

# Interim financial report Q1 2017



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## Summary

*The European Energy Group continues the high level of construction and sales activities. The Groups share of profit for the quarter totaled EUR 3,7M based on a Revenue of EUR 22,1M. On the basis of the result and the ongoing sales activities the management upward adjusts the guidance for the year.*

As predicted the group continued the strong development in projects under construction and in sales activities. The most significant single transaction contributing to the result in the first quarter of 2017 is the closing of a sale of 8 wind turbines in Germany to an institutional investor.

The cash flow for the quarter has been positive, and the Group has maintained a high level of cash and cash equivalents, totaling EUR 18,0M by the end of the quarter.

With 127 MW under construction and another 277 MW that are ready to build, European Energy expects the positive development to continue.

European Energy upgraded full year guidance when submitting the annual report for 2016 end of April 2017, and the result for the first quarter of 2017 shows that European Energy is delivering on expectations. CEO Knud Erik Andersen says: *“I am very pleased with the intense attention our green energy projects are getting from institutional investors looking for long term, low risk assets. The level of activity in the first quarter of 2017 is higher than usual and is very promising. It shows that we are able to deliver on our expectations. As a consequence of the good results and ongoing high activities the Group upward adjusts the result before tax to EUR 17M – 22M ”*

## Highlights for European Energy Group

EUR '000	31.03.2017	31.03.2016 *)	2016
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### Key figures (un audited)

Revenue	22.060	25.188	140.788
Direct costs	-15.115	-14.624	-107.289
Gross profit	9.177	9.914	32.456
EBITDA	6.075	7.639	24.929
Operating profit (EBIT)	5.649	7.282	23.319
Financial income and expense, net	-1.229	-1.409	-5.414
Profit/loss before tax	4.420	5.873	17.905
Tax	-739	-1.451	-2.260
The Group's share of profit for the year	3.681	4.422	15.645

Total assets	249.611	227.632	218.535
Equity	67.629	61.408	64.000

Cash flow from operating activities	-24.767	4.089	7.306
Cash flow from investing activities	1.244	5.498	-138
Cash flow from financing activities	26.480	109	-8.022
Change in cash and cash equivalents	2.957	9.696	-854

### Financial ratios

Gross margin	41,6%	39,4%	23,1%
EBITDA margin	27,5%	30,3%	17,7%
EBIT margin	25,6%	28,9%	16,6%
Solvency ratio	27,1%	27,0%	29,3%
Net interest-bearing debt/EBITDA	20,4	12,8	4,0
Return on equity	5,7%	7,1%	25,9%

### Share Ratios

Earning per share	0,4	0,4	1,6
Book value per share	6,8	6,1	6,4
Cash flow from operating activities per share	-2,5	0,4	0,7
Number of shares at the end of the year	10.000.000	10.000.000	10.000.000

Average number of full-time employees	64	60	64
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The financial ratios have been computed in accordance with the latest Guidelines issued by the Danish Finance Society.

\*) Comparative figures for 2016 Q1 are adjusted for early adoption of IFRS 15

## Management Review

### Development in financials for the Group in Q1 2017

In the first quarter of 2017 the Group handed over 2 solar farms in the UK, and 1 wind farm in Germany. In total including sale of electricity the revenue amounted to EUR 22,1M compared to EUR 25,2M in 2016. The figures for the first quarter in 2016 have been adjusted with the adoption of IFRS 15, which the Group implemented in the fourth quarter in 2016.

The Gross profit amounted to EUR 9,2M for the first quarter of 2017 compared to EUR 9,9M in the first quarter of 2016.

In the first quarter of 2017 the profits after tax from equity-accounted investments development companies were at EUR 1,5M compared to EUR -1,5M in 2016. In 2016 the results were negative due to impairment of inventories, while the positive results in 2017 comes from the sale of shares in equity accounted investments.

Profit after tax from equity-accounted investments operating companies is recognised to EUR 0,7M compared to EUR 0,8M in 2016.

EBITDA for the quarter came in at EUR 6,0M compared to EUR 7,6M in the first quarter of 2016. Profit before tax ended at EUR 4,4M. The tax for the period ended with a tax expense of EUR 0,7M. In the first quarter of 2016 the profit before tax ended at EUR 5,8M, the tax for the period ended with a tax expense of EUR 1,5M.

The total balance of the Group increased from EUR 218,5M at the end of 2016 to EUR 249,6M in the first quarter in 2017 – an increase of EUR 31,1M.

The major reason to the increased balance has been the addition to inventories which were EUR 72,2M end of 2016, but increased to EUR 93,3M end of first quarter of 2017. The increase is due to the construction activities which are funded via project financing with credit institutions.

In the first quarter of 2016 the balance of the Group increased with EUR 4,4M to EUR 227,6.

The management considers the results of the first quarter of 2017 to be satisfactory.

### Capital Management:

European Energy A/S is currently investigating the refinancing opportunities of the outstanding bond loan of EUR 45M. The investigations include specific structure, size and timing of a new facility. Based on clarifying conversations the overall market conditions for such refinancing are considered positive. It is the expectation that the refinancing will be in the size of EUR 50-75M to support continued growth. The specific use of the proceeds will be decided by management but will include repayment of the existing facility.

### Outlook for 2017:

When submitting the annual report for 2016 European Energy Group upward adjusted the full year guidance for 2017 to:

Revenue for 2017 to be EUR 120M - 160M.

Profit before tax for 2017 to be EUR 12M - 17M.

On the basis of the positive development in the sales and construction activities in 2017, the management again upward adjusts the guidance to:

Revenue for 2017 to be EUR 130M -170M.

Profit before tax for 2017 to be EUR 17M - 22M.

## Sale of Electrical Power

European Energy's share of operational assets increased by 24 MW to 180 MW compared to end of 2016. The development is due to divestment of solar PV farms installed in the UK and commissioning of wind farms in Denmark and Italy.

### Net capacity (MW)

	End of Q1 2017	End of Q1 2016	End of 2016	End of 2015
Solar	25	20	32	23
Wind	155	120	124	121
<b>Total</b>	<b>180</b>	<b>140</b>	<b>156</b>	<b>144</b>

The production from solar PV increased significantly in the first quarter of 2017, due to a higher installed capacity. The wind production increased compared to the first quarter of 2016 due to additions to the portfolio but fell short of expectations since the wind conditions in Germany and Denmark were poor. In total the Group experienced an increase in the net production compared to the first quarter of 2016.

### Production (GWh)

	Net production		Gross production	
	Q1 2017	Q1 2016	2017 YTD	2016 YTD
Solar	4,8	2,2	8,1	5,0
Wind	58,7	55,4	174,9	178,6
<b>Total</b>	<b>63,5</b>	<b>57,6</b>	<b>183,0</b>	<b>183,6</b>

Power prices have generally been low in the first quarter of 2017. Due to long-term power purchase agreements and long-term subsidies, low power prices will have a limited effect on profit from the sale of electrical power.

## Asset Management

European Energy receives commercial management fees in exchange for asset management services.

### Assets managed on behalf of third parties (MW)

	End of Q1 2017
Solar	110
Wind	460
<b>Total</b>	<b>570</b>

European Energy manages 570 MW on behalf of third parties. The total portfolio under management, including own assets corresponds to 750 MW.

## Grid connected

During first quarter 2017 the activities grid connected are summarized below.

		Q1 2017	MW included in total portfolio	Net capacity (MW)
Wind	Kappel (partly grid connected)	25	25	25
	Uppum (partly grid connected)	7	7	0
	Vormark I	28	0	0
	Vormark II (partly grid connected)	20	14	3
	Oppido	20	20	10

## Development and construction

The construction and development activities are summarized in the tables below.

MW	Total activity level	End of Q1 2017
Wind	In construction	96
	Ready to build	62
Solar	In construction	31
	Ready to build	215

### Activity level (wind)

	Site	MW	End of Q1 2017 status	Sales agreement signed
Denmark	Kappel	25	In construction	No
Denmark	Måde 3	8	In construction	No
Germany	Gilmerdingen	12	In construction	No
Germany	Lüdersdorf	7	In construction	No
Germany	Schochodde	3	In construction	No
Germany	Werneuchen	3	In construction	No
Germany	Lohkamp	12	Ready to build	No
Finland	Jeppo	7	In construction	Yes
Finland	Haukkineva	7	In construction	Yes
Finland	Vihreäsaari	4	In construction	Yes
Sweden	Swedish Wind 1	17	Ready to build	No
Sweden	Swedish Wind 2	14	Ready to build	No
Sweden	Swedish Wind 3	21	Ready to build	No
Sweden	Swedish Wind 4	10	Ready to build	No

### Activity level (solar)

Country	Site	MW	End of Q1 2017 status	Sales agreement signed
Brazil	Coremas 2	31	In construction	No
Brazil	Coremas 1	31	Ready to build	No
Brazil	Coremas 3	31	Ready to build	No
Brazil	Boa Hora 1	27	Ready to build	No
Brazil	Boa Hora 2	27	Ready to build	No
Brazil	Boa Hora 3	27	Ready to build	No
Denmark	Danish Solar 1	5	Ready to build	No
Denmark	Danish Solar 2	7	Ready to build	No
Denmark	Danish Solar 3	10	Ready to build	No
Denmark	Danish Solar 4	10	Ready to build	No
Denmark	Danish Solar 5	10	Ready to build	No
Denmark	Danish Solar 6	10	Ready to build	No
Denmark	Danish Solar 7	10	Ready to build	No
Denmark	Danish Solar 8	10	Ready to build	No

### Wind

European Energy had a good start into 2017. The Italian wind farm Oppido was grid connected in the beginning of January. In Denmark, the wind farm Kappel managed to have 4 out of 7 turbines erected and grid connected in the first quarter of 2017. In Germany, several sites are under construction, including the Vormark I project where a number of turbines were taken into operation.

### Solar

At the beginning of 2017, a 31 MW project in Brazil is under construction while European Energy is preparing the next 31 MW phase to start construction soon. The 70 MW solar portfolio in Denmark is being prepared for start of construction during mid-2017.

All in all, European Energy expects 2017 to be a new record year in regard to constructed capacity.

### Pipeline

In the first quarter of 2017 European Energy has not made any acquisitions of new projects or project rights. Several opportunities in Southern Europe are currently under consideration and are expected to materialize during the second or the third quarter of 2017.

In Finland, further guidance on the new tariff system is expected, which could enable that the Finnish pipeline will move to the ready to build stage.



## Sales and project financing

The table below summarizes the sales activities in the first quarter of 2017:

Country	Site	MW	Technology	End of Q1 2017 status
Germany	Vormark I	28	Wind	SPA signed and closed
Germany	Lüdersdorf	7	Wind	Term sheet signed
Germany	Gilmerdingen	12	Wind	Term sheet signed
Italy	Oppido	20	Wind	Term sheet signed
United Kingdom	High Leas	5	Solar	SPA signed in 2016 and closed in 2017
United Kingdom	West End Farm	5	Solar	SPA signed in 2016 and closed in 2017

The first quarter 2017 started the year well as European Energy with partners sold the wind farm Vormark I to the Hamburg-based private equity group CEE. European Energy owned 16 percent of the wind farm. Moreover, European Energy signed term sheets for the sale of three wind farms of 39 MW located in Germany and Italy. In UK the Group closed sale of two solar farms which has Sales and Purchase Agreements signed in 2016.

### Events after the end of Q1

After the end of the first quarter of 2017 European Energy signed the SPA and closed the sale of a German wind farm of 7 MW, as well as a UK solar farm of 5 MW. Moreover, the SPA for the sale of the Danish wind farm in Kappel has been signed.

The table below summarizes sales activities after the end of Q1

Country	Site	MW	Technology	End of Q1 2017 status
Germany	Lüdersdorf	7	Wind	SPA signed and closed
United Kingdom	West End Farm CIC	5	Solar	SPA signed and closed
Denmark	Kappel	25	Wind	SPA signed

## Financial figures

### Consolidated statement of comprehensive income

For the quarter ended 31 March 2017

Unaudited	31.03.2017	31.03.2016 *)	2016
EUR'000			
Revenue	22.060	25.188	140.788
Profit after tax from equity-accounted investments Development companies	1.521	-1.459	-2.519
Profit after tax from equity-accounted investments Operating companies	711	809	1.476
Other income	-	-	-
Direct costs	-15.115	-14.624	-107.289
<b>Gross profit</b>	<b>9.177</b>	<b>9.914</b>	<b>32.456</b>
Staff costs	-2.110	-1.651	-4.949
Other external costs	-992	-624	-2.578
<b>EBITDA</b>	<b>6.075</b>	<b>7.639</b>	<b>24.929</b>
Depreciation & impairment	-426	-357	-1.610
<b>Operating profit</b>	<b>5.649</b>	<b>7.282</b>	<b>23.319</b>
Finance income	555	645	3.562
Finance expenses	-1.784	-2.054	-8.976
<b>Profit/loss before tax</b>	<b>4.420</b>	<b>5.873</b>	<b>17.905</b>
Tax	-739	-1.451	-2.260
<b>Profit/loss for the year</b>	<b>3.681</b>	<b>4.422</b>	<b>15.645</b>
<b>Attributable to:</b>			
Shareholders of the Company	3.509	4.988	15.103
Non-controlling interests	172	-566	542
<b>Profit/loss for the year</b>	<b>3.681</b>	<b>4.422</b>	<b>15.645</b>
<b>Statement of comprehensive income</b>			
<b>Profit/loss for the year</b>	<b>3.681</b>	<b>4.422</b>	<b>15.645</b>
Items that may be reclassified to profit or loss			
Other comprehensive income in equity accounted investments	-	-	-
Value adjustments of hedging instruments	20	-157	56
Tax of value adjustments of hedging instruments	-5	39	-14
Currency differences on translating foreign operations	5	-13	76
<b>Other comprehensive income for the period</b>	<b>20</b>	<b>-131</b>	<b>118</b>
<b>Comprehensive income for the year</b>	<b>3.701</b>	<b>4.291</b>	<b>15.763</b>
<b>Attributable to:</b>			
Shareholders of the Company	3.529	4.857	15.221
Non-controlling interests	172	-566	542
<b>Comprehensive income for the year</b>	<b>3.701</b>	<b>4.291</b>	<b>15.763</b>

\*) Comparative figures for 2016 Q1 are adjusted for early adoption of IFRS 15

## Consolidated statement of financial position

As of 31 March 2017

Unaudited	31.03.2017	31.03.2016 *)	2016
EUR'000			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	50.876	43.889	51.320
Joint Venture investments	7.663	8.316	6.075
Associated companies investments	11.881	10.250	11.264
Other investments	3.680	3.622	3.629
Loans to related parties	20.671	21.415	21.967
Contract assets	5.038	7.525	5.547
Other receivables	8.072	11.483	8.141
Deferred tax	3.192	4.128	3.931
<b>Total non-current assets</b>	<b>111.073</b>	<b>110.628</b>	<b>111.874</b>
<b>Current assets</b>			
Inventories	93.323	76.047	72.201
Contract assets	9.239	5.617	11.550
Other receivables	16.546	7.850	5.938
Prepayments	1.397	1.864	1.896
Cash and cash equivalents	18.033	25.626	15.076
<b>Total current assets</b>	<b>138.538</b>	<b>117.004</b>	<b>106.661</b>
<b>TOTAL ASSETS</b>	<b>249.611</b>	<b>227.632</b>	<b>218.535</b>

\*) Comparative figures for 2016 Q1 are adjusted for early adoption of IFRS 15

## Consolidated statement of financial position

As of 31 March 2017

Unaudited	31.03.2017	31.03.2016 *)	2016
EUR'000			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1.340	1.340	1.340
Retained earnings	59.863	45.991	56.334
Equity attributable to owners of the Company	61.203	47.331	57.674
Non-controlling interests	6.426	14.077	6.326
<b>Total Equity</b>	<b>67.629</b>	<b>61.408</b>	<b>64.000</b>
<b>Liabilities</b>			
Bond loan	44.761	52.117	44.700
Project financing	86.524	54.996	55.500
Other debt relating to the acquisition of companies	691	6.724	1.402
Provisions	556	-	556
Deferred tax	2.670	1.681	2.618
<b>Total non-current liabilities</b>	<b>135.202</b>	<b>115.518</b>	<b>104.776</b>
Bond loan	7.600	-	7.600
Credit institutions	10.723	16.234	15.726
Other debt relating to the acquisition of companies	3.171	3.269	4.782
Trade payables	15.747	17.110	11.512
Payables to related parties	1.294	74	835
Corporation tax	265	1.007	920
Provisions	1.975	3.040	1.975
Contract liabilities	-	2.575	-
Other payables	6.005	7.397	6.409
<b>Total current liabilities</b>	<b>46.780</b>	<b>50.706</b>	<b>49.759</b>
<b>Total liabilities</b>	<b>181.982</b>	<b>166.224</b>	<b>154.535</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>249.611</b>	<b>227.632</b>	<b>218.535</b>

\*) Comparative figures for 2016 Q1 are adjusted for early adoption of IFRS 15

## Consolidated statement of cash flow

For the quarter ended 31 March 2017

Unaudited	31.03.2017	31.03.2016 *)	2016
EUR'000			
<b>Cash flow from operating activities</b>			
Profit/loss before tax	4.420	5.873	17.905
Adjustments for:			
Financial income	-555	-645	-3.562
Financial Expenses	1.784	2.054	8.976
Depreciations	426	357	1.610
Other non-cash movements	-2.232	650	1.043
Change in net working capital	-26.833	-1.932	-10.854
Other non-cash items	-	-	-
Cash generated from operation before financial items and tax	-22.990	6.357	15.118
Taxes paid	-455	-859	-1.469
Interest paid and realised currency losses	-1.777	-2.054	-8.483
Interest received and realised currency gains	455	645	2.140
<b>Cash flow from operating activities</b>	<b>-24.767</b>	<b>4.089</b>	<b>7.306</b>
<b>Cash flow from investing activities</b>			
Purchase of Property, plant and equipment	-5	-	-6.848
Proceeds from disposal of subsidiaries, equity-accounted investments	-	210	1.999
Investment/loans in equity-accounted investments	1.238	5.288	4.659
Dividends	11	-	52
<b>Cash flow from investing activities</b>	<b>1.244</b>	<b>5.498</b>	<b>-138</b>
<b>Cash flow from financing activities</b>			
Proceeds from borrowings	30.578	1.144	40.437
Repayment of borrowings	-4.557	-701	-39.998
Changes in payables to associates	459	-334	427
Non-controlling interests' share of capital increase in subsidiary	-	-	-8.888
<b>Cash flow from financing activities</b>	<b>26.480</b>	<b>109</b>	<b>-8.022</b>
<b>Change in cash and cash equivalents</b>	<b>2.957</b>	<b>9.696</b>	<b>-854</b>
Cash and cash equivalents at beginning of period	15.076	15.930	15.930
<b>Cash and cash equivalents end of period</b>	<b>18.033</b>	<b>25.626</b>	<b>15.076</b>
Of which restricted cash and cash equivalents	-3.536	-3.079	-4.833
<b>Non-restricted cash and cash equivalents end of year</b>	<b>14.497</b>	<b>22.547</b>	<b>10.243</b>

\*) Comparative figures for 2016 Q1 are adjusted for early adoption of IFRS 15

## Consolidated statement of changes in equity

As of 31 December 2016

Unaudited

EUR'000	Share capital	Translation reserve	Hedging reserve	Retained earnings	Total	Non-controlling interest	Total
<b>Equity at 1 January 2017</b>	1.340	27	-663	56.970	57.674	6.326	64.000
Profit/loss for the period	-	-	-	3.509	3.509	172	3.681
<b>Other comprehensive income</b>							
Other comprehensive income in equity accounted investments	-	-	-	-	-	-	-
Value adjustments of hedging instruments	-	-	16	-	16	4	20
Tax of value adjustments of hedging instruments	-	-	-4	-	-4	-1	-5
Currency differences on translating foreign operations	-	8	-	-	8	-3	5
Other comprehensive income	-	8	12	-	20	-	20
Total comprehensive income	-	8	12	3.509	3.529	172	3.701
<b>Transactions with owners</b>							
Share of capital increases	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-72	-72
Total transactions with owners	-	-	-	-	-	-72	-72
<b>Equity at 31 March 2017</b>	1.340	35	-651	60.479	61.203	6.426	67.629

  

EUR '000	Share capital	Translation reserve	Hedging reserve	Retained earnings	Total	Non-controlling interest	Total
<b>Equity at 1 January 2016</b>	1.340	-57	-697	41.867	42.453	14.354	56.807
Profit/loss for the period	-	-	-	15.103	15.103	542	15.645
<b>Other comprehensive income</b>							
Other comprehensive income in equity accounted investments	-	-	-	-	-	-	-
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
<b>Transactions with owners</b>							
<b>Share of capital increases</b>	-	-	-	-	-	1.849	1.849
Additions	-	-	-	-	-	1.420	1.420
Disposals	-	-	-	-	-	-11.839	-11.839
Total transactions with owners	-	-	-	-	-	-8.570	-8.570
<b>Equity at 31 December 2016</b>	1.340	27	-663	56.970	57.674	6.326	64.000

The share capital consists of nom. 10,000,000 shares of DKK 1 each, corresponding to EUR 1,340 thousand.  
The share capital has remained unchanged for the last five years. The share capital is fully paid in.

## Notes

### **Basis for preparation**

These unaudited consolidated financial statements for the first quarter of 2017 have been prepared in accordance with IAS 34 'Interim Financial Reporting' and on the basis of the same accounting policies as were applied in the Annual Report 2016 of European Energy Group.

Furthermore, the financial report including the consolidated financial statements for the first quarter of 2017 and the management's review have been prepared in accordance with additional Danish disclosure requirements for the interim reports of listed companies.

European Energy Group has adopted all new, amended or revised accounting standards and interpretations ('IFRS') as published by the IASB, and also those that are endorsed by the EU effective for the accounting period beginning on 1 January 2017. These IFRS's have not had a significant impact on the consolidated financial statements for the first quarter of 2017.

### **New accounting standards not yet adopted**

The IASB has issued a number of new accounting standards and interpretations with effective date after 31 December 2017. The Group expects to implement when they become mandatory. IFRS 16, Leases (effective date 1 January 2019).

The following new accounting standards and interpretations, not yet adopted, are expected to have most significant impact on recognition, measurement and disclosures for the Group:

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

### **IFRS 16, Leases**

The IASB has issued a new standard on accounting for leases. As a Lessee, the Group is required to recognize all lease contracts on the balance sheet. The Group will not be required to recognize lease contracts with a term of less than 12 months on the balance sheet. The Group is assessing the impact of IFRS 16. We have started an analysis of the impact of IFRS 16 on the consolidated financial statements, which has not yet been completed. The lease obligation at 1 January 2019 will be calculated as the present value of remaining lease payments at this date and the impact are expected to increase the balance sheet with approximately with EUR 6M and will also impact the key ratios. It will only have limited effect on the income statement.

The Group's main operations comprise project development, financing, construction, sales and acquisition as well as management of wind and solar energy farms. Our geographical focus is on Northern European markets.

The parent company is a limited liability company incorporated and domiciled in Denmark. The address of its registered office is Gyngemose Parkvej 50, Dk-2860 Søborg.

Corporate bonds issued by the parent company are listed on NASDAQ Stockholm. On 31 May 2017, the Board of Directors approved these interim consolidated financial statements.

The interim consolidated financial statements are presented in EUR, and all values are rounded to the nearest thousand (EUR'000), except when otherwise indicated.

### Segment information

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:

- Wind
- 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.

#### Unaudited

EUR '000	Wind	Solar	Total before elimination	31.03.2017
Sale of energy farms and projects	4.857	14.902	19.760	19.760
Sale of electricity	173	1.766	1.939	1.939
Asset management & other fees	89	277	366	366
<b>Revenue to external customers</b>	<b>5.119</b>	<b>16.945</b>	<b>22.064</b>	<b>22.064</b>
<b>Profit/loss before tax</b>	<b>4.542</b>	<b>-124</b>	<b>4.418</b>	<b>4.418</b>
<b>Total assets</b>	<b>133.576</b>	<b>115.923</b>	<b>249.498</b>	<b>249.498</b>
<b>Total liabilities</b>	<b>77.937</b>	<b>103.948</b>	<b>181.886</b>	<b>181.886</b>
	<b>Wind</b>	<b>Solar</b>	<b>Total before elimination</b>	<b>31.03.2016 *)</b>
Sale of energy farms and projects	7.587	15.835	23.422	23.422
Sale of electricity	18	1.397	1.415	1.415
Asset management & other fees	326	26	352	352
<b>Revenue to external customers</b>	<b>7.930</b>	<b>17.258</b>	<b>25.188</b>	<b>25.188</b>
<b>Profit/loss before tax</b>	<b>-1.049</b>	<b>6.922</b>	<b>5.873</b>	<b>5.873</b>
<b>Total assets</b>	<b>127.555</b>	<b>100.078</b>	<b>227.632</b>	<b>227.632</b>
<b>Total liabilities</b>	<b>78.524</b>	<b>87.700</b>	<b>166.224</b>	<b>166.224</b>

\*) Comparative figures for 2016 Q1 are adjusted for early adoption of IFRS 15

### Write down of inventories

The Groups has no write down of inventories for the first quarter of 2017.



## Statement by the board of directors and the management

The Board of Directors and the Management have considered and adopted the Interim Report of European Energy A/S for the period 1 January - 31 March 2017. The Interim Report is presented in accordance with the International Accounting Standard IAS 34 on Interim Financial Reporting.

The accounting policies applied in the Interim Report are consistent from those applied in the Group's Annual Report 2016.

We consider the accounting policies appropriate, the accounting estimates reasonable and the overall presentation of the Interim Report adequate. Accordingly, we believe that the Interim Report gives a true and fair view of the Group's financial position, results of operations and cash flows for the period.

In our opinion, the Interim Report includes a true and fair account of the matters addressed and describes the most significant risks and elements of uncertainty facing the Group.

The Interim Report has not been audited or reviewed by the auditors.

Søborg, 31 May 2017

Management:

Knud Erik Andersen  
CEO  
Board of Directors:

Jonny Jonasson  
CFO

Jens-Peter Zink  
Chairman

Knud Erik Andersen

Mikael Dystrup Pedersen

Claus Dyhr

Jesper Helmuth Larsen

## 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, and assumptions. There are a number of factors that could affect European Energy's future operations and could cause European Energy's results to differ materially from those expressed in the forward-looking statements included in this document, including (without limitation): (a) changes in demand for European Energy's products; (b) currency and interest rate fluctuations; (c) loss of market share and industry competition; (d) environmental and physical risks; (e) legislative, fiscal and regulatory developments, including changes in tax or accounting policies; (f) economic and financial market conditions in various countries and regions; (g) 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; (h) ability to enforce patents; (i) project development risks; (j) cost of commodities; (k) customer credit risks; (l) supply of components from suppliers and vendors; and (m) 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. Additional factors that may affect future results are contained in European Energy's annual report for the year ended 31 December 2016 (available at [www.europeanenergy.dk/investor-relations](http://www.europeanenergy.dk/investor-relations)) and these factors should also be considered. Each forward-looking statement speaks only as of the date of this document. European Energy does not undertake any obligation to publicly update or revise any forward-looking statement as a result of new information or future events others than 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.