-79	0	0	0	-79	0	-79
Profit/loss from discontinuing operations	0	0	0	0	0	0	0	0
Profit/loss after taxation	-227	2,918	954	111	-1,762	1,987	-1,292	695
Revaluation of property, plant and equipment	0	0	0	0	0	0	0	0
Foreign currency translation diff. - foreign operations	0	0	0	1,703	0	1,703	0	1,703
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	254	0	254	0	254
Total comprehensive income	-227	2,918	954	2,068	-1,762	3,944	-1,292	2,652
Assets, of which	3,407	85,483	3,534	1,682	16,275	110,382	-23,047	87,334
PPE – Lands	0	2,961	0	0	0	2,961	0	2,961
PPE – Photovoltaic power plants	0	68,832	0	0	0	68,832	0	68,832
PPE – Equipment	0	0	142	0	114	257	0	257
PPE – Assets in progress	0	0	0	0	192	192	0	192
Intangibles	0	0	0	0	0	0	0	0
Trade and other receivables	2,385	9,607	2,808	0	13,497	28,296	-23,047	5,249
Loans	0	0	0	0	755	755	0	755
Gross amount due from customers for contract work	531	0	0	0	0	531	0	531
Inventories – Goods	377	550	404	0	15	1,346	0	1,346
Investments in associates, JV, other	0	0	0	1,682	8	1,691	0	1,691
Deferred tax receivables	0	0	0	0	0	0	0	0
Long term receivables	0	0	0	0	0	0	0	0
Prepaid expenses	13	107	38	0	344	502	0	502
Assets held for sale	0	0	0	0	0	0	0	0
Cash and cash equivalents	101	3,427	142	0	1,000	4,670	0	4,670
Other S-T financial assets	0	0	0	0	350	350	0	350
Liabilities, of which	-5,331	-47,058	-6,752	0	-23,969	-83,109	22,607	-60,503
Trade and other payables	-5,331	-1,300	-6,595	0	-11,641	-24,866	22,607	-2,259
Bank Loans and other loans	0	-38,660	0	0	-314	-38,974	0	-38,974
Other long term liabilities	0	-462	-158	0	-1,334	-1,954	0	-1,954
Other short term liabilities	0	0	0	0	-10,592	-10,592	0	-10,592
Current tax liabilities (income tax)	0	-649	0	0	0	-649	0	-649
Provisions	0	0	0	0	-88	-88	0	-88
Deferred tax liabilities	0	-5,987	0	0	0	-5,987	0	-5,987

Results of the operating segments for the period from 1 January 2016 to 30 September 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	446	9,721	941	0	0	11,108	0	11,108
Revenues within segments from sale of products, goods, services	0	0	544	0	2,378	2,922	-2,922	0
Cost of sale	-335	-691	-439	0	-34	-1,499	413	-1,086
Energy tax	0	-700	0	0	0	-700	0	-700
Gross profit	111	8,330	1,046	0	2,344	11,831	-2,509	9,322
Other external income	0	0	254	0	0	254	0	254
Administrative and other expenses	-151	-140	-1,083	0	-3,125	-4,498	1,145	-3,353
Depreciation	0	-4,411	-17	0	-25	-4,454	0	-4,454
Operating income	-40	3,779	200	0	-806	3,133	-1,364	1,768
Interest income	21	161	15	0	2,377	2,575	-2,543	32
Interest expenses	-36	-3,741	-63	0	-1,053	-4,893	2,543	-2,350
Other financial revenues	0	0	0	0	0	0	0	0
Other financial expenses	-1	-6	-2	0	-2	-12	0	-12
Revaluation of derivatives	0	-459	0	0	0	-459	0	-459
Profit/loss share in entities in equivalency	0	0	0	112	0	112	0	112
Income tax	0	-11	-1	0	0	-12	0	-12
Deferred tax	0	63	0	0	0	63	0	63
Profit/loss from discontinuing operations	0	0	-11	0	0	-11	0	-11
Profit/loss after taxation	-56	-215	137	112	516	496	-1,364	-869
Revaluation of property, plant and equipment	0	0	0	602	0	602	0	602
Foreign currency translation diff. - foreign operations	0	0	0	-105	0	-105	0	-105
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	42	0	42	0	42
Total comprehensive income	-56	-215	137	651	516	1,035	-1,364	-330
Assets, of which	2,401	87,186	2,851	2,203	14,944	109,586	-19,644	89,941
PPE – Lands	0	2,860	0	0	0	2,860	0	2,860
PPE – Photovoltaic power plants	0	71,564	0	0	0	71,564	0	71,564
PPE – Equipment	23	0	135	0	65	223	0	223
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	1,942	7,841	2,351	0	13,843	25,977	-19,644	6,332
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	338	531	288	0	0	1,157	0	1,157
Investments in associates, JV, other	0	0	8	2,203	0	2,211	0	2,211
Deferred tax receivables	0	0	0	0	0	0	0	0
Long term receivables	0	0	0	0	0	0	0	0
Prepaid expenses	20	69	29	0	268	386	0	386
Assets held for sale	0	0	0	0	0	0	0	0
Cash and cash equivalents	79	4,321	40	0	768	5,208	0	5,208
Liabilities, of which	-3,011	-52,891	-5,508	0	-18,602	-80,012	18,280	-61,731
Trade and other payables	-3,011	-4,786	-5,393	0	-8,357	-21,546	18,280	-3,266
Bank Loans and other loans	0	-42,176	0	0	0	-42,176	0	-42,176
Other long term liabilities	0	-271	-115	0	-10,045	-10,431	0	-10,431
Other short term liabilities	0	0	0	0	0	0	0	0
Current tax liabilities (income tax)	0	0	0	0	0	0	0	0
Provisions	0	0	0	0	-200	-200	0	-200
Deferred tax liabilities	0	-5,658	0	0	0	-5,658	0	-5,658

17. Summary of significant accounting policies

Basis of preparation

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

The following main standards are applied by Group:

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

Use of estimates and judgments

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

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

Provisions

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

Presentation of Financial information

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

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

Consolidation

(a) Subsidiaries

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

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

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

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

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

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

(b) Associates

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

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

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

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

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

Segment reporting

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

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

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

The Management identified the following segments:

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

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

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

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

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

Foreign currency translation

(a) Functional and presentation currency

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

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

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

	PLN		CZK	
	2016Q3	2017Q3	2016Q3	2017Q3
EUR exchange rate – low	4.260	4.202	27.020	25.965
EUR exchange rate – high	4.430	4.304	27.095	26.160
EUR exchange rate – average	4.335	4.257	27.028	26.084
EUR exchange rate – end of period	4.319	4.304	27.020	25.975

(b) Transactions and balances

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

(c) Group companies

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

Property, plant and equipment

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

Inventories

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

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

Revenue recognition

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

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

Trade receivables

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

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

Cash and cash equivalents

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

Share capital

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

Trade payables

Trade payables are recognised at nominal value.

Loans and Borrowings

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

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

Current and deferred income tax

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

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

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

18. Management Board declaration

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

19. Investor Relations Contact

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Amsterdam, 6 November 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