

PHOTON ENERGY N.V. CONSOLIDATED AND ENTITY FINANCIAL REPORTS

2018Q2

for the period from 1 April to 30 June 2018

6 August 2018 | Amsterdam | The Netherlands

CONSOLIDATED AND ENTITY FINANCIAL REPORTS

1. Selected financial results

1.1. Selected financial results for Photon Energy Group, for the period of 1 April to 30 June 2018

in Thousands	EUR		PLN		CZK	
	2017 Q2	2018 Q2	2017 Q2	2018 Q2	2017 Q2	2018 Q2
Total revenues	5,245	6,753	22,107	28,794	139,151	172,929
Gross profit	4,212	4,906	17,754	20,917	111,750	125,618
EBITDA	3,119	3,386	13,148	14,436	82,761	86,699
EBIT	1,223	1,470	5,155	6,270	32,446	37,654
Profit / loss before taxation	675	177	2,847	753	17,920	4,524
Profit / loss from continuing operations	394	-155	1,661	-661	10,458	-3,967
Total comprehensive income	1,732	-1,274	7,301	-5,432	45,958	-32,621
Non-current assets	74,240	72,611	313,716	317,535	1,944,727	1,889,335
Current assets	12,418	34,330	52,474	150,128	325,286	893,261
Cash and cash equivalents	4,716	12,316	19,927	53,860	123,530	320,465
Total assets	86,658	106,941	366,190	467,667	2,270,013	2,782,617
Total equity	24,925	27,958	105,327	122,262	652,920	727,459
Current liabilities	18,047	19,509	76,263	85,314	472,752	507,618
Non-current liabilities	43,686	59,474	184,603	260,086	1,144,357	1,547,514
Operating cash flow	731	4,033	3,083	17,195	19,407	103,267
Investment cash flow	0	-3,164	0	-13,491	0	-81,021
Financial cash flow	-1,689	7,785	-7,118	33,196	-44,805	199,363
Net change in cash	-957	8,654	-4,035	36,900	-25,398	221,610
<i>EUR exchange rate - low</i>			4.171	4.160	26.145	25.255
<i>EUR exchange rate - average</i>			4.215	4.264	26.532	25.607
<i>EUR exchange rate - end of period</i>			4.226	4.373	26.195	26.020
<i>EUR exchange rate – high</i>			4.273	4.373	27.060	26.020

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 June 2018

in Thousands	EUR		PLN		CZK	
	2017 H1	2018 H1	2017 H1	2018H1	2017 H1	2018 H1
Total revenues	8,031	10,467	34,288	44,173	215,094	266,901
Gross profit	6,377	7,089	27,226	29,919	170,790	180,779
EBITDA	4,193	4,411	17,900	18,614	112,291	112,466
EBIT	1,487	1,651	6,350	6,968	39,833	42,100
Profit / loss before taxation	456	2,209	1,949	9,324	12,226	56,338
Profit / loss from continuing operations	82	1,731	350	7,307	2,196	44,151
Total comprehensive income	1,601	767	6,836	3,239	42,881	19,569
Non-current assets	74,240	72,611	313,716	317,535	1,944,727	1,889,335
Current assets	12,418	34,330	52,474	150,128	325,286	893,261
Cash and cash equivalents	4,716	12,316	19,927	53,860	123,530	320,465
Total assets	86,658	106,941	366,190	467,667	2,270,013	2,782,617
Total equity	24,925	27,958	105,327	122,262	652,920	727,459
Current liabilities	18,047	19,509	76,263	85,314	472,752	507,618
Non-current liabilities	43,686	59,474	184,603	260,086	1,144,357	1,547,514
Operating cash flow	891	4,041	3,803	17,055	23,858	103,051
Investment cash flow	0	-90	0	-381	0	-2,304
Financial cash flow	-2,918	1,031	-12,458	4,351	-78,152	26,288
Net change in cash	-2,027	4,982	-8,655	21,025	-54,294	127,034
<i>EUR exchange rate - low</i>			4.171	4.142	26.145	25.190
<i>EUR exchange rate - average</i>			4.270	4.220	26.784	25.500
<i>EUR exchange rate - end of period</i>			4.226	4.373	26.195	26.020
<i>EUR exchange rate - high</i>			4.413	4.373	27.060	26.020

Financial highlights:

- ▶ Unaudited consolidated revenues increased by 28.8% YOY from EUR 5.245 million to EUR 6.753 million in 2018Q2, despite lower electricity production YOY, which has been compensated by a substantial growth in the development and engineering businesses in Australia. YTD, revenues increased 30.3% to EUR 10.467 million.
- ▶ Consolidated EBITDA increased to EUR 3.386 million (+8.5% YOY) in 2018Q2. YTD, EBITDA rose 5.2% to EUR 4.411 million.
- ▶ Consolidated EBIT increased to EUR 1.470 million (+20.2% YOY) in 2018Q2. YTD, EBIT grew by 11.0% to EUR 1.651 million.
- ▶ In 2018Q2, the Company recorded a profit before taxation of EUR 0.177 million, compared to a EUR 0.675 million profit for the same period last year. YTD, the Company recorded a profit before taxation of EUR 2.209 million, compared to EUR 0.456 million in 2017H1.
- ▶ Total equity increased to EUR 27.958 million at the end of 2018Q2, compared to EUR 25.982 million at the end of 2017Q4.
- ▶ The adjusted equity ratio¹ decreased from 37% at end of 2017Q2 to 33% at the end of 2018Q2.

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

Other highlights:

- ▶ In 2018Q2, the proprietary portfolio of PV plants generated approximately 10.6 GWh of electricity, which was 5.4% above the energy forecasts but 4.3% lower compared to 2017Q2.
- ▶ Additional projects prepared to reach the ready-to-build stage in Hungary.
- ▶ Photon Water Technology installed its first off-grid solar powered algae control solution in the Czech Republic.
- ▶ Photon Energy Operations signed new O&M contracts in the Czech Republic and in Romania increasing the total O&M services portfolio to 222 MWp worldwide.

1.3. Standalone financial results for Photon Energy N.V., for the period of 1 April to 30 June 2018

in Thousands	EUR		PLN		CZK	
	2017 Q2	2018Q1	2017 Q2	2018Q1	2017 Q2	2018Q1
Revenues	421	514	1,776	2,191	11,181	13,159
EBITDA	-16	-1	-66	-6	-418	-35
EBIT	-18	-1	-78	-6	-489	-37
Profit / loss before taxation	-503	-132	-2,118	-562	-13,333	-3,378
Total comprehensive income	-503	-132	-2,118	-562	-13,333	-3,378
Non-current assets	27,002	37,809	114,101	165,345	707,310	983,800
Current assets	13,765	21,464	58,165	93,864	360,566	558,489
Cash and cash equivalents	816	4,396	3,447	19,223	21,366	114,377
Total assets	40,766	59,273	172,266	259,208	1,067,876	1,542,290
Total equity	23,462	31,075	99,144	135,893	614,596	808,564
Current liabilities	14,196	5,200	59,987	22,738	371,862	135,294
Non-current liabilities	3,108	22,999	13,134	100,577	81,419	598,433
<i>EUR exchange rate – low</i>			4.171	4.160	26.145	25.255
<i>EUR exchange rate – average</i>			4.215	4.264	26.532	25.607
<i>EUR exchange rate - end of period</i>			4.226	4.373	26.195	26.020
<i>EUR exchange rate – high</i>			4.273	4.373	27.060	26.020

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 April until 30 June 2018, unless specified otherwise;

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

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

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

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

2. Management discussion and analysis

2.1 A note from the Management Board

We take great pride in reporting on the good progress we made in 2018Q2. The last quarter was the best quarter in Photon Energy NV's history in terms of revenue, rounding off a solid first half of 2018. Our financial performance in 2018Q2 hides the progress we have made across all areas of our business across geographies, which validates the soundness of our business strategy. We have continuously improved, innovated and optimised our operations to create a more efficient business and can now take advantage of our project development efforts to accelerate the Company's growth. This balance and diversity are important factors that have made our performance more reliable, illustrated by both EBITDA and EBIT showing further progress YoY.

On a quarterly basis consolidated revenues increased by 28.8% YOY to EUR 6.753 million. EBITDA increased by 8.5% to EUR 3.386 million and EBIT grew by 20.2% to EUR 1.470 million. Photon Energy recorded a profit before taxation of EUR 0.177 million in 2018Q2, compared to a EUR 0.675 million profit for the same period last year. Year-to-date, the Company recorded the highest half-year revenues in its history, which carried through to the strongest HY EBIT and highest HY profit before taxation, leading to a record profit after taxation. Photon Energy's half-year revenues increased 30.3% to EUR 10.467 million, while EBITDA rose 5.2% to EUR 4.411 million and EBIT was up 11.0% to EUR 1.651 million. Photon Energy also managed to increase its profit before taxation from EUR 0.456 million in 2017H1 to a profit of EUR 2.209 million in 2018H1. This resulted in a EUR 1.731 million positive net result, compared to EUR 0.082 million during the same period a year earlier.

We are excited about the potential of our business. Our project development efforts are paying off, with many more PV projects lined up in our target markets Australia and Hungary. Both markets will allow us to expand our power plant portfolio and to substantially grow our EPC and operations and maintenance services businesses. With the continuing growth of our O&M division and the promising start of Photon Water Technology, the Company's subsidiary dedicated to water purification, remediation and treatment services, we are looking forward to the coming quarters, in which we want to cement our position as an expanding, global downstream PV & Water solutions provider.

Photon Energy's projects reach the ready-to-build stage

In Australia, the Leeton project is ready-to-build, as we have obtained the construction permit, acquired the land and signed the grid connection agreement. We are negotiating a Power Purchase Agreement (PPA) with an undisclosed electricity retailer and are in the process of structuring the project financing. With these crucial steps completed we expect that construction will start as planned in 2018Q3.

In Hungary, Photon Energy's other core growth market, our first PV plant built and connected at the end of March 2018 in Fertod, works very well and performs above plan until now. We intend to reach the ready-to-build stage before year-end 2018 for the current project pipeline of 25.6 MWp, while we continue working towards our year-end 2019 goal of adding 50 MWp in total. Given that local banks are willing to finance our projects, except for some major financial crisis, we are confident in our ability to complete these plants as planned.

Photon Energy now delivers more than 220 MWp O&M services worldwide

Photon Energy continued to expand its operations and maintenance portfolio by signing additional contracts in the Czech Republic and in Romania, bringing Photon Energy Operations' total O&M services portfolio to 222 MWp worldwide.

Photon Energy's know-how as well as its new monitoring solutions have again played a central role in the contracts' conclusion. Operations and Maintenance (O&M) of solar power plants includes aspects and services such as remote production monitoring, technical maintenance, repairs but also administrative services. Owners of PV power plants know that their projects are taken care of and for us they constitute long-term recurring revenues.

Photon Water receives support for its water treatment projects in Peru & installs algae control solution in the Czech Republic

During the reporting period, only a few months after the Company announced its strategic expansion to water management as a parallel business line, Photon Water Technology s.r.o. was awarded a 50% subsidy for the implementation of its water treatment plants in small and medium-sized municipalities in Peru by the Czech Development Agency. In mid-May Photon Water Technology also installed three floating solar-powered ultrasound blocks, equipped with ultrasound emitting technology and a battery for energy storage aimed at eliminating algae in one of the largest water reservoirs in Prague, which also includes two lakes for public swimming. Last year the quality of water there had been checked and declared too dangerous for bathing due to the high algae concentration. Within 13 days of the installation an independent laboratory water analysis proved 100% algae removal thanks to the PWT installations.

Our subsidiary Photon Water Technology is our competence center in the field of Water Management and has expertise in a wide range of technologies and applications. We want to develop this business line both as a solutions and service provider (the equivalent of our EPC and O&M business in solar), but are also open to be an investor in water purification equipment and generate revenues from the sale of drinking water (similarly to the electricity sale from our PV power plants).

KFM Deutsche Mittelstand AG invests into Photon Energy EUR Bond 17/22

Last but not least, on 8 May 2018 KFM Deutsche Mittelstand AG announced that it invested via its dedicated SME corporate bonds fund, the Deutscher Mittelstandsanleihen FONDS, in our Photon Energy EUR Bond 17/22. The total investment has to date reached the amount of EUR 2.5 million. The bond placement initiated in October 2017 continues well, with EUR 22.346 million placed as of the reporting date. The proceeds from the bond placement will be deployed to support the Company's new era of growth that looks ripe to start.

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 and Hungarian markets are our focus for the expansion of PV generation capacity. 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 has been implemented.

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

Proprietary portfolio

The table below presents the portfolio of operating power plants owned directly or indirectly by Photon Energy N.V. at the end of the reporting period i.e. as of 30 June 2018, consisting of 24 power plants in the Czech Republic, Slovakia, Australia & Hungary with a total installed capacity of 26.1 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 June 2018

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
24	Fertőd 1	Photon Energy HU SPV 1 Kft. b.a	HU	528	100%	528	Mar 18
Total				26,097		24,674	

¹Photon 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 2018Q2 amounted to 10.6 GWh, which was 5.4% above the energy forecasts and 3.9% higher 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 April and 30 June 2018

Project name	Capacity	Feed-in-Tariff	Prod. 2018Q2	Proj. 2018Q2	Perf.	YTD Prod.	YTD Proj.	Perf.	YTD n-1	YTD YoY
Unit	kWp	per MWh, applicable in 2018	kWh	kWh	%	kWh	kWh	%	kWh	%
Komorovice	2,354	CZK 14,245	971,008	911,592	6.5%	1,327,353	1,208,294	9.9%	1,332,126	-0.4%
Zvíkov I	2,031	CZK 14,245	862,400	798,994	7.9%	1,197,624	1,059,049	13.1%	1,239,403	-3.4%
Dolní Dvořiště	1,645	CZK 14,245	632,989	664,674	-4.8%	836,060	881,011	-5.1%	909,007	-8.0%
Svatoslav	1,231	CZK 14,245	488,159	493,653	-1.1%	645,385	654,326	-1.4%	634,019	1.8%
Slavkov	1,159	CZK 14,245	527,805	470,097	12.3%	714,551	623,103	14.7%	729,068	-2.0%
Mostkovice SPV 1	210	CZK 14,245	88,222	67,601	30.5%	117,877	99,407	18.6%	119,268	-1.2%
Mostkovice SPV 3	926	CZK 15,304	391,134	349,346	12.0%	519,125	468,927	10.7%	532,974	-2.6%
Zdice I	1,499	CZK 14,245	659,881	574,566	14.8%	916,542	765,291	19.8%	898,064	2.1%
Zdice II	1,499	CZK 14,245	668,283	574,566	16.3%	927,516	765,291	21.2%	917,993	1.0%
Radvanice	2,305	CZK 14,245	999,380	902,317	10.8%	1,330,908	1,196,001	11.3%	1,362,756	-2.3%
Břeclav rooftop	137	CZK 14,245	59,492	45,754	30.0%	80,776	68,281	18.3%	86,738	-6.9%
Total Czech PP	14,996		6,348,753	5,853,161	8.5%	8,613,717	7,788,982	10.6%	8,761,415	-1.7%
Babiná II	999	EUR 425.12	373,011	368,708	1.2%	484,617	508,570	-4.7%	557,022	-13.0%
Babina III	999	EUR 425.12	369,954	368,708	0.3%	481,746	508,570	-5.3%	559,986	-14.0%
Prša I.	999	EUR 425.12	397,149	367,894	8.0%	520,164	508,092	2.4%	573,741	-9.3%
Blatna	700	EUR 425.12	282,414	266,435	6.0%	367,575	382,695	-4.0%	386,268	-4.8%
Mokra Luka 1	963	EUR 382.61	275,643	362,485	-24.0%	422,959	524,931	-19.4%	628,581	-32.7%
Mokra Luka 2	963	EUR 382.61	407,508	362,485	12.4%	558,251	524,931	6.3%	640,154	-12.8%
Jovice 1	979	EUR 382.61	329,348	373,692	-11.9%	434,881	496,251	-12.4%	471,930	-7.9%
Jovice 2	979	EUR 382.61	326,903	373,692	-12.5%	432,606	496,251	-12.8%	468,532	-7.7%
Brestovec	850	EUR 382.61	375,471	306,947	22.3%	517,146	444,501	16.3%	568,233	-9.0%
Polianka	999	EUR 382.61	380,973	384,239	-0.8%	494,700	509,300	-2.9%	535,815	-7.7%
Myjava	999	EUR 382.61	422,313	374,820	12.7%	567,105	533,245	6.3%	616,728	-8.0%
Total Slovak PP	10,429		3,940,687	3,910,104	0.8%	5,281,750	5,437,336	-2.9%	6,006,990	-12.1%
Symonston	144	AUD 301.60	22,768	28,400	-19.8%	82,538	88,140	-6.4%	86,260	-4.3%
Total Australian PP	144		22,768	28,400	-19.8%	82,538	88,140	-6.4%	86,260	-4.3%
Fertod		HUF 32,000	244,879	223,847	9.4%	244,879	223,847	9.4%	0	na
Total Hungarian PP	528		244,879	223,847	9.4%	244,879	223,847	9.4%	0	na
Total	26,097		10,557,087	10,015,513	5.4%	14,222,884	13,538,305	5.1%	14,854,665	-4.3%

Notes

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

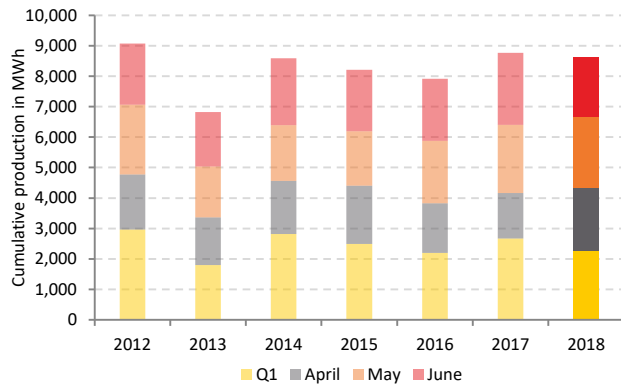
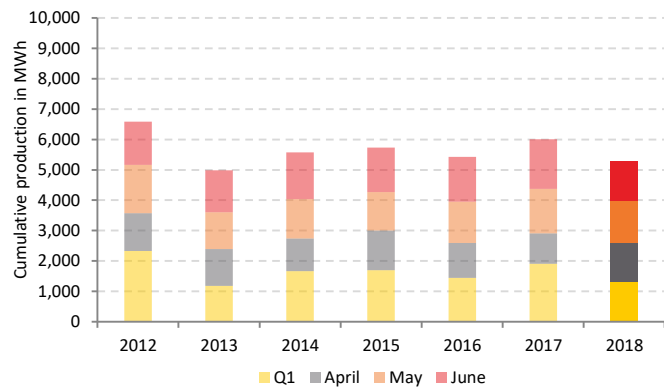


Chart 1.b Total production of the Slovak portfolio



O&M services

Photon Energy remained focused on further expanding its Operations and Maintenance business in Europe. As of the end of 2018Q2, full O&M services contracts amounted to approximately 156.6 MWp, up by 17.3 MWp from the end of 2017Q2, and can be broken down geographically into 127.8 MWp operated in the Czech Republic, 15.9 MWp in Slovakia, 11.0 MWp in Romania, 1.4 MWp in Australia and 0.5 MWp in Hungary. The O&M portfolio divides into 26.1 MWp of PV capacity from the proprietary portfolio and 130.5 MWp serviced for external clients.

As far as the “Inverter Cardio” services contracts are concerned, the Group is servicing 61.3 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 2018Q2, the total capacity of central inverters serviced can be divided regionally into France (21.3 MWp), Italy (15.0 MWp), Belgium (10.2 MWp), Czech Republic (7.5 MWp), Slovakia (5.5 MWp) and Germany (1.8 MWp).

After the reporting period, Photon Energy closed a 4.0 MWp contract in Romania for full O&M services expanding Photon Energy Operations’ total O&M services portfolio to 221.9 MWp worldwide.

2.5. Reporting on Photon Energy’s project pipeline

As of the reporting date, Photon Energy is developing PV projects in Australia (1,473.9 MWp) and Hungary (25.6 MWp) and is evaluating further markets for opportunities.

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

Country	Location	Project function	Share	MWp	Commercial Model	Land	Grid connection	Construction permit	Expected RTB
Australia	Leeton	Own portfolio	100%	29.9	Retailer PPA	Secured	Secured	Secured	2018Q2
Australia	Environa	Own portfolio	100%	19.0	Emarket + GC/PPA	Secured	Ongoing	Ongoing	2018Q3
Total Own portfolio Australia				48.9					
Hungary	Fertöd II	Own portfolio	100%	3.5	Licensed PPA	Secured	Secured	Ongoing	2018Q4
Hungary	Almásfüzitő	Own portfolio	100%	5.5	Licensed PPA	Secured	Secured	Ongoing	2018Q3
Hungary	Monor	Own portfolio	100%	5.6	Licensed PPA	Secured	Secured	Ongoing	2018Q3
Hungary	Tata	Own portfolio	100%	5.5	Licensed PPA	Secured	Secured	Secured	2018Q3
Hungary	Tiszakécske	Own portfolio	100%	5.5	Licensed PPA	Secured	Secured	Secured	2018Q2
Total Own portfolio Hungary				25.6					
Total Own portfolio				74.5					
Australia	Gunning	Developer	49%	316.0		Secured	Ongoing	Ongoing	2019Q1
Australia	Gunnedah	Developer	25%	165.0	Co-development & co-financing agreement with Canadian Solar	Secured	Ongoing	Ongoing	2018Q4
Australia	Suntop	Developer	25%	286.0		Secured	Ongoing	Ongoing	2018Q4
Australia	Maryvale	Developer	25%	196.0		Secured	Ongoing	Ongoing	2019Q2
Australia	Mumbil	Developer	25%	178.0		Secured	Ongoing	Ongoing	2019Q2
Australia	Carrick	Developer	51%	138.0	All options open	Secured	Ongoing	Ongoing	2019Q2
Australia	Brewongle	Developer	51%	146.0	All options open	Secured	Ongoing	Ongoing	2019Q4
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

Photon Energy has nine large scale solar farms at different stages of development in New South Wales. The project pipeline is the largest pipeline of Solar projects in NSW representing a total capacity of 1.473.9 GWp.

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

Canadian Solar has become a co-shareholder in the project companies and is providing development financing to complete the development of these projects totalling 1.14 GWp, including the project in Gunning as well as four projects co-developed with a local partner, namely in Mumbil, Gunnedah, Suntop and Maryvale.

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

According to the terms of the transaction, Photon Energy NV has recognized an AUD 4.73 million (EUR 3.07 million) realised capital gain and an additional contribution to consolidated equity of AUD 1.93 million (EUR 1.21 million) related to the increased value of the remaining equity stakes in the five project companies in its consolidated financial statements for 2018Q1.

The current status for these projects co-developed with Canadian Solar is:

Gunnedah: In April the Environmental Impact Study (EIS) for Gunnedah was submitted for public exhibition which expired at the end of May. We submitted our response to the submissions at the end of June. Transaction summary GPS studies were submitted for review by Transgrid.

Suntop: The EIS for Suntop was submitted for adequacy review and was on public exhibition until 6 July. The GPS is in the final stages of completion and is in preparation for submission to Transgrid for due diligence and review.

Gunning: Site assessments are progressing and we are finalising the site layouts to complete the EIS. In Parallel we are progressing with the Transaction Summary with Transgrid.

Maryvale: The GPS and grid connection options are currently under review and in discussions with Essential Energy. The EIS preparation is also underway and will be completed by 2018Q4 for submission to NSW Planning.

Mumbil: The EIS and GPS preparation process is underway and due to be ready for submission by 2019Q1.

For the other projects, the status is:

Leeton: We have reached the ready to build stage and are finalising a Power Purchase Agreement (PPA) with an undisclosed electricity retailer. In addition, a term sheet has been signed to secure financing for the project. These steps represent significant milestones to reach financial close. We expect to finalise these arrangements shortly, allowing us to commence the construction stage in 2018Q3.

Carrick: The EIS and GPS preparation process is underway and due to be ready for submission by early 2019Q2.

Brewongle: The EIS and GPS preparation process is underway and due to be ready for submission in 2019Q3.

Environa: Different connection options are currently under review.

Hungary

On 28 March 2018, Photon Energy announced the connection of its first solar power plant in the Hungarian town of Fertőd, in the Győr-Moson-Sopron region. The 528 kWp power plant project has been acquired by Photon Energy in July 2017 and built by the company's EPC subsidiary Photon Energy Solutions HU Kft. During the 25-year support period the power plant is licensed to sell 14.3 GWh of renewable energy, generating revenues of around EUR 1.5 million over the entire period.

In **Monor** Photon Energy is developing eight projects with a grid connection capacity of 498 KW each. In May 2017, Photon Energy received the energy production licenses under the KÁT support system, allowing each plant to feed a total volume of 16.950 GWh of electricity into the grid at the guaranteed price of HUF 32 (EUR 0.10), adjusted every year with inflation minus one percent, per KWh over 25 years from the date of grid connection. The KÁT licenses provide Photon Energy with a 2-year period (extendable to 4 years) for the commissioning of all plants since the date of the application for the KÁT licenses. The projects are expected to be ready to build in 2018Q3.

In October 2017, Photon Energy announced the signing of a co-development and share purchase agreement for 100% of the shares of Ráció Master Oktatási Kft., which owns the KÁT licenses, grid connection and land usage rights for eight PV projects in the municipality of **Almásfüzitő**. 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 eight PV power plants will be built. This ready-to-build stage is expected to be reached in 2018Q3. The installed DC capacity (the total installed generating power of the PV modules) is planned to reach 5.5 MWp.

In February 2018, Photon Energy announced the expansion of its project pipeline by five additional projects in Fertőd (referred to as **Fertőd II**), where the company's fully-owned subsidiary Fertőd Napenergia-Termelő Kft. has constructed the Group's first photovoltaic power plant in Hungary with an installed capacity of 528 KWp (referred to as Fertőd I). Photon Energy's fully-owned subsidiary Photon Energy HU SPV 1 Kft. managed to secure additional grid connection capacity of 2.5 MW AC and usage rights for over 5 hectares of land located right next to the 528 KWp photovoltaic power plant built in Fertőd I. Photon Energy HU SPV 1 Kft. has moved its remaining three KÁT licenses not used in Monor to the secured land plots in Fertőd. The fourth project will be realized by Ráció Master Kft., which Photon Energy NV will acquire based on a co-development and share purchase agreement signed on 4 October 2017 (see EBI 30/2017), using its ninth KÁT license which cannot be used in its primary location of Almásfüzitő, where eight photovoltaic power plant projects are expected to reach the ready-to-build stage by early 2018Q3. Photon Energy NV has signed the acquisition of a project company with one KÁT license to be used for the fifth project in Fertőd II. The Fertőd II projects are expected to reach the ready-to-build stage in 2018Q4 and are planned to have a total combined installed capacity of 3.5 MWp.

Further in February 2018, Photon Energy also announced the acquisition of five project companies with all land, grid connection capacity rights and KÁT licenses required for the construction of eight PV plants with a total installed capacity of 5.5 MWp near the North-Western Hungarian municipality of **Tata**. These projects are expected to reach the ready-to-build stage in early 2018Q3.

On 21 March 2018, Photon Energy announced the expansion of its Hungarian project pipeline by eight additional photovoltaic projects with a total installed capacity of 5.5 MWp in the municipality of **Tiszakecske** in Bács-Kiskun region through the acquisition of eight project companies. The acquired PV projects are at the ready-to-build stage and Photon Energy expects to build and connect the plants to the grid by the end of 2018Q4. These acquisitions marked 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.

The announced transaction increased Photon Energy's photovoltaic pipeline in Hungary to 37 projects with a total installed capacity of 25.6 MWp, coming on top of the 0.528 MWp power plant already constructed and connected in Fertőd I.

As far as financing aspects are concerned, negotiations with banks are being finalized to allow us to start construction in 2018Q3.

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 1.41 on 30 June 2018 (+28% vs. 30 June 2017), corresponding to a price-to-book ratio of 0.57x. The Company also reports average monthly trading volume of 94,187 shares in 2018Q2, compared to an average monthly trading volume of 204,068 shares in 2017.

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

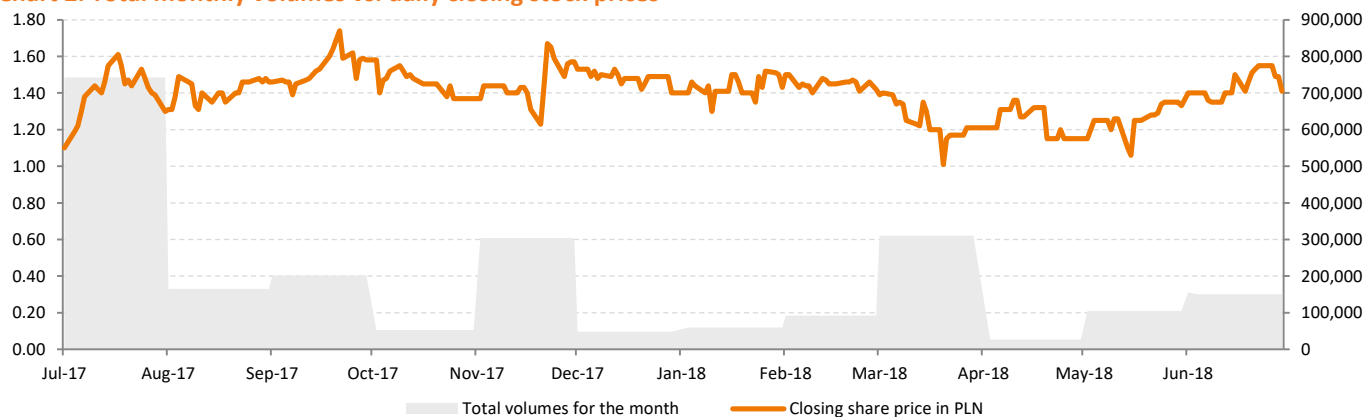


Chart 3. Enterprise value vs. trailing 12 months (TTM) EBITDA

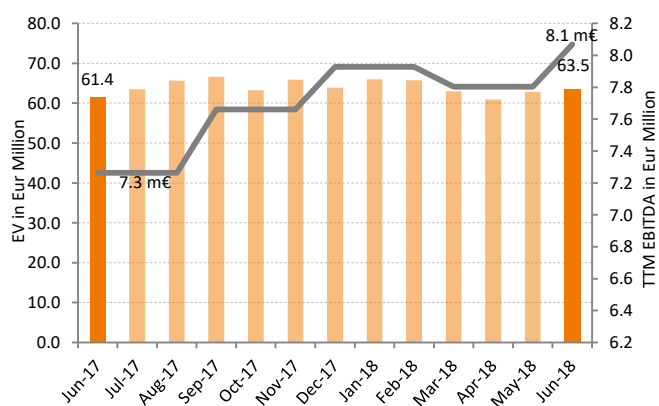
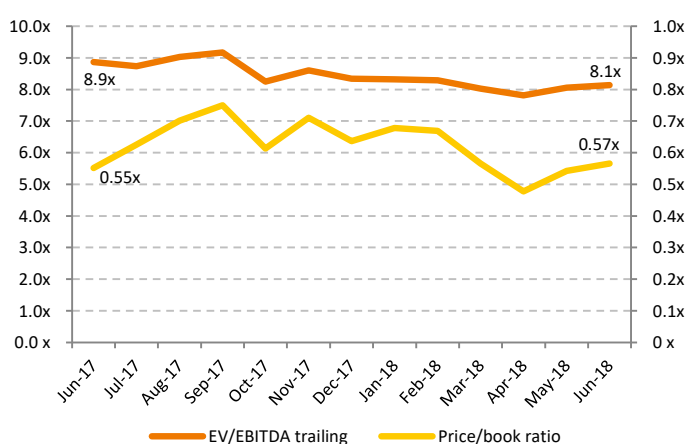


Chart 4. Enterprise value / trailing 12 months EBITDA & price to book ratio



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 June 2018, the shares (ISIN NL0010391108) closed at a price of CZK 7.90 (+32% vs 30 June 2017, +61% vs CZK 4.90, the reference price on the first trading day on 17 October 2016), corresponding to a price to book ratio of 0.53x. The Company reports an average monthly trading volume of 25,062 shares in 2018Q2, compared to 43,176 shares in 2017.

2.7. Bond trading performance

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

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

On 27 October 2017, the Company issued a 5-year corporate EUR bond with a 7.75% annual coupon and quarterly coupon payments in Germany, Austria and Luxemburg. The corporate bond, with a denomination of EUR 1,000 (ISIN DE000A19MFH4), has been traded on the Open Market of the Frankfurt Stock exchange since 27 October 2017. The bond is also listed on the stock exchanges in Berlin, Hamburg, Hannover, Munich and Stuttgart.

2.7.1. CZK Bond trading performance in Prague

In the trading period from 12 December 2016 until 30 June 2018 the trading volume amounted to CZK 8.400 million (nominal value) with a closing price of 100.00. In 2018Q2, the trading volume amounted to CZK 0.840 million.

2.7.2. EUR Bond 2017/22 trading performance

Chart 7. The Company's EUR bond 2017-2022 trading on the Frankfurt Stock Exchange in Germany

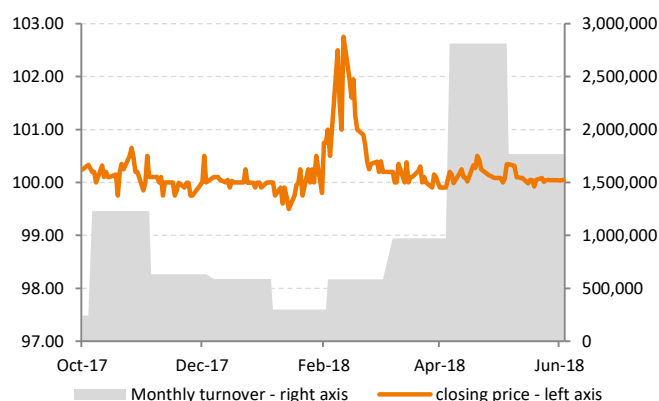
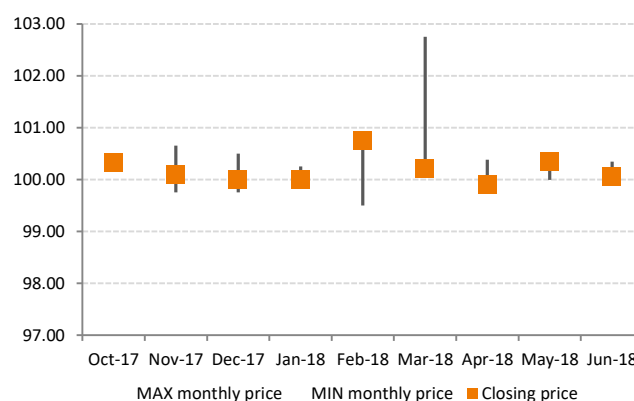


Chart 8. MIN, MAX and closing monthly prices



In the trading period from 25 October 2017 until 30 June 2018, the trading volume amounted to EUR 14.952 million (nominal value) with an opening price of 100.00 and a closing price of 100.05 in Frankfurt. As of the reporting date, the total placement amounts to EUR 22.346 million. The public offer in Austria, Germany and Luxemburg will end on 20 September 2018.

In 2018Q2, the trading volume amounted to EUR 10,397,000 with an opening price of 100.20 and a closing price of 100.05 in Frankfurt. The average daily turnover amounted to EUR 89,000.

2.8. Financial statement analysis

Profit and Loss statement

Unaudited consolidated revenues increased by 28.8% YOY from EUR 5.245 million to EUR 6.753 million in 2018Q2 despite lower electricity production YOY, which has been compensated by an ongoing substantial growth in the development and engineering businesses in Australia.

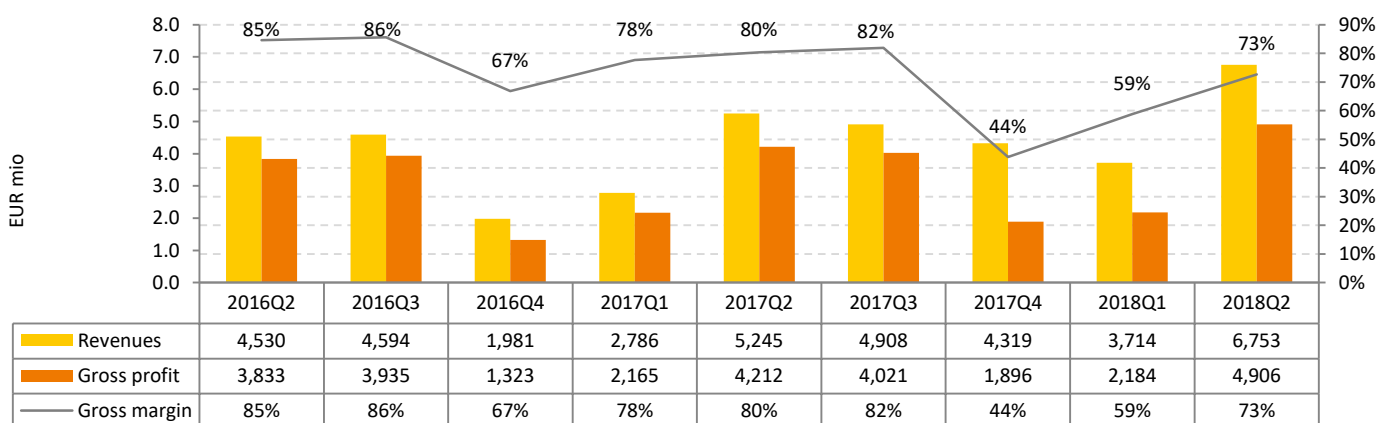
Consolidated EBITDA increased to EUR 3.386 million (+8.5% YOY) in 2018Q2. YTD, EBITDA rose 5.2% to EUR 4.411 million.

Consolidated EBIT increased to EUR 1.470 million (+20.2% YOY) in 2018Q2. YTD, EBIT grew by 11.0% to EUR 1.651 million.

In 2018Q2, the Company recorded a profit before taxation of EUR 0.177 million, compared to a EUR 0.675 million profit for the same period last year, due to increased financial expenses resulting from higher interest costs and an unfavourable USD exchange rate development on inventories (non cash item). YTD, the Company recorded a record profit before taxation of EUR 2.209 million, compared to EUR 0.456 million in 2017H1.

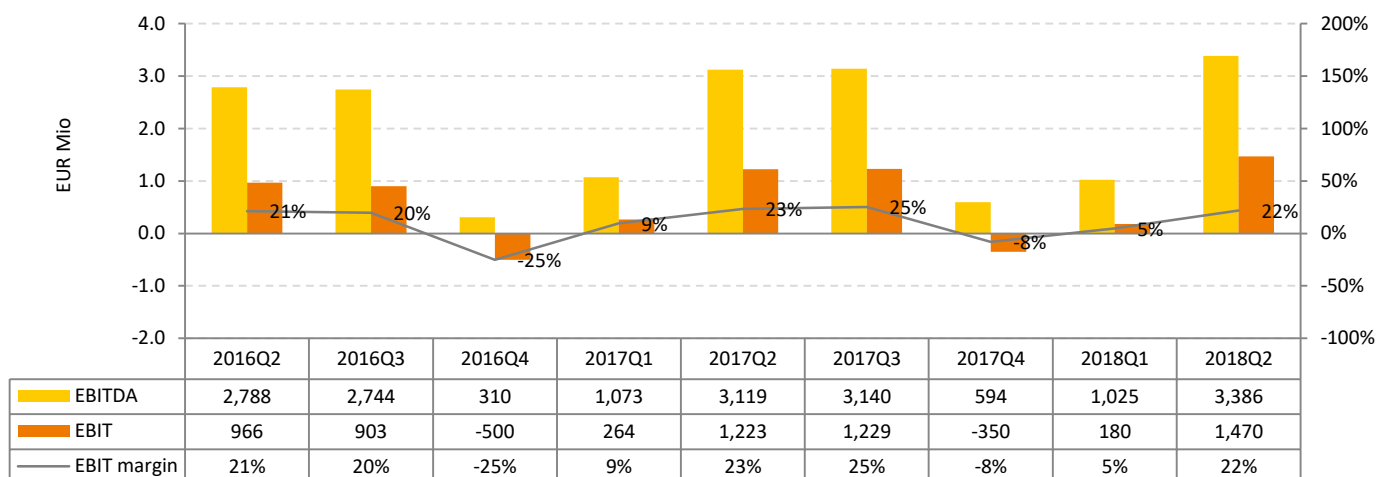
The Company recorded a loss after taxation of EUR 0.155 million in 2018Q2, compared to EUR 0.394 million for the same period last year and posted YTD a record EUR 1.731 million profit after taxation in 2018H1, compared to EUR 0.082 million in 2017H1.

Chart 9. Revenues, gross profit and gross margin



The numbers presented above are based on published quarterly figures.

Chart 10. EBITDA, EBIT and EBIT margin development



The numbers presented above are based on published quarterly figures.

Balance Sheet

Total fixed assets amounted to EUR 72.611 million at the end of 2018Q2, a EUR 2.511 million decrease compared to 2018Q1. The main reasons for the decrease in assets are the depreciation of assets, the impact of foreign exchange rate developments, which were partially compensated by a land acquisition in Hungary.

Current assets increased from EUR 25.241 million as of 31 March 2018 to EUR 34.330 million as of 30 June 2018 mainly due an increase in cash connected to the EUR Bond 2017/22 placement.

Total liabilities amounted to EUR 78.983 million as of the end of the reporting period compared to EUR 71.131 million as of the end of 2018Q1.

Current liabilities slightly increased from EUR 19.187 million in 2018Q1 to EUR 19.509 million in 2018Q2.

Long term liabilities increased by EUR 7.531 million from EUR 51.943 million in 2018Q1 to EUR 59.474 million in 2018Q2. The main driver of the change in long term liabilities was the increase of the EUR bond 2017/22.

Chart 11. Net current assets

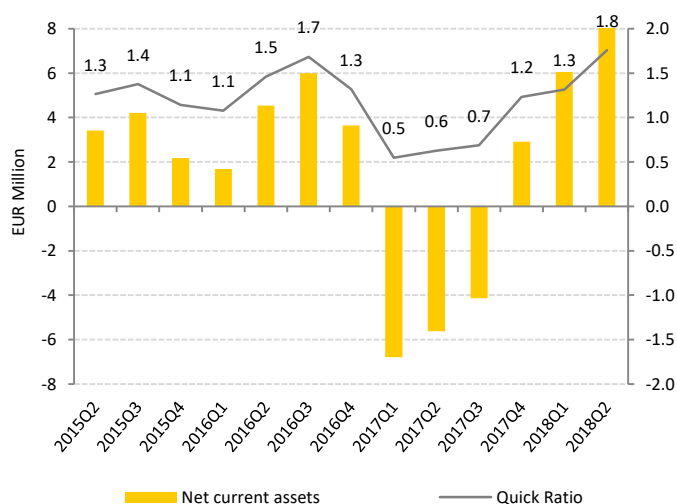
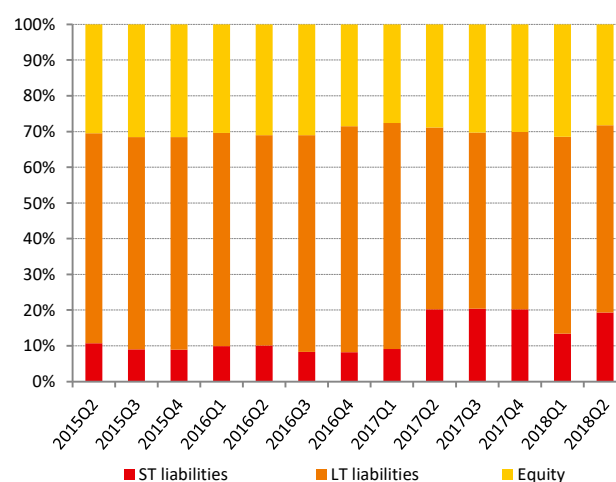


Chart 12. Break down of liabilities and equity



Changes in equity

Equity decreased to EUR 27.958 million in 2018Q2 from EUR 29.232 million in 2018Q1. This is mainly due to the negative currency revaluation of the Company's CZK denominated project debt and outstanding CZK bond.

Cash Flow

In 2018Q2 the Group posted a positive operating cash flow, which amounted to EUR 4.033 million. In 2017Q2 the Group had posted a positive operating cash flow, which amounted to EUR 0.730 million.

Financial cash flow was positive and amounted to EUR 7.785 million, driven primarily by the EUR Bond 2017/22 placement.

Investment cashflow equalled EUR -3.164 million in the reporting period, as a result of acquisitions of land and project rights..

Overall, the cash position increased by EUR 8.654 million in total within the reporting period and amounted to EUR 12.317 million at the end of the reporting period (EUR 4.716 million one year ago).

2.9. Financial forecasts

The Company does not publish financial forecasts.

3. General information about the Issuer

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

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

4. Share capital of the Issuer

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

Share capital as of 30 June 2018

Series/ issue	Type of shares	Type of preference	Limitation of right to shares	Number of shares	Nominal value of series/issue (EUR)	Capital covered with
A	bearer	-	-	<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 the reporting date, to the knowledge of the Board of Directors of Photon Energy N.V., the shareholder structure was as follows:

Shareholdership as of 06.08.2018	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	51.59%
Solar Future Cooperatief U.A.	8,590,683	14.32%	8,590,683	16.75%
Solar Power to the People Cooperatief U.A.	8,051,874	13.42%	8,051,874	15.70%
Photon Energy N.V.	8,700,000	14.50%	0	0.00%
Free float	8,190,443	13.65%	8,190,443	15.97%
Total	60,000,000	100.00%	51,300,000	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 June 2018

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

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

Supervisory Board

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

- ▶ The issued share capital of the company together with the reserves pursuant to the balance 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.

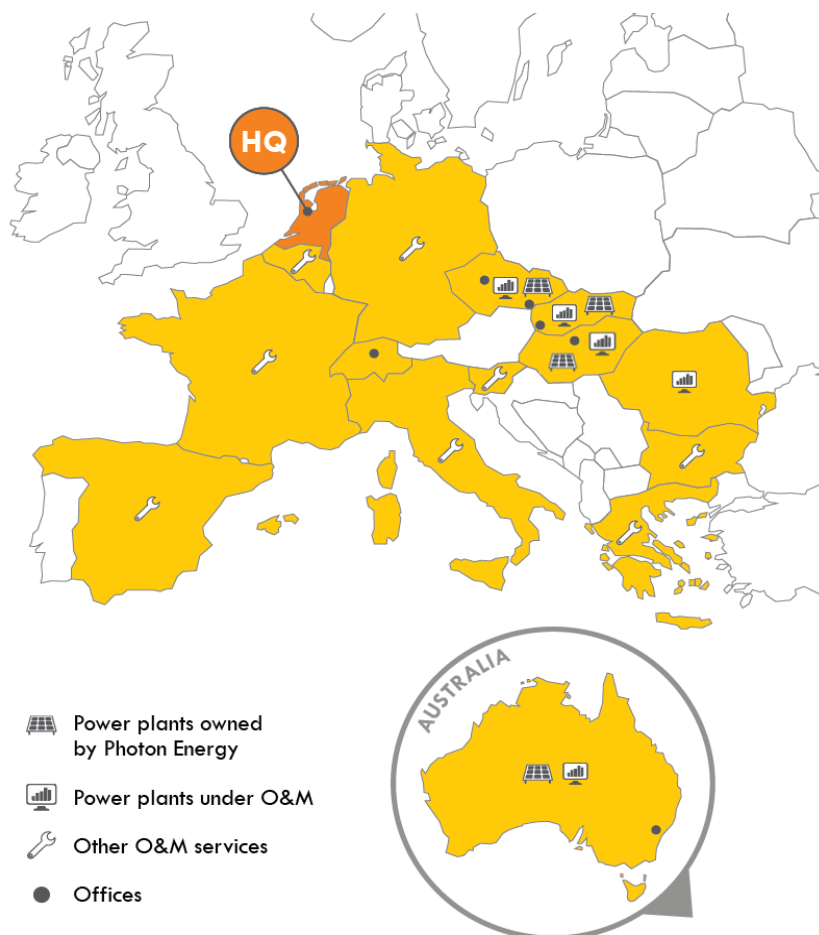
7. Description of the Issuer's business

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 Photon Energy is active with 86 professionals in six countries across two continents (headquartered in Amsterdam). With a track record of 50 MWp of grid-connected PV plants across five countries and more than 220 MWp of PV power plants under O&M management across two continents.

8. Implementation of innovative activities in the Company

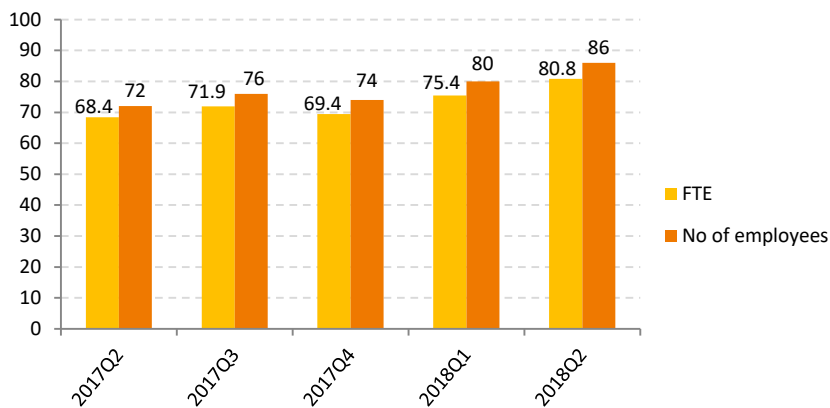
Photon Water Technology developed an effective solution for algae and biofilm control in ponds, pools and technology equipment: “Algae control”.

The principle of algae and biofilm control is based on an environmentally friendly methodology called The Water Trifecta® with three sound principles, which work in synchronicity. Increased oxygen levels keep the bacteria active consuming the excess nutrients that cause algae blooms. An ultrasound algae control transducer kills the majority of the algae types that are prone to blooming in a pond. Beneficial bacteria added to the pond consume the nutrients and suspended solids. This comprehensive strategy makes it possible to effectively reduce and even stop algae blooms and biofilm growth in ponds, pools, tanks, basins and other water management equipment.

9. Employees

As of the end of 2018Q2, Photon Energy had 86 employees (compared to 72 employees in 2017Q2) which translates into 80.8 FTE (compared to 68.4 FTE in 2017Q2).

Chart 13. 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	Gunning Solar Farm Pty. Ltd. (former Photon Energy Generation Australia Pty. Ltd.)	49%	AUS	Equity	PENV
7	Photon Energy AUS SPV 1 Pty. Ltd.	100%	AUS	Full Cons.	PENV
8	Photon Energy AUS SPV 2 Pty. Ltd.	100%	AUS	Full Cons.	PENV
9	Photon Energy AUS SPV 3 Pty. Ltd.	100%	AUS	Full Cons.	PENV
10	Photon Energy AUS SPV 4 Pty. Ltd.	100%	AUS	Full Cons.	PENV
11	Mumbil Solar Farm Pty. Ltd. (former Photon Energy AUS SPV 5 Pty. Ltd.)	25%	AUS	Equity	PENV
12	Photon Energy AUS SPV 6 Pty. Ltd.	51%	AUS	Equity	PENV
13	Gunnedah Solar Farm Pty. Ltd. (former Photon Energy AUS SPV 7 Pty. Ltd.)	25%	AUS	Equity	PENV
14	Suntop Solar Farm Pty. Ltd. (former Photon Energy AUS SPV 8 Pty. Ltd.)	25%	AUS	Equity	PENV
15	Photon Energy AUS SPV 9 Pty. Ltd.	51%	AUS	Equity	PENV
16	Maryvale Solar Farm Pty. Ltd. (former Photon Energy AUS SPV 10 Pty. Ltd.)	25%	AUS	Equity	PENV
17	Photon Energy Operations Australia Pty.Ltd.	100%	AUS	Full Cons.	PEONV
18	Photon Energy Engineering Australia Pty Ltd	100%	AUS	Full Cons.	PEEBV
19	Global Investment Protection AG	100%	CH	Full Cons.	PENV
20	ALFEMO AG	100%	CH	Full Cons.	PENV
21	KORADOL AG	100%	CH	Full Cons.	PENV
22	Photon Energy Corporate Services CZ s.r.o.	100%	CZ	Full Cons.	PENV
23	Photon SPV 1 s.r.o.	100%	CZ	Full Cons.	PENV
24	Photon Energy Operations CZ s.r.o. (PEOCZ) ¹	100%	CZ	Full Cons.	PEONV
25	Photon Energy Control s.r.o.	100%	CZ	Full Cons.	PEOCZ
26	Photon Energy Technology CEE s.r.o.	100%	CZ	Full Cons.	PEEBV
27	Photon Water Technology s.r.o.	65%	CZ	Full Cons.	PENV
28	Photon Energy Solutions s.r.o.	100%	CZ	Full Cons.	PENV
29	Photon Energy Projects s.r.o. (PEP)	100%	CZ	Full Cons.	PENV
30	Photon Energy Cardio s.r.o.	100%	CZ	Full Cons.	PEOCZ
31	The Special One s.r.o.	100%	CZ	Full Cons.	PENV
32	Charles Bridge Services s.r.o.	100%	CZ	Full Cons.	PENV
33	Photon Energy Finance Europe GmbH	100%	DE	Full Cons.	PENV
34	Photon Energy Corporate Services DE GmbH	100%	DE	Full Cons.	PENV
35	Photon Energy Engineering Europe GmbH	100%	DE	Full Cons.	PEEBV
36	EcoPlan 2 s.r.o.	100%	SK	Full Cons.	PENV
37	EcoPlan 3 s.r.o.	100%	SK	Full Cons.	PENV
38	Fotonika, s.r.o.	100%	SK	Full Cons.	PENV
39	Photon SK SPV 1 s.r.o.	50%	SK	Equity	PENV
40	Photon SK SPV 2 s.r.o.	100%	SK	Full Cons.	PENV
41	Photon SK SPV 3 s.r.o.	100%	SK	Full Cons.	PENV
42	Solarpark Myjava s.r.o.	50%	SK	Equity	PENV
43	Solarpark Polianka s.r.o.	50%	SK	Equity	PENV
44	SUN4ENERGY ZVB, s.r.o.	100%	SK	Full Cons.	PENV
45	SUN4ENERGY ZVC, s.r.o.	100%	SK	Full Cons.	PENV
46	ATS Energy, s.r.o.	100%	SK	Full Cons.	PENV
47	Photon Energy Operations SK s.r.o.	100%	SK	Full Cons.	PEONV
48	Photon Energy HU SPV 1 Kft. b.a	100%	HU	Full Cons.	PEP
49	Fertod Napenergia-Termelo Kft.	100%	HU	Full Cons.	PEP
50	Photon Energy Operations HU Kft.	100%	HU	Full Cons.	PEONV
51	Photon Energy Solutions HU Kft.	100%	HU	Full Cons.	PENV
52	Future Solar Energy Kft	100%	HU	Full Cons.	Alfemo AG
53	Montagem Befektetési Kft.	100%	HU	Full Cons.	Alfemo AG
54	Solarkit Befektetesi Kft.	100%	HU	Full Cons.	Alfemo AG
55	Energy499 Invest Kft.	100%	HU	Full Cons.	Alfemo AG
56	SunCollector Kft.	100%	HU	Full Cons.	Alfemo AG
57	Green-symbol Invest Kft.	100%	HU	Full Cons.	Alfemo AG

Name	% of share capital held by the holding company	Country of registration	Consolid. method	Legal Owner	
58	Ekopanel Befektetési és Szolgáltató Kft.	100%	HU	Full Cons.	Alfemo AG
59	Onyx-sun Kft.	100%	HU	Full Cons.	Alfemo AG
60	Tataimmo Kft	100%	HU	Full Cons.	Alfemo AG
61	Öreghal Kft.	100%	HU	Full Cons.	Alfemo AG
62	European Sport Contact Kft.	100%	HU	Full Cons.	Alfemo AG
63	ALFEMO Alpha Kft.	100%	HU	Full Cons.	Alfemo AG
64	ALFEMO Beta Kft.	100%	HU	Full Cons.	Alfemo AG
65	ALFEMO Gamma Kft.	100%	HU	Full Cons.	Alfemo AG
66	Archway Solar Kft.	100%	HU	Full Cons.	PENV
67	Barbican Solar Kft.	100%	HU	Full Cons.	Alfemo AG
68	Belsize Solar Kft.	100%	HU	Full Cons.	Alfemo AG
69	Blackhorse Solar Kft.	100%	HU	Full Cons.	Alfemo AG
70	Caledonian Solar Kft	100%	HU	Full Cons.	Alfemo AG
71	Camden Solar Kft	100%	HU	Full Cons.	Alfemo AG
72	Hampstead Solar Kft.	100%	HU	Full Cons.	Alfemo AG
73	Ráció Master Oktatási	40%	HU	Equity	Alfemo AG

Notes:

Country of registration
 NL – the Netherlands
 CZ – the Czech Republic
 SK – Slovakia
 DE – Germany
 AUS – Australia
 HU – Hungary
 CH – Switzerland

Consolidation method:
 Full Cons. – Full Consolidation
 Not Cons. – Not Consolidated
 Equity – Equity Method

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

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

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

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

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

- On 28 March 2018, Alfemo AG acquired Future Solar Energy Kft., Montagem Befektetési Kft., Solarkit Befektetési Kft., Energy499 Invest Kft., SunCollector Kft., Green-symbol Invest Kft., Ekopanel Befektetési és Szolgáltató Kft. and Onyx-sun Kft., as project companies related to the project in Tiszakécske.
- On 10 April 2018, Alfemo AG acquired Tataimmo Kft., Öreghal Kft. European Sport Contact Kft. as project companies related to the project in Tata.
- On 12 June 2018 ALFEMO AG acquired 100% of the shares of the Hungarian SPV ALFEMO Alpha Kft. (spin off of PET - FLY Kft.).
- On 28 June 2018, Alfemo AG acquired E 100% of the shares of the Hungarian SPV ALFEMO Beta Kft. (spin off of HP Solar Kft.) and ALFEMO Gamma Kft. (spin off of KK Solar Kft.).
- On 28 June 2018, Archway Solar Kft. was incorporated as a 100% subsidiary of Photon Energy N.V.
- On 28 June 2018, Barbican Solar Kft., Belsize Solar Kft., Blackhorse Solar Kft., Caledonian Solar Kft., Camden Solar Kft., and Hampstead Solar Kft., were incorporated as a 100% subsidiaries of Alfemo AG

After the reporting period the following events occurred:

- On 4 July 2018 ALFEMO AG acquired 40% of the shares of the Hungarian SPV Ráció Master Oktatási Kft.

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

11.1. Summary of the key events from 1 April until 30 June 2018

Below is a summary of the key events which were important for the Issuer's business from 1 April until 30 June 2018 and which were reported in the EBI system:

- ▶ **EBI 11/2018** published on 9 April 2018: Annual report for the year 2017.
- ▶ **EBI 12/2018** published on 9 April 2018: Convocation of the Annual General Meeting of Shareholders on 22 May 2018.
- ▶ **EBI 13/2018** published on 11 April 2018: Correction to Annual report 2017.
- ▶ **EBI 14/2018** published on 11 April 2018: Monthly report for March 2018.
- ▶ **EBI 15/2018** published on 7 May 2018: Quarterly report for 2018Q1.
- ▶ **EBI 16/2018** published on 14 May 2018: Monthly report for April 2018.
- ▶ **EBI 17/2018** published on 22 May 2018: The Minutes of the AGM of shareholders held on 22 May 2018.
- ▶ **EBI 18/2018** published on 11 June 2018: Monthly report for May 2018.

- ▶ **ESPI 8/2018** published on 3 May 2018: Q & A Chat to be held in collaboration with Polish retail investors association SII on Thursday, the 10th of May 2018 at 11:00am.
- ▶ **ESPI 9/2018** published on 24 May 2018: List of all Shareholders entitled to vote on General Meeting of shareholders to be held on 22 May 2018.
- ▶ **ESPI 10/2018** published on 24 May 2018: List of shareholders holding at least 5% of votes at the Annual General Meeting of shareholders held on 22 May 2018.
- ▶ **ESPI 10/2018** published on 25 May 2018: Insider trading notification.
- ▶ **ESPI 11/2018** published on 25 May 2018: Insider trading notification.
- ▶ **ESPI 12/2018** published on 4 June 2018: Insider trading notification.
- ▶ **ESPI 13/2018** published on 11 June 2018: Insider trading notification.
- ▶ **ESPI 14/2018** published on 18 June 2018: Insider trading notification.
- ▶ **ESPI 15/2018** published on 25 June 2018: Insider trading notification.

11.2. Summary of the key events after 30 June 2018

Below is a summary of the key events which were important for the Issuer's business after 30 June 2018 until the date of this report:

- ▶ **EBI 19/2018** published on 12 July 2018: Monthly report for June 2018.
- ▶ **ESPI 16/2018** published on 30 July 2018: Change in substantial blocks of shares.

12. Detailed consolidated financial results for 2018Q2

The tables below present the **consolidated** and **un-audited** financial statements of Photon Energy N.V. for the period starting on 1 April 2018 and ending on 30 June 2018 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	
	2017Q2	2018Q2	2017Q2	2018Q2	2017Q2	2018Q2
Total revenues	5,245	6,753	22,107	28,794	139,151	172,929
<i>Out of that: Revenues from electricity generation</i>	4,405	4,669	18,566	19,907	116,866	119,555
<i>Out of that: Other revenues</i>	840	2,084	3,540	8,887	22,285	53,374
Cost of sales	-715	-1,511	-3,013	-6,441	-18,968	-38,682
Solar levy CZ	-318	-337	-1,340	-1,437	-8,433	-8,630
Gross profit	4,212	4,906	17,754	20,917	111,750	125,618
Other income	24	34	103	144	646	866
Administrative expenses	-436	-585	-1,840	-2,493	-11,580	-14,973
Personnel expenses	-604	-861	-2,547	-3,669	-16,033	-22,036
Other expenses	-76	-108	-321	-462	-2,021	-2,776
EBITDA	3,119	3,386	13,148	14,436	82,761	86,699
Depreciation	-1,896	-1,915	-7,994	-8,166	-50,315	-49,045
EBIT	1,223	1,470	5,155	6,270	32,446	37,654
Interests income	11	13	46	55	288	328
Financial revenues	-114	0	-479	0	-3,018	0
Interests cost	-530	-809	-2,233	-3,452	-14,058	-20,729
Financial expenses	-198	-868	-836	-3,701	-5,263	-22,224
Revaluation of derivatives	207	260	871	1,108	5,480	6,654
Net finance expenses	-625	-1,405	-2,633	-5,989	-16,571	-35,971
Share of profit from associates / J-Vs	77	111	325	473	2,045	2,840
Disposal of investment	0	0	0	0	0	0
Profit / loss before taxation	675	177	2,847	753	17,920	4,524
Income tax – current	-299	-274	-1,260	-1,168	-7,931	-7,016
Income tax – deferred	18	-58	74	-245	469	-1,474
Profit/loss from continuing operations	394	-155	1,661	-661	10,458	-3,967
Profit/loss from discontinued operations	0	0	0	0	0	0
Profit/loss after taxation	394	-155	1,661	-661	10,458	-3,967
Other comprehensive income for the period	1,338	-1,119	5,640	-4,771	35,500	-28,654
Total comprehensive income for the period	1,732	-1,274	7,301	-5,432	45,958	-32,621
Profit/loss after taxation	394	-155	1,661	-661	10,458	-3,967
<i>Attributable to the equity holders</i>	397	-146	1,674	-621	10,537	-3,732
<i>Attributable to minority interest</i>	-3	-9	-13	-39	-80	-235
Total comprehensive income for the period	1,732	-1,274	7,301	-5,432	45,958	-32,621
<i>Attributable to the equity holders</i>	1,735	-1,265	7,314	-5,393	46,037	-32,387
<i>Attributable to minority interest</i>	-3	-9	-13	-39	-80	-235
Average no. of shares outstanding (in thousand)	50,979	51,393	50,979	51,393	50,979	51,393
Earnings per share outstanding	0.008	-0.003	0.033	-0.013	0.205	-0.077
Comprehensive income per share outstanding	0.034	-0.025	0.143	-0.106	0.902	-0.635
<i>EUR exchange rate – low</i>			4.171	4.160	26.145	25.255
<i>EUR exchange rate – average</i>			4.215	4.264	26.532	25.607
<i>EUR exchange rate – high</i>			4.273	4.373	27.060	26.020

Note: Exchange rates provided by the European Central Bank

Statement of Financial Position

in Thousands	EUR		PLN		CZK	
	30.6.2017	30.6.2018	30.6.2017	30.6.2018	30.6.2017	30.6.2018
Intangibles	0	0	0	0	0	0
Property, plant and equipment	72,624	69,811	306,885	305,290	1,902,383	1,816,474
Investments in associates /joint ventures	1,608	2,792	6,795	12,209	42,125	72,641
Other investments	8	8	35	37	220	220
Longterm receivables	0	0	0	0	0	0
Deferred tax assets	0	0	0	0	0	0
Non-current assets	74,240	72,611	313,716	317,535	1,944,727	1,889,335
Inventories – Goods	1,104	12,500	4,666	54,665	28,925	325,258
Trade receivables	2,971	3,532	12,556	15,444	77,832	91,893
Other receivables	2,195	3,949	9,274	17,271	57,490	102,763
Loans	723	632	3,055	2,763	18,939	16,439
Gross amount due from customers for contract work	0	473	0	2,067	0	12,298
Prepaid expenses	346	928	1,463	4,058	9,070	24,145
Cash and cash equivalents	4,716	12,316	19,927	53,860	123,530	320,465
Other S-T financial assets	363	0	1,533	0	9,500	0
Assets held for sale	0	0	0	0	0	0
Current assets	12,418	34,330	52,474	150,128	325,286	893,261
Total assets	86,658	106,941	366,190	467,667	2,270,013	2,782,617
Issued share capital	600	600	2,535	2,624	15,717	15,612
Share premium	23,760	23,760	100,402	103,905	622,393	618,235
Legal reserve fund	13	13	56	58	350	347
Reserves	23,600	21,845	99,725	95,529	618,195	568,400
Retained earnings	-23,038	-18,222	-97,350	-79,688	-603,475	-474,146
Equity attributable to owners of the Company	24,935	27,996	105,369	122,428	653,181	728,449
Non-controlling interests	-10	-38	-42	-166	-261	-991
Total equity	24,925	27,958	105,327	122,262	652,920	727,459
Bank loans	36,120	31,816	152,632	139,133	946,163	827,844
Other long-term liabilities	1,844	21,625	7,790	94,567	48,292	562,672
Other loans	0	0	0	0	0	0
Deferred tax liabilities	5,723	6,034	24,182	26,386	149,902	156,999
Non-current liabilities	43,686	59,474	184,603	260,086	1,144,357	1,547,514
Bank Loans	3,734	3,414	15,780	14,929	97,819	88,825
Other loans	404	228	1,708	997	10,589	5,933
Trade payables	644	1,421	2,722	6,213	16,872	36,969
Other payables	2,479	13,966	10,477	61,073	64,944	363,387
Other shortterm liabilities	10,368	0	43,812	0	271,590	0
Current tax liabilities (income tax)	256	481	1,082	2,101	6,710	12,504
Provisions	161	0	682	0	4,228	0
Current liabilities	18,047	19,509	76,263	85,314	472,752	507,618
Total Liabilities	61,734	78,983	260,866	345,401	1,617,109	2,055,138
TOTAL Equity & Liabilities	86,658	106,941	366,189	467,662	2,270,003	2,782,591
<i>No. of shares outstanding in thousand</i>	<i>50,957</i>	<i>51,356</i>	<i>50,957</i>	<i>51,356</i>	<i>50,957</i>	<i>51,356</i>
<i>Book value per share outstanding</i>	<i>0.489</i>	<i>0.544</i>	<i>2.067</i>	<i>2.381</i>	<i>12.813</i>	<i>14.165</i>

Cash Flow Statement

in Thousands	EUR		PLN		CZK	
	2017Q2	2018Q2	2017Q2	2018Q2	2017Q2	2018Q2
Profit/loss before taxation	675	177	2,847	753	17,920	4,524
Adjustments for:						
Depreciation	1,896	1,915	7,994	8,166	50,315	49,045
Other changes in fixed assets	0	0	0	0	0	0
Share of profit of equity accounted investees	-77	-59	-325	-250	-2,045	-1,501
Profit /Loss on sale of property, plant and equipment	0	0	0	0	0	0
Other non-cash items	-749	117	-3,157	499	-19,873	2,996
Capital gains	0	0	0	0	0	0
Net finance expenses	0	1,405	0	5,989	0	35,971
Changes in:						
Trade and other receivables	-1,420	-1,283	-5,984	-5,470	-37,667	-32,850
Gross amount due from customers for contract work	0	-105	0	-447	0	-2,685
Prepaid expenses	27	-131	115	-560	723	-3,366
Inventories	6	1,084	24	4,624	151	27,770
Trade and other payables	153	785	647	3,347	4,072	20,104
Other liabilities	219	127	923	543	5,811	3,260
Operating cash flow	731	4,033	3,083	17,195	19,407	103,267
Acquisition of property, plant and equipment	0	-1,660	0	-7,078	0	-42,508
Acquisition of subsidiary (net of cash acquired), associates, joint ventures	0	-1,254	0	-5,347	0	-32,111
Acquisition of other investments	0	-250	0	-1,066	0	-6,402
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	-3,164	0	-13,491	0	-81,021
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	228	0	972	0	5,838
Repayment of borrowings	-1,396	-2,464	-5,885	-10,508	-37,042	-63,105
Proceeds from issuing bonds	238	10,818	1,004	46,127	6,321	277,026
Repayment of bonds	0	0	0	0	0	0
Interest expenses	-531	-796	-2,238	-3,396	-14,085	-20,396
Financing cash flow	-1,689	7,785	-7,118	33,196	-44,805	199,363
Net increase/decrease in cash and cash equivalents	-957	8,654	-4,035	36,900	-25,398	221,610
Cash at the beginning of the period	4,350	3,662	18,336	15,615	115,416	93,780
Effect of exchange rate fluctuation	1,323	0	5,577	0	35,102	0
Cash at the end of the period	4,716	12,317	19,878	52,515	125,120	315,390
<i>EUR exchange rate - low</i>			4.171	4.160	26.145	25.255
<i>EUR exchange rate - average</i>			4.215	4.264	26.532	25.607
<i>EUR exchange rate - high</i>			4.273	4.373	27.060	26.020

13. Detailed accumulated consolidated financial results for 2018 H1

The tables below present the **consolidated** and **un-audited** financial statements of Photon Energy N.V. for the six-month period starting on 1 January 2018 and ending on 30 June 2018 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	
	2017H1	2018H1	2017H1	2018H1	2017H1	2018H1
Total revenues	8,031	10,467	34,288	44,173	215,094	266,901
<i>Out of that: Revenues from electricity generation</i>	6,353	6,325	27,126	26,693	170,165	161,285
<i>Out of that: Other revenues</i>	1,677	4,142	7,162	17,480	44,928	105,616
Cost of sales	-1,199	-2,922	-5,117	-12,330	-32,101	-74,497
Solar levy CZ	-456	-456	-1,945	-1,924	-12,202	-11,625
Gross profit	6,377	7,089	27,226	29,919	170,790	180,779
Other income	58	119	248	502	1,555	3,034
Administrative expenses	-841	-1,037	-3,589	-4,375	-22,512	-26,433
Personnel expenses	-1,297	-1,609	-5,537	-6,789	-34,734	-41,022
Other expenses	-105	-153	-447	-644	-2,807	-3,892
EBITDA	4,193	4,411	17,900	18,614	112,291	112,466
Depreciation	-2,705	-2,760	-11,551	-11,648	-72,458	-70,379
EBIT	1,487	1,651	6,350	6,968	39,833	42,100
Interests income	29	98	122	414	764	2,503
Financial revenues	0	0	0	0	0	0
Interests cost	-1,265	-1,602	-5,401	-6,762	-33,880	-40,857
Financial expenses	-198	-1,165	-847	-4,915	-5,313	-29,697
Revaluation of derivatives	365	151	1,557	639	9,767	3,860
Net finance expenses	-1,070	-2,517	-4,569	-10,624	-28,662	-64,191
Share of profit from associates / J-Vs	39	3	168	11	1,054	65
Disposal of investments	0	3,074	0	12,971	0	78,376
Profit / loss before taxation	456	2,209	1,949	9,324	12,226	56,338
Income tax – current	-299	-391	-1,277	-1,650	-8,008	-9,970
Income tax – deferred	-75	-87	-322	-367	-2,022	-2,216
Profit/loss from continuing operations	82	1,731	350	7,307	2,196	44,151
Profit/loss from discontinued operations	0	0	0	0	0	0
Profit/loss after taxation	82	1,731	350	7,307	2,196	44,151
Other comprehensive income for the period	1,519	-964	6,486	-4,068	40,685	-24,582
Total comprehensive income for the period	1,601	767	6,836	3,239	42,881	19,569
Profit/loss after taxation	82	1,731	350	7,307	2,196	44,151
<i>Attributable to the equity holders</i>	93	1,750	397	7,386	2,491	44,626
<i>Attributable to minority interest</i>	-11	-19	-47	-79	-295	-475
Total comprehensive income for the period	1,601	767	6,836	3,239	42,881	19,569
<i>Attributable to the equity holders</i>	1,612	786	6,883	3,317	43,175	20,044
<i>Attributable to minority interest</i>	-11	-19	-47	-79	-295	-475
Average no. of shares outstanding (in thousand)	50,979	51,392	50,979	51,392	50,979	51,392
Earnings per share outstanding	0.002	0.002	0.007	0.007	0.043	0.041
Comprehensive income per share outstanding	0.031	0.031	0.134	0.133	0.841	0.801
<i>EUR exchange rate – low</i>			4.171	4.142	26.145	25.190
<i>EUR exchange rate – average</i>			4.270	4.220	26.784	25.500
<i>EUR exchange rate – high</i>			4.413	4.373	27.060	26.020

Note: Exchange rate provided by the European Central Bank

Cash Flow Statement

in Thousands

	EUR		PLN		CZK	
	2017H1	2018H1	2017H1	2018H1	2017H1	2018H1
Profit/loss before taxation	456	2,209	1,949	9,324	12,226	56,338
Adjustments for:						
Depreciation	2,705	2,760	11,551	11,648	72,458	70,379
Other changes in fixed assets	0	0	0	0	0	0
Share of profit of equity accounted investees	-39	120	-168	505	-1,054	3,053
Profit /Loss on sale of property, plant and equipment	0	0	0	0	0	0
Other non-cash items	-80	-244	-342	-1,030	-2,143	-6,222
Capital gains	0	-3,074	0	-12,971	0	-78,376
Net finance expenses	0	2,517	0	10,624	0	64,191
Changes in:						
Trade and other receivables	-1,626	-2,542	-6,942	-10,729	-43,546	-64,829
Gross amount due from customers for contract work	0	-98	0	-416	0	-2,512
Prepaid expenses	42	-213	180	-900	1,132	-5,441
Inventories	18	-11,155	76	-47,077	475	-284,449
Trade and other payables	-390	13,886	-1,667	58,602	-10,455	354,084
Other liabilities	-195	-124	-835	-524	-5,236	-3,165
Operating cash flow	891	4,041	3,803	17,055	23,858	103,051
Acquisition of property, plant and equipment	0	-1,660	0	-7,006	0	-42,329
Acquisition of subsidiary (net of cash acquired), associates, joint ventures	0	-1,254	0	-5,292	0	-31,976
Acquisition of other investments	0	-250	0	-1,055	0	-6,375
Proceeds from sale of investments	0	3,074	0	12,971	0	78,376
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	-90	0	-381	0	-2,304
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	228	0	962	0	5,814
Repayment of borrowings	-2,303	-3,401	-9,833	-14,353	-61,684	-86,726
Proceeds from issuing bonds	650	12,339	2,776	52,075	17,412	314,647
Repayment of bonds	0	-6,533	0	-27,571	0	-166,589
Interest expenses	-1,265	-1,602	-5,401	-6,762	-33,880	-40,857
Financing cash flow	-2,918	1,031	-12,458	4,351	-78,152	26,288
Net increase/decrease in cash and cash equivalents	-2,027	4,982	-8,655	21,025	-54,294	127,034
Cash at the beginning of the period	5,420	7,333	23,141	30,946	145,169	186,980
Effect of exchange rate fluctuation	1,323	0	5,649	0	35,435	0
Cash at the end of the period	4,716	12,317	20,135	51,979	126,309	314,067
EUR exchange rate - low			4.171	4.142	26.145	25.190
EUR exchange rate - average			4.270	4.220	26.784	25.500
EUR exchange rate - high			4.413	4.373	27.060	26.020

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 31.12.2017	600	23,760	13	22,506	1,155	110	-22,143	26,001	-19	25,982
Profit for the period 1.1.2018 – 30.06.2018							1,750	1,750	-19	1,731
Revaluation of PPE								0		0
Share on revaluation of PPE of associates, JV								0		0
Foreign currency translation differences					-1,040			-1,040		-1,040
Derivatives						76		76		76
Acquisition of JV								0		0
Total comprehensive income for the period	0	0	0	0	-1,040	76	1,750	786	-19	767
Equity effect of JV capital increase*							1,209	1,209		1,209
Move from revaluation reserve to retained				-962			962	0		0
Legal reserve fund – move to RE on entity disposal								0		0
BALANCE at 30.06.2018	600	23,760	13	21,544	115	186	-18,222	27,996	-38	27,958

* Contribution to consolidated equity related to the increased value of the remaining equity stakes in the five project companies (Gunning Solar Farm Pty. Ltd., Mumbil Solar Farm Pty. Ltd., Gunnedah Solar Farm Pty. Ltd., Suntop Solar Farm Pty. Ltd. and Maryvale Solar Farm Pty. Ltd.) after capital increase by Canadian Solar.

14. Detailed entity financial results for 2018Q2

The tables below present the **entity** and **un-audited** financial statements of Photon Energy N.V. for the three-month period starting on 1 April 2018 and ending on 30 June 2018 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	
	2017Q2	2018Q2	2017Q2	2018Q2	2017Q2	2018Q2
Revenues from the sale of products, goods and services	421	514	1,776	2,191	11,181	13,159
Cost of sales	-306	-384	-1,289	-1,637	-8,116	-9,833
Gross profit	116	130	487	554	3,065	3,327
Other administrative expenses	-128	-129	-538	-549	-3,389	-3,296
Other income	0	0	0	0	0	0
Other expenses	-4	-3	-15	-11	-95	-65
EBITDA	-16	-1	-66	-6	-418	-35
Amortization & depreciation	-3	0	-11	0	-71	-2
EBIT	-18	-1	-78	-6	-489	-37
Financial income	61	84	257	359	1,616	2,157
Financial costs	-545	-215	-2,297	-916	-14,460	-5,499
Profit / loss before taxation	-503	-132	-2,118	-562	-13,333	-3,378
Income tax	0	0	0	0	0	0
Profit/loss for the period (net income)	-503	-132	-2,118	-562	-13,333	-3,378

Balance Sheet

in Thousands	EUR		PLN		CZK	
	30.6.2017	30.6.2018	30.6.2017	30.6.2018	30.6.2017	30.6.2018
Intangibles	7	0	28	0	176	0
Property, plant and equipment	0	0	0	0	0	0
Investments in associates /joint ventures	26,914	37,727	113,729	164,986	705,009	981,667
Other investments	0	0	0	0	0	0
Longterm receivables	81	82	343	359	2,125	2,133
Deferred tax assets	0	0	0	0	0	0
Non-current assets	27,002	37,809	114,101	165,345	707,310	983,800
Inventories – Goods	0	0	0	0	0	0
Trade and other receivables	4,270	7,646	18,042	33,437	111,840	198,950
Loans	8,537	8,715	36,074	38,111	223,622	226,759
Gross amount due from customers for contract work	0	0	0	0	0	0
Prepaid expenses	143	707	603	3,093	3,738	18,403
Cash and cash equivalents	816	4,396	3,447	19,223	21,366	114,377
Current assets	13,765	21,464	58,165	93,864	360,566	558,489
Total assets	40,766	59,273	172,266	259,208	1,067,876	1,542,290
Issued share capital	600	600	2,535	2,624	15,717	15,612
Share premium	36,871	36,871	155,805	161,241	965,836	959,383
Legal reserve fund	0	0	0	0	0	0
Reserves	14,713	17,315	62,172	75,720	385,405	450,535
Retained earnings	-27,997	-26,097	-118,307	-114,123	-733,384	-679,033
Profit/loss for the current period	-724	2,385	-3,061	10,432	-18,978	62,068
Equity attributable to owners of the Company	23,462	31,074	99,144	135,893	614,596	808,564
Non-controlling interests	0	0	0	0	0	0
Total equity	23,462	31,074	99,144	135,893	614,596	808,564
Non-current liabilities	3,108	22,999	13,134	100,577	81,419	598,433
Bank Loan	0	0	0	0	0	0
Other long term liabilities	3,108	22,999	13,134	100,577	81,419	598,433
Other loans	0	0	0	0	0	0
Deferred tax liabilities	0	0	0	0	0	0
Current liabilities	14,196	5,200	59,987	22,738	371,862	135,294
Bank Loans	0	0	0	0	0	0
Other loans	404	502	1,708	2,197	10,589	13,072
Trade and other payables	3,263	4,438	13,786	19,403	85,462	115,448
Other short term liabilities	10,368	260	43,812	1,138	271,590	6,774
Current tax liabilities (income tax)	161	0	681	0	4,222	0
Provisions	0	0	0	0	0	0
Total Equity & Liabilities	40,766	59,273	172,266	259,209	1,067,876	1,542,291
<i>No. of shares outstanding in thousand</i>	<i>50,957</i>	<i>51,393</i>	<i>50,957</i>	<i>51,393</i>	<i>50,957</i>	<i>51,393</i>
<i>Book value per share outstanding</i>	<i>0.800</i>	<i>1.153</i>	<i>3.381</i>	<i>5.044</i>	<i>20.956</i>	<i>30.010</i>

15. Detailed accumulated entity financial results for 2018H1

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 2018 and ending on 30 June 2018 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	
	2017 H1	2018 H1	2017 H1	2018 H1	2017 H1	2018 H1
Revenues from the sale of products, goods and services	874	887	3,733	3,742	23,417	22,609
Cost of sales	-610	-710	-2,606	-2,996	-16,348	-18,103
Gross profit	264	177	1,127	746	7,069	4,507
Other administrative expenses	-276	-239	-1,179	-1,007	-7,396	-6,086
Other income	3	3,074	11	12,971	70	78,376
Other expenses	-4	-27	-17	-113	-108	-683
EBITDA	-14	2,985	-58	12,597	-365	76,114
Amortization&depreciation	-5	-3	-23	-12	-142	-70
EBIT	-19	2,982	-81	12,586	-507	76,045
Financial income	122	219	520	925	3,262	5,588
Financial costs	-827	-816	-3,532	-3,444	-22,159	-20,806
Profit / loss before taxation	-724	2,385	-3,093	10,067	-19,405	60,826
Income tax	0	0	0	0	0	0
Profit/loss for the period (net income)	-724	2,385	-3,093	10,067	-19,405	60,826

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 2018 and ending on 30 June 2018 and the corresponding period of the previous year. The reported data are presented in accordance with **International Financial and Reporting Standards (IFRS)**.

Results of the operating segments for the period from 1 January 2018 to 30 June 2018

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 & services	2,710	6,325	1,046	0	386	10,467	0	10,467
Revenues within segments from sale of products, goods, services	1,283	301	512	0	1,627	3,723	-3,723	0
Cost of sale	-3,118	-743	-520	0	-29	-4,410	1,488	-2,922
Levy	0	-456	0	0	0	-456	0	-456
Gross profit	875	5,427	1,038	0	1,984	9,324	-2,235	7,089
Other external income	3	92	0	0	24	119	0	119
Administrative and other expenses	-713	-293	-741	0	-2,123	-3,870	1,072	-2,798
Depreciation	-8	-2,701	-35	0	-16	-2,760	0	-2,760
Operating income	157	2,525	262	0	-131	2,813	-1,163	1,651
Interest income	32	150	20	0	230	432	-334	98
Interest expenses	-66	-878	-56	0	-936	-1,936	334	-1,602
Other financial revenues	0	0	0	0	0	0	0	0
Other financial expenses	-1,090	-63	-51	0	39	-1,165	0	-1,165
Revaluation of derivatives	0	151	0	0	0	151	0	151
Profit/loss share in entities in equivalency	0	0	0	3	0	3	0	3
Disposal of investment	0	0	0	0	3,074	3,074	0	3,074
Income tax	0	-391	0	0	0	-391	0	-391
Deferred tax	0	-87	0	0	0	-87	0	-87
Profit/loss from discontinuing operations	0	0	0	0	0	0	0	0
Profit/loss after taxation	-967	1,407	175	3	2,276	2,894	-1,163	1,731
Revaluation of property, plant and equipment	0	0	0	0	0	0	0	0
Foreign currency translation diff. - foreign operations	0	0	0	-1,040	0	-1,040	0	-1,040
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	76	0	76	0	76
Total comprehensive income	-967	1,407	175	-961	2,276	1,930	-1,163	767
Assets, of which	18,687	85,621	4,878	2,792	32,168	144,146	-37,205	106,941
PPE – Lands	0	3,766	0	0	0	3,766	0	3,766
PPE – Photovoltaic power plants	0	65,054	0	0	0	65,054	0	65,054
PPE – Equipment	0	0	181	0	142	323	0	323
PPE – Assets in progress	174	207	287	0	0	668	0	668
Intangibles	0	0	0	0	0	0	0	0
Trade and other receivables	6,175	8,444	3,840	0	25,971	44,430	-36,949	7,481
Loans	0	0	0	0	632	632	0	632
Gross amount due from customers for contract work	207	25	0	0	241	473	0	473
Inventories – Goods	12,035	259	412	0	50	12,756	-256	12,500
Investments in associates, JV, other	0	0	8	2,792	0	2,800	0	2,800
Deferred tax receivables	0	0	0	0	0	0	0	0
Long term receivables	0	0	0	0	0	0	0	0
Prepaid expenses	7	190	37	0	694	928	0	928
Assets held for sale	0	0	0	0	0	0	0	0
Cash and cash equivalents	89	7,676	113	0	4,438	12,316	0	12,316
Other S-T financial assets	0	0	0	0	0	0	0	0
Liabilities, of which	-20,967	-49,758	-8,674	0	-36,289	-115,688	36,705	-78,983
Trade and other payables	-20,967	-7,470	-8,439	0	-15,215	-52,091	36,705	-15,386
Bank Loans and other loans	0	-35,229	0	0	-228	-35,457	0	-35,457
Other long term liabilities	0	-544	-235	0	-20,846	-21,625	0	-21,625
Other short term liabilities	0	0	0	0	0	0	0	0
Current tax liabilities (income tax)	0	-481	0	0	0	-481	0	-481
Provisions	0	0	0	0	0	0	0	0
Deferred tax liabilities	0	-6,034	0	0	0	-6,034	0	-6,034

Results of the operating segments for the period from 1 January 2017 to 30 June 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	569	6,353	1,031	0	77	8,031	0	8,031
Revenues within segments from sale of products, goods, services	145	0	616	0	1,455	2,217	-2,217	0
Cost of sale	-690	-487	-756	0	-28	-1,961	762	-1,199
Energy levy	0	-456	0	0	0	-456	0	-456
Gross profit	25	5,416	893	0	1,505	7,831	-1,455	6,377
Other external income	1	48	7	0	3	58	0	58
Administrative and other expenses	-131	-127	-633	0	-1,932	-2,823	580	-2,243
Depreciation	0	-2,640	-30	0	-35	-2,705	0	-2,705
Operating income	-106	2,697	237	0	-459	2,361	-874	1,487
Interest income	18	110	13	0	131	272	-244	28
Interest expenses	-30	-754	-47	0	-678	-1,509	244	-1,265
Other financial revenues	11	0	27	0	-39	0	0	0
Other financial expenses	-16	-6	-5	0	-171	-198	0	-198
Revaluation of derivatives	0	365	0	0	0	365	0	365
Profit/loss share in entities in equivalency	0	0	0	39	0	39	0	39
Income tax	0	-299	0	0	0	-299	0	-299
Deferred tax	0	-75	0	0	0	-75	0	-75
Profit/loss from discontinuing operations	0	0	0	0	0	0	0	0
Profit/loss after taxation	-124	2,037	226	39	-1,216	957	-874	82
Revaluation of property, plant and equipment	0	0	0	0	0	0	0	0
Foreign currency translation diff. - foreign operations	0	0	0	1,323	0	1,323	0	1,323
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								
Derivatives (hedging)	0	0	0	196	0	196	0	196
Total comprehensive income	-124	2,036	226	1,558	-1,216	2,475	-874	1,601
Assets, of which	3,203	85,972	3,264	1,608	14,802	108,849	-22,190	86,659
PPE – Lands	0	2,939	0	0	0	2,939	0	2,939
PPE – Photovoltaic power plants	0	69,380	0	0	0	69,380	0	69,380
PPE – Equipment	0	0	33	0	47	80	0	80
PPE – Assets in progress	48	0	0	0	177	225	0	225
Intangibles	0	0	0	0	0	0	0	0
Trade and other receivables	2,943	8,956	2,704	0	12,754	27,356	-22,190	5,166
Loans	0	0	0	0	723	723	0	723
Gross amount due from customers for contract work	0	0	0	0	0	0	0	0
Inventories – Goods	158	548	384	0	15	1,104	0	1,104
Investments in associates, JV, other	0	0	0	1,608	8	1,617	0	1,617
Deferred tax receivables	0	0	0	0	0	0	0	0
Long term receivables	0	0	0	0	0	0	0	0
Prepaid expenses	1	126	30	0	190	346	0	346
Assets held for sale	0	0	0	0	0	0	0	0
Cash and cash equivalents	54	4,024	113	0	526	4,716	0	4,716
Other S-T financial assets	0	0	0	0	363	363	0	363
Liabilities, of which	-4,390	-52,864	-6,810	0	-18,985	-83,049	21,315	-61,733
Trade and other payables	-4,388	-6,545	-6,660	0	-6,846	-24,438	21,315	-3,123
Bank Loans and other loans	0	-39,854	0	0	-404	-40,258	0	-40,258
Other long term liabilities	-2	-487	-150	0	-1,205	-1,844	0	-1,844
Other short term liabilities	0	0	0	0	-10,368	-10,368	0	-10,368
Current tax liabilities (income tax)	0	-256	0	0	0	-256	0	-256
Provisions	0	0	0	0	-161	-161	0	-161
Deferred tax liabilities	0	-5,723	0	0	0	-5,723	0	-5,723

17. Summary of significant accounting policies

Basis of preparation

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

The following main standards are applied by Group:

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

Use of estimates and judgments

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

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

Provisions

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

Presentation of Financial information

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

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

Consolidation

(a) Subsidiaries

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

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

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

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

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

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

(b) Associates

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

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

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

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

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

Segment reporting

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

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

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

The Management identified the following segments:

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

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

Other operations include financing and insurance solutions for PV investors, intermediating investments in rooftop photovoltaic projects and other less significant activities. None of these operations meets any of the quantitative thresholds for determining reportable segments in 2017 or 2018.

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	
	2017Q2	2018Q2	2017Q2	2018Q2
EUR exchange rate – low	4.171	4.160	26.145	25.254
EUR exchange rate – high	4.273	4.373	27.060	26.020
EUR exchange rate – average	4.215	4.249	26.532	25.556
EUR exchange rate – end of period	4.226	4.373	26.195	26.020

(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 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 August 2018

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

Georg Hotar
Member of the Board of Directors

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

Michael Gartner
Member of the Board of Director



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