

PHOTON ENERGY N.V. CONSOLIDATED AND ENTITY FINANCIAL REPORTS

2016Q4

for the period from 1 October to 31 December 2016

MATERIAL	THINFILM	INSPECTION	TOLERANCE NORM ISO 8015:	PRECISION ISO...	INDEX	X	AMEND.
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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 September to 31 December 2016

in Thousands	EUR		PLN		CZK	
	2015Q4	2016Q4	2015Q4	2016Q4	2015Q4	2016Q4
Total revenues	2,553	1,981	10,886	8,672	69,005	53,539
Gross profit	1,329	1,323	5,665	5,793	35,912	35,764
EBITDA	486	310	2,073	1,357	13,141	8,380
EBIT	-236	-500	-1,004	-2,191	-6,367	-13,525
Profit / loss before taxation	-944	-1,106	-4,025	-4,841	-25,514	-29,888
Profit / loss from continuing operations	-1,773	-1,810	-7,559	-7,922	-47,916	-48,910
Total comprehensive income	-1,451	-1,712	-6,187	-7,493	-39,224	-46,261
Non-current assets	79,023	76,144	336,846	335,850	2,135,602	2,057,801
Current assets	10,930	11,598	46,590	51,157	295,383	313,448
Cash and cash equivalents	5,297	5,420	22,581	23,904	143,162	146,464
Total assets	89,953	87,743	383,436	387,008	2,430,985	2,371,249
Total equity	28,541	24,580	121,658	108,413	771,312	664,261
Current liabilities	8,742	8,128	37,263	35,848	236,247	219,648
Non-current liabilities	52,671	55,035	224,517	242,745	1,423,439	1,487,331
Operating cash flow	1,591	1,227	6,782	5,373	42,991	33,172
Investment cash flow	0	0	0	0	0	0
Financial cash flow	-1,838	-941	-7,838	-4,118	-49,689	-25,424
Net change in cash	-247	287	-1,052	1,255	-6,670	7,748
EUR exchange rate - low			4.219	4.271	27.020	27.020
EUR exchange rate - average			4.264	4.378	27.028	27.028
EUR exchange rate - end of period			4.263	4.411	27.025	27.020
EUR exchange rate - high			4.366	4.500	27.060	27.060

Note: Exchange rates provided by the European Central Bank

Financial highlights:

- Unaudited consolidated revenues of EUR 13.089 million for the full year 2016 are stable compared to 2015 (EUR 13.321 million), however, in 2016Q4 consolidated revenues decreased by 22.4% YOY from EUR 2.553 million to EUR 1.981 million.
- EBITDA increased to EUR 6.532 million (+6.3% YoY) in 2016, even though in 2016Q4 consolidated EBITDA decreased by 36.2% YOY from a EUR 0.486 million profit to a EUR 0.310 million profit.
- EBIT increased to EUR 1.268 million (+13.9%) in 2016, even though in 2016Q4 consolidated EBIT loss increased by 112.4% YOY from EUR 0.236 million to EUR 0.500 million.
- In 2016Q4 the Company recorded a loss before taxation of EUR 1.106 million, compared to a EUR 0.944 million loss for the same period last year.
- The Company recorded a loss before taxation of EUR 2.014 million for the full year 2016, compared to a EUR 0.918 million loss for the same period last year.
- Total comprehensive income came in at a EUR 1.712 million loss in 2016Q4 from a loss of EUR 1.451 million one year ago. For the full year of 2016 total comprehensive income came in at a EUR 2.042 million loss in 2016 compared to a EUR 0.755 loss in 2015.
- Total equity decreased from EUR 28.541 million at the end of 2015Q4 to EUR 24.580 million at the end of 2016Q4.
- YOY the equity ratio decreased from 36% to 32%¹.

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

Other highlights:

- In 2016Q4 the proprietary portfolio of PV plants generated approximately 2.8 GWh, which was 5.8% above the energy forecasts and down by 13.6% compared to 2015Q4;
- The total portfolio of Photon Energy Operations grew to 197 MWp as of the end of 2016Q4 compared to 158 MWp a year ago;
- Photon Energy Australia commissioned a 99 kWp ground mounted solar power plant for a sewerage treatment plant in Leeton;
- Photon Energy N.V. shares were admitted to dual listing on the Free Market segment of the Prague Stock Exchange in addition to the listing on the NewConnect segment of the Warsaw Stock Exchange.
- Photon Energy started the public offering in the Czech Republic of an innovative 7-year corporate bond with a 6% annual interest rate and monthly coupon payments.

1.2. Standalone financial results for Photon Energy N.V., for the period of 1 September to 31 December 2016

in Thousands	EUR		PLN		CZK	
	2015Q4	2016Q4	2015Q4	2016Q4	2015Q4	2016Q4
Revenues	591	185	2,505	816	15,960	4,573
EBITDA	-82	-231	-346	-1,007	-2,226	-6,167
EBIT	-85	-233	-357	-1,019	-2,298	-6,237
Profit / loss before taxation	-310	-4,424	-1,291	-19,290	-8,369	-120,155
Total comprehensive income	-311	-4,425	-1,295	-19,295	-8,396	-120,183
Non-current assets	32,351	28,452	137,900	125,495	874,284	768,780
Current assets	8,932	13,073	38,074	57,660	241,389	353,225
Cash and cash equivalents	55	438	234	1,931	1,481	11,831
Total assets	41,283	41,525	175,974	183,155	1,115,673	1,122,006
Total equity	28,527	24,571	121,602	108,379	770,932	663,904
Current liabilities	4,695	6,022	20,155	26,699	126,893	162,703
Non-current liabilities	8,060	10,932	34,217	48,076	217,822	295,372
EUR exchange rate – low			4.219	4.271	27.020	27.020
EUR exchange rate – high			4.366	4.500	27.060	27.060
EUR exchange rate – average			4.264	4.377	27.028	27.028
EUR exchange rate - end of period			4.263	4.411	27.025	27.020

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 October until 31 December 2016, 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

Our financial performance in 2016 hides the progress we have made across all areas of our business, which validates the soundness of our business strategy. We developed a more balanced and diversified business over the last years across geographies and channels. This balance and diversity are important factors that have made our performance more reliable this year, illustrated by both EBITDA and EBIT showing further progress year-on-year and setting the stage for material growth in 2017 and beyond.

We managed many achievements. One of our most important assets is our Operations & Maintenance expertise, which we continue to strengthen and develop, noticeably in the Czech Republic where we have exceeded the 100 MWp contracts milestone. We continued to expand our presence in Australia, further penetrating one of the sunniest countries in the world. The Australian market remains a major growth engine and has become a major contributor to our business pipeline. A 99 kWp power plant was commissioned during the quarter and two of our Australian PV projects under development, with a planned combined installed capacity of 34 MWp, are expected to be fully permitted and ready-to-build by mid-2017. We have been very focused at the same time on the quality and strength of our balance sheet. This is critical for us going into 2017 to ensure the company starts the year with robust financial health. In October, our shares were admitted to dual listing on the PSE Free Market and the Company placed a 6% p.a. corporate bond in the Czech Republic in late November 2016 to be in a position to capitalise on any future development opportunities as they arise. Together, these actions serve to position Photon Energy to deliver, we believe, long-term growth, profitability, and value for our shareholders.

More than 200 MWp in our O&M portfolio

With new O&M contracts worth 8.3 MWp signed during this quarter, Photon Energy has exceeded the 100 MWp milestone in the Czech Republic and is already exceeding 200 MWp for O&M services as of the date of this report. Photon Energy's know-how in the service of central PV inverters – in this case Siemens – has again played a central role in clinching the new contracts. With these new clients we have reason to believe that we are currently the largest independent O&M provider in the still very heterogeneous Czech PV market. This year alone the company's customer base grew by 45 MWp. Earlier this year, in September, Photon Energy took over the O&M of 28.5 MWp for one of the leading Czech independent power producers, Energy 21. O&M is a fast-growing business line at this moment and we are capitalising on this trend with our newly developed services. Our O&M division's outstanding performance was driven by its constant innovation, such as developing the Company's String Monitoring System installed at one of the biggest PV power plants in the Czech Republic, operated by the largest Czech energy company ČEZ earlier this year.

Photon Energy commissioned new power plant in Australia and announced large-scale projects

Photon Energy has commissioned a 99 kWp solar power plant to provide a large proportion of the power for a sewerage treatment plant in Leeton, Australia. The power plant utilises Photon Energy Command smart control and demand response technology, the company's proprietary system to maximise energy usage from the solar power system during the day with the possibility of switching on additional loads and ensuring maximum energy usage on site, to supply around 162 MWh of clean energy per year for sewerage treatment, thereby helping Leeton Shire Council reduce their carbon footprint and energy bills.

In December, we announced that two of our Australian PV projects under development with a planned combined installed capacity of 34 MWp were expected to be fully permitted and ready-to-build by mid-2017. The in-house developed projects in Leeton and Environa will – once operational – firmly establish Photon Energy as a leading player in the fast-developing Australian market and their progress provides us with a lot of confidence about our entire project pipeline Down Under. Adding power plants in Australia to our existing 26 MWp portfolio in Europe would even out the seasonality in production and further strengthen our recurring revenue base from the sale of electricity.

Photon Energy entered the Prague Stock exchange and placed a 6%-bond

In October, we decided to offer Czech investors an opportunity to invest in our shares through a dual-listing on the Prague Stock Exchange on the Free Market segment (additionally to NewConnect on the Warsaw Stock Exchange). After the listing, Photon Energy's share price rose by a third both in Warsaw and Prague. Building on the momentum from the dual listing of its shares in Prague, Photon Energy launched a 6% p.a. corporate bond in a public offering in the Czech Republic in late November 2016. The 7-year bond is aimed at investors of all sizes and offers an attractive coupon as well as the additional advantages of monthly coupon payments and the possibility to sell and buy bonds on the Prague Stock Exchange. The nominal value of the bond is 30,000 CZK. The proceeds of the bond placement will be primarily used to finance our large-scale PV projects in Australia.

Financial results show YOY progress

On a full year basis, consolidated revenues of EUR 13.089 million are stable compared to 2015 (EUR 13.321 million) and both EBITDA and EBIT show encouraging progress year-on-year, amounting respectively to EUR 6.532 million (+6.3% YoY) and to EUR 1.268 million (+13.9%). Lower bottom line results in 2016 (total comprehensive loss of EUR 2.042 million compared to EUR 0.755 in 2015) are attributable in part to a largely positive adjustment in the revaluation of derivatives last year, as well as to the release of an allowance also recorded in 2015Q2.

Highlighting the headline numbers, total sales in the fourth quarter amounted to EUR 1.981 million, down 22%, mainly due to lower revenues in the engineering segment. As a matter of fact, the profitability logically mirrored the top line trend with a consolidated EBITDA of EUR 0.310 million, down by 36.2%, whereas the EBIT loss increased from EUR 0.236 million to EUR 0.500 million. The Company recorded a loss before taxation of EUR 1.106 million, compared to a EUR 0.944 million loss for the same period last year. The Company recorded a total comprehensive loss of EUR 1.712 million in 2016Q4 (vs. a loss of EUR 1.451 million in 2015Q4). However, the cash position increased by EUR 0.303 million in total and ended at EUR 5.420 million at the end of the reporting period, in line with last year's cash position (EUR 5.297 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:

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

Our next steps are:

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

Moreover, 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.

The Group also intends to specialise in energy generation solutions providing hybrid-system and diesel-replacement solutions for energy-intensive industries. In this area Photon Energy intends to focus on industries such as retail, agriculture, telecommunications and others. In the case of remote off-grid locations, where usually irradiation levels are constantly high throughout the year, such energy solutions allow customers to reduce fuel consumption by over 50%. In on-grid locations, energy efficiency solutions can materially lower monthly electricity bills. We are also continuing our development of off-grid solutions, which will not only include hybrid power plants, but solutions directly coupled with off-grid applications, such as on-site water pumping and filtration powered by solar energy.

Photon Energy wants to position itself at the cutting edge of the industry, creating PV-based power solutions with the integration of energy storage and/or diesel generators. The Group has developed different accurate models for off-grid and on-grid systems with sufficient flexibility to adapt to a wide range of situations. In order to facilitate market penetration, the Group will selectively cooperate with local partners, if necessary or value-adding.

2.3. Investment action plan and its implementation

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

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

Proprietary portfolio

The table below presents the portfolio of power plants owned directly or indirectly by Photon Energy N.V. at the end of the reporting period i.e. as of 31 December 2016, consisting of 23 power plants in the Czech Republic, Slovakia, and Australia with a total installed capacity of 25.6 MWp. More information on the Group structure and the restructuring processes can be found in chapter 10. Group structure.

Table 1. The proprietary portfolio of Photon Energy N.V. as of 31 December 2016

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

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

Generation results

The accumulated average generation of the power plants in the portfolio connected and feeding electricity to the grid in 2016Q4 amounted to 2.8 GWh, which was 5.8% above the energy forecasts and down by 13.6% YoY. Detailed generation results for each power plant are being published on a monthly basis in our monthly reports.

Table 2. Generation results versus projections between 1 October and 31 December 2016

Project name	Legal entity	Capacity	Feed-in-Tariff	Prod. 2016 Q4.	Proj. 2016 Q4	Perf.	YTD Prod.	YTD Proj.	Perf.	YTD YoY
Unit		kWp	per MWh	kWh	kWh	%	kWh	kWh	%	%
Komorovice	Exit 90 s.r.o.	2,354	CZK 13,692	230,878	209,854	10.0%	2,345,030	2,293,266	2.3%	-4.7%
Zvíkov I	Photon SPV8 s.r.o.	2,031	CZK 13,692	229,192	183,864	24.7%	2,178,724	2,009,937	8.4%	2.0%
Dolní Dvořiště	Photon SPV10 s.r.o.	1,645	CZK 13,692	187,803	153,013	22.7%	1,582,647	1,672,102	-5.3%	-5.6%
Svatoslav	Photon SPV4 s.r.o.	1,231	CZK 13,692	97,467	113,643	-14.2%	1,121,593	1,241,870	-9.7%	-3.9%
Slavkov	Photon SPV6 s.r.o.	1,159	CZK 13,692	130,675	108,220	20.7%	1,263,379	1,182,609	6.8%	-2.3%
Mostkovice SPV 1	Photon SPV1 s.r.o.	210	CZK 13,692	20,677	25,356	-18.5%	210,575	191,884	9.7%	-3.8%
Mostkovice SPV 3	Photon SPV3 s.r.o.	926	CZK 14,710	81,723	86,458	-5.5%	928,094	892,217	4.0%	-3.6%
Zdice I	Onyx Energy I s.r.o.	1,499	CZK 13,692	172,931	134,899	28.2%	1,575,763	1,462,544	7.7%	-8.1%
Zdice II	Onyx Energy projekt II s.r.o.	1,499	CZK 13,692	176,057	134,899	30.5%	1,519,770	1,462,544	3.9%	-9.7%
Radvanice	Photon SPV11 s.r.o.	2,305	CZK 13,692	227,320	207,721	9.4%	2,370,121	2,269,935	4.4%	-4.6%
Břeclav rooftop	Photon SPV1 s.r.o.	137	CZK 13,692	17,707	17,868	-0.9%	155,682	132,692	17.3%	-1.3%
Total Czech PP		14,996		1,572,429	1,375,795	14.3%	15,251,378	14,811,600	3.0%	-4.4%
Babiná II	Sun4Energy ZVB s.r.o.	999	EUR 425.12	96,828	119,720	-19.1%	931,062	979,568	-5.0%	-2.7%
Babina III	Sun4Energy ZVC s.r.o.	999	EUR 425.12	101,607	119,720	-15.1%	942,186	979,568	-3.8%	-1.3%
Prša I.	Fotonika s.r.o.	999	EUR 425.12	110,112	110,402	-0.3%	1,066,428	974,420	9.4%	-0.3%
Blatna	ATS Energy s.r.o.	700	EUR 425.12	74,253	83,993	-11.6%	721,053	716,645	0.6%	0.5%
Mokra Luka 1	EcoPlan 2 s.r.o.	963	EUR 382.61	132,866	138,370	-4.0%	1,139,150	1,020,953	11.6%	-2.9%
Mokra Luka 2	EcoPlan 3 s.r.o.	963	EUR 382.61	137,848	138,370	-0.4%	1,153,423	1,020,953	13.0%	-2.8%
Jovice 1	Photon SK SPV2 s.r.o.	979	EUR 382.61	92,954	85,991	8.1%	859,519	940,846	-8.6%	-0.9%
Jovice 2	Photon SK SPV3 s.r.o.	979	EUR 382.61	92,616	85,991	7.7%	828,311	940,846	-12.0%	-0.7%
Brestovec	Photon SK SPV1 s.r.o.	850	EUR 382.61	104,469	108,491	-3.7%	972,285	856,775	13.5%	-3.9%
Polianka	Solarpark Polianka s.r.o.	999	EUR 382.61	94,827	87,747	8.1%	954,408	963,027	-0.9%	-3.0%
Myjava	Solarpark Myjava s.r.o.	999	EUR 382.61	117,924	122,309	-3.6%	1,081,701	1,021,767	5.9%	-3.1%
Total Slovak PP		10,429		1,156,304	1,201,105	-3.7%	10,649,526	10,415,370	2.2%	-2.0%
Symonston		144	AUD 301.60	67,040	66,452	0.9%	187,990	192,671	-2.4%	-1.0%
Total Australian PP		144		67,040	66,452	0.9%	187,990	192,671	-2.4%	-1.0%
Total		25,569		2,795,773	2,643,351	5.8%	26,088,894	25,419,641	2.6%	-3.4%

Notes

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

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

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

Chart 1.a Total production of the Czech portfolio

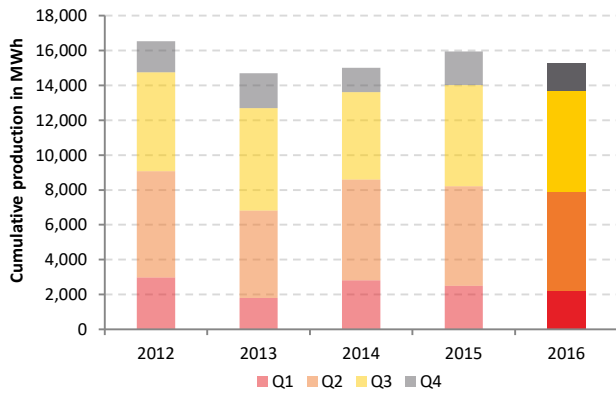
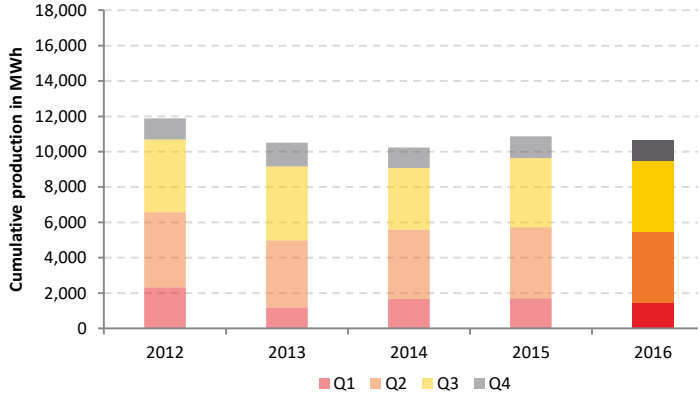


Chart 1.b Total production of the Slovak portfolio



O&M services

Photon Energy also remained focused on further expanding its Operations and Maintenance business in Europe. As of the end of 2016Q4, full O&M services contracts amounted to approximately 136 MWp, up by 40 MWp from the end of 2015Q4 (+12 MWp compared to 2016Q3), and can be broken down geographically into 108 MWp operated in the Czech Republic, 16 MWp in Slovakia, 11 MWp in Romania and 1 MWp in Australia. The O&M portfolio divides into 26 MWp of PV capacities from the proprietary portfolio and 110 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 2016Q4, the total cumulative capacity of central inverters can be divided regionally into France (21 MWp), Italy (15 MWp), Belgium (9 MWp), Czech Republic (8 MWp), Slovakia (5 MWp), Germany (2 MWp) and Bulgaria (1 MWp).

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

2.5. Enterprise value & Share price performance

2.5.1. NewConnect (Warsaw Stock Exchange)

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

The quarter closed at a price of PLN 1.09 on 31 December 2016 (+40% vs. 31 .12.2015), corresponding to a price to book ratio of 0.45x.

The Company also reports average monthly trading volume of 456,981 shares in 2016Q4. The Company experienced an average monthly traded volume of 255,647shares in 2016, compared to 636,488 in 2015 and to 98,018 in 2014.

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

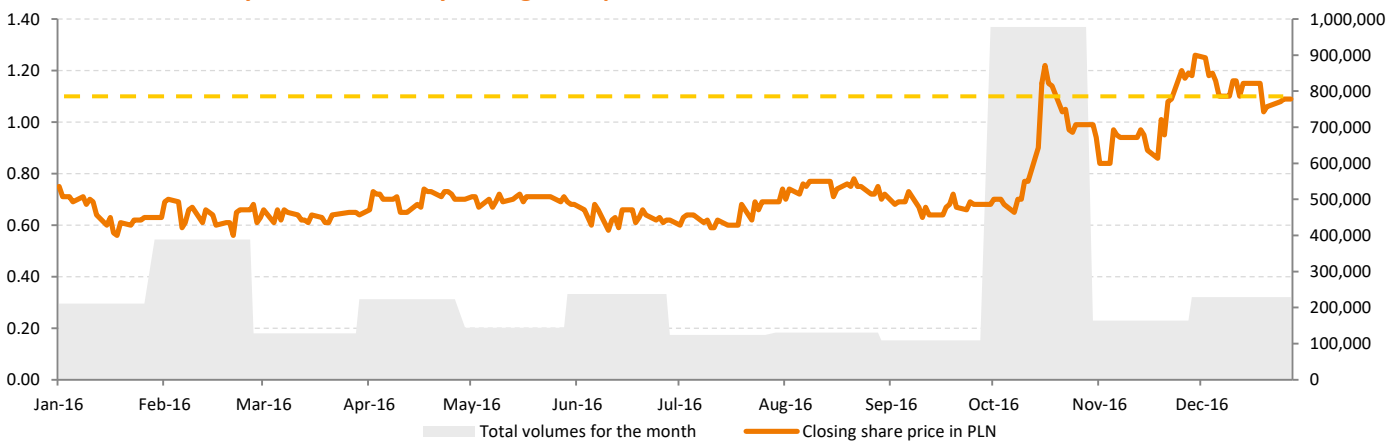
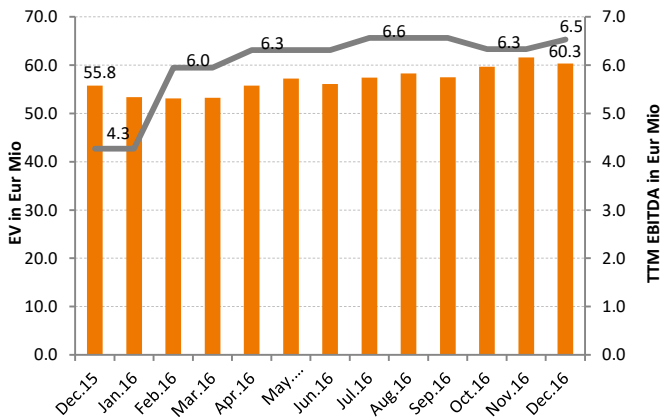


Chart 3. Enterprise value vs. trailing 12 months (TTM) EBITDA

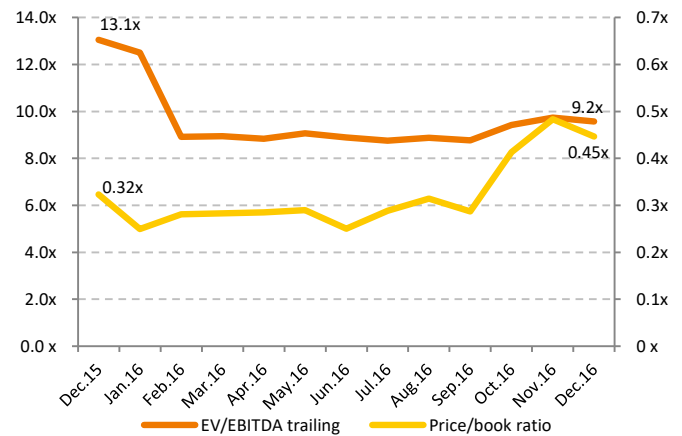


Notes:

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

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

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



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

2.5.2. Free Market (Prague Stock Exchange)

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

On 31 December 2016, the share price (ISIN NL0010391108) closed at a price of CZK 7.00 (+5% MoM, +43% vs CZK 4.90, the reference price on the first trading day on 17 October 2016), corresponding to a price to book ratio of 0.47x. The Company reports a quarterly trading volume of 623,307 shares (from 17 October 2016 until 31 December 2016).

2.6. Bond trading performance

In March 2013 Photon Energy Investments N.V., at that time a fully-owned subsidiary of Photon Energy N.V., placed a 5-year corporate bond with an 8% annual coupon and quarterly coupon payments in Germany, Austria, the Czech Republic, Slovakia and Poland. Upon completion of the merger of Photon Energy N.V. and Photon Energy Investments N.V., Photon Energy N.V. became the legal successor and assumed all obligations towards the bondholders of Photon Energy Investments N.V. The bond is listed on the stock exchanges in Frankfurt, Berlin, Hamburg, Hannover, Munich and Vienna. Since listing the bond has been trading between 93.00% and 102.49%.

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

2.6.1. EUR Bond trading performance in Frankfurt

Chart 5. The Company's bond trading on the Frankfurt Stock Exchange in Germany between 1 December 2015 and 31 December 2016

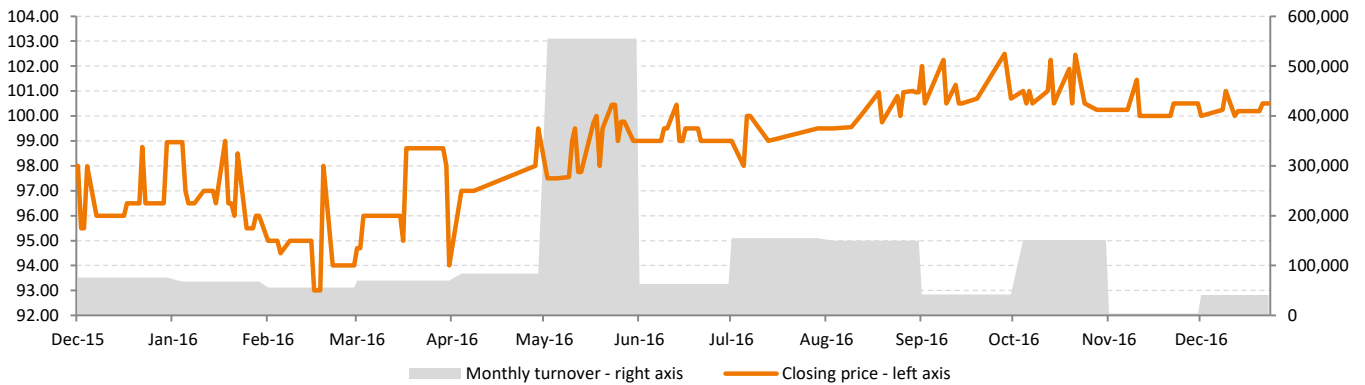
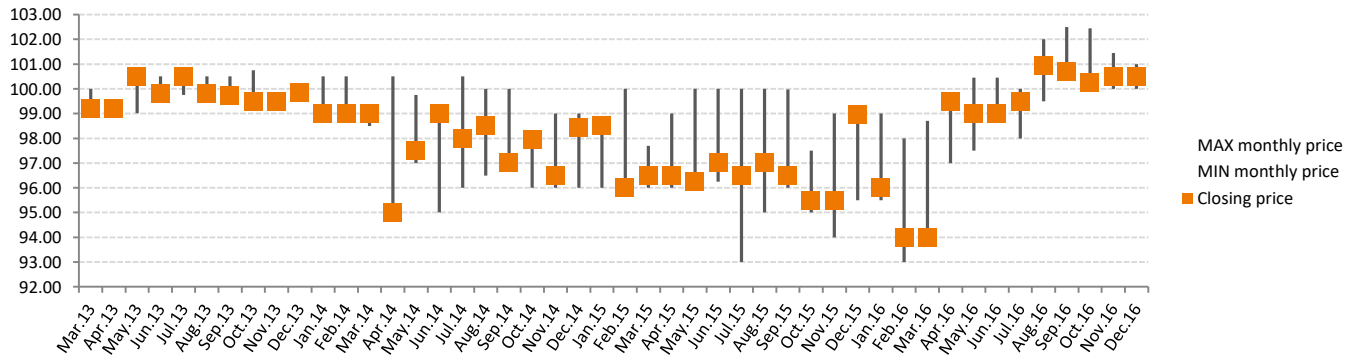


Chart 6. MIN, MAX and closing monthly prices



In the trading period from 12 March 2013 until 31 December 2016 the trading volume amounted to EUR 7.886 Mio (nominal value) with an opening price of 100.00 and a closing price of 100.50. During this period the average daily turnover amounted to EUR 8,215.

EUR Bond trading performance in 2016Q4

In 2016Q4, the trading volume amounted to EUR 196,000 (347,000 in 2016Q3) with an opening price of 100.70 and a closing price of 100.50. The average daily turnover amounted to EUR 3,267 in the reporting period compared to EUR 5,338 in 2016Q3 and 5,435 for the full-year 2015.

Since the beginning of the year, the Company issued an additional 2,060 bonds with a corresponding nominal value of EUR 2.060 million, bringing the total amount of subscribed bonds to EUR 10.120 million as of 31 December 2016.

2.6.2. CZK Bond trading performance in Prague

In the trading period from 12 December until 31 December 2016 the trading volume amounted to CZK 390,000 (nominal value) with a closing price of 100.00.

2.7. Financial statement analysis

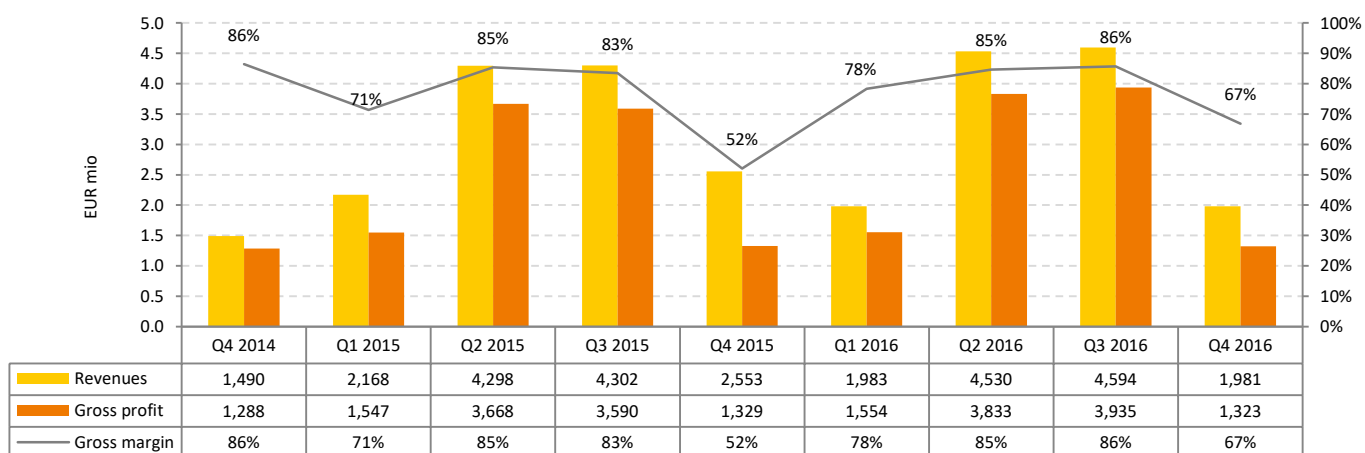
Profit and Loss statement

In 2016Q4, consolidated revenues decreased by 22.4% YOY from EUR 2.553 million to EUR 1.981 million. This decrease in revenues is primarily connected with the lower revenues in the engineering segment compensated by higher revenues from production of electricity.

Consolidated EBITDA decreased by 36.2% as well from a EUR 0.486 million profit in 2015Q4 to a EUR 0.310 million profit in the reporting period. The EBIT loss increased by 111% from EUR 0.236 million to EUR 0.500 million. The higher loss is mainly influenced by the lower revenues, that were not compensated by lower expenses.

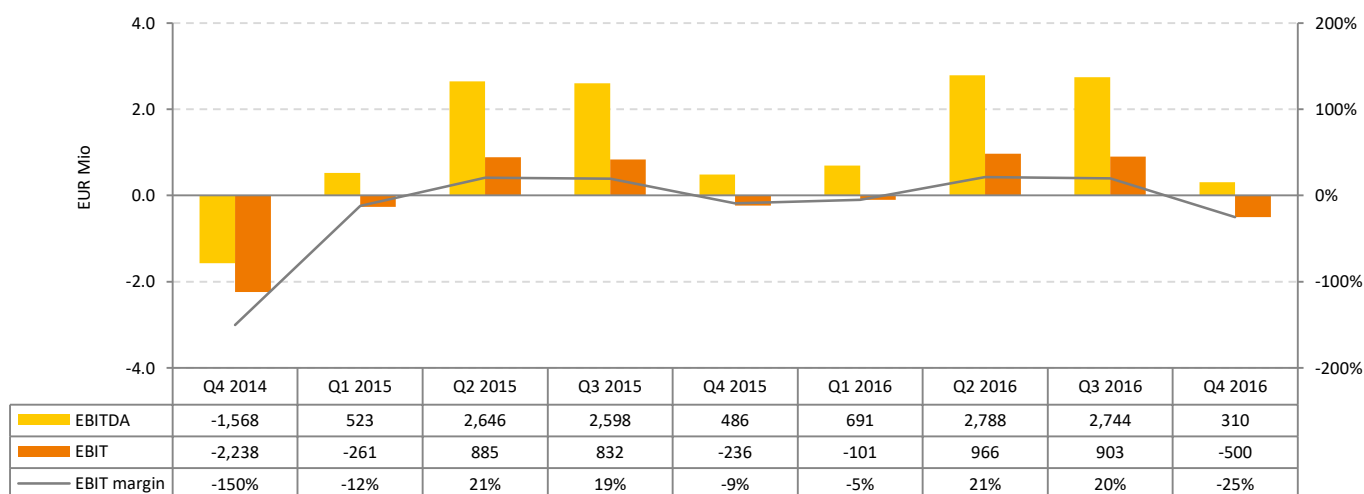
The Company recorded a loss before taxation of EUR 1.106 million, compared to a EUR 0.944 million loss for the same period last year. Total comprehensive income amounted to a loss of EUR 1.712 million in 2016Q4 (vs. a loss of EUR 1.451 million).

Chart 7. Revenues, gross profit and gross margin



The numbers presented above are based on quarterly published figures.

Chart 8. EBITDA, EBIT and EBIT margin development



The numbers presented above are based on quarterly published figures.

Balance Sheet

Total fixed assets amounted to EUR 76,144 million at the end of 2016Q4, a decrease by EUR 2.851 million compared to 2015Q4. The main reason for the decrease in assets is the annual depreciation compensated by the acquisition of the 100% share of Fotonika (originally a joint venture).

Current assets increased from EUR 10.930 million as of 31 December 2015 to EUR 11.598 million as of 31 December 2016 mainly due to higher trade receivables, cash and inventories.

Total liabilities amounted to EUR 63.163 million as of the end of the reporting period compared to EUR 61.413 million as of the end of 2015Q4. Current liabilities decreased by EUR 0.614 million (down from EUR 8,742 million in 2015Q4 to EUR 8,128 million in 2016Q4) mainly due to lower trade payables, which have decreased from EUR 1.061 million in 2015Q4 to EUR 0.619 million in 2016Q4. Long term liabilities increased by EUR 2.364 million from EUR 52.671 million in 2015Q4 to EUR 55.035 million in 2016Q4. The main drivers of the change in long term liabilities was the increase in the outstanding balance of the bond, higher deferred tax liabilities and an increase of bank loans due to the refinancing performed in the beginning of the year and the inclusion of the bank loan of Fotonika after the acquisition of the 100% share followed by the change to the full consolidation method, compensated by the regular repayment of the bank loans and other loan.

Chart 9. Net current assets

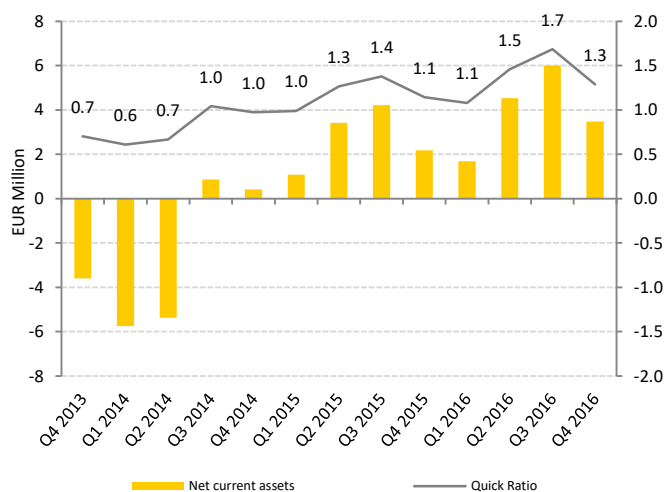
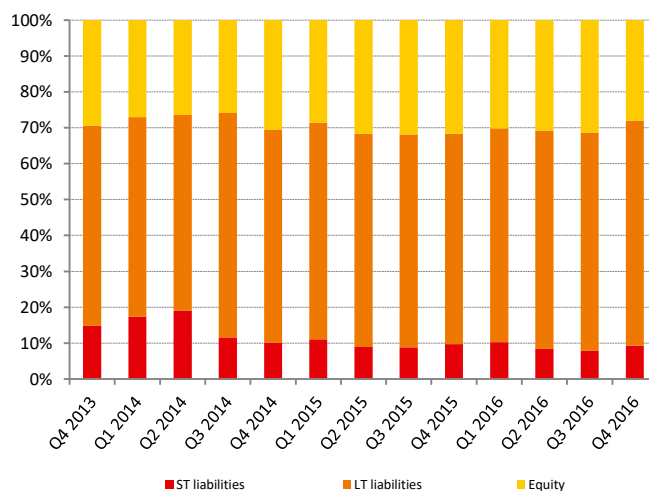


Chart 10. Break down of liabilities and equity



Changes in equity

Equity decreased to EUR 24.580 million in 2016Q4 compared to EUR 28.540 million in 2015Q4. This is mainly due to the results of the previous quarters.

Cash Flow

The Group posted a positive operating cash flow for the full year 2016, which amounted to EUR 2.026 million. Financial cash flow was negative and amounted to EUR 1.286 million driven primarily by the repayment of borrowings and interest expenses. Investment cashflow equalled to a negative EUR 0.438 million as a result of the acquisition of shares in Fotonika s.r.o. and ATS Energy s.r.o. Overall, the cash position increased by EUR 0.123 million in total and ended at EUR 5.420 million at the end of the reporting period (EUR 5.297 million one year ago).

2.8. Financial forecasts

The Company does not publish financial forecasts.

3. General information about the Issuer

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

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

4. Share capital of the Issuer

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

Share capital as of 31 December 2016

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

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

5. Shareholder structure

As of 31 December 2016, to the knowledge of the Board of Directors of Photon Energy N.V., the shareholder structure is as follows:

Shareholdership as of 31.12.2016	No. of shares	% of capital	No. of votes at the Shareholders Meeting	% of votes at the Shareholders Meeting
Solar Age Investments B.V.	26,463,974	44.11%	26,463,974	51.92%
Solar Future Cooperatief U.A.	8,590,683	14.32%	8,590,683	16.85%
Solar Power to the People Cooperatief U.A.	8,051,919	13.42%	8,051,919	15.80%
Photon Energy N.V.	9,028,251	15.05%	0	0.00%
Free float	7,865,173	13.11%	7,865,173	15.43%
Total	60,000,000	100.00%	50,972,161	100.00%

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

6. Statutory bodies of the Issuer

Board of Directors as of 31 December 2016

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

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

Supervisory Board

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

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

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

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






7. Description of the Issuer's business

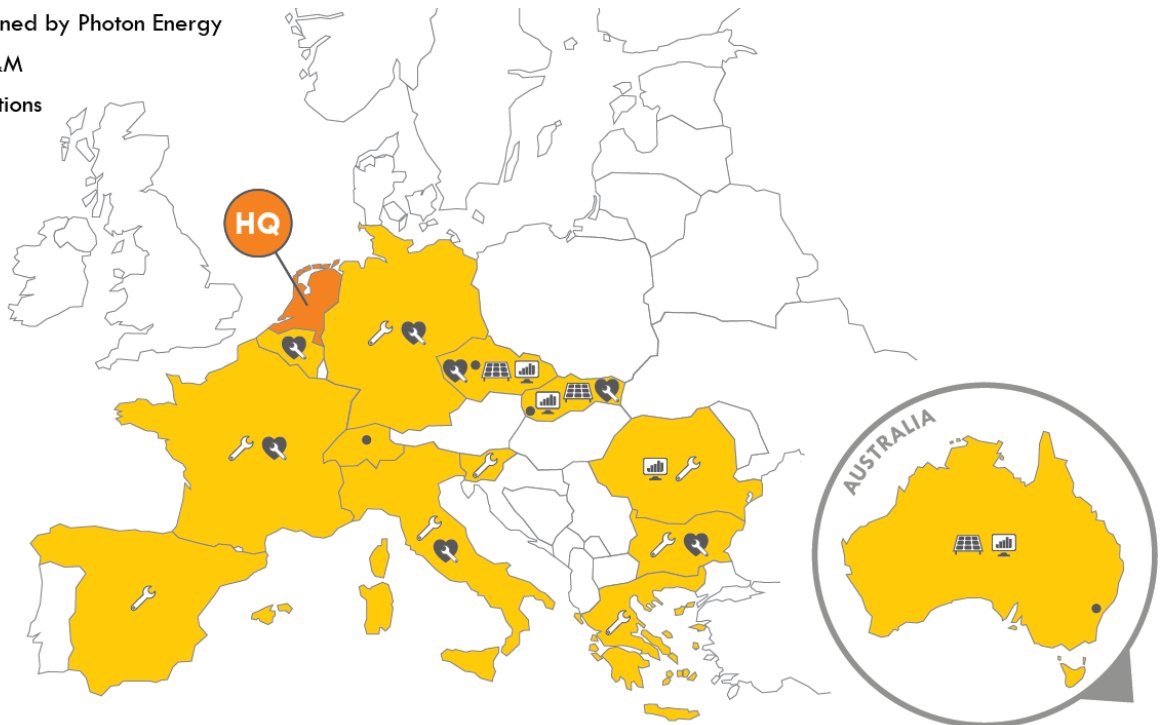
Photon Energy N.V. ("Photon Energy", "PENV", "Issuer" or "Company") is the holding company of the Photon Energy Group and was incorporated under the laws of the Netherlands on 9 December 2010. The Photon Energy Group ("Group" or "PE Group") offers comprehensive solutions and maintenance services for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

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

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

Country-specific references

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



Currently the Photon Energy Group is active with 65 professionals in 5 countries across 2 continents (headquartered in Amsterdam). With a track record of 50 MWp of grid-connected PV plants across 5 countries and more than 200 MWp of PV power plants under O&M management across two continents.

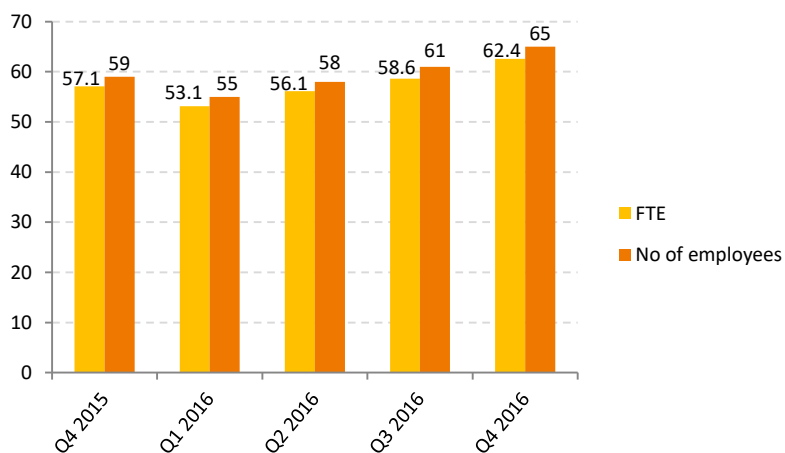
8. Implementation of innovative activities in the Company

None during the reporting period.

9. Employees

As of the end of 2016Q4 the Photon Energy Group had 65 employees (compared to 59 employees in 2015Q4) which translates into 62.4 FTE¹ (compared to 57.1 FTE in 2015Q4).

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



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

Employee Share Purchase Programme

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

10. Group structure

The following table presents the Group's structure (subsidiaries and joint-ventures) and the holding company's stake in the entities comprising the Group as of 31 December 2016.

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

Notes:

Country of registration

NL – the Netherlands

CZ – the Czech Republic

DE - Germany

CH - Switzerland

SK – Slovakia

AUS– Australia

HU - Hungary

Consolidation method:

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

Equity – Equity Method

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

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

	Name	% of Consolidated share	% of Ownership share	Country of registration	Consolidation method	Legal Owner
1	Photon SPV 3 s.r.o.	100%	0%	CZ	Full Cons.	RL
2	Photon SPV 8 s.r.o.	100%	0%	CZ	Full Cons.	RL
3	Exit 90 SPV s.r.o.	100%	0%	CZ	Full Cons.	RL
4	Photon SPV 4 s.r.o.	100%	0%	CZ	Full Cons.	RL
5	Photon SPV 6 s.r.o.	100%	0%	CZ	Full Cons.	RL
6	Onyx Energy s.r.o.	100%	0%	CZ	Full Cons.	RL
7	Onyx Energy projekt II s.r.o.	100%	0%	CZ	Full Cons.	RL
8	Photon SPV 10 s.r.o.	100%	0%	CZ	Full Cons.	RL
9	Photon SPV 11 s.r.o.	100%	0%	CZ	Full Cons.	RL

Notes:

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

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

- On 12 October 2016, Photon Water Technology s.r.o. was acquired as a 100% subsidiary of Photon Energy N.V.
- On 14 October 2016, Photon Energy AUS SPV 3 Pty Ltd was incorporated as a 100% subsidiary of Photon Energy N.V.
- On 14 October 2016, Photon Energy AUS SPV 4 Pty Ltd was incorporated as a 100% subsidiary of Photon Energy N.V.
- On 15 December 2016, Photon Energy HU SPV 1 Kft. b.a. was incorporated as a 100% subsidiary of Photon Energy Projects s.r.o.

After the reporting period the following events occurred:

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

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

11.1. Summary of the key events from 1 October until 31 December 2016

Below is a summary of the key events which were important for the Issuer's business from 1 October until 31 December 2016 and which were reported in the EBI system:

- EBI 25/2016** published on 12 October 2016: Monthly report for September 2016.
- EBI 26/2016** published on 13 October 2016: Photon Energy successfully admitted to the Free Market segment of the Prague Stock Exchange.
- EBI 27/2016** published on 2 November 2016: Construction of a 99kWp solar power plant for a sewage treatment plant in Australia.
- EBI 28/2016** published on 4 November 2016: Q & A Chat to be held in collaboration with the Polish retail investors association SII on Tuesday, 8 November 2016 at 11:00am.
- EBI 29/2016**: published on 7 November 2016: Quarterly report for 2016Q3.
- EBI 30/2016**: published on 10 November 2016: Monthly report for October 2016.
- EBI 31/2016**: published on 23 November 2016: Approved bond prospectus.
- EBI 32/2016**: published on 1 December 2016: Photon Energy announces 34 MWp Australian projects ready-to-build by mid-2017.
- EBI 33/2016**: published on 8 December 2016: Photon Energy exceeds 100 MWp in the Czech Republic by adding further 8.3 MWp to its O&M portfolio.
- EBI 34/2016**: published on 12 December 2016: Monthly report for November 2016.

11.2. Summary of the key events after 31 December 2016

Below is a summary of the key events which were important for the Issuer's business after 31 December 2016 until the date of this report:

- EBI 1/2017** published on 6 January 2017: Publication dates of periodic reports in 2017.
- EBI 2/2017** published on 11 January 2017: Monthly report for December 2016.

12. Detailed consolidated financial results for 2016Q4

The tables below present the **consolidated** and **un-audited** financial statements of Photon Energy N.V. for the period starting on 1 October 2016 and ending on 31 December 2016 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	
	2015Q4	2016Q4	2015Q4	2016Q4	2015Q4	2016Q4
Total revenues	2,553	1,981	10,886	8,672	69,005	53,539
<i>Out of that: Revenues from electricity generation</i>	1,211	1,148	5,164	5,026	32,736	31,032
<i>Out of that: Other revenues</i>	1,342	833	5,721	3,646	36,269	22,507
Cost of sales	-1,139	-581	-4,856	-2,543	-30,783	-15,703
Solar levy CZ	-85	-77	-364	-336	-2,310	-2,072
Gross profit	1,329	1,323	5,665	5,793	35,912	35,764
Other income	0	180	0	788	0	4,866
Administrative expenses	-549	-483	-2,342	-2,115	-14,848	-13,056
Personnel expenses	-181	-597	-772	-2,613	-4,893	-16,130
Other expenses	-112	-113	-478	-496	-3,030	-3,064
EBITDA	486	310	2,073	1,357	13,141	8,380
Depreciation	-722	-810	-3,077	-3,548	-19,508	-21,906
EBIT	-236	-500	-1,004	-2,191	-6,367	-13,525
Interests income	9	10	38	46	239	281
Financial revenues	4	125	16	545	102	3,365
Interests cost	-792	-759	-3,376	-3,321	-21,399	-20,506
Financial expenses	-109	-43	-463	-187	-2,938	-1,152
Revaluation of derivatives	209	114	891	499	5,649	3,079
Net finance expenses	-679	-552	-2,894	-2,419	-18,347	-14,933
Share of profit from associates / J-Vs	-29	-53	-122	-232	-773	-1,430
Profit / loss before taxation	-944	-1,106	-4,025	-4,841	-25,514	-29,888
Income tax – current	-510	-520	-2,172	-2,277	-13,771	-14,058
Income tax – deferred	75	-184	319	-804	2,024	-4,964
Profit/loss from continuing operations	-1,379	-1,810	-5,878	-7,922	-37,261	-48,910
Profit/loss from discontinued operations	-394	0	-1,681	0	-10,654	0
Profit/loss after taxation	-1,773	-1,810	-7,559	-7,922	-47,916	-48,910
Other comprehensive income for the period	322	98	1,371	429	8,692	2,649
Total comprehensive income for the period	-1,451	-1,712	-6,187	-7,493	-39,224	-46,261
Profit/loss after taxation	-1,773	-1,810	-7,559	-7,922	-47,916	-48,910
<i>Attributable to the equity holders</i>	-1,778	-1,810	-7,590	-7,922	-48,051	-48,910
<i>Attributable to minority interest</i>	5	0	21	0	135	0
Total comprehensive income for the period	-1,451	-1,712	-6,187	-7,493	-39,224	-46,261
<i>Attributable to the equity holders</i>	-1,456	-1,712	-6,208	-7,493	-5,898	-46,261
<i>Attributable to minority interest</i>	5	0	21	0	135	0
Average no. of shares outstanding (in thousand)	50,761	50,972	50,761	50,972	50,761	50,972
Earnings per share outstanding	-0.035	-0.036	-0.149	-0.155	-0.944	-0.960
Comprehensive income per share outstanding	-0.029	-0.034	-0.122	-0.147	-0.773	-0.908
EUR exchange rate – low	-	-	3.968	4.234	27.020	27.020
EUR exchange rate – average	-	-	4.183	4.362	27.283	27.033
EUR exchange rate – high	-	-	4.366	4.500	28.410	27.150

Note: Exchange rate provided by the European Central Bank

Statement of Financial Position

in Thousands	EUR		PLN		CZK	
	31.12.2015	31.12.2016	31.12.2015	31.12.2016	31.12.2015	31.12.2016
Intangibles	0	0	0	0	0	0
Property, plant and equipment	76,827	73,977	327,485	326,289	2,076,253	1,998,847
Investments in associates /joint ventures	2,195	2,160	9,358	9,525	59,329	58,353
Other investments	1	8	3	36	20	220
Longterm receivables	0	0	0	0	0	0
Deferred tax assets	0	0	0	0	0	0
Non-current assets	79,023	76,144	336,846	335,850	2,135,602	2,057,420
Inventories – Goods	924	1,122	3,940	4,949	24,979	30,316
Trade receivables	917	1,111	3,910	4,899	24,792	30,009
Other receivables	3,064	3,018	13,059	13,312	82,791	81,549
Loans	0	0	0	0	0	0
Gross amount due from customers for contract work	0	0	0	0	0	0
Prepaid expenses	688	388	2,932	1,709	18,592	10,470
Cash and cash equivalents	5,297	5,420	22,581	23,904	143,162	146,437
Other S-T financial assets	0	541	0	0	0	0
Assets held for sale	39	0	168	0	1,066	0
Current assets	10,930	11,598	46,590	51,157	295,383	313,390
Total assets	89,953	87,743	383,436	387,008	2,430,985	2,370,811
Issued share capital	600	600	2,558	2,649	16,215	16,225
Share premium	23,760	23,760	101,280	104,798	642,114	641,995
Legal reserve fund	10	13	44	59	280	361
Reserves	24,020	22,739	102,387	100,294	649,133	614,401
Retained earnings	-20,001	-22,532	-85,256	-99,382	-540,521	-608,817
Equity attributable to owners of the Company	28,389	24,580	121,013	108,413	767,221	664,138
Non-controlling interests	151	0	645	0	4,090	0
Total equity	28,541	24,580	121,658	108,413	771,312	664,138
Bank loan	38,499	37,551	164,105	165,625	1,040,423	1,014,616
Other long-term liabilities	8,154	11,410	34,755	50,325	220,349	308,289
Other loans	538	269	2,295	1,188	14,553	7,279
Deferred tax liabilities	5,481	5,806	23,362	25,608	148,114	156,872
Non-current liabilities	52,671	55,035	224,517	242,745	1,423,439	1,487,056
Bank Loans	3,569	3,597	15,215	15,865	96,462	97,189
Other loans	269	269	1,148	1,188	7,276	7,279
Trade payables	1,061	619	4,521	2,732	28,664	16,738
Other payables	3,096	3,034	13,195	13,383	83,657	81,983
Other shortterm liabilities	0	0	0	0	0	0
Current tax liabilities (income tax)	747	383	3,184	1,688	20,188	10,339
Provisions	0	225	0	992.4094	0	6079.5
Current liabilities	8,742	8,128	37,263	35,848	236,247	219,607
Total Liabilities	70,155	71,291	299,043	314,442	1,895,932	1,926,270
TOTAL Equity & Liabilities	89,953	87,742	383,434	387,006	2,430,970	2,370,802
No. of shares outstanding in thousand	50,761	50,971	50,761	50,971	50,761	50,971
Book value per share outstanding	0.562	0.482	2.397	2.127	15.195	13.030

Cash Flow Statement

in Thousands	EUR		PLN		CZK	
	2015Q4	2016Q4	2015Q4	2016Q4	2015Q4	2016Q4
Profit/loss before taxation	-1,125	-1,106	-4,796	-4,841	-30,402	-29,888
Adjustments for:			0	0	0	0
Depreciation	725	810	3,090	3,548	19,589	21,906
Other changes in fixed assets		0	0	0	0	0
Share of profit of equity accounted investees	29	53	122	232	773	1,430
Profit /Loss on sale of property, plant and equipment	0	0	0	0	0	0
Other non-cash items	435	-1,732	1,853	-7,581	11,747	-46,804
Changes in:		0	0	0	0	0
Trade and other receivables	853	2,203	3,635	9,645	23,043	59,546
Gross amount due from customers for contract work	26	0	110	0	698	0
Prepaid expenses	-1	-1	-3	-6	-20	-39
Inventories	254	35	1,084	154	6,873	949
Trade and other payables	386	926	1,646	4,056	10,434	25,040
Other liabilities	9	38	40	167	256	1,032
Operating cash flow	1,591	1,227	6,782	5,373	42,991	33,172
Acquisition of property, plant and equipment	0	0	0	0	0	0
Acquisition of subsidiary (net of cash acquired), associates, joint ventures	0	0	0	0	0	0
Acquisition of other investments	0	0	0	0	0	0
Proceeds from sale of investments	0	0	0	0	0	0
Proceeds from sale of property, plant and equipment, other investments	0	0	0	0	0	0
Interest received	0	0	0	0	0	0
Investment cash flow	0	0	0	0	0	0
Proceeds from issuance of ordinary shares	0	0	0	0	0	0
Change of consolidation method (acquisition of JV)		0	0	0	0	0
Proceeds from borrowings	0	0	0	0	0	0
Repayment of borrowings	-2,001	-1,049	-8,533	-4,592	-54,094	-28,351
Proceeds from issuing bonds	0	887	0	3,881	0	23,963
Interest expenses	163	-778	695	-3,407	4,405	-21,036
Financing cash flow	-1,838	-941	-7,838	-4,118	-49,689	-25,424
Net increase/decrease in cash and cash equivalents	-247	287	-1,052	1,255	-6,670	7,748
Cash at the beginning of the period	5,546	5,208	23,646	22,800	149,895	140,761
Effect of exchange rate fluctuation	0	-76	0	-416	838	-2,109
Cash at the end of the period	5,297	5,421	22,585	22,495	144,009	146,454
<i>EUR exchange rate - low</i>			4.219	4.271	27.020	27.020
<i>EUR exchange rate - average</i>			4.264	4.378	27.028	27.028
<i>EUR exchange rate - high</i>			4.366	4.500	27.060	27.060

13. Detailed accumulated consolidated financial results for 2016Q1-Q4

The tables below present the **consolidated** and **un-audited** financial statements of Photon Energy N.V. for the twelve-month period starting on 1 January 2016 and ending on 31 December 2016 and the audited financial statements of 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	
	2015 Q1-Q4	2016 Q1-Q4	2015 Q1-Q4	2016 Q1-Q4	2015 Q1-Q4	2016 Q1-Q4
Total revenues	13,321	13,089	55,719	57,098	363,433	353,828
<i>Out of that: Revenues from electricity generation</i>	<i>10,600</i>	<i>10,869</i>	<i>44,339</i>	<i>47,415</i>	<i>289,202</i>	<i>293,824</i>
<i>Out of that: Other revenues</i>	<i>2,721</i>	<i>2,220</i>	<i>11,381</i>	<i>9,683</i>	<i>74,231</i>	<i>60,003</i>
Cost of sales	-2,444	-1,667	-10,223	-7,272	-66,681	-45,061
Solar levy CZ	-743	-777	-3,107	-3,388	-20,266	-20,995
Gross profit	10,134	10,645	42,389	46,438	276,486	287,772
Other income	0	434	0	1,892	0	11,727
Administrative expenses	-1,639	-1,690	-6,856	-7,370	-44,716	-45,674
Personnel expenses	-2,112	-2,241	-8,834	-9,775	-57,621	-60,576
Other expenses	-237	-616	-992	-2,688	-6,469	-16,656
EBITDA	6,146	6,532	25,707	28,497	167,679	176,594
Depreciation	-5,033	-5,265	-21,052	-22,966	-137,314	-142,318
EBIT	1,113	1,268	4,655	5,531	30,366	34,275
Interests income	72	42	302	184	1,969	1,142
Financial revenues	903	125	3,775	544	24,624	3,368
Interests cost	-3,204	-3,109	-13,400	-13,562	-87,403	-84,042
Financial expenses	-132	-55	-553	-239	-3,610	-1,482
Revaluation of derivatives	240	-345	1,004	-1,504	6,548	-9,323
Net finance expenses	-2,121	-3,342	-8,872	-14,578	-57,871	-90,337
Share of profit from associates / J-Vs	91	59	380	259	2,478	1,608
Profit / loss before taxation	-918	-2,014	-3,841	-8,787	-25,055	-54,454
Income tax – current	-542	-532	-2,266	-2,322	-14,783	-14,392
Income tax – deferred	-47	-121	-196	-528	-1,276	-3,273
Profit/loss from continuing operations	-1,507	-2,668	-6,303	-11,638	-41,114	-72,118
Profit/loss from discontinued operations	-213	-11	-891	-48	-5,811	-297
Profit/loss after taxation	-1,720	-2,679	-7,194	-11,686	-46,925	-72,416
Other comprehensive income for the period	965	637	4,036	2,779	26,328	17,220
Total comprehensive income for the period	-755	-2,042	-3,158	-8,907	-20,597	-55,195
Profit/loss after taxation	-1,720	-2,679	-7,194	-11,686	-46,925	-72,416
<i>Attributable to the equity holders</i>	<i>-1,725</i>	<i>-2,679</i>	<i>-7,214</i>	<i>-11,686</i>	<i>-47,053</i>	<i>-72,416</i>
<i>Attributable to minority interest</i>	<i>5</i>	<i>0</i>	<i>20</i>	<i>0</i>	<i>128</i>	<i>0</i>
Total comprehensive income for the period	-755	-2,042	-3,158	-8,907	-20,597	-55,195
<i>Attributable to the equity holders</i>	<i>-760</i>	<i>-2,042</i>	<i>-3,178</i>	<i>-8,907</i>	<i>-20,725</i>	<i>-55,195</i>
<i>Attributable to minority interest</i>	<i>5</i>	<i>0</i>	<i>20</i>	<i>0</i>	<i>128</i>	<i>0</i>
Average no. of shares outstanding (in thousand)	50,687	50,982	50,687	50,982	50,687	50,982
Earnings per share outstanding	-0.034	-0.053	-0.142	-0.229	-0.926	-1.420
Comprehensive income per share outstanding	-0.015	-0.040	-0.062	-0.175	-0.406	-1.083
<i>EUR exchange rate - low</i>	-	-	<i>3.968</i>	<i>4.234</i>	<i>27.020</i>	<i>27.020</i>
<i>EUR exchange rate - average</i>	-	-	<i>4.183</i>	<i>4.362</i>	<i>27.283</i>	<i>27.033</i>
<i>EUR exchange rate - high</i>	-	-	<i>4.366</i>	<i>4.500</i>	<i>28.410</i>	<i>27.150</i>

Note: Exchange rate provided by the European Central Bank

Cash Flow Statement

in Thousands	EUR		PLN		CZK	
	2015 Q1-Q4	2016 Q1-Q4	2015 Q1-Q4	2016 Q1-Q4	2015 Q1-Q4	2016 Q1-Q4
Profit/loss before taxation	-918	-2,014	-3,840	-8,787	-25,046	-54,454
Adjustments for:						
Depreciation	5,036	5,265	21,065	22,966	137,396	142,318
Other changes in fixed assets	0	0	0	0	0	0
Share of profit of equity accounted investees	-91	-59	-380	-259	-2,478	-1,608
Profit /Loss on sale of property, plant and equipment	0	0	0	0	0	0
Other non-cash items	589	-578	2462.0085	-2,520	16058.675	-15,617
Changes in:			0	0	0	0
Trade and other receivables	-457	-148	-1,912	-645	-12,472	-3,996
Gross amount due from customers for contract work	262	0	1,096	0	7,151	0
Prepaid expenses	130	300	546	1,311	3,559	8,122
Inventories	-241	-198	-1,010	-862	-6,585	-5,344
Trade and other payables	-362	-503	-1,515	-2,192	-9,883	-13,586
Other liabilities	-1,091	-39	-4,563	-171	-29,765	-1,060
Operating cash flow	2,857	2,026	11,948	8,839	77,935	54,776
Acquisition of property, plant and equipment	0	0	0	0	0	0
Acquisition of subsidiary (net of cash acquired), associates, joint ventures	0	-438	0	-1,911	0	-11,841
Acquisition of other investments	0	0	0	0	0	0
Proceeds from sale of investments	2,141	0	8,956	0	58,418	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	2,141	-438	8,956	-1,911	58,418	-11,841
Proceeds from issuance of ordinary shares	0	0	0	0	0	0
Change of consolidation method (acquisition of JV)	0	1,809	0	7,892	0	48,904
Proceeds from borrowings	0	1,479	0	6,452	0	39,982
Repayment of borrowings	-4,996	-4,337	-20,897	-18,918	-136,301	-117,231
Proceeds from issuing bonds	535	2,872	2,238	12,527	14,596	77,629
Interest expenses	130	-3,109	545	-13,562	3,555	-84,042
Financing cash flow	-4,331	-1,286	-18,114	-5,609	-118,150	-34,757
Net increase/decrease in cash and cash equivalents	668	303	2,795	1,320	18,231	8,178
Cash at the beginning of the period	4,631	5,297	19,370	23,108	126,344	143,196
Effect of exchange rate fluctuation	0	-180	0	-785	-971	-4,930
Cash at the end of the period	5,297	5,420	22,157	23,642	143,549	146,444
<i>EUR exchange rate - low</i>			3.968	4.234	27.020	27.020
<i>EUR exchange rate - average</i>			4.183	4.362	27.283	27.033
<i>EUR exchange rate - high</i>			4.366	4.500	28.410	27.150

Note: Exchange rate provided by the European Central Bank

Statement of Changes in Equity

in thousand EUR	Share capital	Share premium	Legal reserve Fund	Revaluation reserve	Currency translation reserve	Hedging reserve	Retained earnings	TOTAL	Non-controlling interests	TOTAL EQUITY
BALANCE at 31.12.2015	600	23,760	10	25,415	-975	-420	-20,001	28,388	151	28,540
Profit for the period 1.1.2016 – 31.12.2016							-2,679	-2,679		2,679
Revaluation of PPE								0		0
Share on revaluation of PPE of associates, JV								0		0
Foreign currency translation differences					-180			-180		-180
Derivatives						215		215		215
Acquisition of JV				602				602		602
Total comprehensive income for the year	0	0	0	602	-180	215	-2,679	-2,042		-2,042
new shares								0		0
Move from revaluation reserve to retained earnings				-1,918			151	0	-151	-1,918
Legal reserve fund – move to RE on entity disposal			3				-3	0		0
BALANCE at 31.12.2016	600	23,760	13	24,099	-1,155	-205	-22,532	24,580	0	24,580

14. Detailed entity financial results for 2016Q4

The tables below present the **entity** and **un-audited** financial statements of Photon Energy N.V. for the three-month period starting on 1 October 2016 and ending on 31 December 2016 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	
	2015Q4	2016Q4	2015Q4	2016Q4	2015Q3	2016Q4
Revenues from the sale of products, goods and services	591	185	2,505	816	15,960	4,573
Cost of sales	-501	-809	-2,125	-3,534	-13,539	-21,545
Other administrative expenses	0	571	-5	2,488	0	15,618
Other income	0	52	0	227	0	1,408
Other expenses	-172	-230	-721	-1,005	-4,648	-6,222
EBITDA	-82	-231	-346	-1,007	-2,226	-6,167
Amortization&depreciation	-3	-3	-11	-12	-71	-69
EBIT	-85	-233	-357	-1,019	-2,298	-6,237
Financial income	28	1,782	150	7,790	766	47,222
Financial costs	-254	-5,973	-1,085	-26,062	-6,864	-161,140
Profit / loss before taxation	-310	-4,424	-1,291	-19,290	-8,369	-120,155
Income tax	0	0	0	0	0	0
Profit/loss for the period (net income)	-311	-4,425	-1,295	-19,295	-8,396	-120,183

Balance Sheet

in Thousands	EUR		PLN		CZK	
	31.12.2015	31.12.2016	31.12.2015	31.12.2016	31.12.2015	31.12.2016
Intangibles	23	12	97	53	613	326
Property, plant and equipment	0	0	0	0	0	0
Investments in associates /joint ventures	32,328	28,361	137,803	125,101	873,671	768,455
Other investments	0	0	0	0	0	0
Longterm receivables	0	79	0	341	0	2,133
Deferred tax assets	0	0	0	0	0	0
Non-current assets	32,351	28,452	137,900	125,495	874,284	766,322
Inventories – Goods	0	0	0	0	0	0
Trade and other receivables	8,435	12,424	35,956	54,797	227,963	335,689
Loans	0	0	0	0	0	0
Gross amount due from customers for contract work	0	0	0	0	0	0
Prepaid expenses	442	211	1,884	931	11,945	5,705
Cash and cash equivalents	55	438	234	1,931	1,481	11,831
Current assets	8,932	13,073	38,074	57,660	241,389	353,225
Total assets	41,283	41,525	175,974	183,155	1,115,673	1,122,006
Issued share capital	600	600	2,558	2,646	16,215	16,212
Share premium	36,871	36,871	157,167	162,627	996,439	996,254
Legal reserve fund	0	0	0	0	0	0
Reserves	-1,778	-1,155	-7,579	-5,095	-48,049	-31,210
Retained earnings	-7,024	-9,057	-29,940	-39,946	-189,818	-244,710
Profit/loss for the current period	-142	-2,687	-604	-11,854	-3,828	-72,615
Equity attributable to owners of the Company	28,527	24,571	121,602	108,379	770,932	663,904
Non-controlling interests	0	0	0	0	0	0
Total equity	28,527	24,571	121,602	108,379	770,932	663,904
Non-current liabilities	8,060	10,932	34,217	48,076	217,822	295,372
Bank Loan	0	0	0	0	0	0
Other long term liabilities	8,060	10,932	34,217	48,076	217,822	295,372
Other loans	0	0	0	0	0	0
Deferred tax liabilities	0	0	0	0	0	0
Current liabilities	4,695	6,022	20,155	26,699	126,893	162,703
Bank Loans	0	0	0	0	0	0
Other loans	0	0	0	0	0	0
Trade and other payables	4,695	5,797	20,155	25,707	126,893	156,624
Other shortterm liabilities	0	0	0	0	0	0
Current tax liabilities (income tax)	0	0	0	0	0	0
Provisions	0	225	0	992	0	6,080
TOTAL Equity & Liabilities	41,283	41,525	175,974	183,155	1,115,673	1,122,006
<i>No. of shares outstanding in thousand</i>	<i>50,761</i>	<i>50,971</i>	<i>50,761</i>	<i>50,971</i>	<i>50,761</i>	<i>50,971</i>
<i>Book value per share outstanding</i>	<i>0.562</i>	<i>0.482</i>	<i>2.396</i>	<i>2.126</i>	<i>15.187</i>	<i>13.025</i>

15. Detailed accumulated entity financial results for 2016Q1-Q4

The tables below present the **entity** and **un-audited** financial statements of Photon Energy N.V. for the six-month period starting on 1 January 2016 and ending on 31 December 2016 and the corresponding period of the previous year. The reported data is presented in accordance with Dutch Accounting Standards (DAS).

Income Statement

in Thousands (except EPS)	EUR		PLN		CZK	
	2015 Q1-Q4	2016 Q1-Q4	2015 Q1-Q4	2016 Q1-Q4	2015 Q1-Q4	2016 Q1-Q4
Revenues from the sale of products, goods and services	1,918	1,549	8,021	6,758	52,315	41,876
Cost of sales	-1,680	-1,803	-7,027	-7,865	-45,833	-48,737
Gross profit	238	-254	994	-1,107	6,482	-6,862
Other administrative expenses	-148	0	-619	0	-4,038	0
Other income	0	52	0	227	0	1,408
Other expenses	-218	-237	-912	-1,034	-5,946	-6,406
EBITDA	-128	-439	-537	-1,914	-3,502	-11,860
Amortization&depreciation	-11	-11	-44	-46	-290	-288
EBIT	-139	-449	-581	-1,960	-3,792	-12,147
Financial income	1,170	4,754	4,895	20,737	31,930	128,505
Financial costs	-1,173	-6,992	-4,906	-30,501	-32,002	-189,009
Profit / loss before taxation	-142	-2,687	-592	-11,724	-3,864	-72,651
Income tax	0	0	0	0	0	0
Profit/loss for the period (net income)	-142	-2,687	-592	-11,724	-3,864	-72,651

Balance Sheet

Please refer to chapter 14.

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 2016 and ending on 31 December 2016 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 2016 to 31 December 2016

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

Results of the operating segments for the period from 1 January 2015 to 31 December 2015

EUR Thousands	Energy solutions	Production of electricity	Operations, maintenance and PVPP supervision	PV Invest.	Other	Total for segments	Elimination	Consolidated financial information
External revenues from the sale of products, goods and services	1,793	10,600	913	0	147	13,452	0	13,452
Revenues within segments from the sale of products, goods, services	481	48	1,167	0	3,357	5,052	-5,052	0
Cost of sale	-1,507	-578	-790	0	-274	-3,150	705	-2,444
Energy tax	0	-743	0	0	0	-743	0	-743
Gross profit	767	9,326	1,290	0	3,229	14,612	-4,347	10,265
Other external income	0	0	0	0	181	181	0	181
Administrative and other expenses	-1,296	-500	-1,796	0	-5,228	-8,821	4,325	-4,496
Depreciation	0	-5,141	-22	0	-35	-5,197	0	-5,197
Operating income	-530	3,686	-529	0	-1,852	775	0	753
Interest income	19	134	36	0	288	478	-397	80
Interest expenses	-31	-2,388	-56	0	-1,114	-3,590	397	-3,192
Other financial revenues	0	0	0	0	903	903	0	903
Other financial expenses	-16	-13	-12	0	-91	-132	0	-132
Revaluation of derivatives	0	220	0	0	0	220	20	240
Profit/loss share in entities in equivalency	0	0	0	91	0	91	0	91
Income tax	0	-529	0	0	0	-529	0	-529
Profit/loss after taxation	-559	1,109	-561	91	-1,866	-1,786	20	-1,787
Revaluation of property, plant and equipment	0	0	0	0	0	0	0	0
Foreign currency translation diff. - foreign operations	0	0	0	0	841	841	0	841
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	162	0	0	0	162	0	162
Total comprehensive income	-559	1,271	-561	91	-1,025	-783	20	-784
Assets, of which	1,524	86,949	1,860	2,195	11,020	103,548	-14,394	89,155
PPE – Lands	0	2,859	0	0	0	2,859	0	2,859
PPE – Photovoltaic power plants	0	73,027	0	0	0	73,027	0	73,027
PPE – Equipment	1	0	51	0	88	140	0	140
PPE – Assets in progress	0	7	3	0	0	9	0	9
Intangibles	0	0	0	0	0	0	0	0
Trade and other receivables	1,328	5,165	1,527	0	10,334	18,355	14,381	3,974
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	172	532	189	0	31	924	0	924
Investments in associates, JV, other	0	0	1	2,195	0	2,196	0	2,196
Deferred tax receivables	0	0	0	0	0	0	0	0
Long term receivables	0	0	0	0	0	0	0	0
Prepaid expenses	8	160	29	0	504	701	13	688
Assets held for sale	0	0	39	0	0	39	0	39
Cash and cash equivalents	15	5,199	21	0	63	5,297	0	5,297
Liabilities, of which	-2,827	-51,487	-4,737	0	-17,089	-76,141	14,392	-61,749
Trade and other payables	-2,815	-3,424	-4,565	0	-8,148	-18,953	14,392	-4,561
Bank Loans and other loans	0	-42,068	0	0	-808	-42,876	0	-42,876
Other long term liabilities	0	0	-94	0	-8,060	-8,154	0	-8,154
Other short term liabilities	0	0	0	0	0	0	0	0
Current tax liabilities (income tax)	-13	-583	-78	0	-73	-747	0	-747
Provisions	0	0	0	0	0	0	0	0
Deferred tax liabilities	0	-5,412	0	0	0	-5,412	0	-5,412

17. Summary of significant accounting policies

Basis of preparation

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

The following main standards are applied by Group:

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

Use of estimates and judgments

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

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

Provisions

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

Presentation of Financial information

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

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

Consolidation

(a) Subsidiaries

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

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

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

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

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

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

(b) Associates

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

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

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

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

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

Segment reporting

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

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

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

The Management identified the following segments:

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

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

Other operations include the financing and insurance solutions for PV investors, intermediating investments in rooftop photovoltaic projects and other less significant activities. None of these operations meets any of the quantitative thresholds for determining reportable segments in 2016 or 2015.

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

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

Foreign currency translation

(a) Functional and presentation currency

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

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

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

	PLN		CZK	
	2015Q4	2016Q4	2015Q4	2016Q4
EUR exchange rate – low	4.219	4.271	27.020	27.020
EUR exchange rate – high	4.366	4.500	27.060	27.060
EUR exchange rate – average	4.264	4.378	27.028	27.028
EUR exchange rate – end of period	4.263	4.411	27.025	27.020

(b) Transactions and balances

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

(c) Group companies

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

Property, plant and equipment

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

Inventories

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

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

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

Revenue recognition

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

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

Trade receivables

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

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

Cash and cash equivalents

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

Share capital

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

Trade payables

Trade payables are recognised at nominal value.

Loans and Borrowings

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

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

Current and deferred income tax

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

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

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

18. Management Board declaration

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

19. Investor Relations Contact

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Amsterdam, 6 February 2017

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

Georg Hotar
Member of the Board of Directors

A handwritten signature in blue ink, appearing to read 'Michael Gartner', positioned above 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