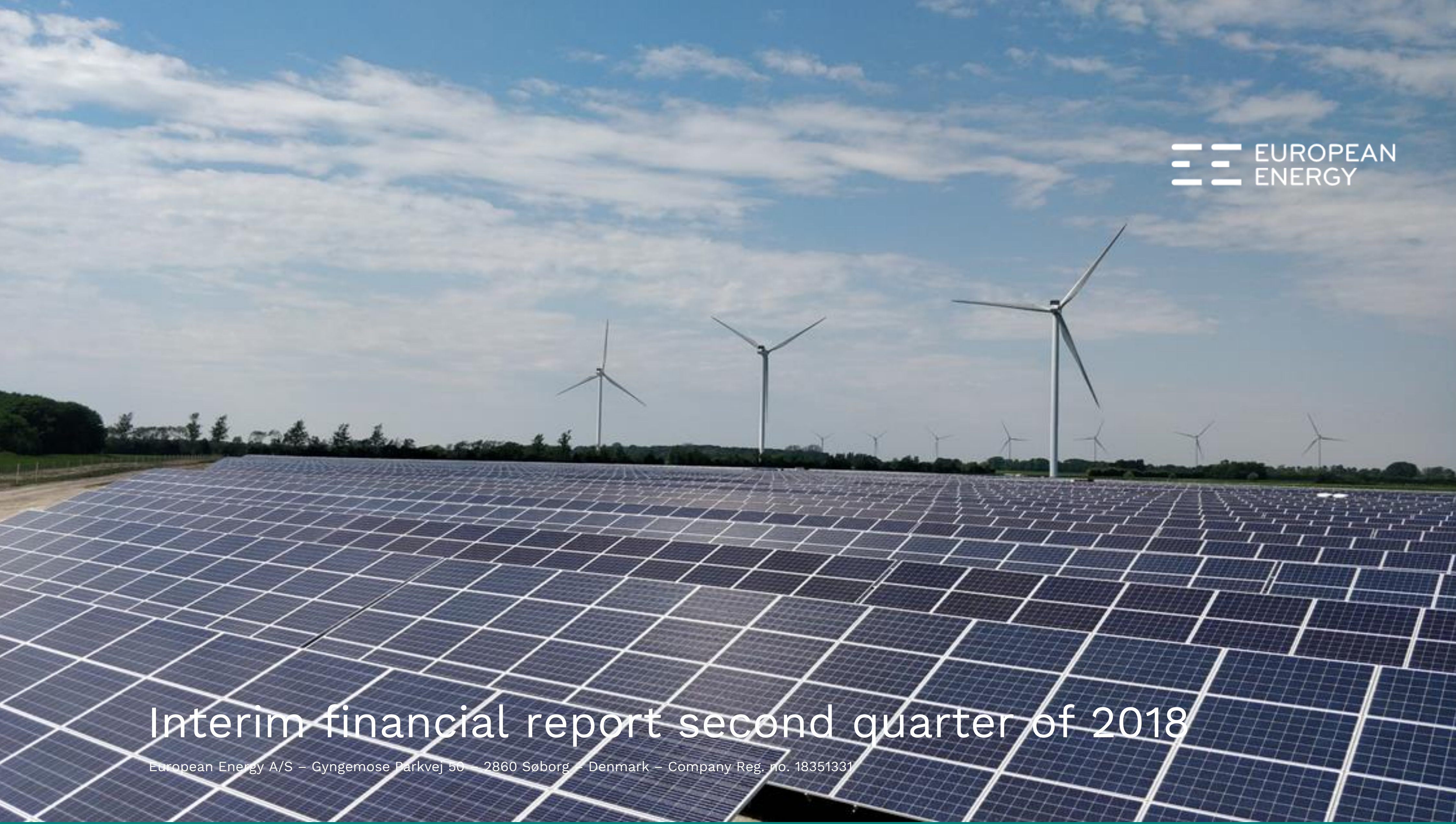

Interim financial report second quarter of 2018

European Energy A/S – Gyngemose Parkvej 50 – 2860 Søborg – Denmark – Company Reg. no. 18351331

Bodelyngsvej Solar Park, Bornholm, Denmark

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Interim financial report for second quarter of 2018

Summary

European Energy posted a net profit before tax of EUR 0.9 million in the first half of 2018, a decrease from EUR 5.5 million in the first half of 2017. Revenue for the first half of the year was EUR 18.6 million, compared to EUR 32.2 the previous year. For the second quarter 2018, European Energy had a loss before tax of EUR 1.2 million, while EBITDA reached EUR 1.1 million, this is compared to Profit before tax EUR 1.1 million and EBITDA EUR 2.8 million in second quarter of 2017.

The result reflects a continuation of growth in development and construction, while the majority of the divestments of projects is expected later in 2018. The result is in the line with guidance released by European Energy for the full year.

The timing of the close of each individual sale of energy farms has great impact on the Groups results. European Energy has successfully signed a sale of 39 MW after the end of second quarter. Currently there are active sales processes covering projects with an accumulated capacity of 250 MW, in comparison the equivalent figure was 160 MW after first half of 2017.

Knud Erik Andersen, Chief Executive Officer said:

"We are satisfied with our half year results. The positive momentum in our development and construction activities continued in our key markets as well as new markets. The planned divestment of our solar and wind farms also progressed according to plan. We experience high interest among institutional investors for our projects and we expect to announce further sales in the second half of the year. We appreciate the momentum we have built and expect the second half of 2018 to be very busy."

European Energy also passed a milestone in the second quarter of 2018, namely one gigawatt of constructed capacity. Since the company was founded in 2004, European Energy has now constructed more than one gigawatt of green power generation capacity, in addition European Energy provide asset management for more than one gigawatt of green power.

"We are proud of this achievement. It is a nice milestone to pass, but the technology has developed so fast the past few years, that while we needed 14 years to reach the first GW, we expect the second gigawatt to be constructed within two years," said Knud Erik Andersen.

During the second quarter of 2018, eight solar parks in Denmark with a total capacity of 70 MW was grid connected. 164 MW wind and solar power is under construction and another 280 MW are ready to build.

The outlook for the year is unchanged at a profit before tax of EUR 26 – 28 million.

Highlights for European Energy Group

Key figures (Unaudited) EUR '000	Q2 2018	Q2 2017	H1 2018	H1 2017	FY 2017
Revenue	8,407	10,127	18,584	32,187	186,716
Direct costs	-4,086	-7,167	-10,587	-22,282	-148,550
Gross profit	4,099	5,438	11,076	14,615	44,998
EBITDA	1,129	2,821	5,439	8,896	34,174
Operating profit (EBIT)	630	2,403	4,501	8,052	32,451
Financial income and expense, net	-1,873	-1,339	-3,566	-2,568	-6,662
Profit/loss before tax	-1,243	1,064	935	5,484	25,789
Tax	-300	576	-464	-163	-4,600
The Group's share of profit for the period	**-1,543**	**1,640**	**471**	**5,321**	**21,189**
Total assets	416,388	266,225	416,388	266,225	287,764
Equity	**88,061**	**69,219**	**88,061**	**69,219**	**91,000**
Cash flow from operating activities	-35,307	767	-105,783	-24,000	-14,476
Cash flow from investing activities	-36,799	-6,001	-32,169	-4,757	3,588
Cash flow from financing activities	58,271	8,613	127,917	35,093	43,992
Change in cash and cash equivalents	**-13,835**	**3,379**	**-10,035**	**6,336**	**33,104**
Financial ratios					
Gross margin	48.8%	53.7%	59.6%	45.4%	24.1%
EBITDA margin	13.4%	27.9%	29.3%	27.6%	18.3%
EBIT margin	7.5%	23.7%	24.2%	25.0%	17.4%
Solvency ratio	21.1%	26.0%	21.1%	26.0%	31.6%
Net interest-bearing debt/EBITDA	55.9	12.1	23.2	7.7	3.0
Return on equity	-2.0%	2.5%	0.6%	8.2%	27.3%
Share Ratios					
Earnings per share (EPS Basic)	-0.01	0.17	0.01	0.52	0.11
Number of shares at the end of the year	300,019,236	10,000,000	300,019,236	10,000,000	300,000,000
Average number of full-time employees	**91**	**72**	**94**	**73**	**74**

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

Management Review

Development in financials for the Group in second quarter 2018

In the second quarter of 2018 the Group has not closed any sale of energy farms according to IFRS 15. In total including sale of electricity the revenue amounted to EUR 8.4M compared to EUR 10.1M in 2017.

The gross profit amounted to EUR 4.1M for the second quarter of 2018 compared to EUR 5.4M in the second quarter of 2017.

In the second quarter of 2018 the profit after tax from equity-accounted investments were negative at EUR -0.2M compared to positive at EUR 2.5M in 2017.

EBITDA for the quarter came in at EUR 1.1M compared to EUR 2.8M in the second quarter of 2017. Profit before tax ended at negative EUR -1.2M. The tax for the period ended with a tax expense of EUR 0.3M.In the second quarter of 2017 the profit before tax ended at EUR 1.1M and the tax for the period ended with a tax income of EUR 0.6M.

The total balance of the Group increased from EUR 287.8M at the end of 2017 to EUR 416.4M in the second quarter in 2018 – an increase of EUR 128.6M.
The major reason to the increased balance has been the increase in inventories which were EUR 101.8M end of 2017, and has increased to EUR 200.7M end of second quarter of 2018. The increase is due to the high level of construction activities, and commissioning of energy farms not yet sold.

The management considers the results of the second quarter of 2018 to be as expected.

Capital Management

The Group has in the second quarter of 2018 managed to increase project-related loans with EUR 68.7M, cf. in the Consolidated statement of cash flow at page 13. The loans are obtained in order to finance the ongoing constructions in the Group. In the second quarter of 2018 there has been repayment of Bond loan of EUR 7.6M and repayment of project loans of EUR 1.0M.

Outlook for 2018

The revenue target set for 2018 is 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.

Sale of Electrical Power

European Energy's share of operational assets increased by 111 MW to 247 MW compared to end of 2017. The development is due to the net difference between commissioning and acquisition of new wind farms and divestment of both wind and solar PV farms.

Net capacity (MW)

	Q2 2018	Q2 2017	End of 2017
Solar	168	25	9
Wind	79	182	126
Total	247	207	135

The production from solar PV increased in the second quarter of 2018 compared to the same period the year before due to additions to the portfolio. The wind production decreased compared to 2017 due to divestments from the portfolio.

Net Production (GWh)

	Q2 2018	Q2 2017	2017
Solar	23.0	8.8	21.3
Wind	53.8	60.8	244.3
Total	76.8	69.6	265.6

Asset Management

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

Assets managed on behalf of third parties (MW)

	Q2 2018	Q2 2017	End of 2017
Solar	553	110	126
Wind	126	460	513
Total	679	570	639

European Energy manages 679 MW on behalf of third parties. The increase is due to the company continuing as asset manager after divestment of finalised projects. The total portfolio under management, including own assets corresponds to 926 MW.

Development and Construction

WIND

See table 1-3 in the appendix for further specifications.

SOLAR

In Brazil we are producing energy in the third quarter of 2018.

See table 1-3 in the appendix for further specifications.

Sales activity

In the quarter, the Group has not closed any sale. See table 4-5 in the appendix for further specifications.

Events after the end of second quarter 2018

After the quarter the Group has signed an agreement for the sale of a wind farm in Italy with a total capacity of 39 MW to an Italian buyer. The sale is conditioned upon the satisfaction of a number of conditions precedent and closing is expected to take place before the end of Q1 2019

Consolidated statement of profit or loss and other comprehensive income

For the quarter ended 30 June 2018

EUR'000

Unaudited	Q2 2018	Q2 2017	H1 2018	H1 2017	FY 2017
Revenue	8,407	10,127	18,584	32,187	186,716
Profit after tax from equity-accounted investments	-222	2,478	3,079	4,710	5,432
Other income	-	-	-	-	1,400
Direct costs	-4,086	-7,167	-10,587	-22,282	-148,550
Gross profit	**4,099**	**5,438**	**11,076**	**14,615**	**44,998**
Staff costs	-2,019	-1,587	-3,914	-3,697	-6,970
Other external costs	-951	-1,030	-1,723	-2,022	-3,854
EBITDA	**1,129**	**2,821**	**5,439**	**8,896**	**34,174**
Depreciation & impairment	-499	-418	-938	-844	-1,723
Operating profit (EBIT)	**630**	**2,403**	**4,501**	**8,052**	**32,451**
Finance income	1,133	697	1,671	1,252	3,103
Finance expenses	-3,006	-2,036	-5,237	-3,820	-9,765
Profit/loss before tax	**-1,243**	**1,064**	**935**	**5,484**	**25,789**
Tax	-300	576	-464	-163	-4,600
Profit/loss for the period	**-1,543**	**1,640**	**471**	**5,321**	**21,189**
Attributable to:					
Shareholders of the Company	-1,365	1,709	1,038	5,218	17,575
Non-controlling interests (NCI)	-178	-69	-567	103	3,614
Profit/loss for the period	**-1,543**	**1,640**	**471**	**5,321**	**21,189**

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

For the quarter ended 30 June 2018

EUR'000

Profit loss and OCI	Q2 2018	Q2 2017	H1 2018	H1 2017	FY 2017
Statement of comprehensive income					
Profit/loss for the period	-1,543	1,640	471	5,321	21,189
Items that may be reclassified to profit or loss:					
Other comprehensive income in equity accounted investments	475	-	475	-	-
Value adjustments of hedging instruments	72	128	71	148	233
Tax of value adjustments of hedging instruments	-18	-32	-18	-37	-57
Currency differences on translating foreign operations	-13	-143	-59	-138	-90
Other comprehensive income for the period	**516**	**-47**	**469**	**-27**	**86**
Comprehensive income for the period	**-1,027**	**1,593**	**940**	**5,294**	**21,275**
Attributable to:					
Shareholders of the Company	-845	1,662	1,499	5,191	17,639
Non-controlling interests (NCI)	-182	-69	-559	103	3,636
Comprehensive income for the period	**-1,027**	**1,593**	**940**	**5,294**	**21,275**

Consolidated statement of financial position

As of 30 June 2018

EUR'000

Unaudited	H1 2018	H1 2017	FY 2017
ASSETS			
Non-current assets			
Property, plant and equipment	61,773	50,069	50,340
Joint Venture investments	11,734	7,691	9,977
Associated companies investments	12,694	12,405	12,507
Other investments	4,689	3,815	4,960
Loans to related parties	39,818	28,648	17,951
Trade receivables and contract assets	4,805	6,448	5,153
Other receivables	9,292	8,160	8,656
Deferred tax	3,025	3,992	2,826
Total non-current assets	**147,830**	**121,228**	**112,370**
Current assets			
Inventories	200,684	100,338	101,797
Trade receivables and contract assets	19,104	11,481	9,534
Other receivables	7,624	10,856	15,430
Prepayments for goods and services	3,001	910	453
Cash and cash equivalents	38,145	21,412	48,180
Total current assets	**268,558**	**144,997**	**175,394**
TOTAL ASSETS	**416,388**	**266,225**	**287,764**

Consolidated statement of financial position - continued

As of June 2018

EUR'000

Unaudited	H1 2018	H1 2017	FY 2017
EQUITY AND LIABILITIES			
Equity			
Share capital	40,314	1,341	40,311
Retained earnings and reserves	36,913	61,524	35,002
Equity attributable to owners of the Company	**77,227**	**62,865**	**75,313**
Non-controlling interests	10,834	6,354	15,687
Total Equity	**88,061**	**69,219**	**91,000**
Liabilities			
Bond loan	83,394	-	58,924
Project financing	158,588	97,847	53,310
Other debt	1,499	691	597
Provisions	881	556	798
Deferred tax	2,518	2,698	2,201
Total non-current liabilities	**246,880**	**101,792**	**115,830**
Bond loan	-	52,204	7,600
Project financing	48,670	8,368	38,363
Other debt, partnerships	484	3,579	1,624
Trade payables	4,221	15,145	16,062
Payables to related parties	3,639	824	4,848
Corporation tax	756	685	760
Provisions	1,985	1,975	1,264
Other payables	21,692	12,434	10,413
Total current liabilities	**81,447**	**95,214**	**80,934**
Total liabilities	**328,327**	**197,006**	**196,764**
TOTAL EQUITY AND LIABILITIES	**416,388**	**266,225**	**287,764**

Consolidated statement of cash flow

For the quarter ended 30 June 2018

EUR'000

Unaudited

Cash flow from operating activities	Q2 2018	Q2 2017	H1 2018	H1 2017	FY 2017
Profit/loss before tax	-1,243	1,064	935	5,484	25,789
Adjustments for:					
Financial income	-1,133	-697	-1,671	-1,252	-3,103
Financial Expenses	3,006	2,036	5,237	3,820	9,765
Depreciations	499	418	938	844	1,723
Profit from equity-accounted companies	222	-2,478	-3,079	-4,710	-5,432
Change in networking capital	-34,740	1,657	-104,674	-25,176	-32,582
Other non-cash items	155	-	155	-	-1,400
Cash generated from operation before financial items and tax	**-33,234**	**2,000**	**-102,159**	**-20,990**	**-5,240**
Taxes paid	17	-4	-159	-459	-3,297
Interest paid and realised currency losses	-3,040	-1,907	-4,862	-3,684	-8,817
Interest received and realised currency gains	950	678	1,397	1,133	2,878
Cash flow from operating activities	**-35,307**	**767**	**-105,783**	**-24,000**	**-14,476**
Cash flow from investing activities					
Purchase of Property, plant and equipment	-12,304	-75	-12,359	-80	-815
Proceeds from disposal of equity-accounted investments	11	-	11	-	69
Purchase/disposal of other investments	308	-	271	-	-
Investment/loans in equity-accounted investments	-24,979	-5,937	-20,257	-4,699	4,303
Dividends	165	11	165	22	31
Cash flow from investing activities	**-36,799**	**-6,001**	**-32,169**	**-4,757**	**3,588**

Consolidated statement of cash flow - continued

For the quarter ended 30 June 2018

EUR'000

	Q2 2018	Q2 2017	H1 2018	H1 2017	FY 2017
Cash flow from financing activities					
Proceeds from issue of bonds	-72	-	25,088	-	58,785
Repayment of bonds	-7,600	-	-7,600	-	-45,000
Proceeds from borrowings	68,652	14,755	117,174	45,333	125,974
Repayment of borrowings	-989	-5,787	-1,518	-10,344	-105,527
Changes in payables to associates	1,175	-470	-1,209	-11	4,013
Transactions with NCI	-2,895	115	-4,018	115	5,747
Cash flow from financing activities	**58,271**	**8,613**	**127,917**	**35,093**	**43,992**
Change in cash and cash equivalents	**-13,835**	**3,379**	**-10,035**	**6,336**	**33,104**
Cash and cash equivalents at beginning of period	51,980	18,033	48,180	15,076	15,076
Cash and cash equivalents end of period	**38,145**	**21,412**	**38,145**	**21,412**	**48,180**
Of which restricted cash and cash equivalents	-2,255	-3,101	-2,255	-3,101	-6,093
Non-restricted cash and cash equivalents end of period	**35,890**	**18,311**	**35,890**	**18,311**	**42,087**

Consolidated statement of changes in equity

As of 30 June 2018

EUR'000

Unaudited	Share capital	Share Premium	Translation reserve	Hedging reserve	Retained earnings	Total	Non-controlling interests	Total
Equity at 1 January 2018	**40,311**	**-**	**-50**	**-522**	**35,574**	**75,313**	**15,687**	**91,000**
Profit/loss for the period	-	-	-	-	1,038	1,038	-567	471
Other comprehensive income								
Other comprehensive income in equity accounted investments	-	-	-	-	475	475	-	475
Value adjustments of hedging instruments	-	-	-	56	-	56	15	71
Tax of value adj. of hedging instruments	-	-	-	-14	-	-14	-4	-18
Currency diff. on translating foreign operations	-	-	-65	-	9	-56	-3	-59
Other comprehensive income	**-**	**-**	**-65**	**42**	**484**	**461**	**8**	**469**
Total comprehensive income	**-**	**-**	**-65**	**42**	**1,522**	**1,499**	**-559**	**940**
Transactions with owners								
Transactions with NCI					268	268	6,806	7,074
Exercise of warrants	3	6	-	-	-	9	-	9
Expenses related to capital increases	-	-17	-	-	-	-17	-	-17
Share-based compensation expenses	-	-	-	-	155	155	-	155
Additions	-	-	-	-	-	-	32	32
Disposals	-	-	-	-	-	-	-11,132	-11,132
Total transactions with owners	**3**	**-11**	**-**	**-**	**423**	**415**	**-4,294**	**-3,879**
Equity at 30 June 2018	**40,314**	**-11**	**-115**	**-480**	**37,519**	**77,227**	**10,834**	**88,061**

The share capital consists of nom. 300,019,236 shares of DKK 1 each, corresponding to EUR 40,314 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

As of 31 December 2017

EUR '000

	Share capital	Share Premium	Translation reserve	Hedging reserve	Retained earnings	Total	Non-controlling interests	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 adj. 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.

Basis for preparation

General information

The interim financial report of European Energy comprises a summary of the unaudited consolidated financial statements of European Energy A/S and its subsidiaries.

These unaudited consolidated financial statements for the second quarter of 2018 have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies.

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 31 December 2017 and public announcements made during the interim reporting period.

Key accounting estimates and judgements

When preparing the interim financial reporting of European Energy, management makes a number of accounting estimates and assumptions which form the basis of the recognition and measurement of European Energy's assets and liabilities. The estimates and assumptions made are based on experience and other factors that management considers reasonable in the circumstances. Reference is made to the consolidated financial statements in the annual report for the year ended 31 December 2017, note 1.0 page 75-76.

Changes in accounting policies and disclosures

Except for the changes below, the accounting policies remain unchanged compared to the annual report for the year ended 31 December 2017, to which reference is made.

Impact of new accounting standards end of second quarter 2018

European Energy Group has adopted all new, amended or revised accounting standards and interpretations ('IFRS') as published by the IASB, and endorsed by the EU effective for the accounting period beginning on 1 January 2018. None of these new or amended accounting standards and clarifications resulted in any significant changes to the accounting policies for European Energy or had significant impact on recognition and measurement in the consolidated financial statements in the first and second quarter of 2018.

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as:

The Group has taken an exemption not to restate comparative information for prior periods with respect to classification and measurement requirements. Therefore, comparative periods have been restated only for retrospective application of the cost of hedging approach for forward points. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 but rather those of IAS 39.

Changes to hedge accounting policies have been applied prospectively except for the cost of hedging approach for forward points, which has been applied retrospectively to hedging relationships that existed on or were designated after 1 January 2017.

All hedging relationships designated under IAS 39 at 31 December 2017 met the criteria for hedge accounting under IFRS 9 at 1 January 2018 and are therefore regarded as continuing hedging relationships.

The Group has adopted the new general hedge accounting model in IFRS 9. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI(Fair Value Other Comprehensive Income) , but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39. The financial assets at amortised cost consist of trade receivables, cash and cash equivalents, and corporate debt securities.

Under IFRS 9, loss allowances are measured on either of the following bases:

12-months expected credit losses from possible default events within the 12-months after the reporting date; and lifetime expected credit losses from possible default events over the expected life of a financial instrument.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.
To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12-months expected credit losses:

Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition. The Group has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime expected credit losses.

The loss allowance end of second quarter 2018 was not impacted by the new expected credit loss model.

New accounting standards not yet adopted

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.

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

Other information

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.

On 31 August 2018, 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.

Segment information

As of 30 June 2018

EUR '000

Unaudited	Wind	Solar	Total before elimination	Eliminations	30.6.2018
Sale of energy farms and projects	10,564	123	10,687	-	10,687
Sale of electricity	2,441	3,910	6,351	-	6,351
Asset management & other fees	1,057	488	1,545	-	1,545
Revenue to external customers	**14,062**	**4,521**	**18,583**	**-**	**18,583**
Intra-group revenue	11,788	45	11,833	-11,833	-
Revenue	**25,850**	**4,566**	**30,416**	**-11,833**	**18,583**
Profit/loss before tax	**648**	**286**	**934**	**-**	**934**
Total assets	**277,726**	**138,662**	**416,388**	**-**	**416,388**
Total liabilities	**209,241**	**119,086**	**328,327**	**-**	**328,327**

As of 30 June 2017

EUR '000

Unaudited	Wind	Solar	Total before elimination	Eliminations	30.6.2017
Sale of energy farms and projects	5,800	20,190	25,990	-	25,990
Sale of electricity	1,446	4,002	5,448	-	5,448
Asset management & other fees	298	451	749	-	749
Revenue to external customers	**7,544**	**24,643**	**32,187**	**-**	**32,187**
Intra-group revenue	-	-	-	-	-
Revenue	**7,544**	**24,643**	**32,187**	**-**	**32,187**
Profit/loss before tax	**6,271**	**-787**	**5,484**	**-**	**5,484**
Total assets	**147,872**	**118,353**	**266,225**	**-**	**266,225**
Total liabilities	**84,460**	**112,546**	**197,006**	**-**	**197,006**

Write down of inventories

The Group has made write down of inventories of EUR 0.0 million in the second quarter of 2018 (YTD 2018 EUR 0.4 million).

The Group had in 2017 made write down of inventories of EUR 0.8 million in the second quarter of 2017 (YTD 2017 EUR 0.8 million).

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 - 30 June 2018. 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 2017.

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 August 2018

MANAGEMENT:

Knud Erik Andersen
CEO

Jonny Jonasson
CFO

BOARD OF DIRECTORS:

Jens-Peter Zink
Chairman

Knud Erik Andersen

Mikael Dystrup Pedersen

Claus Dyhr

Jesper Helmuth Larsen

Appendix 1 – Development and construction

Table 1

MW	Total activity level	Status end of Q2 2018 (MW)	EE net capacity (MW)
Wind	Under construction	102.2	102.2
Wind	Ready to build	191.0	134.2
Solar	Under construction	62.0	21.8
Solar	Ready to build	89.0	63.9
Total activity level		444.2	322.1

Table 2 - Activity level (wind)

Country	Site	Status end of Q2 2018	MW	EE net capacity (MW)
Denmark	Måde II	Ready to build	16.0	16.0
Germany	Jetsch	Ready to build	2.1	1.0
Germany	Viertkamp	Ready to build	14.4	7.3
Italy	Bosco le Paine	Under construction	39.0	39.0
Brazil	Ouro Branco 1	Ready to build	30.0	12.2
Brazil	Ouro Branco 2	Ready to build	30.0	12.2
Brazil	Quatro Ventos	Ready to build	22.0	9.0
Sweden	Zinkgruven	Under construction	53.2	53.2
Sweden	Fimmerstad	Ready to build	22.5	22.5
Sweden	Grevekulla	Ready to build	27.0	27.0
Sweden	Kingebol	Ready to build	27.0	27.0
Sweden	Västanby	Under construction	10.0	10.0
Total wind			293.2	236.4

Appendix 1 – Development and construction - continued

Table 3 – Activity level (solar)

Country	Site	Status end of Q2 2018	MW	EE net capacity (MW)
Brazil	Coremas 3	Ready to build	31.0	10.9
Brazil	Coremas 1	Under construction	31.0	10.9
Brazil	Coremas 2	Under construction	31.0	10.9
Denmark	Evetofte	Ready to build	8.0	8.0
Denmark	Thisted Flyveplads	Ready to build	50.0	45.0
Total solar			151.0	85.7

Appendix 2 – Sales activity in 2018 for wind and solar

Table 4

Country	Site	MW	Technology	EE net capacity (MW)		Status
Germany	Lohkamp	12.1	Wind	6.0		Closed in Q1 2018
Italy	Oppido	20.0	Wind	10.0		Closed in Q1 2018
Italy	Bosco	39.0	Wind	39.0		SPA Signed Q3 2018
Total		71.1		55.0		

Appendix 2 - Other pending Sales Activities

Table 5

Technology	MW	EE net capacity (MW)		Status
Wind	86.0	46.8		No SPA
Solar	163.2	102.9		No SPA
Total	249.2	149.7		

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. 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 as 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.

We are green energy

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