Annual report 2017

EUROPEAN ENERGY A/S · GYNGEMOSE PARKVEJ 50 · 2860 SØBORG · DENMARK · COMPANY REG.NO.: 18351331

Front page: Coremas, Brazil

Vormark, Germany

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Management Review

Consolidated Statements and Notes for European Energy Group

Statements and Notes for European Energy A/S (parent company)

Our vision is to be a significant force in the global transition to a fossil free society.

Our mission is to utilise wind and solar resources in combination with the latest technology to create value for partners and society as a whole. We use our industry expertise, local knowledge and innovative approach to deliver world-class projects.

Knud Erik Andersen, CEO

Letter from the CEO

Dear Reader,

2017 was a great year for European Energy. We reached our financial target and we perceive the result as a confirmation that we have the right strategy for the years to come. The Group's revenue totalled EUR 186.7 million and the profit before tax was EUR 25.8 million. The return on equity reached 27%.

The result allows us to progress even further in our strategy to expand our scope from European company to global player. We are successfully exploring new markets, thereby spreading our risk, and maintaining a high level of activity. This strategy has proved fruitful. With our expertise in solar PV and wind power, and our competitive prices for renewable energy, it is our experience that European Energy is a sought-after business partner.

We have successfully completed a sale in Brazil, which has contributed significantly to European Energy's profit for the year. This proves that European Energy can create value beyond our core markets in Europe and we will therefore continue investing in projects outside our traditional focus areas. We have already decided to expand our activities to another Latin American country – Mexico. Together with local partners, European Energy intends to develop 1 GW of wind and solar power in Latin America the coming years.

European Energy has already experienced the benefit of having diverse geographical project distribution as well the expertise and knowledge in two technologies. We believe that the advantage of multiple technologies and geographical locations will become even more pronounced in the years to come. This also why we have decided that the theme for this annual report should be the globalisation we are undergoing right now.

Looking more broadly at the energy sector, all forecasts predict that the need for additional generation capacity will continue for decades. Electricity generated without any CO2 emissions is already among the most sought-after and will be a substantial part of the future energy mix. We believe that we can play a significant role in that transformation.

At the same time, we are working on bringing green electricity into a more central position in the energy market, especially in countries with a well-developed infrastructure, like our Danish home market. This will further increase the demand for our end-product: affordable electricity generated without CO2 emissions. Therefore, we expect to play an important part in the increased use of electricity in district heating, individual heating and transportation. Among the various ideas, plans and initiatives are the efforts to bring our EE GigaStorage-solution from paper to reality.

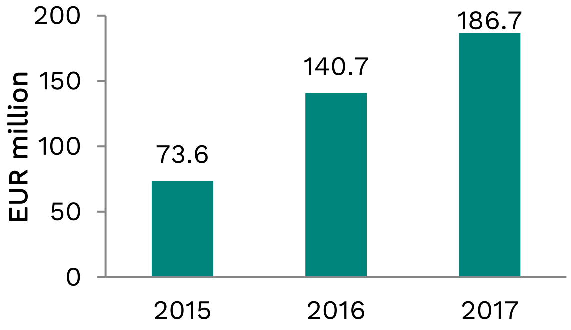
I would like to thank all our employees for the significant results achieved in the past year. I would also like to thank all our business partners for the outstanding collaboration. Together with my dedicated colleagues at European Energy, you have made 2017 a fantastic year. Let us make 2018 even better.

Knud Erik Andersen
CEO

Key information

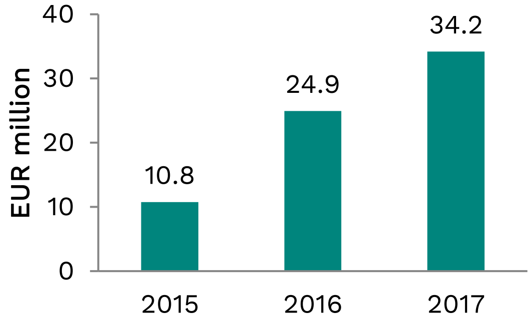
REVENUE

Revenue has grown by 33% compared to 2016. Over 90% of revenue comes from sales of Wind and Solar farms.



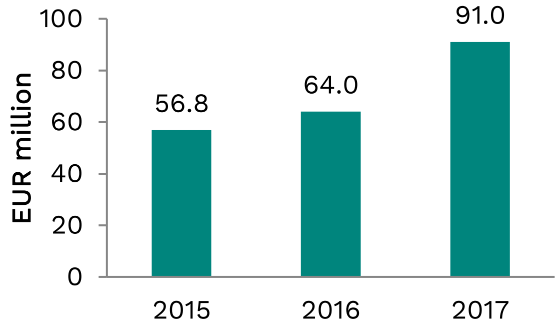
EBITDA

EBITDA has grown by almost EUR 10 million from 2016 to 2017 and has more than tripled from 2015 to 2017.



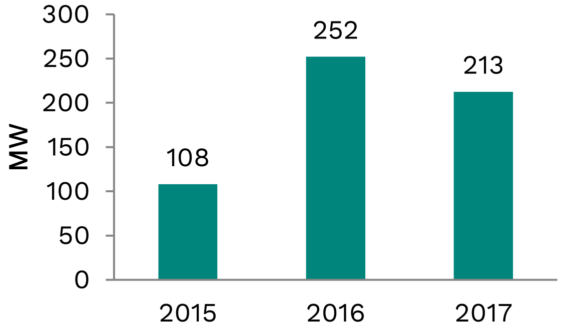
EQUITY

The increase in equity reflects the fact that profit for the year is used to consolidate the company. The equity ratio has increased to 31.6% from 29.3% in 2016.



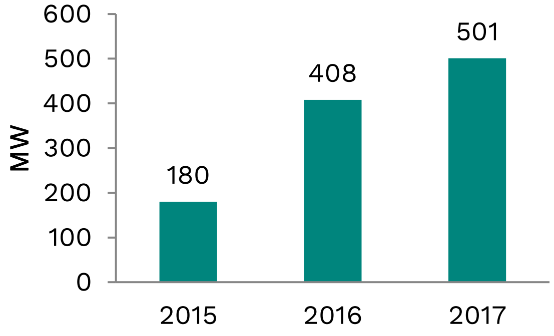
DIVESTMENT

17 projects were divested in 2017. The divestments were spread across 5 countries. The divestments includes 10 wind farms and 7 solar farms.



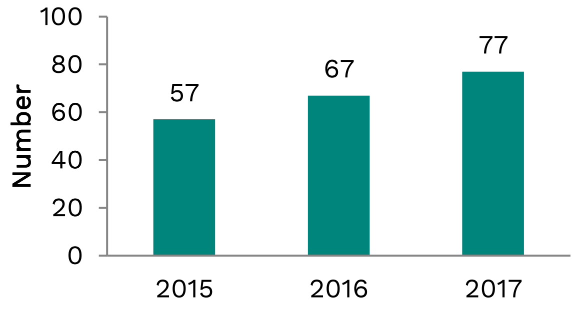
UNDER CONSTRUCTION OR READY-TO-BUILD

The 501 MW are spread over 5 countries, of which 173 MW are attributed to Danish projects. Wind is 67% and Solar 33%.



HUMAN RESOURCES

The growth in numbers of employees reflects an increased level of activity and the need to strengthen the organisation to meet expected growth in the future.



2017 at a glance

2017 has been yet another great year for European Energy. A number of important goals have been accomplished and a strong foundation for the future has been established.

In 2017, we have:

— Achieved the best results in the company's history so far

— Built plants in new countries and expanded our activities geographically

— Divested more than 200 MW

— Increased our equity by 42%

— Refinanced the outstanding EUR 45 million bond loan with a larger EUR 60 million bond loan

— Strengthened our organisation by employing more than 20 additional highly skilled people

— Completed our first sale in Latin America

— GigaStorage is progressing according to the plan

The increased activity level has boosted profitability. The increased activity level comes from completed sales in countries such as Finland and Brazil, where we have not previously divested.

2017 was influenced by the change in the subsidy scheme in the Danish market, which will take effect from 2018. This led to increased construction activities in the second half of 2017 with completion in 2018.

By the end of 2017, we had more than 500 MW under construction or ready to build.

In 2017, we took further steps to:

— Become global in order to take part in the many opportunities beyond our current core market

— Strengthen our position in the core market and expanded our operations in the Nordic countries.

— Expand our partner channels to handle the growing volume of projects

These initiatives have led to a strengthening of the organisation as well as establishment of new cooperation with partners outside Europe. Actions have been taken to meet the changing market conditions and developments in the global market with increased competition and falling margins.

The financial consolidation of the group and strengthening of the organisation, along with a strong pipeline of new projects, make European Energy better prepared for the future than ever before.

2017 in numbers

Under construction or ready-to-build
— 26 owned or partly owned projects
— 501 MW capacity of which more than 173 MW are related to Denmark
— 67% of the projects are related to wind and 33% to solar PV

Pipeline projects
— 2,001 MW of potential projects in 9 countries
— 88% of the projects are related to wind and 12% to solar PV
— Pipeline includes all development projects from initial analysis to ready-to-build status (the time all permissions are granted)

Divestment
— 17 divested projects in 2017
— 213 MW divested capacity

Human resources
— 77 full-time employees at year-end
— 15 different nationalities
— 38% of the employees are women and 62% are men

Five-year summary and key ratios

Key figures (EUR '000)	2017	2016	2015	2014	2013
Revenue	186,716	140,788	73,559	31,343	16,667
Direct costs	-148,550	-107,289	-57,533	-13,329	-8,631
Gross profit	44,998	32,456	18,008	18,487	8,820
EBITDA	34,174	24,929	10,759	13,074	2,766
Operating profit (EBIT)	32,451	23,319	9,264	11,492	1,115
Financial income and expense, net	-6,662	-5,414	-2,904	-4,899	-3,046
Profit/loss before tax	25,789	17,905	6,360	6,593	-1,931
Tax	-4,600	-2,260	-2,879	-468	-776
The Group's share of profit for the year	**21,189**	**15,645**	**3,481**	**6,125**	**-2,707**
Total assets	287,764	218,535	223,186	185,775	122,274
Equity	**91,000**	**64,000**	**56,807**	**42,090**	**35,727**
Cash flow from operating activities	-14,476	7,306	-17,096	-25,139	-6,413
Net cash flow from investing activities	3,588	-138	-5,415	-3,956	8,238
Cash flow from financing activities	43,992	-8,022	20,004	42,405	-2,996
Total cash flow	**33,104**	**-854**	**-2,507**	**13,310**	**-1,171**
Financial ratios					
Gross margin	24%	23%	24%	59%	53%
EBITDA margin	18%	18%	15%	42%	17%
EBIT margin	17%	17%	13%	37%	7%
Solvency ratio	32%	29%	25%	23%	29%
Net interest-bearing debt/EBITDA	3.0	4.0	9.9	7.3	23.3
Return on equity	27%	26%	7%	16%	-7%
Gearing	174%	193%	216%	272%	195%
Share Ratios					
Earnings per share (EPS), EUR	0.1	1.6	0.3	0.6	-0.3
Number of outstanding shares, 31 December, '000	300,000	10,000	10,000	10,000	10,000
Average number of full-time employees	74	64	53	46	41

The financial ratios have been computed in accordance with the latest Guidelines issued by the Danish Finance Society.

Definitions

Gross margin
Gross profit/loss as a percentage of revenue.

EBITDA margin
Profit/Loss before depreciation and amortisation, financial income and expenses and tax as a percentage of revenue.

EBIT margin
Profit/loss before financial income and expenses and tax as a percentage of revenue.

Solvency ratio
Equity at year-end divided by total assets.

Net interest-bearing debt/EBITDA
Net interest-bearing debt divided by profit/loss before depreciation and amortisation, financial income and expenses and tax.

Return on equity
Profit/loss after tax for the year divided by average equity.

Gearing
Interest-bearing liabilities at year-end divided by equity at year-end.

Earnings per share (EPS)
Profit/loss for the year divided by the average numbers of shares.

Outlook 2018

Looking back on expectations for 2017

In the annual report for 2016, the management expected a turnover for the Group in the range of EUR 120-160 million and a profit before tax in the range of EUR 12-17 million.

The outlook was raised in the Q1 2017 report and again in the Q2 2017 report, ending with a target for 2017 of EUR 150-175 million and a profit before tax for 2017 of EUR 23-26 million.

With actual revenue for 2017 of EUR 187 million, the revenue exceeded expectations. This was primarily due to higher revenue from the parent company when acting as an EPC contractor in constructions for associated companies. The management expects this to continue going forward and has included similar revenues in the outlook for 2018.

The actual profit before tax for 2017 was EUR 26 million, which was in the range expected in the Q2 2017 report and EUR 9 million higher than the original expectation in the 2016 annual report. The reason for the higher profit for 2017 compared to expectations in the 2016 annual report for the Group is primarily the sale of the 81 MW Brazilian project: Boa Hora.

Outlook for 2018

Revenue for 2018 is expected to be in the region of EUR 190-210 million. The profit before tax is expected to be in the region of EUR 26-28 million. Management is looking forward to another year with good results. However, the risk factors associated with developing and constructing solar and wind projects may cause delays. The overall performance will also depend on factors such as environmental impact assessments, building permits, sudden changes in incentive schemes and the Group's success in renewable-energy auctions.

All forward-looking statements contained in this document are expressly qualified by the cautionary statements contained or referenced in this statement. Undue reliance should not be placed on forward-looking statements. Each forward-looking statement is only correct as of the date of this document. European Energy does not accept any obligation to publicly update or revise any forward-looking statement as a result of new information or future events other than what is required by Danish law. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this document.

Haukineva, Finland

Business model

The business model

Since 2004, European Energy has acquired considerable know-how in all the stages of the wind and solar power value chain. This expertise ranges from identifying new sites and securing financing to managing the actual construction process and ensuring the reliable operation of assets.

European Energy has three main business areas:

— development, construction and divestment

— sale of electricity from operational assets

— asset management

Development, construction and divestment

Generally, the process of creating a wind or solar farm can be divided into the following stages:

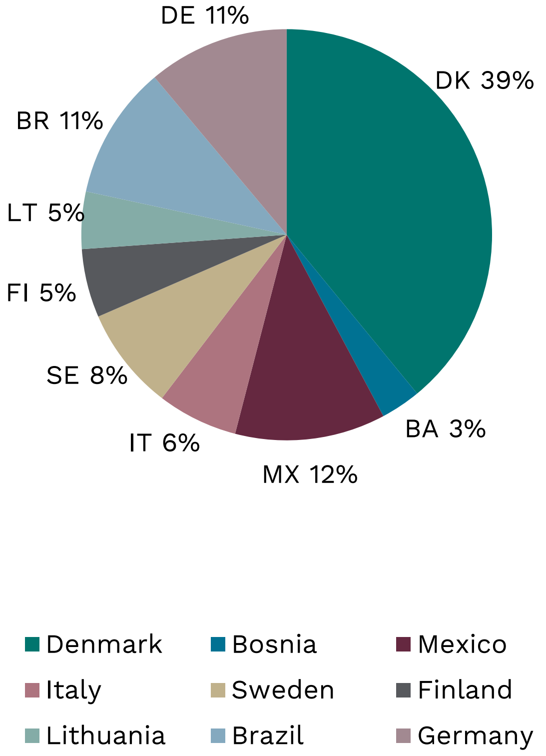
1. Development and/or acquisition of the project
2. Construction of the project incl. project financing
3. Complete or partial divestment incl. securing bridge or long-term financing

STAGE 1: DEVELOPMENT AND PROJECT ACQUISITION

In the development phase, European Energy assesses the wind or solar resource at a potential site. This is an essential step in evaluating the financial viability of the project. If a site holds potential, European Energy secures the land rights, conducts environmental studies, obtains the requisite planning and building permits, investigates grid connection and prepares production estimates. When all the essential rights and permits necessary to initiate the construction phase have been acquired, the project is considered ready to build. All permits, rights and contracts necessary to construct and operate a project are typically placed in a special purpose vehicle (SPV), which facilitates project financing as well as the sales process.

The current development portfolio also includes the repowering of existing wind farms. Repowering involves replacing aging, small turbines with newer, more efficient ones. European Energy's development portfolio comprises a mix of solar farms as well as onshore and near-shore wind farms. In total, it consists of 2.036 MW (2016: 2.045 MW) of potential projects in eight countries. The geographical diversity, varying stages of development and focus on different technologies ensures a continuous cycle of activity and broad range of investment opportunities. In line with the strategy, European Energy is increasingly entering projects at a later stage of development and completing them in cooperation with the initial developer. Project screening, selection and completion are based on in-house competencies. The benefits of this approach include bigger certainty of project realisation, shorter investment cycles and significantly greater agility in entering new markets.

Early stage potential projects



STAGE 2: CONSTRUCTION

A final decision regarding the design of a park, its technological specifications as well as the suppliers and construction contractors, is made in the construction phase. This is the area of European Energy's core competencies. The choice of technology significantly impacts wind or solar farm efficiency, bankability and demand from long-term investors. During this phase, European Energy manages the process from breaking the ground through to grid connection.

Financing is an integral part of the pre-construction and construction activities. European Energy has an expanding network of actual and potential financing partners. As its portfolio of successfully constructed and divested projects grows, so does trust among the financing partners, which in turn facilitates the process of securing further project financing.

STAGE 3: DIVESTMENT OF WIND AND SOLAR FARMS

European Energy's primary source of revenue and profit comes from divesting wind and solar farms. European Energy assesses each project individually and, taking the risk and reward profile into account, divests the project to long-term investors at the optimal time. In most cases, European Energy concludes sales agreements during the construction phase, generally on a fixed price, turnkey basis. This reduces the construction risks and maintains European Energy's ability to participate in new development and construction activities.

To manage the complex process of developing and constructing wind and solar farms, European Energy has a strong legal department with detailed knowledge of the regulatory framework and incentive schemes in key markets, supplier contracts, financing agreements as well as sales and purchase agreements with long-term investors.

Production and sale of electricity

As an independent power producer, European Energy owns or co-owns 48 operational solar and wind farms in five countries with a total capacity of 386 MW of which the Group's share of the net capacity amounts to 135 MW. The Group's share of the renewable energy production from these operating assets was 266 GWh in 2017.

The sale of electricity contributes to European Energy's revenue. However, as a substantial part of the sale of electricity is located in joint venture companies, associated companies or other investments, the main part of the sale of electricity is not recognised under "Revenue" in the "Consolidated statement of profit or loss and other comprehensive income". Instead, the main part is included under the "Profit after tax from equity accounted investments, operating companies".

Asset management

Revenue from wind and solar farms depends not only on the technology installed, weather conditions and electricity prices but also on the ability to ensure reliable operation of the farms. Consequently, European Energy has a dedicated asset management team tasked with minimising downtime at operating plants and dealing with incidents when they occur, including solar and wind farms managed on behalf of third parties. Asset management is integral to the core business of European Energy, whose customers are often institutional investors who prioritise choosing a business partner with the ability to construct a plant, optimise production output, and minimise operating costs on their behalf.

The accumulated number of operating plants under administration gives European Energy purchasing power, considerable knowledge and market insight. This adds significant value to the investors, and for European Energy it leads to new project opportunities (i.e. repowering projects) and additional sales potential. Furthermore, know-how from the operational phase is systematically integrated in the planning phase regarding new projects. In this way, the asset management business creates value for European Energy through collected fees, improved operational performance of the asset portfolio, and better access to financial investors and new business opportunities.


Øster Toreby, Denmark

Illustration of value chain

Develop

- Land lease and power purchase agreements
- Environmental assessment
- Secure building permit
- Ensure grid connection
- Production estimates by independent wind and solar assessors
- Evaluating repowering oppportunities on operational portfolio
- Pre-select turbines / modules

Finance

- Establish cooperation structure with financial partner
- Legal, technical and financial due diligence
- Completion of financial contracts, including securing bridge and long-term financing
- Match investors with different risk profiles with the right projects

Construct

- Select optimal technology and park layouts
- Turbines / modules selection
- Select EPC contracting structure
- Construct renewable energy plants
- Oversee every construction phase from groundworks to grid connection

Divest

- B2B power sale to utilities/private companies via PPAs
- Divestment to third parties, such as institutional investors and utilities

Operate

- Administration of own and third party power plant assets
- Protect returns for investors and partners by optimising production output
- Repowering

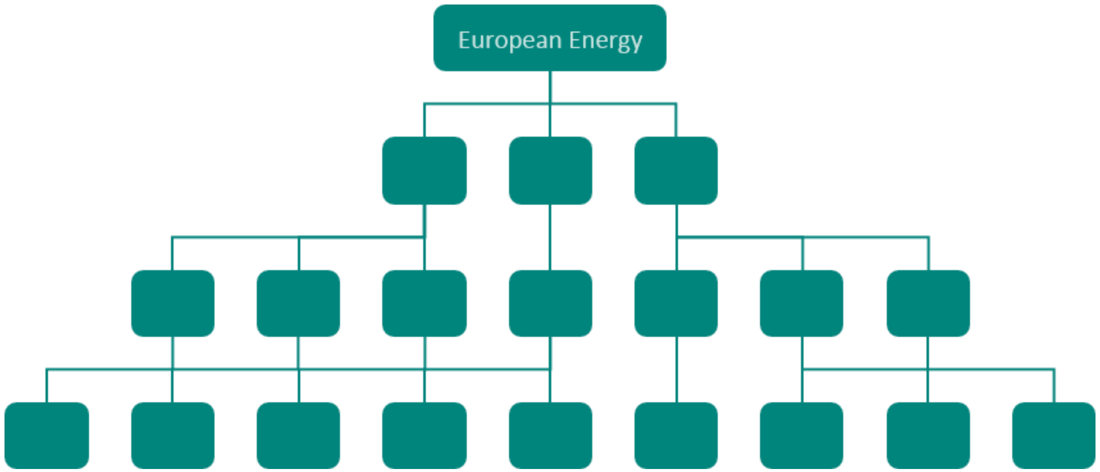
Corporate structure

European Energy A/S is the parent company of the Group and owns several subsidiaries, associates and joint-venture companies, which in turn own additional subsidiaries, associates or joint-venture companies.

The number of companies is relatively high because many of European Energy's wind and solar farms are held by special purpose vehicles (SPV). The sole purpose of an SPV is the acquisition, financing and construction of particular wind and solar farms. The SPV usually has an asset/liability structure and legal status that makes its obligations secure even if the parent company becomes insolvent. Financing is obtained through the SPV, and, together with equity provided by its owners, this is how the SPV obtains funds to construct the assets. Since the SPV owns the assets, which are provided as collateral for external financing, the risk for the parent company is limited; however, European Energy may, in some cases, provide guarantees for an SPV's debt during the construction phase. The SPVs take the form of either a limited company or a tax-transparent company.

Another advantage of using an SPV is when providing debt to the SPV, the financing bank evaluates the SPV's assets and corresponding collateral, and does not need to evaluate the parent company or take into account any debt other than that of the SPV. This reduces the funding cost. The SPV structure also has the benefit of facilitating the divestment of wind and solar farms, since the projects can be sold as single, separate legal entities.

Illustration of corporate structure



Financial performance

Financial performance of the Group

Revenue recognition of developed and constructed wind and solar farms

European Energy's customer base is comprised of institutional investors and utilities that invests in stable cash flows generated by operational wind or solar farms. If the investor buys a completed and operational energy farm, the revenue is recognised when the asset is built, put into operation and the buyer has accepted takeover of the SPV.

It can take up to five years from the beginning of a project for the income generated by its sale to be recognised in the annual report.

Consequently, there will be a substantial difference between European Energy's value creation in the project and the point in time when the revenue is recognised as income.

In cases where a share of the transaction price is conditional on the delivery of a certain amount of electricity or on the cost of management not exceeding a given amount, the variable amount is only included if it is highly likely that a substantial part of the amount is not to be repaid subsequently. If not, the income is not recognised until a later point in time when all performance obligations have been satisfied.

To the extent that the price of the transaction is paid over a period of time, the present value is recognised with the discounted value of the future cash flows.

Profit and loss

The Group delivered revenue at an all-time high of EUR 186.7 million in 2017. The Group's most important revenue source, the divestment of wind and solar farms, increased from EUR 130.2 million in 2016 to EUR 175.0 million in 2017.

Revenue from electricity sales increased to EUR 10.1 million from EUR 8.9 million in 2016. This was mainly due to electricity sold in wind and solar farms in the period from the farms going into operation after construction until the farms were handed over to a buyer.

The asset management and other fees were stable in 2017, compared to 2016, at EUR 1.7 million for both years. There is a tendency towards increased asset management fees, and fewer non-recurring other fees.

The asset management fee is only a small part of the Group's total revenue, but represents more added value to the Group's results since the caretaking of assets for institutional investors often triggers new business for the Group in form of repowering opportunities in the existing energy parks. In these cases European Energy can offer turnkey solutions to the customers, and the Group ends up with additional EPC revenue. This was also the case in 2017 when the Group assisted the construction of several wind parks for customers in the asset management portfolio.

The Group also participated in development and construction through joint ventures (JVs) and associated companies. In 2017, the net results from this was EUR 0.6 million. The results are a net earning related to profit from sale of energy parks of EUR 2.8 million, minus write-offs for non-successful projects of EUR 2.2 million.

The operating JVs and associated companies contributed with EUR 4.9 million compared to EUR 1.5 million in 2016. The increase is primarily due to the sale of turbines in repowering projects and improved wind conditions in both Germany and Denmark compared to the not so good wind year in 2016.

The Group's other investments in shares includes share holdings of less than 20% in energy parks. These shares are evaluated to market value. One Italian wind park has been adjusted to market price, and due to the very good performance of the park, an income of EUR 1.4 million has been recognised in 2017 as other income.

With directs costs of EUR 148.6 million in 2017, the Group achieved a total gross profit of EUR 45.0 million compared to EUR 32.5 million in 2016. The gross margin increased from 23% to 24%. The margins are very much dependant on the mix of fully consolidated sales of energy parks and the profit from equity accounted investments.

The staff costs increased from EUR 4.9 million in 2016 to EUR 6.9 million in 2017. Staff costs as percentage of revenue are fairly stable though with an increase from 3.5% to 3.7%. Approximately 25% of the total staff costs are recognised in direct costs as indirect product costs from the construction of power plants. This ratio is constant from 2016 to 2017.

Total power producing assets owned by the Group in 2017 were stable and the depreciation of EUR 1.7 million was only marginally higher than EUR 1.6 in 2016.

The interest income increased by EUR 0.6 million from 2016 to 2017, but with EUR 1.0 million fewer currency gains in 2017, the total financial income decreased from EUR 3.6 million in 2016 to EUR 3.1 million in 2017.

The financial expenses increased from EUR 9.0 million in 2016 to EUR 9.8 million in 2017. The increase comes primarily from the EUR 0.9 million in costs from the early redemption of the EUR 45 million bond loan (2% fee).

Tax in the Group was recognised to EUR 4.6 million in 2017, with EUR 3.3 million in paid tax. For 2016, the numbers were EUR 2.3 million in tax and EUR 1.5 million in paid tax. The Group has paid tax in Brazil, Spain, Germany and Denmark.

Profit after tax amounted to EUR 21.2 million in 2017, compared to EUR 15.6 in 2016.

The non-controlling interests (minority shareholders) part of the profit was EUR 3.6 million in 2017 and EUR 0.5 million in 2016. The majority of the profit allocated to minority shareholders was related to the sale of 3 solar projects in Brazil – projects realised in cooperation with the Danish Climate Investment Fund.

The balance sheet

The Group's aim is for all constructions or acquisitions undertaken to be for the purpose of sale. The vast majority of development, constructions and acquisitions are therefore presented in inventories. The value of plants on the balance sheet in Property, Plant & Equipment, PPE, only increases when investments are made with no immediate expectation of a future sale of the project, or when a completed site is not sold for strategic reasons. Acquired land which is not sold as a wind or solar farm, but which is kept for strategic reasons, will also increase the PPE.

PPE decreased from EUR 51.3 million in 2016 to EUR 50.3 million in 2017. The investment in PPE mainly covers solar farms in Spain. There have been no material additions of strategic assets to the PPE in 2017.

Equity-accounted investments (joint ventures and associates) totalled EUR 22.5 million; up from EUR 18.2 million in 2016. The increase is mainly attributable to the fact that the equity-accounted companies realised a total net income of EUR 5.4 million for 2017.

Other investments for the Group are share-holdings with less than 20% ownership. These investments are recognised to market value. In 2017, shareholdings in a wind park in Italy have been re-evaluated and due to very good results, the market value has been adjusted upwards by EUR 1.4 million.

Loans to related parties decreased by EUR 3.1 million to a total of EUR 17.9 million. The decrease comes from related parties settling debt for EUR 1.5 million and from the write-offs of loans to associated companies for the unsuccessful development of solar or wind farms.

According to IFRS 15, receivables from customers, which are regulated by a contract, and for which the exact size of the receivables depends upon future events, are recognised as contract assets. Earn-outs fall in this category.

Trade receivables and contract assets (current and non-current) in total decreased by EUR 2.4 million to EUR 14.7 million in 2017 from a total of EUR 17.1 million in 2016. The Group sells turnkey assets, and the recognition of revenue is typically done together with the financial close of the energy farms. This

Lohkamp, Germany

minimises the trade receivables and contract assets.

Inventories increased to EUR 101.8 million from EUR 72.2 million in 2016. The Group is engaging in more fully owned projects and expects the inventory to increase along with the increased number of energy farms under construction. This was also the reason for the increase in inventory from 2016 to 2017 to EUR 98.5 million. The main part of the inventory at the end of 2017 was energy farms under construction.

European Energy focuses on evaluating the likelihood of a project's success and reviews projects on an ongoing basis with the aim of making impairments, if needed. A special focus is placed on projects in the early development stages (before construction). The net value of inventory under development decreased from EUR 5.4 million in 2016 to EUR 3.3 in 2017. The decrease was due to scrapped project write-offs.

Net deferred taxes in the balance sheet fell from a net asset of EUR 1.3 million in 2016 to EUR 0.6 million in 2017. The decrease was partly caused by the use of tax losses in countries where European Energy had profitable activities during the year.

Other receivables (current and non-current in total) increased in 2017 from EUR 14.1 million to EUR 24.1 million. The increase is related to loans to non-controlling interests mainly regarding the development of solar farms in Brazil, and to an addition of VAT receivables from the ongoing constructions of energy farms.

On the liability side, the share capital was increased during the year from EUR 1.3 million to EUR 40.3 million. The capital increase was made by issuing bonus shares from free reserves in retained earnings to share capital.

The non-controlling interests increased from EUR 6.3 million in 2016 to EUR 15.7 million in 2017. The increase comes mainly from capital increases made in companies with ongoing constructions of EUR 6.2 million, and from the non-controlling interest's part of the comprehensive income for the year of EUR 3.6 million. The rest is due to dividend paid to minority shareholders.

The bond loan has during 2017 been increased from EUR 45 million to EUR 60 million, which is recognised at the end of 2017 as net of debt issue costs of EUR 58.9 million vs EUR 44.7 million in 2016.

Project financing (short and long term) has, as a result of the increased inventory level, also increased from EUR 71.2 million in 2016 to EUR 91.7 million in 2017. The Group is cooperating with several financial institutions for project financing, depending on the geographic area of the construction site, the size of the project and the co-investors.

Trade payables increased from EUR 11.5 million in 2016 to EUR 16.1 million at the end of 2017. The increase relates primarily to the construction of 3 solar parks in Brazil.

Payables to related parties increased from EUR 0.8 million in 2016 to EUR 4.8 million in 2017. The increase of EUR 4.0 million is a loan from a German associated company. Part of the loan represents prepayment of a project management fee to the Group. The fee is related to the ongoing construction of a wind farm.

Total non-current and current other payables were constant in 2017 compared to 2016 at EUR 12.6 million in both years.

Cash flow statement

The cash flow from operations in 2017 was EUR-14.5 million. The negative cash flow was due to changes in working capital of EUR 32.6 million of which the increased investment in inventory counts for EUR 39.6 million. The operating cash flow in 2016 was EUR 7.3 million. In comparison, the net investment in the inventory part of the cash flow in 2016 was positive at EUR 3.5 million.

The net total of investment in equity accounted companies and loans to these, incurred a cash flow of EUR 4.3 million in 2017 compared to EUR 4.6 million in 2016. With investment in PPE of EUR 0.8 million, the net cash flow in 2017 from investing activities was positive at EUR 3.6 million.

The proceeds from the issue and repayment of bonds of net EUR 13.8 million, together with the net proceeds/repayment from project financing of EUR 20.4 million, added to the loan from associated companies of EUR 4.0 million and capital increases/dividends paid from/to non-controlling interests of EUR 5.7 million, gave a total cash flow from financing activities of EUR 44.0 million in 2017.

This resulted in a positive net cash flow for 2017 of EUR 33.1 million.

Capital management

The parent company of the Group, European Energy A/S, is financed primarily through the bond market. European Energy's policy is to maintain a strong capital base that enables it to attract investors and other creditors. European Energy A/S cannot pay out dividends until the EUR 60 million bonds are repaid in March 2021.

The EUR 60 million bond has a number of covenants related to the Group's equity, total assets and total cash flow and cash equivalents. In some of our subsidiaries we have covenants related to Debt Service Cover Rate (DSCR). No default exists.

In addition, a subsidiary to European Energy A/S issued a separate bond of EUR 7.6 million in 2008, which will mature on 7 May 2018. The proceeds of the bond were used for the construction of two wind farms in Germany in 2007. Two co-investors will pay their share of the loan, EUR 5.9 million and European Energy will pay the remainder, EUR 1.7 million.

The Group constantly monitors liquidity in order to mitigate any shortage of funds. The Group aims to maintain a balance between funding continuity and flexibility using revolving credit facilities, bank loans and bond issues. The Group currently funds construction costs partly through bank loans, which are replaced by non-recourse project financing when the project goes into operation. The EUR 60 million bonds are used to finance some construction projects as well as investments in projects not yet at the construction phase. The EUR 60 million bonds funds a major portion of the Group's activities, and thus represents a concentration of risk.

Given that market conditions for refinancing the bonds are considered positive, management foresees several possibilities for replacing or repaying the bonds, and assesses the risk that the bonds cannot be refinanced in 2021 as low.

Management views the operating wind and solar farms as low risk, their having non-recourse loans. The overdrafts used to finance the construction projects are also low risk for the Group, as the projects are on track and highly likely to be divested at least at cost value.

At the end of 2017, the Group's cash balance was EUR 48.2 million, of which EUR 42.1 million was free cash (in 2016 the cash balance was EUR 15.1 million with EUR 10.2 million in free cash). Management and the Board of Directors evaluate that the Group has sufficient available cash.

Uncertainty with regard to recognition and measurement

REVENUE RECOGNITION

Some sales contracts regarding power plants comprise a fixed and a variable consideration. The latter normally relates to an earn-out or production guarantee linked to an actual future production.

The uncertainty about measurement relates essentially to this variable consideration and allocation of revenue between different performance obligations. This measurement requires management judgement applying assumptions and estimates.

INVENTORY/PROJECTS VALUATION

Evaluating inventory, especially projects still under development, involves a risk relating to the likelihood of a project's success. Management continuously evaluates all projects on the basis of their financial viability and feasibility. In 2017, this led to a EUR 3.9 million impairment of inventory (write-off or write-down), as explained in the disclosure note 2.4. In 2016, the impairment was EUR 2.4 million.


Jonny Thorsted Jonasson, CFO, and Mette Sørensen, Accountant

“We have already successfully financed a project in Italy with European Energy and are currently in process with projects in Denmark and Italy. We have come to appreciate the company as a partner in the renewable energy business. European Energy delivers high quality in their markets and I am sure we can build on the partnership as the green energy transition builds in the years to come.”

- Marco Wedemeier
Senior Director,
Norddeutsche Landesbank

Financial performance of the parent company

Profit and loss

The revenue of the Group's parent company, European Energy A/S, totalled EUR 110.8 million in 2017 (EUR 81.9 million in 2016). Profit after tax for equity-accounted investments totalled EUR 10.5 million, up from EUR 6.5 million in 2016. The gross profit in 2017 increased to EUR 28.6 million, up from EUR 28.1 in 2016.

The staff costs of the parent company closely resemble those of the Group, as 95% of the staff is employed by the parent company. Staff costs totalled EUR 6.6 million versus EUR 4.8 million in 2016.

Net financial expenses totalled EUR 1.3 million compared to EUR 2.8 million in 2016. The decrease is related to increased interest income related to an increase in the intercompany interest rate charged for loans to Group companies.

Profit before tax totalled EUR 18.0 million up from EUR 16.7 million in 2016.

The taxes for the year totalled EUR 0.5 million, a decrease from EUR 1.6 in 2016. In 2017, the profit in the parent company was to a greater extent generated from equity-accounted investments (EUR 4.1 million more than in 2016). This explains the EUR 1.1 million less in taxes in the parent company, since the profit is taxed within the equity-accounted investments.

The balance sheet

All operating activities, sale of electricity and ownership of power generating assets are structured in operating companies, i.e. subsidiaries, JVs, associated companies or other investments of the parent company. Therefore, equipment is the only property, plant and equipment of the parent company. The PPE for the parent company is only EUR 0.1 million.

Investment in subsidiaries increased to EUR 42.4 million (EUR 27.1 million in 2016). The increase is attributable to acquisition of new companies with ready-to-build projects and the result for 2017 in existing companies (EUR 7.9 million).

Joint venture investments increased from EUR 5.4 million in 2016 to EUR 8.2 million in 2017 due to the results of the year minus the part which has been paid out as dividends. Investments in associated companies decreased from EUR 5.0 million in 2016 to EUR 4.7 million in 2017. Also for these companies, the result for the year after tax was positive in total, but dividends paid out to the parent company exceeded the result.

Loans to subsidiaries was EUR 47.8 million in 2016 and increased to EUR 57.9 million in 2017. The increase relates to financing of ongoing constructions in subsidiaries. Loans to related parties dropped from EUR 17.1 million in 2016 to EUR 14.2 million in 2017, partly due to repayment of debt from the related parties and partly due to impairment of debt.

Trade receivables and contract assets decreased to EUR 8.6 million from EUR 8.8 million in 2016.

On the liabilities side the share capital was increased during the year from EUR 1.3 million to 40.3 million. The capital increase was made by issuing bonus shares from free reserves in retained earnings to share capital.

The bond loan has been increased from EUR 45 million to EUR 60 million during 2017, which is recognised end of 2017 as net of debt issue costs to EUR 58.9 million vs EUR 44.7 million in 2016.

The trade payables decreased to EUR 1.2 million from EUR 5.7 million in 2016 mainly due to settlement of accrued construction costs related to one Danish wind farm in 2017.

Payables to subsidiaries decreased slightly from EUR 10.1 million in 2016 to 9.4 million in 2017.

Although the equity ratio has increased to 50% from 46% in 2016, the parent company has made no dividend proposal to its shareholders. Due to the covenants of the EUR 60 million bonds listed on the NASDAQ stock exchange in Copenhagen, European Energy A/S cannot pay out dividends until the bond is repaid.

Our business

Development and construction

2017 was also a busy year at European Energy with regard to development and construction activities. European Energy constructed and grid-connected wind and solar farms with an investment value of EUR 291 million. In total, European Energy has developed, constructed and acquired approximately 950 MW valued at more than EUR 1,318 million since the company's foundation in 2004. European Energy's dedicated employees have developed the majority of these projects from the green-field stage. The construction of several other projects is well underway, and with an increasing development portfolio, construction activities are set to expand in the years to come.

Construction activities in 2017

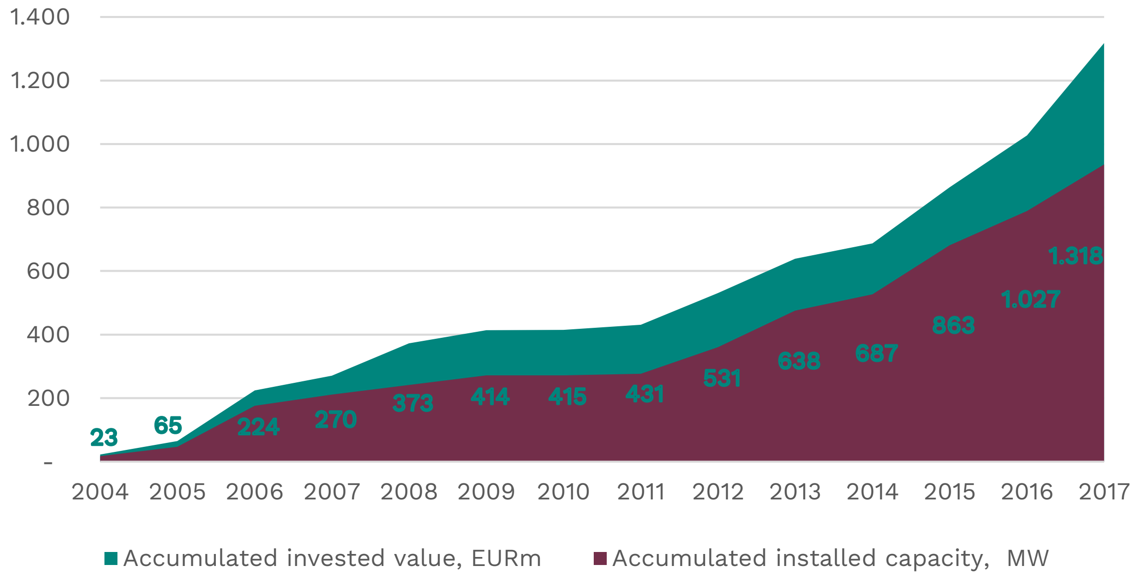
By the end of 2017, European Energy had construction activities covering five countries: Denmark, Sweden, Germany, Italy and Brazil. Projects with a capacity of 146 MW at 12 different sites had been constructed during the year. In total, the capacity connected to the grid in 2017 delivers more than 450,000 MWh per year of renewable energy. This is enough to power more than 100,000 Danish households.

Projects with a capacity of 230 MW were under construction at the end of 2017, and are expected to become grid-connected in 2018.

WIND FARMS

In 2017, European Energy finished the construction and grid-connected of 12 wind farms. One major wind farm, Kappel, with a capacity of 25 MW was constructed and grid-connected in Denmark. In Finland, three wind parks with a total capacity of 17 MW, consisting of 5 Vestas V126 3.45 MW turbines, was grid-connected and divested. These wind farms are the first constructed by European Energy in Finland, but European Energy has a pipeline of more than 100 MW that may be built in the years to come. In Germany, European Energy continued its construction activities and connected the Lüdersdorf, Werneuchen, Westendahl, Gilmerdingen, Schochodde, Vormark and Uppum wind farms with a total capacity of 84 MW to the grid.

Developed, constructed & acquired power generating assets 2004-17*



* Including 3rd party equity interests

Wind farms grid connected at end-2017

Country	Site	MV*
Denmark	Kappel	25.0
Finland	Haukineva	7.0
Finland	Jeppo	7.0
Finland	Vihreäsaari	3.0
Germany	Gilmerdingen	12.0
Germany	Lüdersdorf	7.0
Germany	Schochodde	3.5
Germany	Uppum	7.0
Germany	Vormark I	28.0
Germany	Vormark II	20.0
Germany	Werneuchen	3.0
Germany	Westendahl	3.5
Italy	Oppido	20.0
Total		**146.0**

* Including 3rd party equity interests

At the end of 2017, European Energy has 86 MW under construction in Denmark. The construction activities are divided into 3 sites, Nøjsomheds Odde, Holmen II and Svindbæk. All turbines under construction in Denmark were constructed in due time in 2018 to secure the tariff.

In Sweden, European Energy began the construction of one wind farm at the Västanby site with a capacity of 10 MW. All these projects are expected to become operational during the second half of 2018. Other interesting opportunities will unfold in the Swedish market during 2018 and 2019.

In Germany, several wind farms were grid-connected and divested in 2017. As a result, only one wind farm was under construction by the end of 2017. However, European Energy expects to develop new wind farms in Germany in the years to come, based on the strong project pipeline and secured tariffs from participation in auctions during the year. In the first auction in 2018, European Energy was able to secure a tariff for the project Viertkamp consisting of 4 turbines.

In Italy, the Oppido wind farm became operational a few days into 2017. The wind farm has been operational throughout the year. The wind farm is divested to an international investor. Due to a subsequent condition, the farm will not be financially accounted for before 2018. Another project in Italy, Bosco le Paine, with a total capacity of 39 MW was acquired in the second half of 2017. This project is under construction and is expected to be in operation during the second half of 2018. In general, the Italian market currently presents interesting opportunities, which are being carefully monitored and could lead to additional engagements in the market.

All in all, European Energy had construction activities with regard to wind farms with a total capacity of 147 MW at the end of 2017.

Wind farms under construction at end-2017

Country	Site	MV*
Denmark	Holmen II	21.6
Denmark	Nøjsomheds Odde	32.4
Denmark	Svindbæk	32.0
Germany	Lohkamp	12.1
Italy	Bosco le Piane	39.0
Sweden	Västanby	10.0
Total		**147.1**

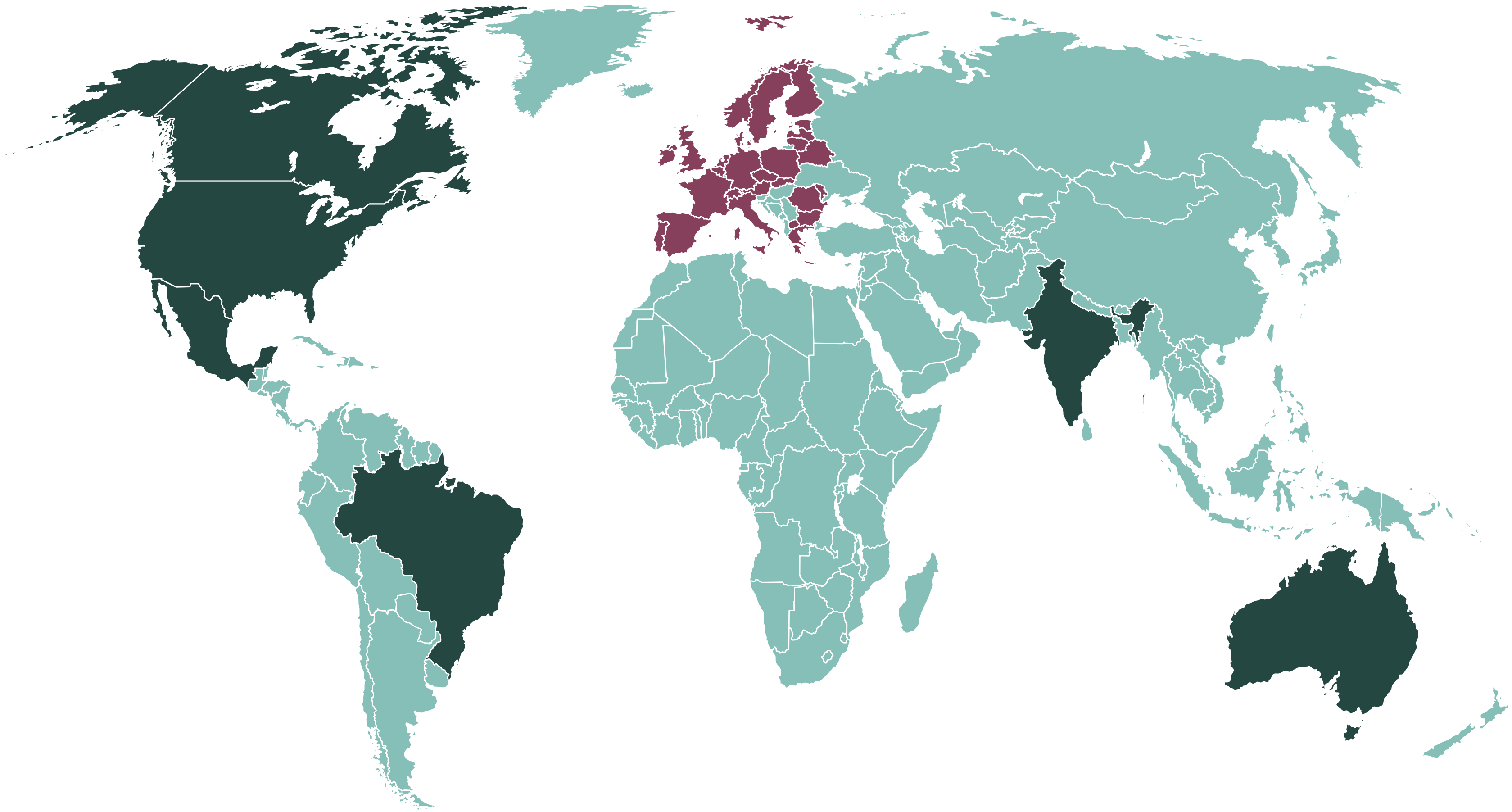
* Including 3rd party equity interests

SOLAR FARMS

The Danish Government decided, in 2016, to cap the distribution of subsidies for new solar farms. Before the solar programme was closed down, European Energy managed to secure feed-in tariffs for 3 solar farms with a total capacity of 22 MW. All sites were under construction at year-end but are now grid-connected and in operation.

European Energy has activities in emerging markets through its joint venture, Nordic Power Partners, with the Danish Climate Investment Fund (DCIF). The Investment Fund for Developing Countries (IFU) manages the DCIF. The underlying logic of the partnership is that Nordic Power Partners benefits from the project development experience of European Energy and from the access to local knowledge in

European Energy’s focus areas



EE focus outside Europe

EE focus in European markets

Secondary focus

Case study – Coremas, Brazil

European Energy entered the Brazilian market following an in depth analysis of the country's renewable energy industry, highlighting a viable long-term option for developing and constructing onshore wind and solar PV projects.

The entry into the Brazil was done through Nordic Power Partners, a joint venture between European Energy and the Danish Climate Investment Fund.

Having identified the market, strong local development partners were identified to assist in screening and selecting the most suited projects. Leading ultimately to the inception of the 90 MW Coremas Solar PV cluster with Rio Alto Energia.

Together with our partner, we have now successfully developed, financed and constructed the projects to a stage where they will be operational throughout the course of 2018, marking another successful milestone in the evolution of European Energy.

the developing countries as well as additional financing from IFU/DCIF.

European Energy has ongoing construction on two of three 30 MW solar farms in Paraíba, a state in north-eastern Brazil, and the last solar farm is ready to build. The projects have been developed together with a local partner and have secured a 20-year power purchase agreement with the Brazilian government.

Solar farms under construction at end-2017

Country	Site	MV*
Brazil	Coremas I	31.0
Brazil	Coremas II	31.0
Denmark	Pelsdyrparken	7.0
Denmark	Stubbekøbing	3.5
Denmark	Øster Toreby	10.0
Total		**82.5**

* Including 3rd party equity interests

Ready-to-build projects and development activities

European Energy is on the constant lookout for new development projects. The aim is to maintain a broad range of future investment opportunities by growing a geographically and technologically diverse portfolio. By the end of 2017, European Energy has a project portfolio of 2,001 MW divided into 9 countries and a portfolio of ready-to-build projects of 271 MW in several European countries and Brazil.

READY-TO-BUILD PROJECTS

Among the projects ready to build are solar farms with a capacity of 50 MW in Denmark. European Energy will construct the solar farms in the first half of 2018.

A pipeline of nearly 90 MW in Sweden is ready to build and is expected to be constructed during 2019 and 2020.

Brazil has become an increasingly interesting market for European Energy. European Energy has one 30 MW solar farm in Paraíba that is ready to build. Furthermore, in the 4th quarter of 2017, the Group successfully participated and won a power purchase agreement for wind projects in Brazil with a capacity of 82 MW. This establishes the Group's first wind project in Brazil and continues the Group's activities in Brazil. European Energy will participate in further auctions in Brazil in 2018 in order to expand its activities further in the area.

Ready-to-build at end-2017

Country	Site	Technology	MV*
Brazil	Coremas III	Solar PV	31.0
Brazil	Ouro Branco 1	Wind	30.0
Brazil	Ouro Branco 2	Wind	30.0
Brazil	Quatro Ventos	Wind	22.0
Denmark	Bodelyngsvejen	Solar PV	10.0
Denmark	Hagesholm	Solar PV	10.0
Denmark	Hundetudevej	Solar PV	10.0
Denmark	Langelinje	Solar PV	10.0
Denmark	Slettegården	Solar PV	10.0
Germany	Lüdersdorf II	Wind	3.5
Sweden	Fimmerstad	Wind	22.5
Sweden	Grevekulla	Wind	27.0
Sweden	Kingebol	Wind	27.0
Sweden	Zinkgruven	Wind	12.0
Total			**271.0**

* Including 3rd party equity interests

DEVELOPMENT ACTIVITIES

At end-2017, European Energy's main markets for development projects are Denmark, Finland, Germany, Sweden and Brazil. The project portfolio comprises both solar power as well as onshore and near-shore wind farms. European Energy expects the same high level of activity in 2018, with construction of development portfolio projects already in progress and new projects in the pipeline.

European Energy is likely to enter new market opportunities such as Mexico, Australia or other focus areas. European Energy is constantly looking for projects and is ready to take on new projects even when they are not part of the existing development portfolio.

Near- and offshore wind

European Energy expects to develop its near-shore portfolio under the Danish government's “Open Door” procedure, initiated in 2012. The two sites of Omø South and Jammerland Bay, with a combined capacity of up to 560 MW, are in the process of obtaining Environment Impact Assessment approval. European Energy has also applied to develop the near-shore site Mejl Flak, situated off the coast of Aarhus, Denmark’s second largest city.

As part of the strategy to expand the near-shore wind activities, European Energy has, after the financial year, acquired the near-shore site Sprogø, which consists of seven turbines.

Sprogø wind park, photo credit: Sund&Bælt

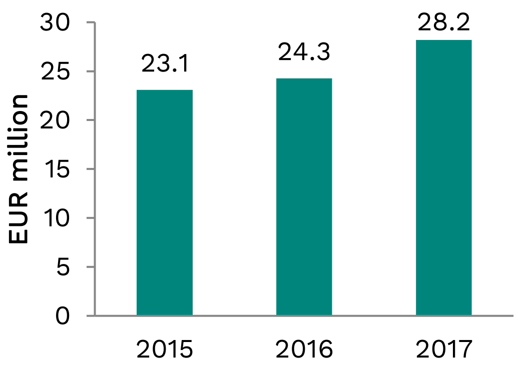
"In the past couple of years, we have financed several of European Energy's projects across Europe and 2017 was no exception. European Energy's team possesses great knowledge about and experience within the renewable energy sector, which makes European Energy an attractive and reliable partner for us. We are especially proud to have supported European Energy's successful entry on the Finnish market through the financing of three wind parks in Finland in 2017. European Energy offers an important path into green investments for us, and it is our ambition to build on the relationship in the future."

- Matthias Munninger
Senior Vice President,
HSH Nordbank A/G

Sale of electricity

At end-2017, the European Energy Group and associated companies owned wind and solar power generating assets with a net capacity of 135 MW, delivering renewable energy to consumers in Germany, Denmark, Italy, Bulgaria and Spain. The total electricity production amounted to 266 GWh in 2017, enough energy to power more than 60,000 households.

Sale of electricity*

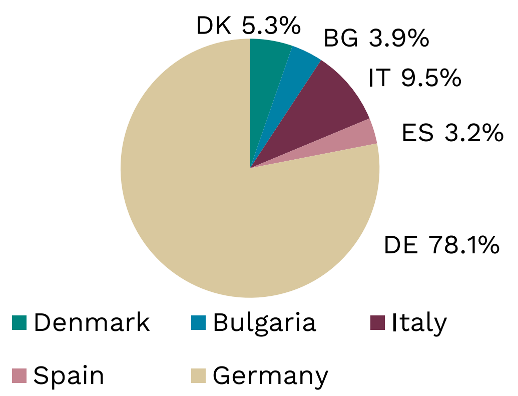


* Including 3rd party equity interests

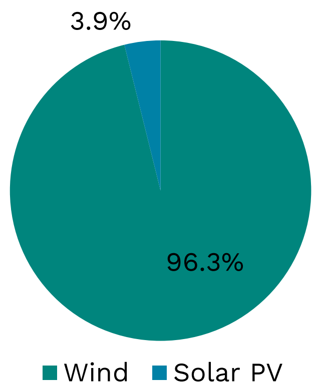
The sale of electricity grew by 16.1% to EUR 28.2 million in 2017. This growth is mainly due to the acquisition and construction of new capacity. The production from solar PV decreased in 2017 compared to the same period the year before. This is primarily due to the divestment of the UK Solar PV facilities during 2017. The wind production increased significantly compared to 2016 due to additions to the portfolio but fell short of expectations since the wind conditions in Germany and Denmark were less than average.

European Energy often co-owns assets with partners ranging from utilities to private Danish investors. The portfolio primarily consists of assets constructed by European Energy as well as older operational parks acquired with the aim of repowering. The repowering process involves replacing aging, small turbines with newer, more efficient ones. Power prices were generally low in 2017 but were, however, significantly higher than 2016. Due to long-term power purchase agreements and long-term subsidies, low power prices will have a limited effect on the profit from the sale of electricity. To the extent possible and where economically feasible, European Energy sells the electricity produced by way of power purchase agreements. At the same time, most German wind turbines, representing 77% of European Energy's power generating assets, receive a predetermined feed-in tariff for 20 years after commissioning.

Distribution on countries (MWh)



Distribution on technology (MWh)



Power generating assets

Equity interests in wind*

Country	Name	Gross MV	Equity interests	Net MW
Bulgaria	Krupen	12.0	49.0%	5.9
Bulgaria	Straldja	2.4	12.5%	0.3
Denmark	Måde 1	16.0	47.0%	7.5
Denmark	Rødby Fjord	3.5	54.4%	1.9
Denmark	Søllested	3.0	7.4%	0.2
Germany	3 Standorte (Grosstreben)	3.9	49.5%	1.9
Germany	3 Standorte (Letschin)	1.8	49.5%	0.9
Germany	Atlandsberg	14.0	15.0%	2.1
Germany	Bad Iburg	6.1	25.0%	1.5
Germany	Eichow 1.7	2.0	50.0%	1.0
Germany	Emskirchen	6.0	31.9%	1.9
Germany	Gommern I	18.0	6.2%	1.1
Germany	Gommern II	4.0	6.2%	0.2
Germany	Güstow	0.6	100.0%	0.6
Germany	Kranenburg	9.0	49.5%	4.5
Germany	Losheim	7.5	31.9%	2.4
Germany	Löderburg	4.0	20.0%	0.8
Germany	Mildenberg	8.0	15.0%	1.2
Germany	Ottenhausen	16.0	34.2%	5.5
Germany	Prignitz	4.5	31.9%	1.4
Germany	Prittitz	27.0	49.5%	13.4
Germany	Salingen	1.5	49.5%	0.7
Germany	Scheddebrock	7.5	49.5%	3.7
Germany	Schäcksdorf 6	2.0	50.0%	1.0
Germany	Timpberg 10	2.0	50.0%	1.0
Germany	Timpberg 9	2.0	50.0%	1.0
Germany	TIS (Ilhorn)	10.0	49.5%	5.0
Germany	TIS (Söhlingen)	8.0	49.5%	4.0
Germany	TIS (Tewel)	10.0	49.5%	5.0
Germany	Unseburg	14.0	20.0%	2.8
Germany	Vormark II (4 of 6) (WEA 1)	6.9	16.0%	1.1
Germany	Vormark II (4 of 6) (WEA 2)	6.9	31.9%	2.2
Germany	Wernikow	10.8	50.0%	5.4
Germany	Westerberg	18.0	49.5%	8.9
Germany	Wittstedt	10.5	14.1%	1.5
Germany	Wittstock-Papenbruch 5.4	2.6	50.0%	1.3
Germany	Wittstock-Papenbruch 5.5	2.6	10.0%	0.3
Germany	Wriezener Höhe	26.0	15.0%	3.9
Germany	Wulfshagen	11.0	49.5%	5.4
Italy	Carpinaccio	13.6	27.0%	3.7
Italy	Oppido	20.0	50.0%	10.0
Italy	Riparbella	20.0	11.1%	2.2
Total Wind		372.1		126.0

* Including 3rd party equity interests

Equity interests in solar PV*

Country	Name	Gross MV	Equity interests	Net MW
Germany	Mando 29	0.9	76.0%	0.7
Italy	Soleto	1.0	50.0%	0.5
Spain	Beniarbeig	2.0	16.6%	0.3
Spain	Campllong/St. Dalmai	1.1	79.7%	0.8
Spain	Ibiza	0.2	79.7%	0.1
Spain	La Pobla	0.2	79.7%	0.2
Spain	L'Ollería	1.5	79.7%	1.2
Spain	L'Ollería II	1.2	45.0%	0.5
Spain	Monóvar	2.0	79.7%	1.6
Spain	Ocaña	1.2	79.7%	0.9
Spain	Villanueva de la Jara	2.4	79.7%	1.9
Total Solar PV		13.6		8.8

Total Wind and Solar PV		385.7		134.8

* Including 3rd party equity interests

Coremas, Brazil

Asset management

Revenue from wind and solar farms is contingent upon factors beyond the technology installed, weather conditions and electricity prices. Since renewables are long-term investments, their overall return also greatly depends on reliable asset operation and maintenance. To this end, European Energy's asset management team dedicates its resources to optimising the operation of wind and solar farms. The asset management department offers investors a full spectrum of asset management services. Investors can therefore make passive investments without worrying about the operation and maintenance of the wind or solar farm concerned.

2017 results

In 2017, European Energy managed a portfolio of power-generating assets totalling 336 wind turbines and 23 solar farms. The power generating assets under management produced 1.3 GWh in 2017, which is enough energy to power more than 300,000 Danish households. The capacity of power generating assets under management amounts to 764 MW, of which 135 MW is owned by European Energy. The revenue generated from asset management amounted to EUR 1.5 million in 2017.

How European Energy carries out asset management

European Energy's approach to asset management is to monitor and analyse asset performance with a view to implementing the optimal strategies regarding production, cost structure, refinancing and repowering. European Energy also ensures legal, technical and safety compliance and consistent reporting to stakeholders such as investors and financing banks. Services range from ensuring access to turbines requiring maintenance, through conducting operation and management tasks, to bookkeeping and negotiating with insurance companies and power traders.

European Energy aims to identify risks early and thus to reduce the impact on hardware as well as on the performance and production of the assets. This is achieved through a combination of remote monitoring and site visits.

Case study – New market entries

In 2015, European Energy entered the Finnish energy market. During 2015, European Energy financed and started the construction of three wind projects with a total capacity of 17.25 MW. The wind parks were fully operational in Q2 2017 and were eligible for the Finnish feed-in tariff as of Q4 2017.

The European Energy Group closed the sales agreement in Q4 2017. European Energy agreed on the sales agreement at the end of 2016 when the project was still in the construction phase. The buyer was a Luxemburg-based investment fund managed by re:cap, an asset manager for renewable energy investments based in Switzerland.

This case shows that European Energy is capable of entering a new market, securing finance and effectively constructing projects that are attractive to international investors.

Divestment

The year was characterised by a high activity level on our core markets but we have also succeeded in developing and selling the first projects in Finland and Brazil.

The wind and solar farms divested by European Energy in 2017 had a cumulative enterprise value of approximately EUR 270 million, including third party equity interests, and had a total capacity of 212 MW. Divestments were concluded in wind farms in Denmark, Finland and Germany as well as six solar farms in UK. The projects represented a total capacity of 131 MW and they produce enough energy to supply more than 50,000 Danish households. Additionally, the joint venture Nordic Power Partner sold its project rights in an 81 MW solar farm in Brazil.

Divestments in Finland and Brazil show European Energy's ability to expand its activities into new markets and complete successful sales. These transactions are part of European Energy's goal of developing several projects in the Nordic markets and to become a more global company in the years to come.

At the end of 2017, European Energy had 230 MW of wind and solar farms under construction, of which sales agreements have been signed for 16 MW. The portfolio of ready-to-build projects has a capacity of 271 MW and includes both wind and solar farms. As such, 230 MW of projects under construction and 271 MW of projects ready to build, which total 501 MW collectively, constitute European Energy's sales pipeline in the short to medium term.

As in 2016, long-term project financing agreements were secured in 2017. For each project, European Energy considers whether external project financing is relevant and project financing is used if it contributes positively to the profit of a project. When obtaining project financing, the finance is secured prior to the transfer of wind and solar farms to institutional investors. All long-term project financing is on a non-recourse basis. European Energy cooperates with many local and international banks in order to choose the optimal loan package for each project.

Wind farms divested in 2017

Site	Country	MW*
Kappel	Denmark	25.0
Søllested	Denmark	3.0
Haukineva	Finland	6.9
Jeppo	Finland	6.9
Vihreäsaari	Finland	3.5
Vormark I	Germany	27.6
Lüdersdorf I	Germany	6.6
Gilmerdingen	Germany	12.0
Werneuchen	Germany	3.0
Wesendahl	Germany	3.5
Schochodde	Germany	3.5
Total		**101.5**

*Including 3rd party equity interests

Solar farms divested in 2017

Site	Country	MW*
Boa Hora	Brazil	81.0
Canewdon (Alcor)	United Kingdom	5.0
Canewdon (Pobail) (CIC)	United Kingdom	5.0
High Leas	United Kingdom	5.0
Nissan (Woodhouse)	United Kingdom	5.0
West End Farm CIC	United Kingdom	5.0
West End Farm Commercial	United Kingdom	5.0
Total		**111.0**

*Including 3rd party equity interests

Trends

Trends

Looking forward

We currently see three trends, which we believe will shape the renewable energy market in the years to come:

— Lower renewable power prices
— Rising power demand from private companies
— Technological leapfrogging

These trends will affect European Energy and challenge our current business practices but they will also provide new opportunities.

In many markets, we experience decreasing subsidies or even the absence of subsidies for renewable energy projects. Consequently, there is a pressure on everybody in the industry to lower the cost levels. The cost reductions have been assisted by technological development and increased competition. In the years to come, further cost reductions will most likely also drive a consolidation of suppliers in the industry, as size and global reach will be even more important in order to achieve further cost reductions.

We have also experienced an increasing demand for renewable energy from private companies worldwide. In 2017, European Energy sold 5%-10% of the power produced through power purchase agreements (PPA) with private companies, and we expect that this number will increase substantially in the years to come.

The market for PPAs is currently an immature one, and there is not a fixed standard for the market. However, we are experiencing an increased demand from companies to ensure that they have access to competitive renewable power.

Across technologies we are also seeing an increased pace on innovation and the ability to get new or improved products to market. This is especially noticeable within wind turbines and bifacial solar cells.

At the same time, we are also experiencing a trend in the industry to go from being product suppliers to system suppliers, where technologies are integrated in order to deliver a higher output.

This means that our ability to harvest natural resources is increasing dramatically compared to a few years ago, which again makes the repowering market even more profitable.

With an agile approach and a proven business model, European Energy is well-positioned to benefit from the current global trends. At the same time, developers in the renewable industry will benefit from having a diverse portfolio, both geographically and technologically.

European Energy is also developing our GigaStorage solution – again integrating several technologies – in order to benefit from the current trends and market development.

POLITICAL TRENDS

In the short to medium term, the reduced subsidy levels will negatively influence the development of renewable energy projects, but in the long term, political support is expected

- ✓ Increased political awareness around the world (also non-OECD markets)
- ✓ EU legislation stating that no further investments in coal will be made from 2020
- ✓ COP21 articulates ambitious RES targets
- ✓ Conventional energy countries, such as Saudi Arabia holds solar PV auctions
- ✓ Decreasing EU import tax on PV panels
- × Governments are phasing out/reducing RES subsidy schemes due to grid parity
- × Prices of CO_2 quotas have been low

ECONOMIC TRENDS

New investor types increase liquidity and improve financing opportunities, which increase RES investment activity

- ✓ Investors seek yield as general interest rates remain low
- ✓ Increasing institutional investments in European renewable energy projects
- ✓ New RES investors include Shell, Total, Statoil, Exxon, BP as well as Warren Buffet
- ✓ Institutional investors are increasingly focused on developing products appropriate for renewables, which it is assumed will ease project financing in the future
- × There are currently low electricity prices – but they are expected to increase

SOCIAL TRENDS

Population growth will increase the demand for electricity

- ✓ Climate change has increased public awareness of RES
- ✓ Global electricity consumption is assumed to increase significantly (one third by 2035)
- ✓ Populations, notably in Europe, are critical towards nuclear power production
- ✓ Pension savers are preoccupied with socially responsible management of savings
- ✓ China is forced to stimulate renewable investments (due to high pollution)

TECHNOLOGICAL TRENDS

Decreasing hardware prices make RES increasingly attractive as sources of electricity

- ✓ Some RES have reached grid parity – others are expected to reach it within the next 3-5 years (compared to fossil fuels)
- ✓ RES have a low market penetration, which allows growth in coming years. This growth will continue to allow significant investments into the sector and fund technology improvements
- ✓ Phasing out conventional (old) power plants increases demand for new sources of electricity
- ✓ Decreasing unit costs for solar power
- ✓ Increased efficiency for wind power

Risk management

Risk management

As a developer and asset manager of renewable energy projects, European Energy faces a number of risks, which are a natural part of its business and value creation.

European Energy's risk management is intended to continuously identify, assess and manage the business and financial risks in order to minimise their level and number.

While these risks can take on different forms and dimensions, they can broadly speaking be divided into market risks, operational risks, financial risks and political, regulatory and legal risks. The primary risks and the associated risk management measures are addressed below in line with these risk categories.

Market risks

The sale of electricity and the divestment of wind and solar farms involve exposure to fluctuating electricity prices in the market. In order to mitigate this market risk, European Energy enters into long-term power purchase agreements (PPAs) or secures long-term feed-in tariffs for its projects. Furthermore, geographical diversification of both development and operating projects ensures that the electricity market price risk is spread out across various different electricity markets.

Another decisive uncertainty, as well as opportunity, in European Energy's market is the consistent and fast-paced development of both solar and wind energy production technologies requiring constant adaptation and responsive project development. In order to limit its exposure to potential technological changes which favour one technology over the other, European Energy follows a dual development strategy covering both wind and solar technology. In addition, European Energy limits counterparty and technology dependency risk by contracting with varying technology suppliers across different projects.

Operational risks

European Energy develops green-field projects, acquires pre-developed renewable energy projects, which are at different stages of their development cycle, and participates in repowering projects.

In order to be able to continuously realise new profitable projects, European Energy relies on a broad worldwide project development pipeline which ensures cross-border market intelligence and agility and responsiveness in the instance that market conditions change in individual markets. European Energy limits its risk exposure to specific projects or countries by selectively entering into partnerships, ensuring that development risks are appropriately shared between European Energy and its partners, which, for example, can be the original project developers.

Development costs usually constitute a minor part of the total project costs, and European Energy is typically able to discontinue a project if circumstances so warrant.

Once development projects enter into the construction phase, European Energy faces construction risks such as potential delays due to unfavourable weather conditions, cost overruns or supplier dependencies. European Energy reduces these risks by conservative construction planning, which makes provisions for contingencies, and by conservative construction budgeting, which incorporates an appropriate reserve for unforeseen expenses. Furthermore, it builds on established and proven relationships with only top-tier technology providers.

Financial risks

LIQUIDITY RISKS

As a developer of large-scale renewable energy projects, European Energy naturally relies on sufficient and large amounts of liquid capital to finance construction activities. In particular, when projects enter into construction, they rely on timely construction financing with both equity capital, which is normally provided by the parent company, European Energy, and debt capital, which is normally provided by a bank through bridge financing facilities, which are subsequently refinanced with long-term non-recourse project loans once the project is operational. If sufficient capital is unavailable, the development and construction of some projects may be delayed or jeopardized all together.

In order for European Energy to mitigate the underlying liquidity risks, it dedicates considerable efforts in ongoing liquidity monitoring and forecasting of the financing needs at both Group and project level. In addition, particularly at the project level, European Energy reduces liquidity risks related to construction activities by spreading and evening out supplier payments over the whole construction cycle and by early securing of construction financing with renowned and trusted banks.

FOREIGN CURRENCY RISKS

European Energy's activities abroad expose the company to fluctuations in exchange rates. The majority of European Energy's foreign exchange operations are linked to the Euro. European Energy does not hedge this risk, since the Danish fixed exchange rate policy is considered unlikely to change. Furthermore, to mitigate foreign currency risk, especially at project level, European Energy may partially finance projects in the local currency. European Energy assesses the need for hedging purchase orders from suppliers if the orders have substantial value and are not in local currency. This is to ensure that budgeted construction costs are not exceeded. When projects are being divested, European Energy assesses the need and possibility for hedging the entire enterprise value of the project.

INTEREST RATE RISKS

At both the Group and individual project level, European Energy relies on interest-bearing debt financing which exposes it to interest rate risks. European Energy counters these risks by balancing its portfolio of fixed and variable rate loans and borrowings. At project level in particular, it often avoids interest rate risks all together by engaging in interest rate hedges that cover the full maturity of the project-related loans.

Political, regulatory and legal risks

The successful development of renewable energy projects is dependent on the political and regulatory environment. While renewable energy has already reached market price competitiveness with conventional forms of energy production in favourable climate conditions, it still relies on state subsidies in many regions and countries. In order to reduce European Energy's exposure to country-specific changes in government policies and subsidy-related regulation, it follows geographic and technological diversification. In 2017, European Energy was active in 13 different countries across the globe. Furthermore, in order to decrease its political risks in relatively higher risk countries outside Europe, European Energy strives for joint venture developments in collaboration with local partners.

Audit Committee

The Audit Committee assists the Board of Directors in overseeing the financial reporting process, financial and business-related risks, internal controls and compliance with statutory and other requirements from the public authorities. Moreover, the Audit Committee decides the framework for engaging European Energy's external auditors and evaluates their independence and qualifications.

For the 2017 financial year, the Board of Directors appointed Jesper Helmuth Larsen as chairman of the Audit Committee, and Claus Dyhr and Jens-Peter Zink as members. There have been no changes in the members of the Audit Committee since the committee was established in 2016. The members meet the requirements concerning independence, experience, expertise and accounting skills, as set out in the Danish recommendations on corporate governance, and the committee as a whole therefore possesses the necessary competence.

MOST IMPORTANT TASKS OF THE AUDIT COMMITTEE IN 2017

- Review of the Interim Financial Reports and the Annual Report of the Group
- Monitoring and approval of Non-Audit Services (NAS)
- Review of the accounting treatment of risk and/or significant areas which primarily comprise use of judgements/estimates, complex accounting matters, revenue, tax, impairment tests etc.
- Monitoring of the Financial Department's progress, reporting, quality and compliance

In 2017, the Audit Committee held six meetings.

Responsibilities and compliance

Responsibility

A review of European Energy's position on corporate social responsibility according to section 99a and section 99b of the Danish Financial Statements Act is available at European Energy's website: https://www.europeanenergy.com/en/financial-reports/

Management diversity

A disclosure of European Energy's diversity policy, targets and current performance is available at European Energy's website: https://www.europeanenergy.com/en/financial-reports/

Corporate governance

A description of the internal control and risk management system relating to section 107b, 2, of the Danish Financial Statements Act is available at European Energy's website: https://www.europeanenergy.com/en/financial-reports/

Managerial positions

A complete list of Management positions at Group companies, Equity companies, and other companies is included in note 4.10 to the financial statements.

An inside perspective

An inside perspective

By end-2017, the European Energy Group had 77 employees (2016: 67 employees). Of these employees, 38% were women, and 62% were men. European Energy is a multicultural organisation with employees from 15 different national backgrounds working together and collectively speaking more than 16 languages. In 2017, European Energy paid increased attention to identifying, attracting and onboarding talents.

Recruitment

Although European Energy currently has activities in numerous countries, all employees work at the company headquarters in Søborg, near Copenhagen. By not having offices in other countries, European Energy stays agile, easily able to exit markets that fail to meet expectations and to enter more promising markets instead.

Consequently, attracting international talents to Copenhagen is pivotal to European Energy, as employee knowledge of local culture, language and regulations is a key competency.

Having a diverse cultural and educational background allows European Energy to cover the entire spectrum of activities and to pursue complex business opportunities, primarily by leveraging the in-house competencies that ensure European Energy a competitive advantage.

To date, European Energy has successfully attracted many international talents and the company will continue to prioritise the attraction of talents in 2018 and going forward.

Employee retention

With knowledge and experience as one of European Energy's main value drivers, employee retention is crucial for the long-term success of the company. We aim to create an environment where employees thrive and are enabled to deliver sustainable organisational performance, which is why, in 2017, European Energy introduced a new employee development-planning tool, NXT LVL.

At the beginning of 2018, European Energy introduced a warrant programme with the purpose of further strengthening employee retention and sharing the company's success.

Since European Energy is a fast growing company represented by many different nationalities and cultures, European Energy prioritises social activities both in and outside the office as a means of fostering the company's culture and the company encourages team-building trips abroad.

European Energy encourages everyone to maintain a balanced, healthy lifestyle by offering the opportunity of a healthy and varied lunch and free access to the fitness centre at the company headquarters, and easy access to private health insurance. European Energy and its employees organise weekly sporting activities. It is European Energy's belief that being sociable both in and outside the office has a positive influence on the working environment. The fact that so many employees have a non-Danish background, makes it especially important to focus on social activities that help them build a local network.

Organisation

In 2017, we also changed our organisational structure. Due to growth in the number of employees, we needed a set-up that is aligned with our business model and ensures easy identification of tasks and responsibilities.

Benedict Arun, Electrical Engineer, and Jakob Jørgensen, Project Manager

Events after the balance sheet date

European Energy A/S has increased its senior secured callable floating rate bonds due 2021 by a principal amount of EUR 25 million. The subsequent bonds have an issue price of 103.423% and settled on 20 March 2018. The proceeds will be used to help fuel further growth and support European Energy's construction and development pipeline and for general corporate purposes. The subsequent bonds have been listed on Nasdaq Copenhagen A/S. Please refer to Company Announcement 3/2018.

The Board has decided to introduce an incentive scheme for management, board members and selected staff members in the Group. The scheme is based on issuance of warrants that give the right to apply for new shares in European Energy in the future.

For 2018, the board has approved the first issuance of warrants up to a total of 1% of the shares equal to 3 million shares.

The fair value of the warrants at grant date, EUR 0.3 million, will be recognized as an expense in the income statement over the vesting period. A corresponding amount will be recognized in share holders' equity as the warrant programme is designated as an equity-settled share-based programme. The warrant programme will increase staff costs in 2018 by approximately EUR 0.2 million.

As part of the strategy to expand the near-shore wind activities, European Energy has, after the financial year, acquired the near-shore site Sprogø. The wind farm is the most recognised offshore wind farm in Denmark, as it can be seen from the bridge connecting Zealand and Funen. Approximately 25 million people pass the farm every year. Sprogø wind farm consists of seven 3 MW wind turbines, which produce power equivalent to 16,000 Danish households per year. The takeover is expected to be completed by 1 June 2018, pending the necessary approvals by the authorities.


Thomas Hvalsø Hansen
Simon Bjørnholt
Jonny Thorsted Jonasson
Mikael Dystrup Pedersen
Jens-Peter Zink
Lars Bo Jørgensen
Knud Erik Andersen
Claus Dyhr
Thorvald Spanggaard
Jesper Helmuth Larsen

Board of directors and management group

Board of directors

Jens-Peter Zink
Chairman

Knud Erik Andersen

Mikael Dystrup Pedersen

Jesper Helmuth Larsen

Claus Dyhr

Management group

Knud Erik Andersen
Chief Executive Officer

Jens-Peter Zink
Executive Vice President

Mikael Dystrup Pedersen
Chief Technology Officer

Jonny Thorsted Jonasson
Chief Financial Officer

Thomas Hvalsø Hansen
Chief Operating Officer

Lars Bo Jørgensen
Head of Transaction Service & Project Economy

Thorvald Spanggaard
Project Director

Simon Bjørnholt
Legal Director

Statement by the board of directors and the management

The Board of Directors and the Management Board have discussed and approved the annual report of European Energy A/S for the financial year ended 31 December 2017. The annual report has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and with further disclosure requirements in the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2017, and of the results of the Group's and the parent company's operations and cash flow for the financial year then ended.

In our opinion, the Management review includes a true and fair review of the development in the Group's and the parent company's operations and financial matters, the results for the year, and the parent company's financial position, and the position as a whole for the entities included in the consolidated financial statements, as well as a review of the more significant risks and uncertainties faced by the Group and the parent company.

We recommend that the annual report be approved at the Annual General Meeting.

Søborg, 30 April 2018

Executive Board

Knud Erik Andersen

Board of directors

Jens-Peter Zink

Knud Erik Andersen

Mikael Dystrup Pedersen

Jesper Helmuth Larsen

Claus Dyhr

Independent auditor's report

To the shareholders of European Energy A/S.

Opinion

In our opinion, the consolidated financial statements and the parent's separate financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 31 December 2017 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January – 31 December 2017 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Board of Directors and the Audit Committee.

AUDITED FINANCIAL STATEMENTS

European Energy A/S' consolidated financial statements and separate financial statements for the financial year 1 January – 31 December 2017 comprise the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flow, statement of changes in equity and notes, including accounting policies, for the Group as well as for the parent company (the financial statements).

Basis for opinion

We conducted our audit in accordance with the International Standard on Auditing (ISAs) and the additional requirements applicable in Denmark.

Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

We declare, to the best of our knowledge and belief, that we have not provided any prohibited non-audit services referred to in Article 5(1) of the Regulation (EU) 537/2014 and that we remained independent in conducting the statutory audit.

APPOINTMENT

We were appointed auditors of European Energy A/S for the first time on 26 October 2015 for the 2015 financial year. We have been re-elected annually by resolution passed at the Annual General Meeting for a total consecutive engagement period of 3 years up to and including the 2017 financial year.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the 2017 financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in the forming of our opinion thereon. We do not express a separate opinion thereon.

Key Audit Matter

How our audit addressed the Key Audit Matter

RECOGNITION OF REVENUE FROM SALE OF ENERGY PLANTS

Determining the point in time when the sale of energy farms should be recognised is key to the reported financial performance of European Energy.

Furthermore, sales contracts often comprise multiple performance obligations, variable consideration and different contract conditions that involve judgement when determining the amount of revenue to be recognised.

Due to the significance and complexity associated with the above, revenue recognition is considered a key audit matter.

Further reference is made to notes 1.0 and 1.1 in the consolidated financial statements and note 1.1 in the parent company financial statements.

Through testing of contracts on a sample basis and by reviewing Management's IFRS 15 analysis, we have verified that:

- variable consideration is based on the most likely consideration that European Energy is entitled to and that it is highly probable that a significant reversal will not be made in subsequent periods
- performance obligations in the sales contracts have been appropriately identified and that the considerations have been fairly allocated in comparison with stand-alone selling prices
- revenue related to the different performance obligations is recognised when all material risks and rewards as stipulated in the sales contracts has been passed to the buyer.

We have read notes 1.0 and 1.1 in the consolidated financial statements and note 1.1 in the parent company financial statements and assessed their fair presentation.

Key Audit Matter

VALUATION OF INVENTORY

Inventory comprises development projects, projects under construction and completed projects ready for sale. Projects comprise both greenfield and purchased projects.

The valuation risk of development projects is considered high, especially as to whether or not a project will be initiated or cancelled. This assessment depends on financial criteria (estimated net realisable value, including estimate of return on invested capital requirements) as well as non-financial criteria (permits, financing, finding a buyer, etc.).

For projects under construction or completed projects ready for sale, the valuation risk is considered medium or low when a sales agreement has been concluded.

Management's assessment of whether development projects should be written off or not and whether projects under construction or completed projects ready for sale should be written down to a lower net realisable value is considered a key audit matter.

Further reference is made to notes 1.0 and 2.4 in the consolidated financial statements and note 2.4 in the parent company financial statements.

How our audit addressed the Key Audit Matter

We have obtained an understanding of the risks and stage of completion of the individual projects, Management's expectation of project success and whether or not a sales agreement has been concluded or is expected to be concluded in the near future.

For material and high-risk projects under development, we have reviewed Management's valuation analysis and verified Management's expectation of financial and non-financial criteria (success expectation).

For projects under construction or completed projects ready for sale, we have reviewed concluded sales agreements. Where no sales agreements have been entered into, we have reviewed Management's valuation analysis.

We have read notes 1.0 and 2.4 in the consolidated financial statements and note 2.4 in the parent company financial statements and assessed their fair presentation.

Key Audit Matter	How our audit addressed the Key Audit Matter
FINANCING Apart from individual non-recourse loans in European Energy's subsidiaries, the Group is primarily financed through a EUR 60 million bond loan. The bond loan requires the Group to comply with certain loan covenants. Maintaining this bond loan is essential to the Group's capital resource position and continuing as a going concern and is therefore considered a key audit matter. Further reference is made to note 3.2 in the consolidated financial statements.	We have compared the bond loan's covenants with audited values at 31 December 2017 in order to verify whether the Group is in compliance therewith. We have also reviewed Management's quarterly covenant compliance reporting in 2017. We have compared the bond loan's covenants with the budget for 2018 in order to assess Management's expected compliance in 2018. We have assessed the reasonableness of the budget for 2018 by comparing it with signed but not completed contracts, project pipeline and the recent financial track record of the Group. We have read note 3.2 in the consolidated financial statements and assessed its fair presentation.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in the Management's review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

— identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the overriding of internal control.

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the parent company's internal control.

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

— conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the parent company to cease to continue as a going concern.

— evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

— obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with government and a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence , and where applicable, related safeguards.

From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter of when, in extremely rare circumstances, we determined that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, April 30, 2018

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Lau Bent Baun State Authorised Public Accountant MNE No. 26708	Martin Eiler State Authorised Public Accountant MNE No. 32271

Glossary

EARNINGS PER SHARE (EPS):
Profit/loss for the year divided by the average number of shares.

EBITDA MARGIN:
Profit/loss before depreciation and amortisation, financial income and expenses and tax as a percentage of revenue.

EBIT MARGIN:
Profit/loss before financial income and expenses and tax as a percentage of revenue.

ENGINEERING, PROCUREMENT AND CONSTRUCTION (EPC):
A special form of contracting arrangement that is used in some projects, including renewable energy projects, where the EPC-contractor provides management services for the project on behalf of the client. The management services typically include that the contractor coordinates the design, procurement and construction work in order to ensure that the project is completed in due time and in accordance with specifications.

FEED-IN TARIFFS:
Feed-in tariffs are a policy mechanism designed to accelerate the investment in renewable energy by offering long-term contracts to renewable energy producers.

FOSSIL FUELS:
Fuel resources such as coal, coal products, gas, crude oil and other hydrocarbons.

GEARING:
Interest-bearing liabilities at year-end divided by equity at year-end.

GROSS MARGIN:
Gross profit/loss as a percentage of revenue.

GWH:
Gigawatt hour. The amount of energy generated in one hour with the effect of 1 GW. 1 GWh is equivalent to 1,000 MWh or 1,000,000 kWh.

IFRS 15:
The International Financial Reporting Standard (IFRS) provides guidance on accounting for revenue from contracts with customers. IFRS 15 specifies how and when an IFRS reporter will recognize.

INTERCONNECTORS:
Interconnectors are the electricity lines linking various electricity networks, typically the networks of different European countries.

LEVELISED COST OF ENERGY (LCOE):
Levelised costs of energy are calculated by accounting for all of a system’s expected lifetime costs divided by the system’s lifetime expected power output.

MW GROSS CAPACITY:
Gross electric output is the total amount of electricity generated over a specific period of time by solar and wind farms developed, constructed, owned, co-owned and divested by European Energy.

NET INTEREST-BEARING DEBT /EBITDA:
Net interest-bearing debt divided by profit/loss before depreciation, amortisation, financial income, expenses and tax.

NORD POOL:
The Nordic power exchange, which facilitates power trading in Norway, Sweden, Finland and Denmark.

OPEN DOOR PROCEDURE:
Wind projects under the open-door procedure are launched when a developer takes the initiative to establish an offshore wind farm. The project developer must submit an unsolicited application for a license to carry out preliminary investigations in the given area.

POWER GENERATING ASSETS:
Operational solar and wind farms delivering renewable energy to the grid.

READY TO BUILD:
All significant rights and permits have been acquired. The project is ready to initiate the construction phase.

RETURN ON EQUITY:
Profit/loss after tax for the year divided by equity at year-end.

SHARE PURCHASE AGREEMENT (SPA):
An agreement between a buyer and a seller that transfers the ownership of a legal entity (e.g. a special purpose vehicle) on the terms stipulated in the agreement.

SOLVENCY RATIO:
Equity at year-end divided by average equity during the year.

SPECIAL PURPOSE VEHICLE (SPV):
A legal entity created solely to serve a particular function, such as the construction and operation of a renewable energy project.

UNDER DEVELOPMENT:
Project rights have been obtained or are in the process of being obtained, but the project has not acquired all significant permits. Building components have not yet been ordered.

UNDER CONSTRUCTION:
The project is ready to build, and a concrete decision has been made to construct the project while orders for building components have also been placed.

Financial Statements

Group

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2017

EUR '000

Note		2017	2016
1.1	Revenue	186,716	140,788
2.5	Profit after tax from equity-accounted investments Development companies	571	-2,519
2.5	Profit after tax from equity-accounted investments Operating companies	4,861	1,476
1.1	Other income	1,400	-
1.1	Direct costs	-148,550	-107,289
	Gross profit	**44,998**	**32,456**
4.2	Staff costs	-6,970	-4,949
4.3	Other external costs	-3,854	-2,578
	EBITDA	**34,174**	**24,929**
2.3	Depreciation & impairment	-1,723	-1,610
	Operating profit	**32,451**	**23,319**
3.1	Finance income	3,103	3,562
3.1	Finance expenses	-9,765	-8,976
	Profit/loss before tax	**25,789**	**17,905**
4.1	Tax	-4,600	-2,260
	Profit/loss for the year	**21,189**	**15,645**
	Attributable to:		
	Shareholders of the Company	17,575	15,103
	Non-controlling interests	3,614	542
	Profit/loss for the year	**21,189**	**15,645**

Consolidated statement of profit or loss and other comprehensive income - continued

For the year ended 31 December 2017

EUR '000

Note	Profit loss and OCI	2017	2016
	Statement of comprehensive income		
	Profit/loss for the year	21,189	15,645
	Items that may be reclassified to profit or loss		
	Value adjustments of hedging instruments	233	56
4.1	Tax of value adjustments of hedging instruments	-57	-14
	Currency differences on translating foreign operations	-90	76
	Other comprehensive income for the period	**86**	**118**
	Comprehensive income for the year	**21,275**	**15,763**
	Attributable to:		
	Shareholders of the Company	17,639	15,221
	Non-controlling interests	3,636	542
	Comprehensive income for the year	**21,275**	**15,763**

Consolidated statement of financial position

As of 31 December 2017

EUR '000

Note	Balance Sheet	2017	2016
	ASSETS		
	Non-current assets		
2.3	Property, plant and equipment	50,340	51,320
2.5.1	Joint venture investments	9,977	6,943
2.5.2	Associated companies investments	12,507	11,265
2.6	Other investments	4,960	3,629
4.5	Loans to related parties	17,951	21,098
2.7	Trade receivables and contract assets	5,153	5,547
2.7	Other receivables	8,656	8,141
4.1	Deferred tax	2,826	3,931
	Total non-current assets	**112,370**	**111,874**
	Current assets		
2.4	Inventories	101,797	72,201
2.7	Trade receivables and contract assets	9,534	11,550
2.7	Other receivables	15,430	5,938
	Prepayments for goods and services	453	1,896
3.2	Cash and cash equivalents	48,180	15,076
	Total current assets	**175,394**	**106,661**
	TOTAL ASSETS	**287,764**	**218,535**

EUR '000

Note	Balance Sheet	2017	2016
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	40,311	1,340
	Retained earnings and reserves	35,002	56,334
	Equity attributable to shareholders of the Company	**75,313**	**57,674**
	Non-controlling interests	15,687	6,326
	Total Equity	**91,000**	**64,000**
	Liabilities		
3.3	Bond loan	58,924	44,700
3.3	Project financing	53,310	55,500
	Other debt	597	1,402
2.8	Provisions	798	556
4.1	Deferred tax	2,201	2,618
	Total non-current liabilities	**115,830**	**104,776**
	Bond loan	7,600	7,600
3.3	Project financing	38,363	15,726
	Other debt, partnerships	1,624	4,782
	Trade payables	16,062	11,512
	Payables to related parties	4,848	835
	Corporation tax	760	920
2.8	Provisions	1,264	1,975
	Other payables	10,413	6,409
	Total current liabilities	**80,934**	**49,759**
	Total liabilities	**196,764**	**154,535**
	TOTAL EQUITY AND LIABILITIES	**287,764**	**218,535**

Consolidated statement of cash flow

For the year ended 31 December 2017

EUR '000

Note	Cash flow from operating activities	2017	2016
	Profit/loss before tax	25,789	17,905
	Adjustments for:		
	Financial income	-3,103	-3,562
	Financial expenses	9,765	8,976
	Depreciations	1,723	1,610
	Profit from equity-accounted companies	-5,432	1,043
2.9	Change in net working capital	-32,582	-10,854
	Other non-cash items	-1,400	-
	Cash generated from operation before financial items and tax	**-5,240**	**15,118**
	Dividends received		
	Taxes paid	-3,297	-1,469
	Interest paid and realised currency losses	-8,817	-8,483
	Interest received and realised currency gains	2,878	2,140
	Cash flow from operating activities	**-14,476**	**7,306**
	Cash flow from investing activities		
	Purchase of Property, plant and equipment	-815	-6,848
	Proceeds from disposal of equity-accounted investments	69	1,999
	Investment/loans in equity-accounted investments	4,303	4,659
	Dividends	31	52
	Cash flow from investing activities	**3,588**	**-138**

EUR '000

Note		2017	2016
	Cash flow from financing activities		
	Proceeds from issue of bonds	58,785	-
	Repayment of bonds	-45,000	-
	Proceeds from borrowings	125,974	40,437
	Repayment of borrowings	-105,527	-39,998
	Changes in payables to associates	4,013	427
	Non-controlling interests' share of capital increase or disposal of subsidiaries	5,747	-8,888
	Cash flow from financing activities	**43,992**	**-8,022**
	Change in cash and cash equivalents	**33,104**	**-854**
	Cash and cash equivalents at beginning of period	15,076	15,930
	Cash and cash equivalents end of period	**48,180**	**15,076**
	Of which restricted cash and cash equivalents	**-6,093**	**-4,833**
3.2	**Non-restricted cash and cash equivalents end of year**	**42,087**	**10,243**

Consolidated statement of changes in equity

As of 31 December 2017

EUR '000

	Share capital	Translation reserve	Hedging reserve	Retained earnings	Total	Non-controlling interest	Total
Equity at 1 January 2017	**1,340**	**27**	**-663**	**56,970**	**57,674**	**6,326**	**64,000**
Profit/loss for the period	-	-	-	17,575	17,575	3,614	21,189
Other comprehensive income							
Value adjustments of hedging instruments	-	-	186	-	186	47	233
Tax of value adjustments of hedging instruments	-	-	-45	-	-45	-12	-57
Currency differences on translating foreign operations	-	-77	-	-	-77	-13	-90
Other comprehensive income	**-**	**-77**	**141**	**-**	**64**	**22**	**86**
Total comprehensive income	**-**	**-77**	**141**	**17,575**	**17,639**	**3,636**	**21,275**
Transactions with owners							
Capital increase/Share of capital increases non-controlling interests	38,971	-	-	-38,971	-	6,228	6,228
Additions	-	-	-	-	-	252	252
Disposals	-	-	-	-	-	-755	-755
Total transactions with owners	**38,971**	**-**	**-**	**-38,971**	**-**	**5,725**	**5,725**
Equity at 31 December 2017	**40,311**	**-50**	**-522**	**35,574**	**75,313**	**15,687**	**91,000**

The share capital consists of nom. 300,000,000 shares of DKK 1 each, corresponding to EUR 40,311 thousand. The share capital is fully paid in.

The number of shares has increased from 10 million to 300 million in 2017 by insurance of bonus shares, EUR 38,971 thousand. All shares have the same rights. The costs related to the capital increase equal EUR 7 thousand.

Consolidated statement of changes in equity continued

EUR '000

	Share capital	Translation reserve	Hedging reserve	Retained earnings	Total	Non-controlling interest	Total
Equity at 1 January 2016	**1,340**	**-57**	**-697**	**41,867**	**42,453**	**14,354**	**56,807**
Profit/loss for the year	-	-	-	15,103	15,103	542	15,645
Other comprehensive income							
Value adjustments of hedging instruments	-	-	45	-	45	11	56
Tax of value adjustments of hedging instruments	-	-	-11	-	-11	-3	-14
Currency differences on translating foreign operations	-	84	-	-	84	-8	76
Other comprehensive income	**-**	**84**	**34**	**-**	**118**	**-**	**118**
Total comprehensive income	**-**	**84**	**34**	**15,103**	**15,221**	**542**	**15,763**
Transactions with owners							
Share of capital increases	-	-	-	-	-	1,849	1,849
Additions	-	-	-	-	-	1,420	1,420
Disposals	-	-	-	-	-	-11,839	-11,839
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-8,570**	**-8,570**
Equity at 31 December 2016	**1,340**	**27**	**-663**	**56,970**	**57,674**	**6,326**	**64,000**

Notes

1.0 Basis for preparation

General information

The annual consolidated financial statements comprise the parent company European Energy A/S and its subsidiaries (the Group) for the year ended 31 December 2017. The Group's main operations consist of project development, financing, sales and acquisitions, construction supervision and management of wind and solar farms. Geographically, the Group focuses on Northern European markets.

The parent company is a limited liability company incorporated and domiciled in Denmark. The company's registered office address is Gyngemose Parkvej 50, DK-2860 Søborg.

Corporate bonds issued by the parent company are listed on NASDAQ Copenhagen in December 2017. On 30 April 2018, the Board of Directors approved the 2017 Annual Report.

Basis for preparation

The annual report for the year ended 31 December 2017 has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU), and additional requirements in EU.

The European Energy Group has adopted all new, amended or revised accounting standards and interpretations (IFRS) as published by the IASB, as well as those endorsed by the EU.

The accounting policies used are consistent with those of last year except for that estimated future demolition costs for wind and solar farms has been presented gross in the balance sheet as a provision instead of an offsetting against the assets at year-end. This has increased total assets with the same amount as the provision at year-end. Due to immateriality comparative figures has not been changed. Furthermore, as the company expect the scrap value of the assets to equal estimated demolition costs, there is no effect on the profit and loss for the year.

The annual report is presented in EUR, and all values are rounded to the nearest thousand (EUR '000), except when otherwise indicated.

New accounting standards not yet adopted

The IASB has issued a number of new or amended accounting standards and interpretations, effective after 31 December 2017. The approved, though not yet effective, standards and IFRICs will be applied as they become mandatory for the Group company.

The following new or amended accounting standards and interpretations, later to come into effect, are expected to have an impact on recognition, measurement and disclosures for the Group:

IFRS 16 - LEASES

The IASB has issued a new standard on accounting for leases. As a Lessee, the Group is required to recognise all lease contracts on the balance sheet.

The Group will not be required to recognise lease contracts with a term of less than 12 months on the balance sheet. The Group is assessing the impact of IFRS 16. An analysis of how IFRS 16 will impact the consolidated financial statements is underway. The lease obligation at 1 January 2019 will be calculated as the present value of remaining lease payments at this date and the impact is expected to increase the balance sheet by approximately with EUR 6,3 million and also to impact the key ratios. The effect on the income statement will be limited.

The Group expects to implement IFRS 16 when it becomes mandatory in 2019.

IFRS 9 - FINANCIAL INSTRUMENTS

IFRS 9 replaces the existing guidance in IAS 39 "Financial Instruments: Recognition and measurement". The standard introduces new requirements for the classification, recognition and measurement of financial assets and liabilities. The new model will not drive significant changes for the Group Furthermore, the standard introduces a new expected credit loss model for calculating impairment on financial assets.

The expected credit loss impairment model.
Impairments for expected credit losses apply to financial assets recognised at amortised cost or at fair value through other comprehensive income, lease receivables and certain loan commitments and financial guarantee contracts. For financial assets recognised at amortised cost, expected credit losses are recognised in the income statement and set off against the asset in the balance sheet. However, on loan commitments and financial guarantee contracts expected credit losses are recognised as a liability. For financial assets recognised at fair value through other comprehensive income, the expected credit losses are recognised in the income statement and set off against other comprehensive income since such assets are recognised at fair value in the balance sheet. The impairment for expected credit losses depends on whether the credit risk has increased significantly since initial recognition and follows a three stage model: •

Stage 1: If the credit risk has not increased significantly, the impairment equals the expected credit losses resulting from default events that are possible within the next 12 months. • Stage 2: If the credit risk has increased significantly, the financial assets are transferred to stage 2 and an impairment equal to the lifetime expected credit losses is recognised. • Stage 3: If a financial asset is in default or otherwise credit-impaired, it is transferred to stage 3, which is the same as stage 2, except that interest income is recognised on the net carrying amount.

During 2017, the Group started to analyse the changes that will have to be implemented in the Group The Group will not be impacted by the new expected credit loss model to a significant degree. The impact is expected to increase the allowance account in the balance sheet by approximately EUR 0.5 million.

Moreover, a new hedge accounting model has been introduced which will align the way that the Group undertakes risk management activities with the hedge accounting qualification criteria. The changed hedge-accounting model will not have significant impact on the consolidated financial statements.

The Group is continuing to assess the impact of IFRS 9. IFRS 9 is effective for annual reports beginning on or after 1 January 2018

Management does not expect the remaining new or amended standards and IFRICs to materially affect the coming financial years.

Basis of consolidation

The consolidated financial statements comprise the parent company, European Energy A/S, and subsidiaries over which European Energy A/S exercises control. European Energy A/S is considered to exercise control over another entity when the company has the voting power in the subsidiary, the possibility or right to receive dividends from the subsidiary and possibility to use the voting power to influence the rate of dividends.

Entities acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Entities disposed of are recognised in the consolidated statement of profit or loss until the date of disposal.

Profit/loss and each component of other comprehensive income are attributed to the owners of the parent company and to non-controlling interests even if this means that the non-controlling interests have a negative balance. When necessary, the financial statements of subsidiaries are adjusted to align their accounting policies with those of Group. All intra-group assets and liabilities, equity, income, expenses and cash flows arising from transactions between group entities are fully eliminated on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to the parent company.

The non-controlling interests' proportionate share of the subsidiaries' profit and of equity is included as part of the Group's profit and equity, respectively.

Foreign currency translation

FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The Group determines a functional currency for each reporting entity in the Group. The functional currency is the currency used in the primary financial environment in which the individual reporting entity operates. Transactions in currencies other than the functional currency are foreign currency transactions. The functional currency of the parent company is Euro (EUR), and the financial statements are presented in Euro (EUR).

On initial recognition, transactions denominated in foreign currencies are translated into the functional currency at the exchange rate at the transaction date. Foreign currency translation adjustments arising from the settlement of such transactions and the translation of monetary items denominated in foreign currencies at year-end exchange rates are recognised in profit/loss under finance income and finance costs.

TRANSLATION INTO PRESENTATION CURRENCY

For entities with a functional currency other than EUR, all assets and liabilities are translated into the presentation currency based on the EUR exchange rate at the date of the statement of financial position. Income and costs and other comprehensive income are translated at the rate at the transaction date or an approximate average rate. All resulting exchange rate differences are recognised as other comprehensive income.

Presentation of cash flow statement

The consolidated cash flow statement shows the Group's cash flows from operating, investment and financing activities. Cash flows from operating activities are determined using the indirect method and stated as the consolidated profit before tax adjusted for non-cash operating items, including depreciations and impairment losses, provisions and changes in working capital, interest received and paid and corporate tax paid.

Other non-cash items primarily comprise reversal of gain from disposing non-current assets and reversal of share of profit (loss) from equity-accounted investments.
Cash flow from investment activities comprises payments connected with the purchase and sale of non-current assets, including energy farms classified as property, plants and equipment and equity-accounted investments.

Cash flows from financing activities include proceeds from bond issues, drawdowns, new project loans and repayments on borrowings from credit institutions.

Cash and cash equivalents consist of cash and short-term deposits with a maturity of three months or less and an insignificant risk of changing value.

Use of judgements and estimates

In preparing the consolidated and separate financial statement, Management has made judgements, estimates and assumptions that affect how the Group's accounting policies are applied and the amount of assets, liabilities, income and expenses reported. The actual results may deviate from these estimates.

Judgements

The following provides information about judgements made in applying those accounting policies that most significantly impact the amounts recognised in the consolidated and separate financial statements:

Revenue recognition (Note 1.1)

Some sales contracts regarding power plants comprise of a fixed and variable consideration. The latter normally relates to an earn-out or production guarantee linked to an actual future production.

The uncertainty about measurement relates essentially to this variable consideration and allocation of revenue between different performance obligations. This measurement requires Management judgment applying assumptions and estimates.

Assessment of classification – whether the Group has control, significant influence or joint control (Note 2.5.1 and 2.5.2)

To have control over an investee, European Energy (EE) must have all of the following:

a. power over the investee;
b. exposure, or rights, to variable returns from its involvement with the investee; and
c. the ability to use its power to affect the amount of its returns. The assessment of control is based on European Energy's actual ability to direct the activities of the project rather than on the legal form of the ability. Consequently, the determination of whether European Energy has substantive rights over the project does not distinguish between rights arising from European Energy as a shareholder of the project or as an operator.

In certain circumstances, the decision-making rights over the investee are delegated to a general partner. Particular emphasis is put on assessing control over an investee. When European Energy acts as commercial manager under a commercial management agreement (CMA), European Energy assesses whether it is using the power provided under the CMA for its own benefit (European Energy has control); or merely using this power for the benefit of other investors (European Energy is acting as an agent).

The classification of a joint arrangement under IFRS 11 depends on the parties' rights and obligations arising from the arrangement in the normal course of business. Key factors considered relate to whether the investors have the direct rights to the output (assets) and obligation as to the liabilities of the wind or solar farm. The following critical factors are included in the analysis of other facts and circumstances that could affect classification: whether co-investors are allocating their share of the output to the utility company or only entitled to a net cash flow, and whether the wind or solar farm relies solely on the partners for financing.

Assumptions and estimation uncertainties

When preparing the consolidated financial statements of the Group, management makes a number of accounting estimates and assumptions on which the recognition and measurement of the Group's assets and liabilities are based.

The following provides information about assumptions and estimation uncertainties with a significant risk of resulting in a material adjustment in the year ending 31 December 2017:

Impairment test property, plant and equipment (Note 2.3)

The key assumptions supporting recoverable amounts mainly comprise discount rate (WACC) and expectations regarding future production and unit prices. Please refer to note 2.3 for more details related to the impairment test.

Inventories (Note 2.4)

Inventories, comprising projects under development, under construction and completed projects are initially measured at cost.

An impairment test is performed on the carrying amount.

The impairment test is based on assumptions regarding strategy, market conditions, discount rates and budgets etc., after the project has been completed and production commenced. If market-related assumptions etc. are changed, projects may have to be written down. Management examines and assesses the underlying assumptions when determining whether the carrying amount should be written down.

Tax (Note 4.1)

Uncertainties exist with respect to the interpretation of tax regulations in the different countries in which the Group operates, to changes in tax law and to the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could potentially cause adjustments to tax income and expense already recorded. Management reviews deferred tax assets annually, which are recognised only to the extent considered sustainable in the future, taking the timing and the level of future taxable profits into account, together with Group's future tax planning strategies.

Covenants.

In respect of the testing period ending of December 2017 for covenants, Management confirms that no default exists.

1.1 Segment information

Accounting policy

REVENUE RECOGNITION

European Energy has decided to implement an early adoption of the International Financial Reporting Standard (IFRS) 15 in 2016, with the effect being that revenue is recognised typically three to nine months later than revenue was recognised under the previous revenue recognition.

Revenue is recognised when the Group has fulfilled its contractual performance obligations towards the buyer.

The following further explains revenue recognition for the Group's revenue streams:

REVENUE FROM SALE OF SOLAR AND WIND POWER GENERATING ASSETS

The group develops and sells power generating assets mainly as turnkey projects. The solar and wind power generating assets are developed, but their construction does not commence until all relevant permits have been obtained. Special purpose vehicles (SPVs) organised as subsidiaries in the Group carry out development and construction.

The Group's performance obligations in turnkey projects include an agreement for the development and construction of a grid-connected power generating asset and an agreement for the transfer of the shares in the SPV, which holds all relevant permits. These two agreements are connected and are accounted for as one performance obligation.

Revenue from turnkey projects is recognised when control has been transferred to the buyer and European Energy has an enforceable right to payment. This occurs at the point in time when the buyer accepts the takeover.

The revenue is measured as the transaction price for the power generating asset agreed under the contract. The transaction price normally includes a fixed and a variable consideration, determined by the project's expected future cash flow based on buyer's and seller's agreement on expected return on invested capital (ROIC).

The estimated amount of variable consideration will be included in the transaction price only to the extent that a significant reversal in revenue recognised is highly unlikely to occur when the uncertainty associated with the variable consideration is subsequently resolved.

Payments deferred more than 12 months are adjusted for the time value of money.

In projects where the Group does not act as a turnkey project developer e.g. when the Group establishes transformer stations and building foundations, the revenue is recognised when control of the project has been transferred to the buyer, European Energy's performance obligations has been satisfied and European Energy is entitled to receive payment.

SALES OF ELECTRICITY

Revenue from sale of produced electricity is recognised when supplied to the purchaser's network.

ASSET MANAGEMENT

Revenue from Asset management is recognised when the services are delivered. The service includes commercial management and operational facility supervision on behalf of a third party.

OTHER INCOME

Other income comprises items secondary to the activities of the group.

DIRECT COSTS

Direct costs comprise costs incurred in generating the revenue for the year. On disposal of energy projects placed in independent legal entities, direct costs comprise the carrying amount of the equity investment disposed of plus costs directly related to the disposal. Direct costs comprise operating costs related to constructed and operating energy farms.

CHIEF OPERATING DECISION MAKER

Operating segments are recognised in the manner that corresponds to the internal reporting to the chief operating decision-maker (CODM).

The CODM is the function responsible for allocating the Group's resources and assessing the performance of the operating segments. The Group's CODM has been identified as the Board of Directors. European Energy's segments are:

a. Wind
b. Solar

Segment information has been prepared in accordance with the Group accounting policies. Segment income and segment costs as well as segment assets and liabilities comprise those items that can be directly attributed to each individual segment on a reliable basis.

1.1 Segment information continued

EUR '000

Segment information (2017)	Wind	Solar	Total before elimination	Eliminations	2017 Group
Sale of energy farms and projects	119,689	55,274	174,963	-	174,963
Sale of electricity	2,918	7,149	10,067	-	10,067
Asset management	1,005	575	1,580	-	1,580
Other fees	100	6	106	-	106
Revenue to external customers	**123,712**	**63,004**	**186,716**	**-**	**186,716**
Inter-segment revenue	**4,218**	**2,684**	**6,902**	**-6,902**	**-**
Revenue	**127,930**	**65,688**	**193,618**	**-6,902**	**186,716**
Profit after tax from shares in equity accounted investments	5,037	395	5,432	-	5,432
Other income	1,400	-	1,400	-	1,400
Direct costs	-100,959	-47,591	-148,550	-	-148,550
Staff costs	-4,398	-2,572	-6,970	-	-6,970
Other costs	-2,347	-1,507	-3,854	-	-3,854
Depreciation	-221	-1,502	-1,723	-	-1,723
Segment profit (Operating profit)	**26,442**	**12,911**	**39,353**		**32,451**
Finance income	2,130	973	3,103	-	3,103
Finance expenses	-4,029	-5,736	-9,765	-	-9,765
Profit/loss before tax	**24,543**	**8,148**	**32,691**	**-**	**25,789**
Tax	-1,155	-3,445	-4,600	-	-4,600
Profit/loss for the year	**23,388**	**4,703**	**28,091**	**-**	**21,189**
Total assets	**157,300**	**130,464**	**287,764**	**-**	**287,764**
Total liabilities	**109,056**	**87,708**	**196,764**	**-**	**196,764**

1.1 Segment information continued

EUR '000

Segment information (2016)	Wind	Solar	Total before elimination	Eliminations	2016 Group
Sale of energy farms and projects	114,016	16,168	130,184	-	130,184
Sale of electricity	414	8,468	8,882	-	8,882
Asset management	806	372	1,178	-	1,178
Other fees	479	65	544	-	544
Revenue to external customers	**115,715**	**25,073**	**140,788**	**-**	**140,788**
Inter-segment revenue	2,466	195	2,661	-2,661	-
Revenue	**118,181**	**25,268**	**143,449**	**-2,661**	**140,788**
Profit after tax from shares in equity accounted investments	335	-1,378	-1,043	-	-1,043
Direct costs	-98,326	-8,963	-107,289	-	-107,289
Staff costs	-2,462	-2,487	-4,949	-	-4,949
Other costs	-1,244	-1,334	-2,578	-	-2,578
Depreciation	-127	-1,483	-1,610	-	-1,610
Segment profit (Operating profit)	**16,357**	**9,623**	**25,980**	**-2,661**	**23,319**
Finance income	1,517	2,045	3,562	-	3,562
Finance expenses	-2,716	-6,260	-8,976	-	-8,976
Profit/loss before tax	**15,158**	**5,408**	**20,566**	**-2,661**	**17,905**
Tax	-851	-1,409	-2,260	-	-2,260
Profit/loss for the year	**14,307**	**3,999**	**18,306**	**-2,661**	**15,645**
Total assets	**98,098**	**120,437**	**218,535**	**-**	**218,535**
Total liabilities	**72,538**	**81,997**	**154,535**	**-**	**154,535**

1.1 Segment information continued

Information about sale to customers more than 10% of revenue:

EUR '000

Revenue from material customers		2017	2016
	Customer #1 (Wind)	49,699	
	Customer #2 (Solar)	38,673	
	Customer #3 (Wind)	36,301	
	Customer #4 (Wind)		29,546
	Customer #5 (Wind)		21,722
	Customer #6 (Solar)		15,835
Total revenue from material customers		**124,673**	**67,103**

EUR '000

	Revenue from external customers		Non-current assets	
Geographic information	**2017**	**2016**	**2017**	**2016**
Denmark	53,779	56,445	28,374	25,701
Northern/Central Europe	111,357	78,895	27,493	33,046
South America	16,089		7,080	
Southern Europe (incl Maldives)	5,491	5,448	49,423	53,127
Total	**186,716**	**140,788**	**112,370**	**111,874**

The geographic information is based on the physical location of the projects sold.

1.1 Segment information continued

UNSATISFIED PERFORMANCE OBLIGATIONS

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting date equals (EUR 106.1 million (2016: EUR 146.1 million). The Group expects that the secured amount to be recognised as revenue in 2018 is EUR 18.2 million (2017: 57.4 million). Secured revenue in 2018 consists of: 12.4 million (2017: EUR 51.5 million) related to signed SPA contracts, EUR 0.7 million (2017: 0.7 million) related to signed CMA contracts and EUR 5.2 million (2017: 5.2 million) related to secured electricity sale. The most significant part of the unsatisfied performance obligations from 2019-2037 are EUR 83.7 million related to the remaining 20 years of the secured electricity sale in Spain regarding solar farms and EUR 3.1 million related to secured revenue regarding electricity sale in wind farms.

EUR '000

2017:

Secured revenue regarding signed contracts	2018	2019-2037	Total
Share purchase agreements (SPAs)	7,850	-	7,850
Commercial management agreements (CMAs)	698	1,097	1,794
Electricity sale	5,190	86,760	91,950
Total secured revenue to be recognised in 2018-2037	**13,738**	**87,857**	**101,594**

2016:

Secured revenue regarding signed contracts	2017	2018-2036	Total
Share purchase agreements (SPAs)	51,472	-	51,472
Commercial management agreements (CMAs)	698	1,152	1,850
Electricity sale	5,190	87,550	92,740
Total secured revenue to be recognised in 2017-2036	**57,360**	**88,702**	**146,062**

1.2 Government grants

GOVERNMENT GRANTS

Government grants comprise grants for sale of electricity.

Grants for sale of electricity are intended as a compensation for the price of power and recognized under revenue in step with the power generation and the related revenue. Government grants are recognized when there is reasonable assurance that the grants will be received. Government grants mainly relate to sale of electricity in Spain, and for the sale of electricity in the UK and in Denmark.

EUR '000

Government grants	2017	2016
Government grants recognized in Profit Loss for the year under revenue	5,934	6,360
Total government grants	5,934	6,360

2.3 Property, plant and equipment

Accounting policy

Property, plant and equipment comprises wind power-generating plant and solar power-generating plant, including those under construction, held by European Energy A/S for electricity production and with a use of more than one period.

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price any costs directly attributable to the acquisition until the date on which the assets is available for use.

The present value of the expected costs of dismantling an asset after the end of its useful life is included in the cost of the energy farm if the criteria for the recognition of a provision are met, and projected costs are material. All other repair and maintenance costs are recognised in profit/loss as incurred. The cost of the assets includes projected costs to dismantle and dispose of the assets. Furthermore, costs of restoring the assets are capitalised and provided for. The basis of depreciation is cost less any projected residual value after the end of the useful life.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

a) Wind power-generating plant (Wind farms) – 25 years
b) Solar power-generating plant (Solar farms) - 40 years
c) Fixtures and fittings, tools and equipment – 3-5 years

The useful life is reassessed annually and adjusted as necessary. The residual value of an asset is considered when the depreciable amount of the asset is determined.

The basis of depreciation is calculated considering the asset's residual value less any impairment losses. The residual value is determined at the date of acquisition and reassessed annually. When the residual value exceeds the carrying amount of the assets, depreciation is discontinued.

If the depreciation period or the residual value is changed, the changes are accounted for as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price and the carrying amount at the date of disposal.

Gains and losses are recognised in the consolidated statement of profit or loss as other operating income or operating costs in the period of disposal.

Impairment of non-current assets

The carrying amount of non-current assets is tested for impairment when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount. The recoverable amount is the higher of an asset's fair value less selling costs and its value in use. For the purpose of the impairment testing, assets are grouped at the lowest level at which cash flows are separately identifiable (cash-generating units).

A impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, less depreciation, has no impairment loss been recognised.

Impairment test on property, plant and equipment and sensitivity analysis

During 2017, Management performed an impairment assessment on the carrying amount of Property, plant and equipment. The Group assesses at each reporting date whether there is an indication that an asset in operation is impaired. The impairment test performed in 2016 showed limited excess value for some solar farms in Spain and the impairment test has consequently been re-performed for 2017.

The book value of the solar farms consists of 90% (2016: 91%) of the total book value of Property, plant and equipment. For the wind farms the value is related to two wind farms in Germany and Denmark which have no risks and signs of impairment.

For this purpose, Management has made the following key assumptions in estimating the value in use, with its comments regarding WACC below:
Discount rate after tax (WACC) used for solar farms is 6% (2016: 6%).

The prepared impairment tests are based on budgets for the remaining life of solar farms. When budgets are determined the electricity sales price are assumed unchanged for 40 years for solar power generating assets.

For the solar farms in Spain the settlement price is reduced for the last 10 years (2039-2048) because of new legislation in Spain introducing lower tariffs than originally anticipated. In addition, budgets are based on the original cost budgets including a change of 2% to the cost.

The discount rate for the DCF model is the post-tax weighted average cost of capital (WACC). Country-specific risk (tariff stability, interest-rate levels, average risk-free interest rate applied to reduce the volatility, etc.) are taken into consideration. Considering the range of WACC applied by competitors, a specific risk premium for Spain in the solar power sector has been included.

For 2017 (and 2016), the impairment test shows that the estimated recoverable amount exceeds its carrying amount.

Sensitivity analysis

Management performed a sensitivity analysis on the result of the impairment test made at Group level, based on the main assumptions taken one by one. The Group's WACC and the price element are two significant factors in the impairment test.

The analysis shows that the first impairment indication for one individual solar farm will be seen if we use a WACC of 6.6%. The first impairment indication for all Spanish solar farms seen as a total will be shown if we use a WACC of 8.0%.

The second significant element in the impairment test is the price. The sensitivity analysis shows that a price decrease of 4.8% would lead to the first impairment indication for one individual Spanish solar farm. A price decrease of 14.3% will lead to first impairment indication for all Spanish solar farms seen as a total.

2017	Impairment indication for individual Spanish solar farm	Impairment indication for all Spanish solar farms
WACC increase	0.6%	2.0%
Price decrease	4.8%	14.3%

2016	Impairment indication for individual Spanish solar farm	Impairment indication for all Spanish solar farms
WACC increase	0.6%	1.9%
Price decrease	5.0%	13.7%

2.3 Property, plant and equipment continued

EUR '000

Assets in operation 2017	Wind power generating assets	Solar power generating assets	Tools and equipment	Land and Buildings	Total
Cost					
Balance at 1 January 2017	4,888	58,101	836	-	63,825
Exchange rate adjustments	-6	-66	-	-	-72
Additions	-	277	203	-	480
Additions of the year (transferred from inventory)	-	-	-	352	352
Disposals	-17	-	-	-	-17
Transfer	-	118	-	-	118
Cost at 31 December 2017	**4,865**	**58,430**	**1,039**	**352**	**64,686**
Accumulated depreciation and impairment losses					
Balance at 1 January 2017	-362	-11,419	-724	-	-12,505
Depreciation	-194	-1,471	-58	-	-1,723
Transfer	-	-118	-	-	-118
Accumulated dep/impairment at 31 December 2016	**-556**	**-13,008**	**-782**	**-**	**-14,346**
Carrying amount at 31 December 2017	**4,309**	**45,422**	**257**	**352**	**50,340**
Assets in operation 2016					
Cost					
Balance at 1 January 2016	635	54,968	801	-	56,404
Exchange rate adjustments	-	26	-	-	26
Additions	4,253	3,107	35	-	7,395
Cost at 31 December 2016	**4,888**	**58,101**	**836**	**-**	**63,825**
Accumulated depreciation and impairment losses					
Balance at 1 January 2016	-253	-9,953	-689	-	-10,895
Depreciation	-109	-1,466	-35	-	-1,610
Accumulated dep/impairment at 31 December 2016	**-362**	**-11,419**	**-724**	**-**	**-12,505**
Carrying amount at 31 December 2016	**4,526**	**46,682**	**112**	**-**	**51,320**

2.4 Inventories

Accounting policy

Inventories comprise energy farm projects under development and construction and as well as energy farms that have been developed for the purpose of sale and not for revenue generation from the sale of electricity production. Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price less estimated costs of completion and estimated selling costs. Profit on the sale of energy farms is recognised as revenue. Changes in inventory write-downs are recognised in direct costs.

Borrowing costs and salaries directly attributable to the acquisition or construction of an energy farm that takes more than six months to be set for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest expenses and other expenses that the Group incurs in borrowing funds.

EUR '000

Inventories	2017	2016
Operating		
Solar farms for sale	-	37,369
Under construction		
Solar farms for sale	38,313	-
Wind farms for sale	60,192	29,438
Under development		
Solar farms for sale	861	2,787
Wind farms for sale	2,431	2,607
Total inventory	**101,797**	**72,201**
Total solar farms	39,174	40,156
Total wind farms	62,623	32,045
Change in inventory write-downs		
Inventory write-downs at 1 January	-7,331	-7,232
Transfer/reclassification	162	-
Write-down for the year, addition	-3,541	-2,092
Transferred to joint ventures and associates	1,809	1,993
Total inventory write-downs	**-8,901**	**-7,331**
Amount of inventory recognised in profit or loss		
Disposals	-126,625	-93,421
Write-offs for the year	-375	-275
Transferred to joint ventures and associates	1,809	1,993
Write-downs for the year	-3,541	-2,092
Total	**-128,732**	**-93,795**

2.4 Inventories continued

The inventory is reviewed annually for the purpose of assessing any impairment. When an impairment test is performed, the percentage of completion of the project is assessed, including the risk of budget overruns, delays, etc. If the project is close to completion and commissioning and the risk of budget overruns is very limited, a WACC similar to that for other projects operating in the same country is applied, although at the high end of the range. Management has looked at the total portfolio of projects under development and diversified it into according to project maturity and the time elapsed since the project was started. EUR 1.8 million of total portfolio impairment has been transferred to joint ventures.

The impairment analysis for 2017 has led to an additional impairment of EUR 3.5 million (2016: EUR 2.1 million). Management finds the impairment to reflect the risk of the total portfolio comfortable. For 2017, on the basis of signed purchase agreements the Group expects to realize up to EUR 51 million (2016: EUR 66 million) of the total value of the inventory of EUR 116 million (2016: EUR 72 million) per year-end 2017.

EUR '000

Specification of movement on the inventory	2017	2016
Cost at 1 January	79,532	82,911
Additions for the year	158,680	90,317
Disposal of the year (transferred to PPE)	-352	-
Disposal of the year (recognised as direct cost)	-126,625	-93,421
Transfer/reclassification	-162	-
Write offs of the year	-375	-275
Cost at 31 December	**110,698**	**79,532**
Write-downs at 1 January	-7,331	-7,232
Transfer/reclassification	162	-
Transferred to joint ventures and associates	1,809	1,993
Write-downs for the year	-3,541	-2,092
Write-downs at 31 December	**-8,901**	**-7,331**
Carrying amount at 31 December	**101,797**	**72,201**

2.5 Investments

Accounting policy

Equity-accounted investments comprise the Group's equity investments in associates and joint ventures. Equity investments in associates and joint ventures relate to investments in wind and solar energy farms and are part of the European Energy's core business.

An associate is an entity over which the Group exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions but not control them.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have the right to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

To determine significant influence or joint control, Management considers factors similar to those necessary to determine control over subsidiaries. The most important considerations and judgements made by Management for classification purposes are described under critical choices and judgements in the accounting policies and critical accounting estimates. Under the equity method, the investment is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or the joint venture since the acquisition date.

The consolidated statement of profit or loss reflects the Group's share of the results of the associate's or joint venture's operations. Any change in other comprehensive income of these investees is presented as part of the Group's other comprehensive income. In addition, when a change has been recognised directly in the equity of the associate or the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the associate or joint venture. Associates and joint ventures with negative net asset values are offset in the loans to the related party to the extent possible, and if not, they are measured at nil. If the Group has a legal or constructive obligation to cover the negative balance of the associate or joint venture, and the negative balance cannot be offset in the shareholders' loans to the entity, the obligation is recognised as a liability.

The material associated companies and joint venture companies are shown below. The companies have been chosen according to their contribution to the current and future revenue of the Group.

EUR '000

Note	Results in equity-accounted investments	2017	2016
2.5.1	Results in joint venture	3,153	-2,017
2.5.2	Results in associates	2,279	974
	Total	**5,432**	**-1,043**
	Investments in equity-accounted investments		
2.5.1	Investments in joint venture	9,977	6,943
2.5.2	investments in associates	12,507	11,265
	Total	**22,484**	**18,208**

2.5.1 Investments in joint ventures

Disclosures about material joint ventures

The following is summarised financial information for each of the Group's joint ventures that are material to the Group and equity accounted. Companies not included below all account for less than 10% of total

revenue or less than 10% of total asset value or less than 10% of total equity. The figures are corrected in respect of accounting policy differences.

Overall financial information for all joint ventures that are not individually material and are recognised according to the equity method:

EUR ´00

	2017	2016
Cost at 1 January	7,701	7,670
Additions for the year	40	230
Disposal for the year	-	-66
Transfer	-	-133
Cost at 31 December	**7,741**	**7,701**
Value adjustments at 1 January	-1,626	1,135
Share of profit for the year	3,153	-2,017
Disposal for the year	-	-2
Transfer	-	-601
Dividend and other value adjustments	-1,470	-141
Value adjustments at 31 December	**57**	**-1,626**
Carrying amount at 31 December	**7,798**	**6,075**

Investments in joint ventures at 31 December	9,977	6,943
Set-off against receivables from joint ventures	-2,179	-868
Total	**7,798**	**6,075**

2.5.1 Investments in joint ventures Continued

	2017				2016			
	Jammerland Bay Nearshore A/S	EEA Stormy A/S	EEA Renewables A/S	GWE Contractors K/S	Jammerland Bay Nearshore A/S	EEA Stormy A/S	EEA Renewables A/S	EEA SWEPOL A/S
	Denmark	Denmark	Denmark	Denmark	Denmark	Denmark	Denmark	Denmark
Ownership %	50%	50%	50%	50%	50%	50%	50%	50%
Comprehensive income statement								
Revenue	-	-	4,903	3,300	-	-	1,127	71
Depreciation	-	-	-228	-	-	-	-231	-5
Interest income	-	45	1	-	29	-	2	22
Interest expenses	-	-5	-1,711	-	-	84	-712	-10
Income tax	5	-3	-553	-	3	-22	-57	-5
Profit for the year (continuing operations)	-19	7,345	1,178	1,900	-12	557	-3,040	-712
Total comprehensive income	**-19**	**7,345**	**1,178**	**1,900**	**-12**	**557**	**-3,051**	**-589**
The groups share of comprehensive income	**-9**	**3,673**	**589**	**950**	**-6**	**279**	**-1,526**	**-295**
Balance sheet								
Non-current assets	3,098	4,493	42,279	-	2,887	2,269	31,668	2,400
Current-assets	483	3,300	17,304	3,300	718	2,122	5,925	368
Non-current liabilities	-	-	37,197	-	-	599	33,705	171
Current liabilities	14	3	21,312	1,400	19	3	3,975	91
Cash and cash equivalents	448	3,259	11,298	-	655	2,083	5,135	82
Non-current liabilities (excluding trade and other payables and provisions)	-	-	36,534	-	-	599	33,478	368
Equity	3,567	7,790	1,074	1,900	3,586	3,789	-87	2,507
Carrying amount of interest in investee end of period	**1,783**	**3,895**	**537**	**950**	**1,163**	**1,895**	**-44**	**1,254**
Contingent liability	**-**	**-**	**1,400**	**-**	**-**	**-**	**1,400**	**-**

2.5.1 Investments in joint ventures continued

Overall financial information for all joint ventures that are not individually material and that are recognised according to the equity method:

Carrying amount of interest in joint ventures	2017	2016
The Group's share of:		
Profit/loss of material joint ventures	5,203	-1,548
Profit/loss for the year of other joint ventures	-2,050	-469
Total comprehensive income	**3,153**	**-2,017**
Investments in joint ventures:		
Investments in material joint ventures	7,165	4,267
Other joint ventures	2,812	2,676
Total Investments in joint ventures	**9,977**	**6,943**

2.5.2 Investments in associates

EUR ´00

	2017	2016
Cost at 1 January	9,326	8,634
Additions for the year	-	852
Transferred from subsidiaries/other investment	1,474	-
Disposal of year	-710	-160
Cost at 31 December	**10,090**	**9,326**
Value adjustments at 1 January	1,938	1,561
Share of profit for the year	2,279	974
Reversed value adjustments on disposals and transfers	-	90
Dividend and other value adjustments	-1,801	-687
Value adjustments at 31 December	**2,416**	**1,938**
Carrying amount at 31 December	**12,506**	**11,264**
Investments in associates at 31 December	12,507	11,265
Set-off against receivables from associates	-1	-1
Total	**12,506**	**11,264**

2.5.2 Investments in associates continued

Disclosures about material associates

The following is summarised financial information for each of European Energy's associated investments that are material to the Group and equity accounted. Companies not included below are all below 10% of total revenue or less than 10% of total asset value or less than 10% of total equity. The figures are corrected in respect of differences in accounting policies.

Joint ventures and associated companies are financed with share capital and shareholder loans. The companies allocate funds to the owners through loan repayment, and, subsequently, dividends. Repayments and dividends are restricted to free cash and can only be paid out if the covenants for the project loans are not in breach.

There are no other restrictions regarding withdrawal of the companies' free cash.

EUR '000

	2017					
	Måde Wind Park ApS	Nøjsomheds Odde Wind Park ApS	Wriezener Höhe GmbH & Co. KG	Ottenhausen GmbH & Co.KG	Parco Eolico Carpinaccio Srl.	Windpark Unseburg GmbH & Co.KG
	Denmark	Denmark	Germany	Germany	Italy	Germany
Ownership %	47.0%	33.5%	15.0%	34.3%	26.3%	20.0%
Comprehensive income statement						
Revenue	3,611	64	8,438	2,640	4,547	2,598
Depreciation	-1,118	-	-2,440	-924	-1,046	-968
Profit for the year (continuing operations)	1,924	81	1,866	431	1,348	573
Total comprehensive income	**1,924**	**81**	**1,866**	**431**	**1,348**	**573**
The groups share of comprehensive income	**904**	**27**	**280**	**148**	**354**	**115**
Balance sheet						
Non-current assets	31,000	35,623	31,073	14,234	20,732	13,391
Current-assets	1,220	1,615	6,307	2,073	4,194	2,140
Non-current liabilities	28,428	35,981	27,114	8,375	13,026	6,430
Current liabilities	31	259	1,471	1,845	2,593	1,946
Equity	3,755	84	8,795	6,087	9,307	7,154
Carrying amount of interest in investee end of period	**1,765**	**28**	**1,319**	**2,088**	**2,446**	**1,431**
Contingent liability	-	-	-	-	-	-

2.5.2 Investments in associates continued

EUR '000

	2016			
	Wriezener Höhe GmbH & Co. KG	Ottenhausen GmbH & Co.KG	Parco Eolico Carpinaccio Srl.	Windpark Unse-burg GmbH & Co.KG
	Germany	Germany	Italy	Germany
Ownership %	15.0%	34.3%	26.3%	20.0%
Comprehensive income statement				
Revenue	7,069	2,257	3,684	2,248
Depreciation	-2,440	-924	-1,045	-968
Profit for the year (continuing operations)	948	439	820	195
Total comprehensive income	**948**	**439**	**820**	**195**
The groups share of comprehensive income	**142**	**151**	**215**	**39**
Balance sheet				
Non-current assets	33,540	14,771	21,773	14,359
Current-assets	5,092	1,690	2,445	1,709
Non-current liabilities	29,961	9,105	14,901	7,477
Current liabilities	1,742	1,699	1,221	2,010
Equity	6,929	5,656	8,096	6,582
Carrying amount of interest in investee end of period	**1,039**	**1,940**	**2,128**	**1,316**
Contingent liability	-	-	-	-

2.5.2 Investments in associates continued

Overall financial information for all associates that are not individually material and that are recognised according to the equity method:

Carrying amount of interest in associates	2017	2016
The Group's share of:		
Profit/loss for the year material investments	1,828	547
Profit/loss for the year of other associates	451	427
Total comprehensive income	**2,279**	**974**
Investments in associates:		
Investments in individually material associates	9,077	6,423
Other associates	3,430	4,842
Total Investments in associated	**12,507**	**11,265**

2.5.3 Material Non-Controlling Interest's (NCI's)

Financial information related to each of European Energy's subsidiaries that has material non-controlling interests: EUR '000

	2017					2016				
	Nordic Power Partners P/S	Holmen II Vindkraft I/S	Coremas I Geracao de Ener-gia SPE LTDA.	Rødby Fjord Vindkraft Mølle 3 I/S	Ejen-doms-selskabet Kappel ApS	European Solar Farms ApS	European Wind Farms A/S	EE Offshore ApS	Nordic Power Partners P/S	Rødby Fjord Vindkraft Mølle 3 I/S
	Denmark	Denmark	Brazil	Denmark	Denmark	Denmark	Denmark	Denmark	Denmark	Denmark
Ownership %	49.00%	43.25%	30.00%	49.01%	33.00%	20.28%	28.47%	28.00%	49.00%	45.47%
Comprehensive income statement (100%)										
Revenue	16,917	-	-	814	3,065	9,293	423	-	1,861	331
Depreciation and amortisation	-20	-	-	-169	-	-2,234	-	-	-11	-84
Interest income	115	-	1	-	100	1,487	242	72	11	-
Profit for the year (continuing operations)	5,677	-	-23	493	2,447	-437	-1,493	99	1,485	218
NCI's share of profit for the year	2,782	-	-7	242	808	-89	-	28	728	99
Balance sheet										
Non-current assets	50,929	3,615	12,462	3,951	1,677	84,255	7,112	2,482	1,041	4,143
Current-assets	13,448	2,120	88	184	1,963	12,027	7,500	57	2,160	956
Non-current liabilities	32,674	-	274	29	1,176	46,535	-1,041	-	78	29
Current liabilities	23,964	-	4,162	129	33	44,225	3,265	238	1,696	97
Equity (incl non-controlling interests)	7,739	5,735	8,115	3,978	2,431	5,522	12,388	2,301	1,427	4,973
Carrying amount of NCI	3,792	2,480	2,435	1,950	802	1,120	1,102	644	699	2,261
Contingent liability	**4,439**	**-**	**-**	**-**	**-**	**8,562**	**-**	**-**	**-**	**-**

Material non-controlling interests	2017	2016
Material NCI specified above	11,459	5,826
Other NCI	4,228	500
Total non-controlling interests	**15,687**	**6,326**

2.6 Other investments in wind and solar farms (power generating assets)

Accounting policy

Other investments comprise a range of non-controlling interests in wind and solar farms. The investments typically arise when a major stake in a SPV is sold to an investor, and an immaterial part of the shares is retained.

The shares are measured at fair value with value adjustments recognised in the income statement.

EUR '000

	2017	2016
Cost at 1 January	**3,666**	**3,659**
Additions for the year	218	9
Disposal of year	-287	-2
Cost at 31 December	**3,597**	**3,666**
Value adjustment at 1 January 2017	-37	-37
Value adjustments during the year	1,400	-
Value adjustments at 31 December	**1,363**	**-37**
Carrying amount at 31 December	**4,960**	**3,629**
The investments relates to:		
Investments related to solar power generating assets	2	2
Investments related to wind power generating assets	4,958	3,664
Other investments at 31 December	**4,960**	**3,666**
Dividend received from other investments	31	52

2.7 Trade receivables, contract assets and other receivables

Receivables are measured at amortised cost less write-down for bad-debt losses. Write-down for bad-debt losses are based on an individual assessment of each receivable.

Contract assets comprise the value of earn-outs measured based on contract terms agreed with the buyers of power plants. Given the nature of earn-outs, the consideration is based on estimates and thereby variable.

The measurement of variable consideration from sale of power plants is based on the most likely consideration that European Energy will be entitled to and that it is highly likely that a significant reversal will not be made in subsequent periods. The estimated value is discounted where relevant.
The Group's track record of actual received variable consideration generally shows positive subsequent adjustments. Earn-outs are described in more detail below.

Credit risk

The Group has not established a policy for credit risk management. However, it considers its credit risks as rather low, both with regard to its customers and with regard to the development of renewable energy projects.

There are two major groups of customers: off-takers for the electricity produced by the Group's wind and solar projects and buyers acquiring such projects from the Group. The first category mainly consists of public bodies or publicly regulated entities implementing public tariff schemes (such as grid operators). The second category mainly consists of financially sound entities, such as pension or investment funds. The structure of such transactions usually further mitigates the credit risk related to project sales, as assets are only transferred against the payment of the relevant purchase price on closing.

With regard to credit risks associated with project development, projects are generally not carried out unless project financing is in place.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value.

Earn-out

When renewable energy projects are sold, some of the sale proceeds can be governed by an earn-out model. The Group generally only agrees to earn-out models that provide for an increase of the proceeds. Earn-out models link the sales proceeds to updated values of certain budgeted parameters, in most cases either the actual production data of the relevant project or the revenue generated by the project company.

At the end of 2017 a total of EUR 3.6 million (2016: EUR 5.6 million) of the receivables were part of an earn-out agreement. Of this EUR 2.2 million (2016: EUR 3.6 million) are due after more than one year. None of the amounts are due more than five years after the sale.
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Receivables

* Out of EUR 38,773 thousand (2016: EUR 31,176 thousand) an amount of EUR 759 thousand (2016: EUR 946 thousand) is expected to be recovered more than 5 years after the balance sheet date.

EUR '000

	2017	2016
Loans to business partner for the acquisitions of energy farms	13,250	7,500
Total interest-bearing receivable	**13,250**	**7,500**
Trade receivables and contract assets	14,687	17,097
Other receivables (non-interest bearing)	10,836	6,579
Total non-interest bearing receivable	**25,523**	**23,676**
Total receivables *	**38,773**	**31,176**
No impairment losses are recognised relating to doubtful receivables.		
Exposure:		
Receivables not due	38,619	30,829
Receivable past due, but not impaired:		
1-30 days	52	146
31-90 days	25	134
>90 days	77	67
Total Receivables	**38,773**	**31,176**

2.8 Provisions

Accounting policy

Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are determined by discounting expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as a financial cost.

The provisions relate to share purchase earn-out. The parent company acquired a stake of approx. 50% in a company in 2009. The earn-out amount is still subject to negotiations with the seller, but final payment is expected to be made in the 2017 financial year. Management has no reason to believe that the final payment will exceed the provision.

EUR '000

	2017	2016
Provision at 1 January	**2,531**	**3,040**
Transferred to Non-Controlling Interests	-	-1,102
Movements during the year	-469	593
Provisions end of year	**2,062**	**2,531**
Part of current liabilities	1,264	1,975
Non-current liabilities		
Demolition costs included in provision at 1 January	**557**	**557**
Addition/disposal during the year	241	-
Provisions end of year	**798**	**557**

Demolition costs liabilities

The provision relates to expected demolition costs to dismantle and remove wind and solar farms. These provisions are recognised when the Company has a legal and constructive obligation at the date of the statement of financial position and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions that are expected to be settled more than year from the date of the statement of financial position are measured at net realisable value. The value of the dismantling costs is recognised in the value of non-current assets and is depreciated together with the relevant assets. The financial statements include a provision for future costs arising from the demolition costs and removal of wind and solar farms. Based upon Management's expectations for the maturity of the provisions, the provision is recognised as a non-current liability.

In 2016, estimated future demolition costs of wind and solar farms of EUR 0.6 million were presented as a gross amount in the statement of financial position and recognised as "Provision" under non-current liabilities instead of off set against assets at year-end. Due to immateriality, comparative figures have not been restated. Furthermore, as the Company expects the residual value of the assets to equal estimated demolition costs liabilities, there is no effect on profit/loss.

2.9 Change in working capital

The overall changes in working capital were EUR -32,6 million in 2017, and EUR -10.9 million in 2016.

In 2017 the most significant change in working capital was related to negative changes in inventories with - EUR 29,6 million related to the revenue recognition.

EUR '000

	2017	2016
Trade receivables and contract assets	2,410	-1,656
Other receivables	-10,007	927
Inventories	-29,596	3,478
Prepayments from goods and services	1,443	-86
Trade payables	1,149	-6,313
Contract liabilities	-	-2,575
Other payables	2,019	-4,629
Total change in working capital	**-32,582**	**-10,854**

3.1 Financial income and expenses

Accounting policy

Financial income and expenses comprise interest income and expense, gains and losses on other investments, payables and transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme, etc.

Capitalised interests on inventories are calculated at a rate of 3-8%.

The interest is a weighted share of the EUR 60 million (2016: EUR 45 million) bond loan, and the equity used for financing of the inventories.

EUR '000

Finance income	2017	2016
Interest income, on financial assets measured at amortised costs	2,256	1,622
Other financial income	32	16
Dividends	31	52
Currency gains realised	590	1,370
Currency gains unrealised	194	502
Financial income	**3,103**	**3,562**

EUR '000

Finance expenses	2017	2016
Interest on bonds	4,202	3,759
Finance expenses from financial liabilities measured at amortised costs	2,895	2,619
Financial expenses that have been capitalised on inventories	-987	-536
Amortisation of debt issue costs	571	452
Other financial expenses	1,321	796
Currency losses realised	1,326	497
Currency losses unrealised	437	1,389
Financial expenses	**9,765**	**8,976**

3.2 Capital management

With support of Carnegie Investment Bank and Nordea Bank, European Energy A/S successfully refinanced the outstanding 03/2018 EUR 45M bond loan with a larger EUR 60M bond loan. Final maturity of the new bond loan is 05/2021. The new bond loan carries a lower coupon of Euribor 3M + 7.0% and is registered at NASDAQ Copenhagen 12/2017. The bond loan of EUR 60 million has 3 covenants related to a minimum equity of EUR 40m, the Groups total assets not to fall below EUR 115m and the Groups total cash at least as a minimum equals to an amount of interest payable for three consecutive interest periods by reference to the interest payable in the latest interest period.

European Energy A/S has increased its senior secured callable floating rate bonds due 2021 by a principal amount of EUR 25 million. The subsequent Bonds have an issue price of 103.423% and settled on 20 March 2018. The proceeds will be used to help fuel further growth and support European Energy's construction and development pipeline and for general corporate purposes. The subsequent bonds have been listed on Nasdaq Copenhagen A/S.

The Group and the parent company consider the combined equity as capital. The parent company, European Energy A/S, is financed primarily through the bond market in Denmark. The company's policy is to maintain a strong capital base that enables it to maintain investors and other creditors. European Energy A/S may not pay out dividends until the EUR 60 million in bonds is repaid.

In 2008, the Group issued its own bond series with a total nominal value of EUR 7.6 million to mature at mid-2018. The issued bonds carry variables interest of 4-11% per year. The interest rate depends on the sale of electricity of certain German wind farms. European Energy has an exposure of this in the amount of EUR 1.7 million structured as a loan to the subsidiary. Management plans to repay the net outstanding amount of EUR 1.7 million with available cash at maturity.

The Group and the parent company are generally not governed by any external requirements concerning the capital, except concerning minimum paid in share capital according to the rules for limited companies under Danish jurisdiction. At the end of 2017 the free cash in the Group was EUR 42.1 million (2016: EUR 10.2 million). The Management and the Board of Directors evaluate that the Group has sufficient available cash to meet the Group's short-term liabilities.

3.3 Financial risks and financial instruments

Accounting policy

FINANCIAL ASSETS AND FINANCIAL LIABILITIES

At initial recognition, financial assets are stated at fair value through profit/loss, loans and receivables, available-for-sale financial assets or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group has not designated any financial assets at fair value through profit/loss.

All financial assets are initially recognised at fair value plus – in the case of investments not at fair value through profit/loss – directly attributable transaction costs. The Group's financial assets include cash and cash equivalents, trade and other receivables, loans and other receivables, unquoted financial instruments and derivative financial instruments.

At initial recognition, financial liabilities are stated at fair value through profit/loss, at fair value measured at amortised costs or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities, except derivatives, are initially recognised at fair value and net of directly attributable transaction costs. In subsequent periods, financial liabilities are measured at amortised cost, and any difference between cost and redemption value is recognised in the consolidated statement of profit or loss over the term of the loan by means of the effective interest method (EIR).

Gains and losses are recognised in profit/loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is stated by taking into account any discount or premium on acquisition and fees or costs integral to the EIR. EIR amortisation is recognised as finance costs in the consolidated statement of profit or loss.

The Group's financial liabilities include trade and other payables, loans and borrowings, including bank overdrafts and derivative financial instruments.

DERIVATIVES AND HEDGE ACCOUNTING

Derivative financial instruments are measured at fair value. Derivative financial instruments are carried as financial assets when the fair value is positive, and as financial liabilities when the fair value is negative.

Changes in the fair value of derivative financial instruments designated as or qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the consolidated statement of profit or loss together with changes in the fair value of the hedged asset or liability.

The effective portion of the change in fair value of derivative financial instruments, accounted for and qualifying as hedging of projected future transactions is recognised in other comprehensive income and presented in the cash flow hedge reserve in equity. Any amounts deferred in equity are transferred to the consolidated statement of profit of loss in the period when the hedged item affects the consolidated statement of profit or loss. Any ineffective portion of the fair value change is recognised immediately in the consolidated statement of profit or loss as finance costs. If the hedging instrument expires, is sold or revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in other comprehensive income remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Changes in the fair value of derivative financial instruments that do not meet the criteria for hedge accounting are recognised as finance income or finance costs in the consolidated statement of profit or loss.

3.3.1 Financial risk management objectives and policies

The Group's objectives and policies are unchanged from last year.

The main purpose of the Groups financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group also enters into derivative transactions. The Group is exposed to market risk, credit risk, liquidity risk and political risks that affect its earnings. Group management oversees the management of these risks, including overseeing

that the Group's financial risk activities are governed by the policies and procedures outlined by Management and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees on policies for managing each of these risks, which are summarised below.

Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments.

Credit risks are described in Note 2.7.

3.3.2 Foreign currency risks

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of variations in foreign currency rates.

The Group is exposed to currency risk to the extent that transactions are denominated in a different currency other than the functional currency. Except for the parent company, all foreign entities' transactions are generally denominated in local currency which is also the foreign entities' functional currency. Consequently, the Group is only exposed insignificantly to foreign currency risks.

The Group is exposed to translation risk from translating the results and financial position of foreign entities into the Group's presentation currency. Currency exposures from net investments in foreign entities are not hedged. Currency rate adjustments related to the translation into the Group's presentation currency are recognised in other comprehensive income.

The Group's foreign entities are exposed to currency risk to the extent that income and costs are not settled in the functional currency of the individual entity. The foreign entities are primarily exposed to fluctuations in BRL and GBP compared to EUR.

The table shows currency exposure to each currency as at the balance sheet date based on the functional currencies of the individual Group companies.

A corresponding reduction in the cross rate would have an equivalent opposite effect on profit before tax and equity. The sensitivity analysis was prepared at the balance sheet date on the basis of the exposure to the listed currencies at the balance sheet date, without taking into account potential effects on interest rate levels, effect on other currencies, etc.

EUR '000

2017 Nominal position	Cash/equivalents	Receivables	Debt
GBP/EUR	5	3,958	-20
USD/EUR	-	1,341	-
SEK/EUR	70	4	-353
BRL/EUR	140	54	-23,989

Sensitivity

Sensitivity analysis, effect of the currency exposure on closing date:	Change in currency rate	Impact on profit before tax	Impact on equity
GBP/EUR	+- 1%	39	32
USD/EUR	+- 1%	13	10
SEK/EUR	+- 1%	-3	-2
BRL/EUR	+- 1%	-238	-186

2016 Nominal position	Cash/equivalents	Receivables	Debt
GBP/EUR	2,035	5,490	-891
USD/EUR	1,519	653	-750

Sensitivity

Sensitivity analysis, effect of the currency exposure on closing date:	Change in currency rate	Impact on profit before tax	Impact on equity
GBP/EUR	+- 1%	66	53
USD/EUR	+- 1%	14	11

3.3.3 Liquidity risk

The Group monitors its risk of a shortage of funds by means of a liquidity planning tool.

The Group's objective is to maintain a balance between funding continuity and flexibility through the use of bank overdrafts, bank loans and bonds issue. The Management assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available.
The Group is primarily financed through an unsecured bond with a floating rate and a final maturity date in May 2021. The bond has an amount of EUR 60 million and is listed at NASDAQ, Copenhagen. It currently trades slightly above par value.

The Group has in March 2018 increased the outstanding EUR 60M bond loan with a tap of EUR 25 million in order to support continued growth. European Energy A/S has increased its senior secured callable floating rate bonds due 2021 by a principal amount of EUR 25,000,000. The subsequent bonds have an issue price of 103.423% and settled on 20 March 2018. The proceeds will be used to help fuel further growth and support European Energy's construction and development pipeline and for general corporate purposes. The subsequent bonds has been listed on Nasdaq Copenhagen A/S.

In 2008, the Group issued its own bond series with a total nominal value of EUR 7.6 million. The issued bonds carry variable interest of 4-11% per year. The interest rate depends on the energy generation of certain German wind parks.

The Group finances a large part its activities through non-recourse financing with financial institutions. Typically, the loans are serial loans with a fixed interest rate for the first 10 years of the financing period. The loans are governed by covenants that the Group closely monitors to ensure compliance with the loan agreements.

The maturity profiles of bond loans, other loans and credit facilities as well as derivatives are provided in the table.

The Group monitors its risk of a shortage of funds by means of a liquidity planning tool.

EUR '000

2017	Contractual cash flow	Maturity within 1 year	Maturity between 1 and 3 year	Maturity between 3 and 5 year	Maturity after 5 years
Issued bonds	81,981	11,901	8,400	61,680	-
Project financing	106,729	42,682	11,684	35,237	17,126
Interest rate swap	525	103	173	128	122

The maturity profiles are based on undiscounted cash flows including estimated interest payments.

2016	Contractual cash flow	Maturity within 1 year	Maturity between 1 and 3 year	Maturity between 3 and 5 year	Maturity after 5 years
Issued bonds	57,123	11,279	45,844	-	-
Project financing	83,622	19,118	36,011	8,080	20,414
Interest rate swap	640	114	195	150	180

The maturity profiles are based on undiscounted cash flows including estimated interest payments.

EUR '000

Development in financing activities in 2017	Non-current financing activities	Current financing activities	In total
Liabilites from financing activities at 1. January 2017	100,200	23,326	123,526
Proceeds from issue of bonds	58,785	-	58,785
Repayment of bonds	-45,000	-	-45,000
Proceeds from borrowings	103,337	22,637	125,974
Borrowings in disposed subsidiaries	-85,546	-	-85,546
Repayment of borrowings	-19,981	-	-19,981
Changes in cash flows from financing activities	111,795	45,963	157,758
Non-cash changes in financing liabilities	439	-	439
Contingent liabilities from financing activities at 31. December 2017	112,234	45,963	158,197

3.3.4 Interest rate risks

Interest rate risk is the risk that interest rates increase which may harm the profitability of individual projects because most of the project sum is debt-funded. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Group enters into interest rate swaps, in which it agrees to currency exchanges at specified intervals, the difference between fixed and variable rate interest amounts calculated with reference to an agreed-upon notional principal amount.

Bond loans

In 2008, the Group issued its own bond series with a total nominal value of EUR 7.6 million. The issued bonds carry variable interest of 4-11% per year. The interest rate depends on the electricity sales in certain German wind farms.

In 2017, the Group issued its own bond series with a total nominal value of EUR 60 million. The issued bonds carry variable interest based upon a fixed spread and a variable part related to the Euribor. The bonds have a four-year lifecycle and are traded on Nasdaq, Copenhagen. In March 2018 the Group increased the outstanding 03/2018 EUR 60 million loan with a tap of EUR 25 million. European Energy A/S has increased its senior secured callable floating rate bonds due 2021 by a principal amount of EUR 25 million. The subsequent bonds have an issue price of 103.423% and settled on 20 March 2018. The proceeds will be used to help fuel further growth and support European Energy's construction and development pipeline and for general corporate purposes. The subsequent bonds have been listed on Nasdaq Copenhagen A/S.

Other loans and credit facilities

Other loans and credit facilities consists of project financing in different credit institutions.

Sensitivity analysis

An interest increase of 1% would have the following impact on the results for the year and the equity:

EUR '000

	2017		2016	
	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
Bonds	-632	-493	-526	-410
Project financing	-917	-715	-774	-604
Interest rate swap	-	263	-	320

The impact on equity is net of tax 22% in Denmark. The Project financing is always fixed rate loans, so there will be no additional interests. The interest rate swap in Ocana will be affected by a general interest rate increase. The impact on equity is the estimated value decrease on the swap value.

Interest rate swaps in European Energy at Level 2 in 2017	Interest Rate Swaps	Total
Nominal value	4,885	4,885
Maturity 15 June 2026		
Fair value of interest rate swaps	876	876
Of which is recognised in the statement of other comprehensive income (accumulated)	876	876

Interest rate swaps in European Energy at Level 2 in 2016	Interest Rate Swaps	Total
Nominal value	5,295	5,295
Maturity 15 June 2026		
Fair value of interest rate swaps	1,110	1,110
Of which is recognised in the statement of other comprehensive income (accumulated)	1,110	1,110

3.3.5 Political risks

The Company's investment calculations are based on the laws and settlement terms applying at the time the individual investment decision is made. Political decisions that lead to a change in preconditions could impact the profitability of the individual investment. This is the case with the solar farms in Spain, projects are subsidised by way of guaranteed tariffs for the life of the project. In 2017, European Energy entered the Brazilian market, with the purpose of developing solar farms to be subsidised by way of guaranteed tariffs for the first 20 years of the project.

3.4 Financial instruments by category

EUR '000

	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and receivables	56,724	56,724	52,274	52,274
Financial liabilities measured at amortised cost	165,266	167,066	130,545	127,170
Trade payables	16,062	16,062	11,512	11,512

3.5 Determination of fair value

The Group uses fair value for certain disclosures and measurement of financial instruments. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, presuming that they are acting in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, thus maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed are categorised within the fair value hierarchy, described as follows, on the basis of the lowest level input that is significant to the fair value measurement as a whole.

Level 1

Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2

Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3

Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value of interest rate swaps in 2015 and 2016 is determined by discounting estimated future cash flows. Discounting takes place on the basis of yield curves based in turn on market rates prevailing at the closing date. Fair value of the issued bonds is equal to the listed bond price at the balance sheet date.

4.1 Tax

Accounting policy

INCOME TAX
Tax expense for the year includes current and deferred tax. Tax is recognised in the consolidated statement of profit or loss, except when the tax relates to items recognised in other comprehensive income or directly in equity, in which case the tax is recognised in other comprehensive income or directly in equity, respectively.

CURRENT INCOME TAX
The parent company and its Danish subsidiaries are subject to the Danish rules on joint taxation.

Current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. Companies with tax loss carry forwards receive joint taxation contributions from companies that have used these losses to reduce their own taxable profits (full absorption). Current tax assets and tax liabilities arising from current or prior periods are recognised at the amounts expected to be received from or paid to the relevant tax authority.

The tax rates applied are those in force at the date of statement of financial position.

DEFERRED TAX
Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognised to the extent that future taxable income is likely to be available against which the differences can be used – either as a set-off against tax on future income or as a set-off against deferred tax liabilities.

Deferred tax assets are examined at each reporting date and are recognised only to the extent that future taxable profits are likely to allow the re-cover of the deferred tax asset.

Deferred tax assets and deferred tax liabilities are measured at the tax rates expected to apply in the year when the asset is realised or the liability is settled on the basis of the tax rates (and tax legislation) in force at the date of the statement of financial position. Deferred tax assets and deferred tax liabilities are set off if a legal right to do so exists, and the deferred tax is attributable to the same legal tax entity.

EUR ´000

Consolidated statement of profit or loss

Current income tax	2017	2016
Current income tax charge	3,314	651
Adjustments previous years' foreign tax	71	-181
Total current income tax for the year	**3,385**	**470**
Deferred tax		
Relating to origination and reversal of temporary differences	1,215	368
The financial effect related to IFRS 15 adjustments	-	1,422
Total adjustments to deferred tax during the year	**1,215**	**1,790**
Income tax expense recognised in the statement of profit or loss	4,600	2,260
Effective tax rate	18%	13%
Consolidated statement of other comprehensive income		
Deferred tax related to items recognised in other comprehensive income during the year	59	14
Deferred tax charged to other comprehensive income	59	14
Tax on other comprehensive income		
Tax on adjustments of hedging instruments with local tax rate	59	14
Total	**59**	**14**
Tax rate used	25%	25%
The hedging instrument is a SWAP agreement regarding a loan to a solar park in Spain.		

4.1 Tax continued

Effective tax rate for the Group:
The Group does business in many different countries around the world. The tax rates are influenced on the blend of income in each year. In 2017 the tax rate increased compared to 2016, this relates primarily to high taxation for the sales of 3 Brazilian solar projects.

The recognition of deferred tax assets is based on an analysis of future income in the next three to five years. The analysis is based on an expectation of steady development and, in general, reasonable assumptions.

Deferred tax assets are substantially attributable to tax losses carried forward.

Deferred tax liabilities are substantially attributable to temporary differences on wind and solar power generating assets.

The Group is taxed not only through its companies but also through the many tax-transparent vehicles that are either recognised as joint ventures, associates or other investments.

Deferred tax specification	2017	2016
Deferred tax start of period	-1,313	-3,927
Deferred tax for the year recognised in the income statement	1,215	1,790
Deferred tax for the year recognised in other comprehensive income	59	14
Adjustment relating to the disposal/purchase of equity-accounted investments	-747	61
Other equity regulations / Joint taxation	161	749
Deferred tax end of period	**-625**	**-1,313**
Deferred tax is recognised as follows:		
Deferred tax assets	-2,826	-3,931
Deferred tax liability	2,201	2,618
Total recognised deferred tax in the balance	**-625**	**-1,313**
Deferred tax is recognised as follows:		
Deferred tax assets	-2,826	-3,931
Deferred tax liability	2,201	2,618
Total recognised deferred tax in the balance	**-625**	**-1,313**
Deferred tax assets not recognised in the balance sheet		
Total value of temporary differences and tax losses	2,325	2,313
Net Deferred Tax Assets recognised in the balance sheet	-625	-1,313
Deferred tax assets not recognised in the balance sheet	**1,700**	**1,000**
Split of various temporary differences recognised in the balance sheet		
Tax loss carried forward	-10,593	-12,120
Differences of plant & equipment	10,230	10,640
Dismantling provisions	45	38
Differences related to other assets or liabilities	-307	129
Total	**-625**	**-1,313**

4.2 Staff costs

Bonus agreements for key Management personnel are included in the total remuneration and depend on the profit for the period.

EUR '000

	2017	2016
Wages, salaries and remuneration	9,061	7,043
Contributions to defined contribution plans	50	48
Other social security costs	86	67
Other staff costs	418	385
Capitalised salaries on inventories	-2,645	-2,594
Total	**6,970**	**4,949**

Average number of full-time employ-ees	74	64
Number of full-time employees end of period	77	67

2017	Salary	Bonus	Pension	Benefits	Total
Board of directors	32	-	-	-	32
Executive board	179	175	-	-	354
Other key management personel	1,128	936	16	-	2,080

2016	Salary	Bonus	Pension	Benefits	Total
Board of directors	30	-	-	-	30
Executive board	189	79	-	-	268
Other key management personel	1,129	493	11	-	1,633

4.3 Audit fees

Other external costs include the total fees paid to the auditors appointed at the Annual General Meeting for auditing the financial statements for the financial year under review and for services rendered.

EUR'000

	2017	2016
Statutory audit	277	213
Tax advice	22	15
Other non-audit services	173	118
Total to the auditors appointed by the Annual General Meeting	**472**	**346**

4.4 Leases

Accounting policy

Leases that substantially transfer all risks and rewards incidental to ownership of the asset to the Group are finance leases. All other leases are operating leases. Lease payments under operating leases are recognised in the income statement as an expense on a straight-line basis over the term of the lease. The Group has only leases classified as operating leases.

Operating leases have been recognised in the income statement for 2017 at the amount of EUR 676 thousand (2016:558 thousand), with contingent rents constituting EUR 367 thousand (2016: EUR 358 thousand). The rental contract related to buildings has to be extended and renegotiated in 2020. The terms for land lease contracts are typically 25 years and have to be extended 6 months before the original lease ends.

EUR '000

	2017	2016
0-1 year	567	474
1-5 years	1,301	1,722
After 5 years	3,936	4,198
Total land and buildings	**5,804**	**6,394**

4.5 Related parties

Ownership

The shareholder Knud Erik Andersen has the controlling interest of the company through European Energy Holding A/S, Gyngemose Parkvej 50, 2860 Søborg. MDP Invest ApS and JPZ Assistance ApS are classified as related parties with significant influence on the company. The Group is included in the consolidated financial statements of European Energy Holding ApS.

Related parties include, equity-accounted investments, subsidiaries and associates in which European Energy has controlling or significant interest as well as the Executive Board, other key management, the Board of Directors and companies owned by these.

The loans to subsidiaries and other related parties have no specific repayment terms. The loans are established as a part of the financing of wind and solar farms, and will typically be repaid when a project is sold.

Except as set out above, no transactions were made during the period with members of the Board of Directors, the Management Board or any other related parties. Reference is made to note 4.10 for an overview of the Group's joint ventures and associates. Remuneration to the Board of Directors and Management is disclosed in note 4.2. Related party transactions are made on arm's length terms.

EUR '000

Related party transactions	Group 2017	Group 2016
Sale of services to joint ventures	3,511	802
Sale of services to Associates	1,807	68
Sale of services to Owners	7,339	-
Cost of services from joint ventures	-1,400	-
Cost of services from Owners	-1,817	-
Interest, net to/from joint ventures	344	101
Interest, net (income) to/from Associates	266	253
Interest, net (income) to Owners	726	278
Loans to related parties		
Loans to Associates	11,041	8,795
Loans to European Energy Holding ApS	6,910	12,303
Loans from related parties		
Loans from Associates	4,848	835

4.5 Related parties continued

Share of ownership to related parties

The table below shows the share of ownership for Executive Board members and key personnel in companies within the European Energy Group structure. Ownership is either directly by the person, or through a holding company. The companies listed could have additional subsidiaries, joint ventures, associated companies or other investments as investments.

These indirect ownerships are not listed.

EUR '000

2017	Knud Erik Andersen	Mikael Dystrup Pedersen	Jens-Peter Zink	Thomas Hvalsø Hansen
European Energy A/S	76.0%	14.0%	10.0%	0.0%
European Solar Farms A/S	13.9%	1.1%	4.9%	0.0%
EEAR Olleria II ApS	0.0%	0.0%	0.0%	10.0%
Komplementarselskabet Heidelberg ApS	35.5%	0.0%	15.0%	0.0%
Driftsselskabet Heidelberg ApS	35.5%	0.0%	15.0%	0.0%
Vindpark Straldja ApS	30.0%	0.0%	20.0%	0.0%
European Wind Farms Invest No.2 A/S	5.7%	0.0%	0.0%	0.0%
European Solar Farms Polska Sp. Z.o.o.	1.0%	0.0%	0.0%	0.0%
Komplementarselskabet Solkraftværket GPI Mando 29 ApS	0.0%	0.0%	0.0%	20.0%
K/S Solkraftværket GPI Mando 29 ApS	0.0%	0.0%	0.0%	20.0%
GWE Stormy ApS	0.0%	0.0%	0.0%	86.1%

2016	Knud Erik Andersen	Mikael Dystrup Pedersen	Jens-Peter Zink	Thomas Hvalsø Hansen
European Energy A/S	76.0%	14.0%	10.0%	0.0%
European Solar Farms A/S	13.9%	1.1%	4.9%	0.0%
EEAR Olleria II ApS	0.0%	0.0%	0.0%	10.0%
Komplementarselskabet Heidelberg ApS	35.5%	0.0%	15.0%	0.0%
Driftsselskabet Heidelberg ApS	35.5%	0.0%	15.0%	0.0%
Vindpark Straldja ApS	30.0%	0.0%	20.0%	0.0%
European Wind Farms Invest No.2 A/S	5.7%	0.0%	0.0%	0.0%
European Solar Farms Polska Sp. Z.o.o.	1.0%	0.0%	0.0%	0.0%
Komplementarselskabet Solkraftværket GPI Mando 29 ApS	0.0%	0.0%	0.0%	20.0%
K/S Solkraftværket GPI Mando 29 ApS	0.0%	0.0%	0.0%	20.0%
GWE Stormy ApS	0.0%	0.0%	0.0%	86.1%

4.6 Contingent liabilities & assets and contractual agreements

Accounting policy

Contingent liabilities comprise obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not fully within the control of the entity; or present obligations that arise from past events but are not recognised because the outflow of resources embodying economic benefits will probably not be required to settle the obligation or because the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities

PENDING LAWSUITS

The Group is a party in pending lawsuits regarding the Group's current operations. In Management's opinion, the outcome of these lawsuits will not affect the Group's financial position to any significant extent other than that already recognised in the assets and liabilities in the Group's balance sheet at the end of the period.

GUARANTEES, WARRANTIES
AND OTHER LIABILITIES RELATED TO DIVESTMENTS

When selling directly owned subsidiaries, the company provides customary warranties and guarantees to the purchaser, including warranties and guarantees related to the corporate status of the subsidiary, taxes, environmental matters, rights and permits of the project concerned etc. The warranties and guarantees are often provided for a period of two to five years. Furthermore, the company has in some instances provided similar customary warranties and guarantees in favour of the purchaser when indirect subsidiaries have been sold. In these cases, the warranties and guarantees are provided in addition to similar warranties and guarantees provided by the selling subsidiary itself.

In some cases, in addition to customary warranties and guarantees the company may also provide a buyer with specific indemnities that relate to specific issues that cannot be resolved until the sale is completed. This could, for instance, be related to the company's ensuring that certain project-related contracts are amended.

Guarantees, warranties and specific indemnities are only included with an amount below to the extent they relate to circumstances that the company either cannot control or is unaware of or where the company knows that an obligation exists, but its amount is unknown (for instance, an indemnity related to a reduction in a wind farm's production in those cases where a reduction is certain to occur, but the exact size is uncertain).

European Energy A/S has in 2017 entered a contract obligating the company for a 15-year period to deliver green certificates and guarantee the counterparty's fixed price for buying electricity (financial instrument). Necessary permits for building the associated renewable energy plants have not been received and could delay and breach European Energy A/S performance obligations. Given the uncertainty linked with the outstanding permits execution of the financial instrument is uncertain and has not been recognized in the consolidated financial statements as at 31 December 2017. The Company has provided the counterparty with guarantees of EUR 2.1 million in cover of the Company's performance obligations.

Earn-outs included in sales agreements that relate, e.g., to the performance of a park are not treated as contingent liabilities but affect the valuation of the corresponding receivables; see note 2.7.

PLEDGES AND GUARANTEES RELATED TO FINANCING AGREEMENTS

The company has provided security (in the form of parent company guarantees and share pledges) in order to secure certain subsidiaries' financial obligations towards third parties during the construction of facilities related to renewable energy projects. Additionally, the company has also guaranteed other loans obtained by certain subsidiaries to the extent permitted by the terms and conditions governing the bonds issued by the company.

A number of the company's subsidiaries that act as project vehicles (i.e., subsidiaries in which the development and construction of wind farms and PV plants take place) have provided security to their lenders in order to secure their debt. The securities typically encompass all assets of the company itself, including pledges regarding the operating assets; reserve accounts; trade receivables, including insurance pay-outs; VAT receivables; real estate, if any; and right of subrogation into agreements covering the project construction and operation, including agreements regarding land leases, cable rights and grid connection. In some cases, the security provided may be less inclusive and only cover a specific asset or asset class.

CONTRACTUAL OBLIGATIONS

The parent company is jointly taxed with the Danish subsidiaries. The companies included in the joint taxation have joint and unlimited liability for Danish corporation taxes, etc. The corporation tax payable by the parent company is EUR 1 million in 2017 (2016: EUR 1 million).

Contingent assets

A number of Group companies that own solar photovoltaic plants in Spain have dispatched a notice to the Spanish government under Article 26 of the Energy Charter Treaty, requesting that the government settle an alleged breach amicably. Should the dispute amicably, the Group companies may submit the dispute for resolution in accordance with the Energy Charter Treaty. The size of the claims has not been ultimately established but will likely be in the range of EUR 40-60 million. However, if the companies are successful, the anticipated financial impact on the Group will be less than the aggregate size of the claims, as the costs associated with arguing the case are substantial, possibly as much as 30-40% of the damages awarded. The notice to the Kingdom of Spain regarding the Group's lost revenue due to retroactive changes in the legislative system for solar PV is not recognised as an asset in the balance sheet at the end of the period.

4.6 Contingent liabilities & assets and contractual agreements

Contingent liabilities and other financial liabilities

EUR million	2017	2016
Guarantees related to contracts with deferred payments (excl. VAT)	86	0
Guarantees related to financing agreements	24	76
Guarantees, warranties and other liabilities related to SPA's	3	3
Total	**113**	**79**

Comparative figures are adjusted in 2016 for € 6M regarding leases included in note 4.4 Leases which has decreased the contingent liabilities.

Security for debt

ASSETS PROVIDED AS SECURITY

Wind and solar farms with a carrying amount of EUR 42 million (2016: EUR 44 million) are pledged as security for the Group's debt to Credit Institutions, etc., a total of EUR 28 million, (2016: EUR 30 million). Moreover, investment in Associates of EUR 1 million (2016: EUR 1 million) and specific cash at bank of EUR 2 million (2016: EUR 2 million) have been provided as collateral.

The Group has provided a pledge in shares of local SPV's for the project financing loan of EUR 77 million (2016: EUR 65 million). Investment in equity-accounted investments with a carrying amount of EUR 2 million (2016: EUR 2 million) were pledged as security for second priority financing in German Limited Partnerships.

The parent company and certain subsidiaries have provided ordinary declarations of subordination to lenders to the subsidiaries with the effect that intra-group loans granted to certain group companies are subordinated to the external debt. In addition, dividends from certain German limited partnerships are contingent on adequate account balances in collateral accounts in accordance with agreements concluded with German credit institutions financing first mortgages. Furthermore, the parent company has provided some of the subsidiaries with a letter of subordination.

4.7 Events after the balance sheet date

European Energy A/S has increased its senior secured callable floating rate bonds due 2021 by a principal amount of EUR 25 million. The subsequent Bonds have an issue price of 103.423% and settled on 20 March 2018. The proceeds will be used to help fuel further growth and support European Energy's construction and development pipeline and for general corporate purposes. The subsequent bonds have been listed on Nasdaq Copenhagen A/S. Please refer to Company Announcement 3/2018.

The Board has decided to introduce an incentive scheme for management, board members and selected staff members in the Group. The scheme is based on issuance of warrants that gives the right to subscribe for new shares in European Energy in the future.

For 2018 the Board has approved the first issuance of warrants up to a total of 1% of the shares equal to 3 million shares.

The fair value of the warrants at grant date, EUR 0.3 million, will be recognized as an expense in the income statement over the vesting period. A corresponding amount will be recognized in share holders' equity as the warrant programme and is designated as an equity-settled share-based programme. The warrant programme will increase staff costs in 2018 by approximately EUR 0.2 million.

As part of the strategy to expand its the near-shore wind activities European Energy has, after the financial year, acquired the nearshore site Sprogø. The wind farm is the most recognised offshore wind farm in Denmark, as it can be seen from the bridge connecting Zealand and Funen. Approximately 25 million people pass the farm every year. Sprogø windfarm consists of seven 3 MW wind turbines, which produce power equivalent to 16,000 Danish households per year. The takeover is expected to be completed by 1 June 2018, pending the necessary approvals by the authorities.

Parent company

Statement of profit or loss & other comprehensive income

For the year ended 31 December 2017

EUR '000

Note	Parent Company	2017	2016
	Revenue	110,809	81,930
2.5.0	Profit after tax from subsidiaries	5,304	7,891
2.5.3	Profit after tax from associates and JV's	5,219	-1,433
	Direct costs	-92,750	-62,658
	Gross profit	**28,582**	**25,730**
4.2	Staff costs	-6,569	-4,773
	Other external costs	-2,564	-1,425
	EBITDA	**19,449**	**19,532**
2.3	Depreciation & impairment	-55	-34
	Operating profit	**19,394**	**19,498**
3.1	Finance income	4,881	2,274
3.1	Finance expenses	-6,230	-5,104
	Profit/loss before tax	**18,045**	**16,668**
4.1	Tax	-470	-1,565
	Profit/loss for the year	**17,575**	**15,103**
	Statement of comprehensive income		
	Profit/loss for the year	17,575	15,103
	Items that may be reclassified to profit or loss		
	Value adjustments of hedging instruments	186	45
4.1	Tax of value adjustments of hedging instruments	-45	-11
	Currency differences on translating foreign operations	-77	84
	Other comprehensive income for the period	**64**	**118**
	Comprehensive income for the year	**17,639**	**15,221**

Statement of financial position

As of 31 December 2017

EUR '000

Note	Parent Company	2017	2016
	ASSETS		
	Non-current assets		
2.3	Property, plant and equipment	253	107
2.5.0	Investment in subsidiaries	42,396	27,060
2.5.1	Joint Venture investments	8,215	5,424
2.5.2	Associated companies investments	4,713	4,984
2.6	Other investments	327	446
4.5	Loans to subsidiaries	57,928	47,811
4.5	Loans to related parties	14,239	17,076
2.7	Trade receivables and contract assets	5,739	6,331
4.1	Deferred tax	995	995
	Total non-current assets	**134,805**	**110,234**
	Current assets		
2.4	Inventories	358	807
2.7	Trade receivables and contract assets	2,864	2,513
2.7	Other receivables	597	3,886
	Prepayments from goods and services	283	1,047
3.2	Cash and cash equivalents	11,943	6,767
	Total current assets	**16,045**	**15,020**
	TOTAL ASSETS	150,850	125,254

Statement of financial position continued

EUR '000

Note	Parent Company	2017	2016
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	40,311	1,340
	Reserves (equity methods)	20,748	13,443
	Retained earnings	14,254	42,891
	Total Equity	**75,313**	**57,674**
	Liabilities		
3.3	Bond loan	58,924	44,700
3.3	Project financing	415	-
4.1	Deferred tax	882	750
	Total non-current liabilities	**60,221**	**45,450**
	Trade payables	1,190	5,740
4.5	Payables to subsidiaries	9,445	10,098
4.5	Payables to related parties	61	61
	Corporation tax	605	674
	Other payables	4,015	5,557
	Total current liabilities	**15,316**	**22,130**
	Total liabilities	**75,537**	**67,580**
	TOTAL EQUITY AND LIABILITIES	150,850	125,254

Statement of cash flow

As of 31 December 2017

EUR '000

Note	Parent Company	2017	2016
	Cash flow from operating activities		
	Profit/loss before tax	18,045	16,668
	Adjustments for:		
	Financial income	-4,881	-2,274
	Financial expenses	6,230	5,104
	Depreciations	55	34
	Other non-cash movements	-10,523	1,433
2.9	Change in net working capital	-1,464	-5,134
	Cash generated from operation before financial items and tax	**7,462**	**15,831**
	Taxes paid	-362	-2
	Interest paid and realised currency losses	-5,665	-4,652
	Interest received and realised currency gains	4,839	1,983
	Cash flow from operating activities	**6,274**	**13,160**
	Cash flow from investing activities		
	Purchase of Property, plant and equipment	-201	-42
	Proceeds from disposal of subsidiaries, equity-accounted investments	-	12
	Addition/disposal of other investments	120	-
	Investment/loans in equity-accounted investments	-14,833	-11,033
	Dividends received	31	32
	Cash flow from investing activities	**-14,883**	**-11,031**
	Cash flow from financing activities		
	Proceeds from issue of bonds	58,785	-
	Transaction costs regarding bond issue	-45,000	-
	Cash flow from financing activities	**13,785**	**-**
	Change in cash and cash equivalents	**5,176**	**2,129**
	Cash and cash equivalents at beginning of period	6,767	4,638
	Cash and cash equivalents end of period	**11,943**	**6,767**
	Of which restricted cash and cash equivalents	-4,152	-2,975
3.2	**Non-restricted cash and cash equivalents end of year**	**7,791**	**3,792**

Statement of changes in equity

As of 31 December 2017

EUR '000

Parent Company	Share capital	Reserves (equity methods)	Retained earnings	Total
Equity at 1 January 2017	**1,340**	**13,443**	**42,891**	**57,674**
Profit/loss for the year	-	10,523	7,052	17,575
Value adjustments of hedging instruments	-	186	-	186
Tax of value adjustments of hedging instruments	-	-45	-	-45
Currency differences on translating foreign operations	-	-77	-	-77
Other comprehensive income	**-**	**64**	**-**	**64**
Total comprehensive income	**-**	**10,587**	**7,052**	**17,639**
Regulation on disposal of companies	-	-108	108	-
Increase in share capital	**38,971**	**-**	**-38,971**	-
Dividends received		-3,174	3,174	
Total other regulation on equity	**38,971**	**-3,282**	**-35,689**	**-**
Equity at 31 December 2017	**40,311**	**20,748**	**14,254**	**75,313**
Equity at 1 January 2016	**1,340**	**8,674**	**32,439**	**42,453**
Profit/loss for the year	-	6,458	8,645	15,103
Value adjustments of hedging instruments	-	45	-	45
Tax of value adjustments of hedging instruments	-	-11	-	-11
Currency differences on translating foreign operations	-	84	-	84
Other comprehensive income	**-**	**118**		**118**
Total comprehensive income	**-**	**6,576**	**8,645**	**15,221**
Regulation for disposal of companies	-	149	-149	-
Dividends received	-	-1,956	1,956	-
Total other regulation on equity	**-**	**-1,807**	**1,807**	**-**
Equity at 31 December 2016	**1,340**	**13,443**	**42,891**	**57,674**

The share capital consists of nom. 300,000,000 shares of DKK 1 each, corresponding to EUR 40,311 thousand. The share capital is fully paid in.

The number of shares has increased from 10 million to 300 million in 2017 by insurance of bonus shares, EUR 38,971 thousand. All shares have the same rights. The costs related to the capital increase equal EUR 7 thousand.

Notes

1.0 Basis for preparation

PARENT COMPANY

General information

The parent company's financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with additional Danish disclosure requirements for annual reports.

Compared to the accounting policies applied in the consolidated financial statement (see Note 1.0 to the consolidated financial statements), the parent company's accounting policies only deviate in the following items:

Investment in subsidiaries

Subsidiaries are measured at the proportionate share of the entities' net asset value calculated according to the Group's accounting policies plus or minus unrealised intra-group gains or losses and plus or minus the residual value of positive and negative goodwill calculated according to the acquisition method. The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the parent company's income statement after the full elimination of intra-group gains/losses.

Dividends are recognised as a reduction from the carrying amount of the investment in the entity.

Equity investments in group entities with negative net asset values are measured at DKK 0, and any receivables from these entities are written down by an amount equivalent to the negative net asset value. To the extent that the negative net asset value exceeds the receivable, the residual amount is recognised under provisions.

1.1 Segment information

Accounting Policy

Please refer to note 1.1 for the Group.

EUR '000

2017	Wind	Solar	Total
Sale of energy farms and projects	107,622	1,836	109,458
Asset management	864	365	1,229
Other fees	120	2	122
Revenue	**108,606**	**2,203**	**110,809**

2016	Wind	Solar	Total
Sale of energy farms and projects	61,664	17,275	78,939
Asset management	710	187	897
Other fees	2,094	-	2,094
Revenue	**64,468**	**17,462**	**81,930**

2017:

Secured revenue regarding signed SPA contracts	2018	2019-2037	Total
Commercial management agreements (CMAs)	698	1,097	1,794
Total secured revenue	**698**	**1,097**	**1,794**

2016:

Secured revenue regarding signed SPA contracts	2017	2018-2036	Total
SPAs	37,909	-	37,909
Commercial management agreements (CMAs)	698	1,152	1,850
Total secured revenue *	**37,909**	**1,152**	**39,759**

* Comparison figures have been reduced by € 11.5 million related to secured revenue in the Group.

2.3 Property, plant and equipment

Accounting Policy

Please refer to note 2.3 for the Group.

	EUR ´000
	Tools and equipment
Cost	
Balance at 1 January 2017	829
Additions	201
Cost at 31 December 2017	**1,030**
Accumulated depreciation and impairment losses	
Balance at 1 January 2017	-722
Depreciation	-55
Accumulated depreciation at 31 December 2017	**-777**
Carrying amount at 31 December 2017	**253**
Cost	
Balance at 1 January 2016	787
Additions	42
Cost at 31 December 2016	**829**
Accumulated depreciation and impairment losses	
Balance at 1 January 2016	-688
Depreciation	-34
Accumulated depreciation at 31 December 2016	**-722**
Carrying amount at 31 December 2016	**107**

2.4 Inventories

Accounting Policy

Please refer to note 2.4 for the Group.

EUR ´000

Wind farms for sale	2017	2016
Under development		
Solar farms for sale	262	740
Wind farms for sale	96	67
Total inventory	**358**	**807**
Change in inventory write-downs		
Inventory write-downs at 1 January	-	-150
Write-downs for the year	-1,012	150
Total inventory write-downs	-1,012	-
Amount of inventory recognised in profit or loss		
Write-offs for the year	-226	-
Write-downs for the year	-1,012	150
Total	**-1,238**	**150**

The management has looked at the total portfolio of projects under development and diversified this into segments depending upon maturity of the project and the time elapsed since the project was started. This segment analysis has led to no impairment in 2017. The management finds the impairment to reflect the risk of the total portfolio well.

2.4 Inventories continued

EUR ´000

Specification of movement on the inventory	2016	2016
Cost at 1 January	807	207
Additions for the year	1,581	785
Disposals for the year	-1,018	-185
Cost at 31 December	**1,370**	**807**
Write-downs at 1 January	-	-150
Write-downs for the year	-1,012	150
Value adjustments at 31 December	**-1,012**	**-**
Carrying amount at 31 December	**358**	**807**

2.5.0 Investment in subsidiaries

Accounting policy

Initially, investments in subsidiaries are recognised at cost.
They are subsequently measured according to the equity method.

EUR'000

	2017	2016
Cost at 1 January	13,053	11,979
Additions for the year	14,072	1,908
Transferred to associates	-3,072	-
Disposal of year	-143	-834
Cost at 31 December	**23,910**	**13,053**
Value adjustments at 1 January	13,643	6,838
Share of profit for the year	5,304	7,891
Hedges net of tax	140	34
Dividends received from subsidiaries	-475	-1,263
Reversed value adjustments on disposals and transfers	-123	74
Other value adjustments	-64	69
Value adjustments at 31 December	**18,425**	**13,643**
Carrying amount at 31 December	**42,335**	**26,696**
Investments in subsidiaries at 31 December	42,396	27,060
Set-off against receivables from subsidiaries	-61	-364
Total	**42,335**	**26,696**

2.5.0 Investment in subsidiaries continued

Ownership shares in subsidiaries can be specified as follows:

Name	Ownership share at 31 Dec 2017	Ownership share at 31 Dec 2016
Boa Hora Solar ApS, Denmark	100%	100%
EE Giga Storage A/S, Denmark	100%	100%
EE Offshore Wind A/S, Denmark	100%	100%
EE Offshore A/S, Denmark	72%	72%
EE PV 1 Aps, Denmark	100%	0%
EE PV 2 Aps, Denmark	100%	0%
EEPV Denmark 1 K/S, Denmark	0%	100%
EEPV Denmark 2 K/S, Denmark	0%	100%
EEPV Denmark 3 K/S, Denmark	0%	100%
EEPV Denmark 4 K/S, Denmark	0%	100%
EEPV Denmark 5 K/S, Denmark	0%	100%
Ejendomsselskabet Kappel ApS, Denmark	67%	67%
Enerteq ApS, Denmark	56%	56%
European Energy Bond Buy Back ApS, Denmark	100%	0%
European Energy Systems II ApS, Denmark	100%	100%
European Solar Farms A/S, Denmark	80%	80%
European Wind Farm Denmark A/S, Denmark	100%	100%
European Wind Farm No. 2 A/S, Denmark	100%	100%
European Wind Farms A/S, Denmark	72%	72%
Holmen II Holding ApS, Denmark	67%	0%
K/S Solkraftværket GPI Mando 29, Denmark	80%	80%
Kappel Vind IVS, Denmark	100%	100%
Komplementarselskabet EE PV Denmark ApS, Denmark	100%	100%
Komplementarselskabet Rødby Fjord WTG 3 ApS , Denmark	100%	100%
Komplementarselskabet Solkraftværket GPI Mando 29 ApS, Denmark	80%	80%
Nordic Power Partners P/S, Denmark	51%	51%
NPP Brazil I K/S, Denmark	51%	0%
NPP Brazil II K/S, Denmark	51%	0%

2.5.0 Investment in subsidiaries continued

Ownership shares in subsidiaries (continued):

Name	Ownership share at 31 Dec 2017	Ownership share at 31 Dec 2016
NPP Komplementar , Denmark	51%	51%
Omnia Vind, Denmark	67%	100%
Renewables Insight ApS, Denmark	100%	100%
Rødby Fjord WTG 3 K/S, Denmark	0%	100%
Svindbæk Holding ApS, Denmark	67%	0%
Vindtestcenter Kappel ApS, Denmark	0%	100%
EE Finland OY, Finland	100%	100%
Vihreässaari Wind OY, Finland	0%	100%
Bond II Erste GmbH & Co. KG, Germany	100%	100%
Bond II Zweite GmbH & Co. KG, Germany	100%	100%
EE Brobergen GmbH & Co. KG, Germany	0%	100%
EE Construction Germany GmbH & Co. KG, Germany	100%	100%
EE Lüdersdorf GmbH & Co. KG (former EE Construction GmbH & Co. KG), Germany	0%	100%
EE PV Denmark Holding GmbH, Germany	100%	0%
EE Schönelinde ApS & Co. KG, Germany	100%	0%
EE Sieben Fünf GmbH & Co. KG, Germany	100%	100%
EWF Deutschland GmbH, Germany	100%	100%
EWF Verwaltung GmbH, Germany	100%	100%
EWF Vier Sechs GmbH & Co. KG, Germany	100%	100%
Windpark Gilmerdingen GmbH & Co. KG, Germany	0%	100%
Windpark Tornitz GmbH & CO. KG, Germany	100%	100%
Windpark Werneuchen GmbH & Co. KG, Germany	0%	100%
WP Vier Berge GmbH & Co. KG, Germany	100%	100%
Lucania Wind Energy S.r.l., Italy	100%	0%
EWF Kåre 1 AB, Sweden	100%	100%
Fimmerstad Vindpark AB, Sweden	100%	100%
Grevekulla Vindpark AB, Sweden	100%	100%
Våstanby Vindbruksgrupp i Fjelie 2 AB, Sweden	100%	100%
Boa Hora 1 Geradora De Energia Solar S.A., Brazil	0%	80%
Boa Hora 2 Geradora De Energia Solar S.A., Brazil	0%	80%
Boa Hora 3 Geradora De Energia Solar S.A., Brazil	0%	80%

2.5.1 Investments in joint ventures

EUR'000

	2017	2016
Cost at 1 January	5,279	5,276
Additions for the year	38	-3
Disposals for the year	-	6
Transferred to subsidiaries/other investment	-	-
Cost at 31 December	**5,317**	**5,279**
Value adjustments at 1 January	104	1,903
Share of profit for the year	4,486	-1,744
Other value adjustments	-1,692	-55
Value adjustments at 31 December	**2,898**	**104**
Carrying amount at 31 December	**8,215**	**5,383**
Investments in joint ventures at 31 December	8,215	5,424
Set-off against receivables from joint ventures	-	-41
Total	**8,215**	**5,383**

Ownership shares in joint ventures can be specified as follows:	31 Dec 2017	31 Dec 2016
EEA Renewables A/S, Denmark	50%	50%
EEA Stormy ApS, Denmark	50%	50%
EEA SWEPOL A/S, Denmark	50%	50%
EEGW Persano ApS, Denmark	50%	50%
GWE Contractors K/S, Denmark	50%	0%
Komp. GWE Contractors ApS, Denmark	50%	0%
Mexico Partnership P/S, Denmark	50%	0%
Mexico Ventures ApS, Denmark	50%	0%
Solarpark Vandel Services ApS, Denmark	50%	50%
EE Sieben Null GmbH & Co. KG, Germany	50%	50%
EE Sieben Zwei GmbH & Co. KG, Germany	50%	50%
EE Sieben Drei GmbH & Co. KG, Germany	50%	50%
EEA Verwaltungs GmbH, Germany	50%	50%
EWF Fünf Vier GmbH & Co. KG, Germany	50%	50%
Vergil ApS & Co KG, Germany	50%	0%
Windpark Hellberge GmbH & Co. KG, Germany	50%	50%

2.5.2 Investments in associates

EUR'000

	2017	2016
Cost at 1 January	5,287	4,582
Additions for the year	-	852
Transferred to subsidiaries/other investment	709	-
Disposal of year	-709	-147
Cost at 31 December	**5,287**	**5,287**
Value adjustments at 1 January	-304	-67
Share of profit for the year	733	311
Reversed value adjustments on disposals and transfers	-	145
Dividend and other value adjustments	-1,004	-693
Value adjustments at 31 December	**-575**	**-304**
Carrying amount at 31 December	**4,712**	**4,983**
Investments in associates at 31 December	4,713	4,984
Set-off against receivables from associates	-1	-1
Total	**4,712**	**4,983**

Ownership shares in associates can be specified as follows:	31 Dec 2017	31 Dec 2016
Wind Energy EOOD, Bulgaria	49.00%	49.00%
Wind Power 2 EOOD, Bulgaria	49.00%	49.00%
Wind Stream EOOD, Bulgaria	49.00%	49.00%
Wind Systems EOOD, Bulgaria	49.00%	49.00%
Driftsselskabet Heidelberg ApS, Denmark	49.50%	49.50%
GWE Stormy ApS, Denmark	13.89%	13.89%
EWF Fünf Eins GmbH & Co. KG, Germany	25.00%	25.00%
Solarpark Vandel GmbH, Germany	42.50%	42.50%
UW Gilmerdingen GmbH & C KG, Germany	40.00%	40.00%
UW Lohkamp ApS & Co KG, Germany	40.00%	0.00%
Windpark Wriezener Höhe GmbH & Co. KG, Germany	15.00%	15.00%
WK Ottenhausen GmbH & Co. KG, Germany	8.33%	8.33%
Västanby Vindbruksgrupp i Fjelie AB, Sweden	40.00%	40.00%

2.5.3 Investments in joint ventures and associated companies

EUR ´000

	Note	2017	2016
Results in joint ventures	2.5.1	4,486	-1,744
Results in associates	2.5.2	733	311
Total		**5,219**	**-1,433**

2.6 Other investments in wind and solar power generating assets

EUR ´000

	2017	2016
Cost at 1 January	446	448
Additions for the year	168	
Disposals for the year	-287	-2
Cost at 31 December	**327**	**446**
Investments related to wind power generating assets	327	446

2.7 Trade receivables, contract assets and other receivables

EUR ´000

	2017	2016
Trade receivables and contract assets	8,603	8,844
Other receivables (non-interest bearing)	597	3,886
Total receivables	**9,200**	**12,730**
No impairment losses are recognised relating to doubtful receivables		
Exposure:		
Receivables not due	9,046	12,383
Receivables past due, but not impaired:		
1-30 days	52	146
31-90 days	25	134
>90 days	77	67
Total Receivables	**9,200**	**12,730**

No receivables are due more than 5 years after the balance sheet date.

2.9 Change in working capital

Accounting Policy

Please refer to note 2.9 for the Group.

EUR ´000

	2017	2016
Trade receivables and contract assets	241	-2,973
Other receivable	3,289	-3,533
Inventories/project portfolio	449	-750
Prepayments	764	476
Trade payables	-4,665	2,627
Other payables	-1,542	-981
Total change in working capital	**-1,464**	**-5,134**

3.1 Financial income and expenses

Accounting Policy

Please refer to note 3.1 for the Group.

EUR ´000

Finance income - Parent Company	2017	2016
Interest income, on financial assets measured at amortised costs	4,673	1,558
Dividends, other investments	31	32
Other financial income	18	217
Currency gains realised	147	176
Currency gains unrealised	12	291
Financial income	**4,881**	**2,274**

Finance expenses - Parent Company		
Interest on bonds	3,898	3,448
Finance expenses from financial liabilities measured at amortised cost	688	486
Debt issue costs	409	260
Other financial expenses	95	5
Currency losses realised	1,013	453
Currency losses unrealised	127	452
Financial expenses	**6,230**	**5,104**

3.2 Capital management

Please refer to note 3.2 for the Group.

3.3 Foreign currency risks

Accounting policy

For capital management and financial risk management objectives and policies, please refer to note 3.2 and 3.3 for the Group.

The parent company's exposure to currency risk arises from transactions with its subsidiaries that are not made in EUR (the parent company's functional currency). The parent company provides funding and services to its subsidiaries, generally in the local currency of the subsidiary.

The parent's exposure to currency risk is as follows:

A corresponding reduction in the cross rate would have an equivalent opposite effect on profit before tax and equity. The sensitivity analysis has been prepared at the balance sheet date on the basis of the exposure to the listed currencies at the balance sheet date, without taking into account potential effects on interest rate levels, effect on other currencies etc.

Please refer to note 3.3 for the Group for further information.

EUR '000

2017

Nominal position

	Cash/equivalents	Receivables	Debt
GBP/EUR	-	2,634	-
USD/EUR	-	1,341	-

Sensitivity analysis of the currency exposure:

	Change in currency rate	Impact on profit before tax	Impact on equity
GBP/EUR	+- 1%	26	21
USD/EUR	+- 1%	13	10

2016

Nominal position

	Cash/equivalents	Receivables	Debt
GBP/EUR	-	2,496	-

Sensitivity analysis of the currency exposure:

	Change in currency rate	Impact on profit before tax	Impact on equity
GBP/EUR	+- 1%	25	20

3.3.1 Liquidity risks

EUR ´000

2017	Contractual cash flow	Maturity within 1 year	Maturity between 1 and 3 year	Maturity between 3 and 5 year	Maturity after 5 years
Issued bonds	74,280	4,200	8,400	61,680	-

2016	Contractual cash flow	Maturity within 1 year	Maturity between 1 and 3 year	Maturity between 3 and 5 year	Maturity after 5 years
Issued bonds	49,219	3,375	45,844	-	-

EUR ’000

2017	Non-current financing liabilities	Current financing liabilities	In total
Liabilities from financing activities at 1. January 2017	44,700	-	44,700
Proceeds from issue of bonds	58,785	-	58,785
Repayment of bonds	-45,000	-	-45,000
Proceeds from borrowings	415	-	415
Changes in cash flows from financing activities	58,900	-	58,900
Non-cash changes in financing activities	439	-	439
Contingent liabilities from financing activities at 31. December 2017	59,339	-	59,339

3.3.2 Interest rate risks

Interest rate risk is the risk that interest rates may increase which may harm the profitability of individual projects because most of the project sum is debt-funded. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Group enters into interest rate swaps, in which it agrees to currency exchanges at specified intervals, the difference between fixed and variable rate interest amounts calculated with reference to an agreed-upon notional principal amount.

Sensitivity analyses

An interest increase of 1% would have the following impact on the results for the year and the equity:

EUR '000

	2017		2016	
	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
Bonds	-600	-468	-450	-351

The impact on equity is net of tax 22% in Denmark.

3.4 Financial instruments by category

EUR ´000

	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and receivables	81,367	81,367	77,617	77,617
Financial liabilities measured at amortised cost	68,845	70,645	54,859	51,484
Trade payables	1,190	1,190	5,740	5,740

4.1 Tax

Accounting Policy

Please refer to note 4.1 for the Group.

Parent company — EUR ´000

Statement of profit or loss	2017	2016
Current income tax:		
Current income tax charge	416	191
Adjustments in respect of current tax in previous year	-78	-201
Total current income tax for the year	**338**	**-10**
Deferred tax:		
Relating to origination and reversal of temporary differences	132	773
The financial effect related to IFRS 15 adjustments	-	802
Total adjustments to deferred tax during the year	**132**	**1,575**
Income tax expense recognised in the statement of profit or loss	**470**	**1,565**
Tax on profit/loss can be explained as follows:		
Income tax expense reported in the statement of profit or loss	470	1,565
Effective tax rate	3%	9%
Tax on other comprehensive income		
Fair value adjustments of hedging instruments	45	11
Total	**45**	**11**

4.1 Tax continued

Deferred tax is recognised as follows:	2017	2016
Deferred tax assets	-995	-995
Deferred tax liability	882	750
Total recognised deferred tax in the balance	**-113**	**-245**

Deferred tax		
Deferred tax can be specified as follows:		
Deferred tax at 1 January	-245	-1,639
Deferred tax for the year recognised in the income statement	132	1,575
Adjustments regarding prior years recognised in the income statement	-	-181
Deferred tax at 31 December	**-113**	**-245**

Deferred tax assets not recognised in the balance sheet		
Value of tax losses not recognised in the balance sheet	1,000	1,000

We expect to utilize the tax loss carry forward within 5 years. The recognition of deferred tax assets is based on an analysis of future income in the next 3-5 years. The analysis is based on an expectation on a steady development compared with previous years and in general reasonable assumptions.

Effective tax rate:

The parent company has interests in numerous subsidiaries and associated companies. The income from these is taxed in each company. For the year EUR 10.5 million of the EUR 18.0 million profit before tax is profit which is already taxed locally.
The relatively low effective tax rate for the parent company in 2017 comes from the parents company's income in Germany, where taxes partly is paid locally through the sold tax transparent companies. For the parent company these taxes are shown as less revenue, since it is not the parent company, but the tax transparent subsidiary that pays the tax. A further reason to the low effective tax rate is losses before tax in Danish tax transparent companies, which decreases the taxation of the parent company.

4.1 Tax continued

Deferred tax specification

ACCOUNTING POLICY

Deferred tax assets are substantially attributable to tax losses carried forward. Deferred tax liabilities are substantially attributable to temporary differences on wind and solar power generating assets. The Group is taxed not only through its companies but also through the many tax-transparent vehicles that are either recognised as joint ventures, associates or other investments.

The deferred tax assets and liabilities recognised are allocated to the following items:

Split of deferred tax assets recognised in the balance sheet

	2017	2016
Tax loss carried forward	-593	-1,488
Differences of plants & equipment	961	1,215
Dismantling provisions (Germany)	23	28
Other differences	-504	-
Total	**-113**	**-245**

4.2 Staff costs

Accounting Policy

Please refer to note 4.2 for the Group.
Bonus agreements for key management personnel are included in the total remuneration and depend on the profit for the period.

EUR '000

	2017	2016
Wages, salaries and remuneration	8,368	6,697
Contributions to defined contribution plans	35	41
Other social security costs	81	65
Other staff costs	410	365
Capitalised salaries on inventories	-2,325	-2,395
Total	**6,569**	**4,773**
Average number of full-time employees	69	61
Number of full-time employees at end of period	73	62

2017	Salary	Bonus	Pension	Benefits	Total
Board of directors	32	-	-	-	32
Executive board	179	175	-	-	354
Other key management personel	1,128	936	16	-	2,080

2016	Salary	Bonus	Pension	Benefits	Total
Board of directors	30	-	-	-	30
Executive board	189	79	-	-	268
Other key management personel	1,129	493	11	-	1,633

4.3 Audit fees

Other external costs include the total fees paid to the auditors appointed at the Annual General Meeting for auditing the financial statements for the financial year under review and for services rendered.

EUR '000

	2017	2016
Statutory audit	61	68
Tax advice	22	15
Non-audit services	173	118
Total to the auditors appointed by the Annual General Meeting	**256**	**201**

4.4 Leases

Accounting policy

Please refer to note 4.4 for the Group.

Operating leases have been recognised in the income statement for 2017 at the amount of EUR 367 thousand (2016: 358 thousand), with contingent rents constituting EUR 358 thousand (2016: EUR 358 thousand). The rental contract related to buildings has to be extended and renegotiated in 2020.

EUR '000

	2017	2016
0-1 year	326	234
1-5 years	308	737
After 5 years	-	-
Total Buildings	**634**	**971**

4.5 Related parties

Accounting Policy

Please refer to note 4.5 for the Group.

EUR ´000

Related party transactions	2017	2016
Sale of services to joint ventures	3,388	657
Sale of services to associates	1,531	58
Sale of services to owners	633	-
Cost of services from joint ventures	-1,400	-
Cost of services from Owners	-200	-
Interest, net (income) to/from joint ventures	141	-82
Interest, net (income) to associates	100	45
Interest, net (income) to owners	726	278
Loans to related parties		
Loans to subsidiaries	57,928	47,811
Loans to European Energy Holding ApS	6,910	12,303
Loans to other related parties	7,329	4,773
Total loans to related parties	**72,167**	**64,887**

The loans to subsidiaries and other related parties have no specific repayment terms. The loans are established as part of financing the development of wind and solar parks, and will typically be repaid when a project is sold.

Loans from related parties		
Loans from subsidiaries	9,445	10,098
Loans from Associates	61	61
Total loans to related parties	**9,506**	**10,159**

4.6 Contingent liabilities & assets and contractual agreements

Accounting policy

Please refer to note 4.6 regarding the accounting policy for the Group.

Contingent liabilities and other financial liabilities in parent company

EUR million	2017	2016
Guarantees related to contracts with deferred payments (excl. VAT)	59	-
Guarantees related to financing agreements	19	57
Guarantees, warranties and other liabilities related to SPA's	3	3
Total	**81**	**60**

4.7 Events after the balance sheet date

Please refer to note 4.7 for the Group.

4.10 Group structure in European Energy A/S according to IFRS and executive functions of the Board members

Of the 345 companies (2016: 353) within the Group, 210 are controlled subsidiaries and 123 are partnerships in the form of joint ventures, associated companes or companies owned by these entities. These partnerships enable the Group to maintain a diversified portfolio while also reducing risk. In addition, the Group has 12 investments (2016: 12 investments) in companies where its ownership is below 20%, none of which are material investments for the Group.

At the end of 2017, the total number of subsidiaries directly or indirectly owned by the parent company was 210 (2016: 223), all of which were consolidated line by line in the consolidated income statement.

The 123 joint ventures (2016: 117 joint ventures), associated companies and companies owned by these entities are recognised in one line as “equity-accounted investments” in the gross profit section of the consolidated income statement. In the balance sheet, they are recognised in the line for joint venture investments or in the line for the associated companies investment, both under non-current assets. As regards to the 12 companies (2016: 12 companies) where the Group has no material ownership, the investments are recognised at cost and are stated in the balance sheet as other investments.

S = Subsidiaries

A = Associates

JV = Joint ventures

NC = Non-consolidated

KEA = Knud-Erik Andersen

JPZ = Jens-Peter Zink

MDP = Mikael Dystrup Pedersen

CDY = Claus Dyhr

JHE = Jesper Helmuth

Parent company and subsidiaries, joint ventures or associates owned by parent

No.	Group Structure	Name	Country of place of business	Principal activity	Ownership 2017	Ownership 2016	Chairman	Other boardmember	Director-ships
1	Parent	European Energy A/S	DK	Parent company			JPZ	KEA, MDP, CDY, JHE	
2	S	European Energy Buy Back Bond ApS	DK	Adminstration	100.00%	0.00%			KEA
3	S	European Energy Giga Storage A/S	DK	Adminstration	100.00%	100.00%	JPZ	KEA	KEA
4	S	European Energy Systems II ApS	DK	Adminstration	100.00%	100.00%			KEA/JPZ
5	S	Renewables Insight ApS (prev. European Energy Systems I ApS)	DK	Adminstration	100.00%	100.00%			KEA/JPZ
6	S	European Solar Farms A/S	DK	Adminstration	79.72%	79.72%	JPZ	KEA, MDP	JPZ
7	S	European Wind Farms A/S	DK	Adminstration	71.53%	71.53%	JPZ	KEA, MDP	KEA
8	S	Nordic Power Partners P/S	DK	Adminstration	51.00%	51.00%	KEA	JPZ	JPZ
9	S	NPP Komplementar ApS	DK	Adminstration	51.00%	51.00%	KEA	JPZ	JPZ
10	JV	EEA Renewables A/S	DK	Adminstration	50.00%	50.00%		JPZ, KEA	KEA
11	JV	EEA Stormy ApS	DK	Adminstration	50.00%	50.00%			KEA
12	JV	EEA Swepol A/S	DK	Adminstration	50.00%	50.00%		KEA	KEA
13	JV	EEGW Persano ApS	DK	Adminstration	50.00%	50.00%		KEA , JPZ	KEA
14	JV	Komplementarselskabet EEAR ApS	DK	Adminstration	50.00%	50.00%			KEA
15	S	Boa Hora Solar ApS	DK	Solar Power	100.00%	100.00%			KEA/JPZ
16	S	EE PV 1 ApS	DK	Solar Power	100.00%	0.00%			KEA/JPZ
17	S	EE PV 2 ApS	DK	Solar Power	100.00%	0.00%			KEA/JPZ
18	S	EE PV Denmark 1 K/S	DK	Solar Power	100.00%	100.00%			KEA
19	S	EE PV Denmark 2 K/S	DK	Solar Power	100.00%	100.00%			KEA
20	S	EE PV Denmark 3 K/S	DK	Solar Power	100.00%	100.00%			KEA
21	S	EE PV Denmark 4 K/S	DK	Solar Power	100.00%	100.00%			KEA
22	S	EE PV Denmark 5 K/S	DK	Solar Power	100.00%	100.00%			KEA
23	S	Komplementarselskabet EE PV Denmark ApS	DK	Solar Power	100.00%	100.00%			KEA/JPZ
24	S	Solar Park Pelsdyr K/S	DK	Solar Power	100.00%	0.00%			KEA
25	S	Solar Park Stubbekøbing K/S	DK	Solar Power	100.00%	0.00%			KEA
26	S	Solar Park Øster Toreby K/S	DK	Solar Power	100.00%	0.00%			KEA
27	S	K/S Solkraftværket GPI Mando 29	DK	Solar Power	80.00%	80.00%			JPZ
28	S	Komplementarselskabet Solkraftværket GPI Mando 29 ApS	DK	Solar Power	80.00%	80.00%			KEA/JPZ
29	S	ESF Spanien 01 GmbH	DE	Solar Power	79.72%	79.72%			KEA
30	S	ESF Spanien 09 GmbH	DE	Solar Power	79.72%	79.72%			KEA
31	S	European Solar Farms Development ApS	DK	Solar Power	79.72%	79.72%			KEA/JPZ
32	S	European Solar Farms Greece ApS	DK	Solar Power	79.72%	79.72%			KEA/JPZ

No.	Group Structure	Name	Country of place of business	Principal activity	Ownership 2017	Ownership 2016	Chairman	Other boardmember	Director-ships
33	S	European Solar Farms Italy ApS	DK	Solar Power	79.72%	79.72%			KEA/JPZ
34	S	European Solar Farms Spain ApS	DK	Solar Power	79.72%	79.72%			KEA/JPZ
35	S	Infrastukturselskabet Pelsdyrparken I/S	DK	Solar Power	79.72%	79.72%			KEA
36	S	Infrastukturselskabet Stubbekøbing I/S	DK	Solar Power	79.72%	79.72%			KEA
37	S	Infrastukturselskabet Øster Toreby I/S	DK	Solar Power	79.72%	79.72%			KEA
38	S	Komplementarselskabet Sol IVS	DK	Solar Power	79.72%	79.72%			KEA/JPZ
39	S	Lidegaard ApS	DK	Solar Power	79.72%	79.72%			KEA/JPZ
40	S	SF Ibiza ApS	DK	Solar Power	79.72%	79.72%			KEA/JPZ
41	S	SF La Pobla ApS	DK	Solar Power	79.72%	79.72%			KEA/JPZ
42	S	Vores Sol A12 K/S	DK	Solar Power	100.00%	79.72%			KEA/JPZ
43	S	Vores Sol A13 K/S	DK	Solar Power	100.00%	79.72%			KEA/JPZ
44	S	Vores Sol A14 K/S	DK	Solar Power	100.00%	79.72%			KEA/JPZ
45	S	Vores Sol A15 K/S	DK	Solar Power	100.00%	79.72%			KEA/JPZ
46	S	Vores Sol A16 K/S	DK	Solar Power	100.00%	79.72%			KEA/JPZ
47	S	Vores Sol A17 K/S	DK	Solar Power	100.00%	79.72%			KEA/JPZ
48	S	Vores Sol A30 K/S	DK	Solar Power	100.00%	79.72%			KEA/JPZ
49	S	Vores Sol A31 K/S	DK	Solar Power	100.00%	79.72%			KEA/JPZ
50	S	Vores Sol A32 K/S	DK	Solar Power	100.00%	79.72%			KEA/JPZ
51	S	Vores Sol A33 K/S	DK	Solar Power	100.00%	79.72%			KEA/JPZ
52	S	Vores Sol A34 K/S	DK	Solar Power	100.00%	79.72%			KEA/JPZ
53	S	Vores Sol A35 K/S	DK	Solar Power	100.00%	79.72%			KEA/JPZ
54	S	Vores Sol A36 K/S	DK	Solar Power	100.00%	79.72%			KEA/JPZ
55	S	Vores Sol A37 K/S	DK	Solar Power	100.00%	79.72%			KEA/JPZ
56	S	Vores Sol A38 K/S	DK	Solar Power	100.00%	79.72%			KEA/JPZ
57	S	Vores Sol A39 K/S	DK	Solar Power	100.00%	79.72%			KEA/JPZ
58	S	Vores Sol A40 K/S	DK	Solar Power	100.00%	79.72%			KEA/JPZ
59	S	Vores Sol A41 K/S	DK	Solar Power	100.00%	79.72%			KEA/JPZ
60	S	Vores Sol A42 K/S	DK	Solar Power	100.00%	79.72%			KEA/JPZ
61	S	Vores Sol A43 K/S	DK	Solar Power	100.00%	79.72%			KEA/JPZ
62	S	Vores Sol A44 K/S	DK	Solar Power	100.00%	79.72%			KEA/JPZ
63	S	Vores Sol A45 K/S	DK	Solar Power	100.00%	79.72%			KEA/JPZ
64	S	Vores Sol A46 K/S	DK	Solar Power	100.00%	79.72%			KEA/JPZ

No.	Group Structure	Name	Country of place of business	Principal activity	Ownership 2017	Ownership 2016	Chairman	Other boardmember	Director-ships
65	S	Vores Sol A47 K/S	DK	Solar Power	100.00%	79.72%			KEA/JPZ
66	S	Vores Sol A48 K/S	DK	Solar Power	100.00%	79.72%			KEA/JPZ
67	S	Vores Sol A49 K/S	DK	Solar Power	100.00%	79.72%			KEA/JPZ
68	S	Vores Sol A50 K/S	DK	Solar Power	100.00%	79.72%			KEA/JPZ
69	S	Vores Sol A51 K/S	DK	Solar Power	100.00%	79.72%			KEA/JPZ
70	S	Vores Sol A52 K/S	DK	Solar Power	100.00%	79.72%			KEA/JPZ
71	S	Vores Sol A53 K/S	DK	Solar Power	100.00%	79.72%			KEA/JPZ
72	S	ESF Spanien 01 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
73	S	ESF Spanien 0101 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
74	S	ESF Spanien 0102 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
75	S	ESF Spanien 0103 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
76	S	ESF Spanien 0104 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
77	S	ESF Spanien 0105 S.L.U	ES	Solar Power	79.72%	79.72%			KEA/JPZ
78	S	ESF Spanien 0106 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
79	S	ESF Spanien 0107 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
80	S	ESF Spanien 0108 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
81	S	ESF Spanien 0109 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
82	S	ESF Spanien 0110 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
83	S	ESF Spanien 0111 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
84	S	ESF Spanien 0112 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
85	S	ESF Spanien 0113 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
86	S	ESF Spanien 0114 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
87	S	ESF Spanien 0115 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
88	S	ESF Spanien 02 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
89	S	ESF Spanien 0201 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
90	S	ESF Spanien 0202 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
91	S	ESF Spanien 0203 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
92	S	ESF Spanien 0204 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
93	S	ESF Spanien 0205 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
94	S	ESF Spanien 0206 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
95	S	ESF Spanien 0207 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
96	S	ESF Spanien 0208 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ

No.	Group Structure	Name	Country of place of business	Principal activity	Ownership 2017	Ownership 2016	Chairman	Other boardmember	Director-ships
97	S	ESF Spanien 03 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
98	S	ESF Spanien 0301 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
99	S	ESF Spanien 0302 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
100	S	ESF Spanien 0303 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
101	S	ESF Spanien 0304 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
102	S	ESF Spanien 0305 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
103	S	ESF Spanien 0306 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
104	S	ESF Spanien 0307 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
105	S	ESF Spanien 0308 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
106	S	ESF Spanien 0309 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
107	S	ESF Spanien 0310 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
108	S	ESF Spanien 0311 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
109	S	ESF Spanien 04 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
110	S	ESF Spanien 0401 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
111	S	ESF Spanien 0402 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
112	S	ESF Spanien 0403 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
113	S	ESF Spanien 0404 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
114	S	ESF Spanien 0405 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
115	S	ESF Spanien 0406 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
116	S	ESF Spanien 0407 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
117	S	ESF Spanien 0408 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
118	S	ESF Spanien 0409 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
119	S	ESF Spanien 0410 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
120	S	ESF Spanien 0411 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
121	S	ESF Spanien 0412 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
122	S	ESF Spanien 0413 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
123	S	ESF Spanien 0414 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
124	S	ESF Spanien 0415 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
125	S	ESF Spanien 0416 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
126	S	ESF Spanien 0417 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
127	S	ESF Spanien 0418 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
128	S	ESF Spanien 0419 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ

No.	Group Structure	Name	Country of place of business	Principal activity	Ownership 2017	Ownership 2016	Chairman	Other boardmember	Director-ships
129	S	ESF Spanien 0420 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
130	S	ESF Spanien 0423 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
131	S	ESF Spanien 0428 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
132	S	ESF Spanien 05 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
133	S	ESF Spanien 0901 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
134	S	ESF Spanien 0902 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
135	S	ESF Spanien 0903 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
136	S	ESF Spanien 0904 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
137	S	ESF Spanien 0905 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
138	S	ESF Spanien 0906 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
139	S	ESF Spanien 0907 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
140	S	ESF Spanien 0908 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
141	S	ESF Spanien 0909 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
142	S	ESF Spanien 0910 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
143	S	ESF Spanien 0911 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
144	S	ESF Spanien 0912 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
145	S	ESF Spanien 0913 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
146	S	ESF Spanien 0914 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
147	S	ESF Spanien 0915 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
148	S	ESF Spanien 0916 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
149	S	ESF Spanien 0917 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
150	S	ESF Spanien 0918 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
151	S	ESF Spanien 0919 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
152	S	ESF Spanien 0920 S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
153	S	ESF Spanien L´Olleria I C.B.	ES	Solar Power	79.72%	79.72%			
154	S	Reese Solar S.L.U.	ES	Solar Power	79.72%	79.72%			KEA/JPZ
155	S	Solar Power 7 Islas S.L.U.	ES	Solar Power	79.72%	79.72%			
156	S	ESF Rooftop Ltd.	UK	Solar Power	79.72%	79.72%			KEA
157	S	European Energy Photovoltaics Limited	UK	Solar Power	79.72%	79.72%			KEA/JPZ
158	S	Doras Production EPE	GR	Solar Power	77.33%	77.33%			KEA
159	S	Iridanos Production EPE	GR	Solar Power	77.33%	77.33%			KEA
160	S	Kipheus Production EPE	GR	Solar Power	77.33%	77.33%			KEA

No.	Group Structure	Name	Country of place of business	Principal activity	Ownership 2017	Ownership 2016	Chairman	Other boardmember	Director-ships
161	S	Mando Solarkraftwerke Nr. 29 GmbH & Co. KG	DE	Solar Power	76.00%	76.00%			
162	S	Sol-Teq Srl	IT	Solar Power	71.75%	71.75%			
163	S	NPP Maldives Private Ltd.	MV	Solar Power	51.49%	51.49%		JPZ	
164	S	NPP Brazil I K/S	DK	Solar Power	51.00%	0.00%	KEA	JPZ	
165	S	NPP Brazil II K/S	DK	Solar Power	51.00%	0.00%	KEA	JPZ	
166	JV	Solarpark Vandel Services ApS	DK	Solar Power	50.00%	50.00%			KEA
167	A	EEAR Olleria II ApS *	DK	Solar Power	45.00%	45.00%		KEA	
168	A	Solarpark Vandel GmbH	DE	Solar Power	42.50%	42.50%			KEA
169	S	Coremas I Geracao de Energia SPE LTDA.	BR	Solar Power	35.70%	35.70%		KEA	
170	S	Coremas II Geracao de Energia SPE LTDA.	BR	Solar Power	35.70%	35.70%		KEA	
171	S	Coremas III Geracao de Energia SPE LTDA.	BR	Solar Power	35.70%	35.70%		KEA	
172	S	Bond II Erste GmbH & Co. KG	DE	Wind Power	100.00%	100.00%			KEA
173	S	Bond II Zweite GmbH & Co. KG	DE	Wind Power	100.00%	100.00%			KEA
174	S	EE Construction Germany GmbH & Co. KG	DE	Wind Power	100.00%	100.00%			KEA
175	S	EE Schönelinde ApS & Co. KG	DE	Wind Power	100.00%	0.00%			KEA
176	S	EE Sieben Fünf GmbH & Co. KG	DE	Wind Power	100.00%	100.00%			KEA
177	S	European Wind Farms Deutschland GmbH	DE	Wind Power	100.00%	100.00%			KEA
178	S	European Wind Farms Verwaltungsgesellschaft mbH	DE	Wind Power	100.00%	100.00%			KEA
179	S	EWF Vier Sechs GmbH & Co. KG, Güstow	DE	Wind Power	100.00%	100.00%			KEA
180	S	Windpark Tornitz GmbH & CO. KG	DE	Wind Power	100.00%	100.00%			KEA
181	S	WP Vier Berge GmbH & Co. KG	DE	Wind Power	100.00%	100.00%			MDP
182	S	EE Kriegersflak ApS	DK	Wind Power	100.00%	100.00%			KEA
183	S	EE Nearshor ApS	DK	Wind Power	100.00%	100.00%			KEA
184	S	EE Verwaltung ApS	DK	Wind Power	100.00%	71.53%			KEA,JPZ
185	S	European Energy Offshore Wind A/S	DK	Wind Power	100.00%	100.00%		KEA/JPZ	KEA
186	S	European Wind Farms Denmark A/S	DK	Wind Power	100.00%	100.00%	JPZ	KEA	KEA
187	S	European Wind Farms No.2 A/S	DK	Wind Power	100.00%	100.00%	JPZ	KEA, MDP	KEA
188	S	Kappel Vind IVS	DK	Wind Power	100.00%	100.00%			JPZ
189	S	Komplementarselskabet Rødby Fjord WTG 3 ApS	DK	Wind Power	100.00%	100.00%			KEA
190	S	EE Finland OY	FI	Wind Power	100.00%	100.00%	JPZ	KEA	
191	S	Lucania Wind Energy Srl	IT	Wind Power	100.00%	0.00%			
192	S	European Wind Farms Kåre 1 AB	SE	Wind Power	100.00%	100.00%		KEA, JPZ	JPZ
193	S	Fimmerstad Vindpark AB	SE	Wind Power	100.00%	100.00%	JPZ	KEA	

No.	Group Structure	Name	Country of place of business	Principal activity	Ownership 2017	Ownership 2016	Chairman	Other boardmember	Director-ships
194	S	Grevekulla Vindpark AB	SE	Wind Power	100.00%	100.00%	JPZ	KEA	
195	S	Västanby Vindbruksgrupp i Fjelie 2 AB	SE	Wind Power	100.00%	100.00%	JPZ	KEA	
196	S	Enerteq ApS	DK	Wind Power	87.37%	87.37%			KEA
197	S	European Energy Offshore A/S	DK	Wind Power	72.00%	72.00%	JPZ	KEA	KEA
198	S	European Wind Farms Komp GmbH	DE	Wind Power	71.53%	71.53%			KEA
199	S	European Wind Farms Bulgaria ApS	DK	Wind Power	71.53%	71.53%			KEA/JPZ
200	S	European Wind Farms Greece ApS	DK	Wind Power	71.53%	71.53%			KEA/JPZ
201	S	European Wind Farms Italy ApS	DK	Wind Power	71.53%	71.53%			KEA/JPZ
202	S	European Wind Farms Southeast Europe ApS	DK	Wind Power	71.53%	71.53%			KEA/JPZ
203	S	UW Gilmerdingen GmbH & C. KG	DE	Wind Power	69.70%	69.70%			KEA
204	S	UW Lohkamp ApS & Co. KG	DE	Wind Power	40.00%	0.00%			KEA/JPZ
205	S	EWF Energy Hellas Epe	GR	Wind Power	69.38%	69.38%			JPZ
206	S	Ejendomsselskabet Kappel ApS	DK	Wind Power	67.00%	67.00%	JPZ	KEA	KEA
207	S	Holmen II Holding ApS	DK	Wind Power	67.00%	0.00%			KEA/JPZ
208	S	Holmen II Wind Park ApS	DK	Wind Power	67.00%	0.00%			KEA/JPZ
209	S	Horskær Wind Park ApS	DK	Wind Power	67.00%	67.00%			KEA
210	S	K/S Svindbæk Vindkraft	DK	Wind Power	67.00%	0.00%			KEA/JPZ
211	S	Omnia Vind ApS	DK	Wind Power	67.00%	100.00%			KEA
212	S	Svindbæk Holding ApS	DK	Wind Power	67.00%	0.00%			KEA
213	S	Svindbæk Komplementar ApS	DK	Wind Power	67.00%	0.00%			KEA/JPZ
214	S	Trædeskov Bøge Wind Park ApS	DK	Wind Power	67.00%	67.00%			KEA
215	S	REEWF SrL	IT	Wind Power	64.38%	64.38%			
216	S	Windcom Sp. z o.o.	PL	Wind Power	57.22%	57.22%	KEA		KEA
217	S	European Wind Farms DOO	HR	Wind Power	50.07%	50.07%			
218	JV	EE Sieben Drei GmbH & Co. KG	DE	Wind Power	50.00%	50.00%			KEA
219	JV	EE Sieben Null GmbH & Co. KG	DE	Wind Power	50.00%	50.00%			KEA
220	JV	EE Sieben Zwei GmbH & Co. KG	DE	Wind Power	50.00%	50.00%			KEA
221	JV	EEA Verwaltungs GmbH	DE	Wind Power	50.00%	50.00%			KEA
222	JV	EWF Eins Sieben GmbH & Co. KG, UW Eichow GmbH & Co. KG	DE	Wind Power	50.00%	50.00%			KEA
223	JV	EWF Fünf Vier GmbH & Co. KG, Wittstock	DE	Wind Power	50.00%	50.00%			KEA
224	JV	Vergil ApS & Co. KG	DE	Wind Power	50.00%	0.00%			
225	JV	Windpark Hellberge GmbH & CO KG	DE	Wind Power	50.00%	50.00%			KEA

No.	Group Structure	Name	Country of place of business	Principal activity	Ownership 2017	Ownership 2016	Chairman	Other boardmember	Director-ships
226	JV	Windpark Oppido GmbH	DE	Wind Power	50.00%	50.00%			
227	JV	European Wind Farms Polen ApS	DK	Wind Power	50.00%	50.00%			KEA/JPZ
228	JV	GWE Contractors K/S	DK	Wind Power	50.00%	0.00%			KEA
229	JV	Komplementarselskabet GWE Contractors ApS	DK	Wind Power	50.00%	0.00%			KEA
230	JV	Mexico Partnership P/S	DK	Wind Power	50.00%	0.00%		KEA/JPZ	KEA
231	JV	Mexico Ventures ApS	DK	Wind Power	50.00%	0.00%			KEA
232	JV	Greenwatt Ahvenneva Oy AB	FI	Wind Power	50.00%	50.00%			
233	JV	Greenwatt Honkakangas Oy AB	FI	Wind Power	50.00%	50.00%			
234	JV	Greenwatt Koiramäki Oy AB	FI	Wind Power	50.00%	50.00%			
235	JV	Greenwatt Mustalamminmäki Oy AB	FI	Wind Power	50.00%	50.00%			
236	JV	European Energy Italy Holding Srl	IT	Wind Power	50.00%	50.00%			
237	JV	European Wind Farms Sverige AB	SE	Wind Power	50.00%	50.00%		KEA, JPZ	JPZ
238	A	Komplementarselskabet Heidelberg ApS	DK	Wind Power	49.50%	49.50%			KEA
239	A	Wind Energy OOD	BG	Wind Power	49.00%	49.00%			JPZ
240	A	Wind Power 2 OOD	BG	Wind Power	49.00%	49.00%			JPZ
241	A	Wind Stream OOD	BG	Wind Power	49.00%	49.00%			JPZ
242	A	Wind Systems OOD	BG	Wind Power	49.00%	49.00%			JPZ
243	A	Vento Erste Windparkbeteiligungsgesellschaft mbH & Co. KG	DE	Wind Power	47.37%	47.37%			KEA
244	A	Måde Wind Park ApS	DK	Wind Power	47.00%	47.00%			KEA
245	A	Västanby Vindbruksgrupp i Fjelie AB	SE	Wind Power	40.00%	40.00%			
246	JV	Jammerland Bay Nearshore A/S	DK	Wind Power	50.00%	36.00%	JPZ		KEA
247	A	Omø South Nearshore A/S	DK	Wind Power	36.00%	36.00%	JPZ		KEA
248	A	Windkraft Ottenhausen GmbH & Co. KG	DE	Wind Power	34.21%	34.21%			
249	S	Rødby Fjord Vindkraft Mølle 3 I/S	DK	Wind Power	34.16%	54.53%			KEA/JPZ
250	A	Nøjsomheds Odde Wind Park ApS	DK	Wind Power	33.50%	50.00%			KEA
251	A	GWE Holding af 14. November 2011 ApS *)	DK	Wind Power	31.95%	31.95%		KEA	
252	A	Energy 3 DOO	BA	Wind Power	25.50%	25.50%			
253	A	EWF Fünf Eins GmbH & Co. KG	DE	Wind Power	25.00%	25.00%			KEA/JPZ
254	A	Vindpark Straldja ApS	DK	Wind Power	25.00%	25.00%			KEA
255	A	Windpark Unseburg Nord GmbH & Co. KG	DE	Wind Power	20.00%	20.00%			KEA
256	A	Windpark Wriezener Höhe GmbH & Co. KG	DE	Wind Power	15.00%	15.00%			KEA

Associated, JVs and Other Investments not owned directly by the parent

No.	Group Structure	Name	Country of place of business	Principal activity	Ownership 2017	Ownership 2016	Chairman	Other boardmember	Director-ships
1	JV	Elios 102 Srl Soleto	IT	Solar Power	50.00%	50.00%			
2	JV	Parco Fotovoltaico Fauglia SRL	IT	Solar Power	50.00%	50.00%			
3	A	ESF Spanien 0427 S.L.	ES	Solar Power	45.00%	45.00%			KEA/JPZ
4	A	Holmen II Vindkraft I/S	DK	Wind Power	38.03%	0.00%	KEA	JPZ	
5	A	Nøjsomheds Odde Vindkraft I/S	DK	Wind Power	27.46%	0.00%	KEA	JPZ	
6	A	ESF Spanien 0424 GmbH	DE	Solar Power	16.60%	16.60%			KEA
7	A	ESF Spanien 0424 S.L.U.	ES	Solar Power	16.60%	16.60%			KEA/JPZ
8	A	Herrera Solar Fotovoltaica num. 29, S.L.	ES	Solar Power	16.60%	16.60%			KEA/JPZ
9	A	Herrera Solar Fotovoltaica num. 30, S.L.	ES	Solar Power	16.60%	16.60%			KEA/JPZ
10	A	Herrera Solar Fotovoltaica num. 31, S.L.	ES	Solar Power	16.60%	16.60%			KEA/JPZ
11	A	Herrera Solar Fotovoltaica num. 32, S.L.	ES	Solar Power	16.60%	16.60%			KEA/JPZ
12	A	Herrera Solar Fotovoltaica num. 33, S.L.	ES	Solar Power	16.60%	16.60%			KEA/JPZ
13	A	Herrera Solar Fotovoltaica num. 34, S.L.	ES	Solar Power	16.60%	16.60%			KEA/JPZ
14	A	Herrera Solar Fotovoltaica num. 35, S.L.	ES	Solar Power	16.60%	16.60%			KEA/JPZ
15	A	Herrera Solar Fotovoltaica num. 38, S.L.	ES	Solar Power	16.60%	16.60%			KEA/JPZ
16	A	Sun Invest Iberia Cincuenta , S.L.	ES	Solar Power	16.60%	16.60%			KEA/JPZ
17	A	Sun Invest Iberia Cincuenta Y Cuatro, S.L.	ES	Solar Power	16.60%	16.60%			KEA/JPZ
18	A	Sun Invest Iberia Cincuenta Y Dos, S.L.	ES	Solar Power	16.60%	16.60%			KEA/JPZ
19	A	Sun Invest Iberia Cincuenta Y Tres, S.L.	ES	Solar Power	16.60%	16.60%			KEA/JPZ
20	A	Sun Invest Iberia Cincuenta Y Uno,S.L.	ES	Solar Power	16.60%	16.60%			KEA/JPZ
21	A	Sun Invest Iberia Cuarenta Y Cinco, S.L.	ES	Solar Power	16.60%	16.60%			KEA/JPZ
22	A	Sun Invest Iberia Cuarenta Y Cuatro, S.L.	ES	Solar Power	16.60%	16.60%			KEA/JPZ
23	A	Sun Invest Iberia Cuarenta Y Nueve, S.L.	ES	Solar Power	16.60%	16.60%			KEA/JPZ
24	A	Sun Invest Iberia Cuarenta Y Ocho, S.L.	ES	Solar Power	16.60%	16.60%			KEA/JPZ
25	A	Sun Invest Iberia Cuarenta Y Seis, S.L.	ES	Solar Power	16.60%	16.60%			KEA/JPZ
26	A	Sun Invest Iberia Cuarenta Y Siete, S.L.	ES	Solar Power	16.60%	16.60%			KEA/JPZ
27	A	Sun Invest Iberia Cuarenta Y Tres, S.L.	ES	Solar Power	16.60%	16.60%			KEA/JPZ
28	JV	European Energy Nearshore Consortium P/S	DK	Wind Power	50.00%	50.00%		KEA	KEA
29	JV	European Energy Offshore Consortium P/S	DK	Wind Power	50.00%	50.00%			KEA
30	JV	Komplementar EENC ApS	DK	Wind Power	50.00%	50.00%			KEA
31	JV	Komplementar EEOC ApS	DK	Wind Power	50.00%	50.00%			KEA
32	JV	Save Oppido Lucano Srl	IT	Wind Power	50.00%	50.00%			

No.	Group Structure	Name	Country of place of business	Principal activity	Ownership 2017	Ownership 2016	Chairman	Other boardmember	Director-ships
33	JV	European Wind Farms Polska Sp. z o.o.	PL	Wind Power	50.00%	50.00%	JPZ	KEA, MDP	JPZ
34	JV	European Wind Farms Polska Sp. z o.o. Bialogard Sp. k	PL	Wind Power	50.00%	50.00%	JPZ	KEA, MDP	JPZ
35	JV	European Wind Farms Polska Sp. z o.o. Grzmiaca Sp. k	PL	Wind Power	50.00%	50.00%	JPZ	KEA, MDP	JPZ
36	JV	European Wind Farms Polska Sp. z o.o. Rabino Sp. k	PL	Wind Power	50.00%	50.00%	JPZ	KEA, MDP	JPZ
37	A	EE Viertkamp ApS & Co. KG	DE	Wind Power	49.50%	100.00%			KEA/JPZ
38	A	MBBF windpark Letchin GmbH KG Betriebs I	DE	Wind Power	49.50%	49.50%			KEA
39	A	MBBF windpark Letchin GmbH KG Betriebs II	DE	Wind Power	49.50%	49.50%			KEA
40	A	MBBF windpark Letchin GmbH KG Betriebs III	DE	Wind Power	49.50%	49.50%			KEA
41	A	Windpark Prittitz GmbH & Co KG	DE	Wind Power	49.50%	49.50%			KEA
42	A	Windpark Prittitz Verwaltungsgesellschaft mbH	DE	Wind Power	49.50%	49.50%			KEA
43	A	Driftsselskabet Heidelberg ApS	DK	Wind Power	49.50%	49.50%			KEA
44	A	FWE Windpark TIS K/S	DK	Wind Power	49.50%	49.50%		KEA, JPZ	KEA
45	A	FWE Windpark Wittstedt K/S	DK	Wind Power	49.50%	49.50%		KEA, JPZ	KEA
46	A	FWE Windpark Wulfshagen K/S	DK	Wind Power	49.50%	49.50%		KEA, JPZ	KEA
47	A	FWE Windpark 3 Standorte K/S	DK	Wind Power	49.50%	49.50%		KEA, JPZ	KEA
48	A	FWE Windpark Kranenburg K/S	DK	Wind Power	49.50%	49.50%		KEA, JPZ	KEA
49	A	FWE Windpark Scheddebrock K/S	DK	Wind Power	49.50%	49.50%		KEA, JPZ	KEA
50	A	FWE Windpark Westerberg K/S	DK	Wind Power	49.50%	49.50%		KEA, JPZ	KEA
51	A	Swapselskab Heidelberg K/S	DK	Wind Power	49.50%	49.50%	KEA	JPZ	JPZ
52	A	Komplementarselskabet Vindtestcenter Måde ApS	DK	Wind Power	47.00%	47.00%			KEA
53	A	Vindtestcenter Måde K/S	DK	Wind Power	46.91%	46.91%			KEA
54	A	e.n.o. Kabeltrasse GbR Grosstreben	DE	Wind Power	37.13%	37.13%			KEA
55	A	Netzanbindung Tewel OHG	DE	Wind Power	36.14%	36.14%			
56	A	GWE VerwaltungsGmbH	DE	Wind Power	31.95%	31.95%			
57	A	WHP Windpark Hurrel/Plietenberg GmbH & Co. KG	DE	Wind Power	31.95%	31.95%			
58	A	Windpark Emskirchen GmbH & Co KG	DE	Wind Power	31.95%	31.95%			
59	A	Windpark Losheim Nr. 30 ApS & Co. KG	DE	Wind Power	31.95%	31.95%			
60	A	Windpark Prignitz GmbH & Co. KG	DE	Wind Power	31.95%	31.95%			
61	A	WP Vormark WEA 2 GmbH & Co. KG	DE	Wind Power	31.95%	31.95%			
62	A	GW Energi A/S *)	DK	Wind Power	31.95%	31.95%	KEA	JPZ	
63	A	K/S Losheim *)	DK	Wind Power	31.95%	31.95%		KEA	
64	A	Komplementarselskabet Losheim ApS	DK	Wind Power	31.95%	31.95%			
65	A	Wind Pro Energy Sp. z o.o.	PL	Wind Power	25.05%	25.05%		JPZ	JPZ

No.	Group Structure	Name	Country of place of business	Principal activity	Ownership 2017	Ownership 2016	Chairman	Other boardmember	Director-ships
66	A	Parco Eolico Carpinaccio Srl	IT	Wind Power	22.96%	22.96%		KEA	
67	A	Umspannwerk Westerberg GmbH & Co OHG	DE	Wind Power	22.28%	22.28%			
68	A	Infrastrukturgesellschaft Windfeld 19/24 GmbH & Co. KG	DE	Wind Power	21.04%	21.04%			
69	A	Infrastrukturgesellschaft Windfeld 19/24 Verwaltungs-GmbH	DE	Wind Power	21.04%	21.04%			
70	A	Windkraft Gommern GmbH & Co. KG	DE	Wind Power	20.43%	20.43%			
71	NC	Windpark Wittstock-Papenbruch GbR	DE	Wind Power	16.67%	16.67%			
72	A	WP Vormark Generalunternehmer GmbH & Co. KG	DE	Wind Power	15.97%	15.97%			
73	A	WP Vormark GmbH	DE	Wind Power	15.97%	15.97%			
74	A	WP Vormark Infrastruktur GbR	DE	Wind Power	15.97%	15.97%			
75	A	WP Vormark UW GmbH & Co. KG	DE	Wind Power	15.97%	15.97%			
76	A	WP Vormark WEA 1 GmbH & Co. KG	DE	Wind Power	15.97%	15.97%			
77	NC	TEN Verwaltungs GmbH	DE	Wind Power	15.00%	15.00%			KEA
78	A	GWE Stormy ApS *)	DK	Wind Power	13.89%	13.89%			
79	A	ASPI Energy EOOD	BG	Wind Power	12.50%	12.50%			
80	NC	Parco Eolico Riparbella Srl	IT	Wind Power	9.70%	9.70%		KEA	
81	NC	Windpark Mildenberg GbR	DE	Wind Power	8.76%	8.76%			
82	NC	Green Wind Energy GmbH & Co. Umspannwerk Altlandsberg KG	DK	Wind Power	8.40%	7.20%			
83	NC	UW Eichow GmbH & Co. KG	DE	Wind Power	8.33%	8.33%			KEA
84	NC	Søllested Vindkraft I/S	DK	Wind Power	7.38%	7.38%			
85	NC	EWF Fünf Fünf GmbH & Co. KG, Wittstock	DE	Wind Power	7.15%	7.15%			KEA
86	NC	UW Schäcksdorf GmbH & Co. KG	DE	Wind Power	6.25%	6.25%			KEA
87	NC	European Wind Farms Invest No.2 A/S	DK	Wind Power	5.74%	5.26%	JPZ	KEA	KEA
88	NC	Einspeisegemeinschaft Klein Mutz-Timpberg GmbH &Co. OHG	DE	Wind Power	5.00%	5.00%			
89	NC	Netzanschluss Badingen GbR	DE	Wind Power	3.32%	3.32%			

Companies outside European Energy Group (administrative entities)

No.	Group Structure	Name	Country of place of business	Principal activity	Ownership 2017	Ownership 2016	Chairman	Other boardmember	Director-ships
1		EE Sieben Vier GmbH & Co. KG	DE						KEA
2		EWF Eins Acht GmbH & Co. KG	DE						KEA
3		EWF Eins Fünf GmbH & Co. KG	DE						KEA
4		EWF Eins Neun GmbH & Co. KG	DE						KEA
5		EWF Eins Sechs GmbH & Co. KG	DE						KEA
6		EWF Fünf Acht GmbH & Co. KG	DE						KEA
7		EWF Fünf Zwei GmbH & Co. KG	DE						KEA
8		EWF Sechs Sieben GmbH & Co. KG	DE						KEA
9		EWF Vier Sieben GmbH & Co. KG	DE						KEA
10		EWF Zwei Fünf GmbH & Co. KG	DE						KEA
11		EWF Zwei Null GmbH & Co. KG	DE						KEA
12		EWF Zwei Vier GmbH & Co. KG	DE						KEA
13		innoVent Windkraft Brake GmbH & Co. KG	DE						KEA
14		UW Nielitz GmbH & Co. KG	DE						KEA
15		Windenergie Erik Andersen Verwaltungsgesellschaft mbH	DE						KEA
16		Capviva Solarpark Vandel Holding ApS	DK						KEA
17		Ejendomsselskabet Læsø K/S	DK						KEA
18		Ejendomsselskabet Stubbekøbing K/S	DK						KEA
19		Ejendomsselskabet Øster Toreby K/S	DK						KEA
20		European Energy Holding ApS	DK						KEA
21		Flensbjergvej Infrastrukturselskab ApS	DK						KEA/JPZ
22		JPZ Assistance ApS	DK						JPZ
23		JPZ Assistance II ApS (prev. European Solar Farms Denmark ApS)	DK						JPZ
24		KEA Holding I ApS	DK						KEA
25		KEA II Holding ApS	DK						KEA
26		Komplementarselskabet Sydlolland Vindmøllelaug ApS	DK						KEA
27		Komplementarselskabet Vores Sol ApS	DK						KEA
28		Malmøvej Infrastrukturselskab ApS	DK						KEA/JPZ
29		Meldgaard Architechts & Development A/S	DK					KEA/JPZ	KEA
30		Nor Power ApS *)	DK				KEA	JPZ, MDP	
31		Plasticueros ApS *)	DK						KEA
32		Solarpark Vandel ApS	DK						KEA

No.	Group Structure	Name	Country of place of business	Principal activity	Ownership 2017	Ownership 2016	Chairman	Other boardmember	Director-ships
33		Tønder PV K/S	DK						KEA
34		Vores Sol A/S	DK				KEA	JPZ	JPZ
35		Vores Sol A1 K/S	DK				JPZ	KEA	KEA
36		Vores Sol A10 K/S	DK				JPZ	KEA	KEA
37		Vores Sol A2 K/S	DK				JPZ	KEA	KEA
38		Vores Sol A3 K/S	DK				JPZ	KEA	KEA
39		Vores Sol A4 K/S	DK				JPZ	KEA	KEA
40		Vores Sol A5 K/S	DK				JPZ	KEA	KEA
41		Vores Sol A6 K/S	DK				JPZ	KEA	KEA
42		Vores Sol A7 K/S	DK				JPZ	KEA	KEA
43		Vores Sol A8 K/S	DK				JPZ	KEA	KEA
44		Vores Sol A9 K/S	DK				JPZ	KEA	KEA
45		Vores Sol Ejendomsselskab IVS	DK				KEA	JPZ	JPZ
46		Vores Sol Nakskov I K/S	DK				JPZ	KEA	KEA
47		Vores Sol Nakskov II K/S	DK				JPZ	KEA	KEA
48		Vores Sol Nakskov III K/S	DK				JPZ	KEA	KEA
49		Vores Sol Nakskov IV K/S	DK				JPZ	KEA	KEA
50		Vores Sol Nakskov V K/S	DK				JPZ	KEA	KEA
51		Vores Sol Nakskov VI K/S	DK				JPZ	KEA	KEA
52		Vores Sol Nakskov XIV K/S	DK				JPZ	KEA	KEA
53		Vores Sol Nakskov XV K/S	DK				JPZ	KEA	KEA
54		Vores Sol Nakskov XVI K/S	DK				JPZ	KEA	KEA
55		Vores Sol Nakskov XVII K/S	DK				JPZ	KEA	KEA
56		Vores Sol Nakskov XVIII K/S	DK				JPZ	KEA	KEA
57		ESF Spanien 0426 S.L.U.	ES						KEA/JPZ
58		EE Primus OY	FI				JPZ	KEA	
59		Vihreässaari Wind OY	FI				JPZ	KEA	
60		MDP Invest	DK				MDP	MDP	
61		MDP Verwaltungsgesellschaft mbH	DE						MDP
62		Dikman Invest ApS	DK						JHE
63		ToTec Holding ApS	DK				JHE		
64		Totaltec Oilfield Services Limited	DK					JHE	

No.	Group Structure	Name	Country of place of business	Principal activity	Ownership 2017	Ownership 2016	Chairman	Other boardmember	Director-ships
65		Autohuset Frederikssund A/S	DK					CDY	
66		Autohuset Glostrup A/S	DK					CDY	
67		Autohuset Glostrup-Valby A/S	DK					CDY	
68		Autohuset Ringsted A/S	DK					CDY	
69		Car Holding A/S	DK					CDY	
70		Kronborg Auto A/S	DK					CDY	
71		Repræsentantskabet for Nykredit	DK					CDY	
72		WestMarket A/S	DK				CDY		
		*) According to Section 105,1 in Danish Financial Statement Act we can inform that 7 of the company's in European Energy Group have been audited by a local Danish auditing company named Pryds Statsautoriseret Revisionsfirma.							

Disclaimer and cautionary statement

This document contains forward-looking statements concerning European Energy's financial condition, results of operations and business.

All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on Management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements.

Forward-looking statements include, among other things, statements concerning new potential accounting standards and policies, and

European Energy's potential exposure to market risks and statements expressing Management's expectations, beliefs, estimates, forecasts, projections,

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c. changes in demand for European Energy's products;

d. currency and interest rate fluctuations;

e. loss of market share and industry competition;

f. environmental and physical risks;

g. legislative, fiscal and regulatory developments, including changes in tax or accounting policies;

h. economic and financial market conditions in various countries and regions;

i. political risks, including the risks of expropriation and renegotiation of the terms of contracts with governmental entities, and delays or advancements in the approval of projects;

j. ability to enforce patents;

k. project development risks;

l. cost of commodities;

m. customer credit risks;

n. supply of components from suppliers and vendors; and

o. customer readiness and ability to accept delivery and installation of products and transfer of risk.

All forward-looking statements contained in this document are expressly qualified by the cautionary statements contained or referenced to in this statement. Undue reliance should not be placed on forward-looking statements. Each forward-looking statement speaks only as of the date

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