



## Interim financial report third quarter 2017

European Energy A/S; Gyngemose Parkvej 50; 2860 Søborg;  
Denmark, Company Reg.No.: 18351331

# Contents

|  |           |
|--|-----------|
| <b>Summary .....</b>   | <b>3</b>  |
| <b>Highlights for European Energy .....</b>                        | <b>4</b>  |
| <b>Management Review .....</b>                                     | <b>5</b>  |
| Development in financials for the Group in third quarter 2017..... | 5         |
| Capital Management.....  | 5         |
| Outlook for 2017 .....   | 5         |
| Sale of Electrical Power: .....                                    | 6         |
| Asset Management .....   | 6         |
| Development and Construction.....                                  | 7         |
| Pipeline .....   | 7         |
| Sales activity .....   | 7         |
| Events after the end of Q3 2017.....                               | 7         |
| <b>Financial figures.....</b>                                      | <b>8</b>  |
| Consolidated statement of comprehensive income.....                | 8         |
| <b>Notes .....</b>   | <b>13</b> |
| Basis for preparation.....   | 13        |
| Other information .....  | 13        |
| Statement by the Board of Directors and the Management.....        | 15        |
| <b>Appendix.....</b>   | <b>16</b> |
| Development and construction .....                                 | 16        |
| Sales activity .....   | 17        |
| <b>Disclaimer and cautionary statement.....</b>                    | <b>18</b> |

For more information please contact CFO Jonny Thorstad Jonasson

E-Mail: [jtj@europeanenergy.dk](mailto:jtj@europeanenergy.dk)

T: + 45 51 80 00 00

# Summary

*The European Energy Group has in the third quarter of 2017 delivered the best results ever made by the Group. The profitable quarter comes as a result of the sale of energy farms in Brazil, Germany, UK and Denmark. The groups share of profit before tax totaled EUR 11,6M, with a Year to date profit before tax of EUR 17,1 M. The comparable figures for 2016 was EUR 10,0M in the third quarter and EUR 14,1M Year to date.*

The revenue for the quarter equaled EUR 96,8M which was a double up of third quarter 2016 with EUR 48,8M. Gross profit for the quarter was EUR 16,9M of which EUR 2,6M was related to the sale of electricity. YTD the gross profit was EUR 31,6M compared to 2016 where the gross profit was EUR 26,0M.

During the third quarter of 2017 European Energy A/S has successfully refinanced the 03/2018 EUR 45M bond loan with a larger EUR 60M bond loan. The EUR 45M Bond has been delisted from NASDAQ Stockholm and repaid in July. Maturity of the new bond loan is 05/2021, and carry lower coupon of Euribor 3M + 7.0%. The bond will be listed on NASDAQ Copenhagen in December 2017.

The cash flow for the Group has been very strong in the quarter, where the Group has delivered EUR 48,1M from operating activities primarily related to a positive change in net working capital. The financing activities has been highly influenced by the launch of the new bond, but the Group has also made repayment of borrowings connected to the sale of energy parks which made the overall cash flow from financing activities negative with EUR 13,3M. In total the Group generated EUR 35,2M in cash, and landed on EUR 56,6M in total cash, of which EUR 52,0M was free cash.

CEO Knud Erik Andersen explains that European Energy has a high and steadily increasing level of activities worldwide. Various projects are under construction and even more are ready to build. The Group is currently developing wind and solar energy projects in e.g. Finland, Italy and Brazil.

Knud Erik Andersen says: *"I am very satisfied that we have been able to deliver yet another record result. European Energy is stronger than ever and has proved that we are not just a European but a global actor."*

During the third quarter of 2017, 19 MW wind power has been grid connected, 182 MW wind and solar power is under construction and another 155 MW are ready to build.

# Highlights for European Energy

## Consolidated statement of comprehensive income

| EUR '000                                      | Q3 2017    | Q3 2016 *) | Q3 YTD 2017 | Q3 YTD 2016 *) | FY 2016    |
|---|------------|------------|-------------|----------------|------------|
| <b>Key figures (Unaudited)</b>                |            |            |             |                |            |
| Revenue                                       | 96.763     | 48.834     | 128.950     | 78.944         | 140.788    |
| Direct costs                                  | -79.492    | -35.923    | -101.774    | -52.043        | -107.289   |
| Gross profit                                  | 16.941     | 12.663     | 31.556      | 26.037         | 32.456     |
| EBITDA  | 14.508     | 11.516     | 23.404      | 8.640          | 24.929     |
| Operating profit (EBIT)                       | 14.063     | 11.135     | 22.115      | 18.822         | 23.319     |
| Financial income and expense, net             | -2.428     | -1.110     | -4.996      | -4.747         | -5.414     |
| Profit/loss before tax                        | 11.635     | 10.025     | 17.119      | 14.075         | 17.905     |
| Tax   | -2.819     | -957       | -2.982      | -1.313         | -2.260     |
| The Group's share of profit for the period    | 8.816      | 9.068      | 14.137      | 12.762         | 15.645     |
| <b>Balance Sheet</b>                          |            |            |             |                |            |
| Total assets                                  | 261.309    | 273.309    | 261.309     | 273.309        | 218.535    |
| Equity  | 79.237     | 72.579     | 79.237      | 72.579         | 64.000     |
| <b>Cash Flow Statement</b>                    |            |            |             |                |            |
| Cash flow from operating activities           | 48.134     | -12.843    | 24.134      | -8.754         | 7.306      |
| Cash flow from investing activities           | 377        | -7.789     | -4.380      | -2.291         | -138       |
| Cash flow from financing activities           | -13.340    | 16.522     | 21.753      | 16.631         | -8.022     |
| Change in cash and cash equivalents           | 35.171     | -4.110     | 41.507      | 5.586          | -854       |
| <b>Financial ratios</b>                       |            |            |             |                |            |
| Gross margin                                  | 17,5%      | 25,9%      | 24,5%       | 33,0%          | 23,1%      |
| EBITDA margin                                 | 15,0%      | 23,6%      | 18,1%       | 10,9%          | 17,7%      |
| EBIT margin                                   | 14,5%      | 22,8%      | 17,2%       | 23,8%          | 16,6%      |
| Solvency ratio                                | 30,3%      | 26,6%      | 30,3%       | 26,6%          | 29,3%      |
| Net interest-bearing debt/EBITDA              | 1,5        | 2,5        | 1,9         | 6,7            | 4,0        |
| Return on equity                              | 11,6%      | 13,3%      | 35,7%       | 18,7%          | 25,9%      |
| <b>Share Ratios</b>                           |            |            |             |                |            |
| Earnings per share                            | 0,9        | 0,9        | 1,4         | 1,3            | 1,6        |
| Book value per share                          | 7,9        | 7,3        | 7,9         | 7,3            | 6,4        |
| Cash flow from operating activities per share | 4,8        | -1,3       | 2,4         | -0,9           | 0,7        |
| Number of shares at the end of the year       | 10.000.000 | 10.000.000 | 10.000.000  | 10.000.000     | 10.000.000 |
| <b>Employees</b>                              |            |            |             |                |            |
| Average number of full-time employees         | 73         | 62         | 73          | 62             | 64         |

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

\*) Comparative figures for Q3 2016 and Q3 YTD 2016 are adjusted for early adoption of IFRS 15

# Management Review

## Development in financials for the Group in third quarter 2017

In the third quarter of 2017 the Group has sold energy parks in Brazil, Germany, UK and Denmark.

The revenue for the quarter equaled EUR 96,8M compared to third quarter 2016 with EUR 48,8M.

Profit after tax from equity-accounted development companies was EUR - 0,3M compared to EUR - 0,1M in 2016. For the equity-accounted operating companies the quarter gave EUR 0M in income compared to EUR 0,1M in 2016.

Gross profit for the quarter was EUR 16,9M of which EUR 2,6M was related to the sale of electricity. YTD the gross profit was EUR 31,6M compared to 2016 where the gross profit was EUR 26,0M.

EBITDA for the quarter came in at EUR 14,5M compared to EUR 11,5M in the third quarter of 2016. Profit before tax ended at EUR 11,6M. The tax for the period was an expense of EUR 2,8M. In the third quarter of 2016 the profit before tax ended at EUR 10,0M, the tax for the period ended with a tax cost of EUR 1,0M.

The groups share of profit before tax totaled EUR 11,6M, with a YTD profit before tax of EUR 17,1M. The comparable figures for 2016 was EUR 10,0M in third quarter result and EUR 14,1M YTD.

The total balance of the Group decreased from EUR 266,2M at the end of the second quarter of 2017 to EUR 261,3M in the third quarter in 2017 – a decrease of EUR 4,9M.

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

## 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 will carry a lower coupon of Euribor 3M + 7.0% and will be registered at NASDAQ Copenhagen within 6 month of the issue on 3 July 2017.

## Outlook for 2017

The timing of the close of each individual sale of energy farms has great impact on the Groups results. Management is satisfied with the development of the sale processes for the Group, and maintains the outlook for the year at:

Revenue for 2017: EUR 150M - 175M.

Profit before tax for 2017: EUR 23M - 26M.

### Sale of Electrical Power:

European Energy's share of operational assets increased by 15 MW to 166 MW compared to end of Q3 2016. The development is due to commissioning of wind farms in Germany, Finland, Denmark and Italy and divestment of solar PV farms in the UK.

#### Net capacity (MW)

|              | End of Q3 2017 | End of 3Q 2016 | End of 2016 | End of 2015 |
|--------------|----------------|----------------|-------------|-------------|
| Solar        | 9              | 32             | 32          | 32          |
| Wind         | 157            | 119            | 124         | 121         |
| <b>Total</b> | <b>166</b>     | <b>151</b>     | <b>156</b>  | <b>144</b>  |

The production from solar PV decreased in the third quarter of 2017 compared to the same period last year. This is primarily due to the divestment of the UK Solar PV facilities in 2017. The wind production increased significantly compared to the third 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 third quarter of 2016.

#### Net Production (GWh)

|              | Q3 2017     | Q3 2016     | 2017 YTD     | 2016 YTD     |
|--------------|-------------|-------------|--------------|--------------|
| Solar        | 5,2         | 10,7        | 18,9         | 21,7         |
| Wind         | 61,3        | 29,9        | 180,2        | 123,8        |
| <b>Total</b> | <b>66,5</b> | <b>40,6</b> | <b>199,1</b> | <b>145,5</b> |

Power prices have generally been low in the third quarter of 2017 but with a tendency to higher prices. 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 Q3 2017 | End of Q3 2016 |
|--------------|----------------|----------------|
| Solar        | 126            | 103            |
| Wind         | 492            | 308            |
| <b>Total</b> | <b>618</b>     | <b>411</b>     |

European Energy manages 618 MW on behalf of third parties. The total portfolio under management, including own assets corresponds to 784 MW.

## Development and Construction

### WIND

In the third quarter the Group successfully grid connected 19 MW wind in Germany. In Denmark we have acquired the project rights in Holmen II (21,6 MW) and Svindbæk (32 MW) during Q3 and the two new projects went into construction. This means that the Group at the moment is constructing 86 MW wind in Denmark. In Germany we are in the third quarter constructing the project Lohkamp with 12 MW.

See table 1, 2 and 3 in the appendix for further specifications.

### SOLAR

The construction of 60 MW in Brazil is ongoing and start of energy production is scheduled to be in the first quarter of 2018. The 3 ongoing Danish PV constructions are also expected to start production in the first quarter of 2018.

See table 1 and 4 in the appendix for further specifications.

### Pipeline

We are preparing to participate in auctions in Brazil at year end. In southern Europe we are still expecting to enlarge our pipeline and this is expected to happen in Q4.

### Sales activity

In the quarter, The Group closed the sale of 133 MW which is a record number in one quarter. Of the 133 MW, 81 MW were project rights in Brazil which established the first exit for the Group in Latin America. For specifications please see table 5 in the appendix.

### Events after the end of Q3 2017

After the end of the third quarter we have closed the sale of Werneuchen (3MW Wind Park in Germany).

# Financial figures

## Consolidated statement of comprehensive income

For the quarter ended 30th September 2017

| EUR'000   |               |               |                |                   |               |
|---|---------------|---------------|----------------|-------------------|---------------|
| Unaudited   | Q3 2017       | Q3 2016<br>*) | Q3 YTD<br>2017 | Q3 YTD<br>2016 *) | FY 2016       |
| Revenue   | 96.763        | 48.834        | 128.950        | 78.944            | 140.788       |
| Profit after tax from equity-accounted investments, Development companies | -333          | -140          | 1.193          | -1.687            | -2.519        |
| Profit after tax from equity-accounted investments, Operating companies   | 3             | -90           | 3.187          | 823               | 1.476         |
| Profit after tax from discontinued operations                             | -             | -             | -              | -                 | -             |
| Other income  | -             | -18           | -              | -                 | -             |
| Direct costs  | -79.492       | -35.923       | -101.774       | -52.043           | -107.289      |
| <b>Gross profit</b>   | <b>16.941</b> | <b>12.663</b> | <b>31.556</b>  | <b>26.037</b>     | <b>32.456</b> |
| Staff costs   | -1.607        | -721          | -5.304         | -4.009            | -4.949        |
| Other external costs  | -826          | -426          | -2.848         | -1.872            | -2.578        |
| <b>EBITDA</b>   | <b>14.508</b> | <b>11.516</b> | <b>23.404</b>  | <b>20.156</b>     | <b>24.929</b> |
| Depreciation & impairment   | -445          | -381          | -1.289         | -1.334            | -1.610        |
| <b>Operating profit (EBIT)</b>  | <b>14.063</b> | <b>11.135</b> | <b>22.115</b>  | <b>18.822</b>     | <b>23.319</b> |
| Finance income  | 1.504         | 1.136         | 2.756          | 2.017             | 3.562         |
| Finance expenses  | -3.932        | -2.246        | -7.752         | -6.764            | -8.976        |
| <b>Profit/loss before tax</b>   | <b>11.635</b> | <b>10.025</b> | <b>17.119</b>  | <b>14.075</b>     | <b>17.905</b> |
| Tax   | -2.819        | -957          | -2.982         | -1.313            | -2.260        |
| <b>Profit/loss for the period</b>   | <b>8.816</b>  | <b>9.068</b>  | <b>14.137</b>  | <b>12.762</b>     | <b>15.645</b> |
| <b>Attributable to:</b>   |               |               |                |                   |               |
| Shareholders of the Company   | 4.722         | 9.440         | 9.940          | 12.762            | 15.103        |
| Non-controlling interests   | 4.094         | -372          | 4.197          | -                 | 542           |
| <b>Profit/loss for the period</b>   | <b>8.816</b>  | <b>9.068</b>  | <b>14.137</b>  | <b>12.762</b>     | <b>15.645</b> |
|   |               |               |                |                   |               |
| <b>Statement of comprehensive income</b>                                  |               |               |                |                   |               |
| <b>Profit/loss for the period</b>   | <b>8.816</b>  | <b>9.068</b>  | <b>14.137</b>  | <b>12.762</b>     | <b>15.645</b> |
| Items that may be reclassified to profit or loss:                         |               |               |                |                   |               |
| Value adjustments of hedging instruments                                  | -23           | -34           | 125            | -140              | 56            |
| Tax of value adjustments of hedging instruments                           | 7             | 13            | -30            | 39                | -14           |
| Currency differences on translating foreign operations                    | 116           | 40            | -21            | 110               | 76            |
| <b>Other comprehensive income for the period</b>                          | <b>100</b>    | <b>19</b>     | <b>74</b>      | <b>9</b>          | <b>118</b>    |
| <b>Comprehensive income for the period</b>                                | <b>8.916</b>  | <b>9.087</b>  | <b>14.211</b>  | <b>12.771</b>     | <b>15.763</b> |
| <b>Attributable to:</b>   |               |               |                |                   |               |
| Shareholders of the Company   | 4.812         | 9.031         | 10.004         | 12.789            | 15.221        |
| Non-controlling interests   | 4.104         | 56            | 4.207          | -18               | 542           |
| <b>Comprehensive income for the period</b>                                | <b>8.916</b>  | <b>9.087</b>  | <b>14.211</b>  | <b>12.771</b>     | <b>15.763</b> |

\*) Comparative figures for Q3 2016 and Q3 YTD 2016 are adjusted for early adoption of IFRS 15



## Consolidated statement of financial position

For the quarter ended 30th September 2017

| EUR'000                          |                |                |                |
|----------------------------------|----------------|----------------|----------------|
| Unaudited                        | Q3 YTD 2017    | Q3 YTD 2016 *) | FY 2016        |
| <b>ASSETS</b>                    |                |                |                |
| <b>Non-current assets</b>        |                |                |                |
| Property, plant and equipment    | 50.237         | 51.230         | 51.320         |
| Joint Venture investments        | 8.948          | 6.091          | 6.075          |
| Associated companies investments | 12.698         | 11.343         | 11.264         |
| Other investments                | 3.796          | 3.629          | 3.629          |
| Loans to related parties         | 25.416         | 23.045         | 21.967         |
| Contract assets                  | 5.234          | 5.933          | 5.547          |
| Other receivables                | 4.736          | 7.697          | 8.141          |
| Deferred tax                     | 4.361          | 4.267          | 3.931          |
| <b>Total non-current assets</b>  | <b>115.426</b> | <b>113.235</b> | <b>111.874</b> |
| <b>Current assets</b>            |                |                |                |
| Inventories                      | 68.241         | 97.966         | 72.201         |
| Trade receivables                | 3.459          | 5.026          | 5.207          |
| Contract assets                  | 4.039          | 19.254         | 6.343          |
| Other receivables                | 13.043         | 12.139         | 5.938          |
| Prepayments                      | 518            | 4.173          | 1.896          |
| Cash and cash equivalents        | 56.583         | 21.516         | 15.076         |
| <b>Total current assets</b>      | <b>145.883</b> | <b>160.074</b> | <b>106.661</b> |
| <b>TOTAL ASSETS</b>              | <b>261.309</b> | <b>273.309</b> | <b>218.535</b> |

\*) Comparative figures for Q3 YTD 2016 are adjusted for early adoption of IFRS 15

## Consolidated statement of financial position

For the quarter ended 30th September 2017

| EUR'000   |  | Q3 YTD 2017    | Q3 YTD 2016<br>*) | FY 2016        |
|---|--|----------------|-------------------|----------------|
| <b>Unaudited</b>                                    |  |                |                   |                |
| <b>EQUITY AND LIABILITIES</b>                       |  |                |                   |                |
| <b>Equity</b>                                       |  |                |                   |                |
| Share capital                                       |  | 1.341          | 1.340             | 1.340          |
| Retained earnings                                   |  | 66.337         | 54.505            | 56.334         |
| Equity attributable to owners of the Company        |  | 67.678         | 55.845            | 57.674         |
| Non-controlling interests                           |  | 11.559         | 16.734            | 6.326          |
| <b>Total Equity</b>                                 |  | <b>79.237</b>  | <b>72.579</b>     | <b>64.000</b>  |
| <b>Liabilities</b>                                  |  |                |                   |                |
| Bond loan   |  | 58.970         | 52.239            | 44.700         |
| Project financing                                   |  | 69.403         | 65.698            | 55.500         |
| Other debt relating to the acquisition of companies |  | 2.273          | 1.033             | 1.402          |
| Provisions  |  | 556            | -                 | 556            |
| Deferred tax  |  | 2.295          | 1.755             | 2.618          |
| <b>Total non-current liabilities</b>                |  | <b>133.497</b> | <b>120.725</b>    | <b>104.776</b> |
| Bond loan   |  | 7.600          | -                 | 7.600          |
| Credit institutions                                 |  | 8.382          | 20.203            | 15.726         |
| Other debt relating to the acquisition of companies |  | 2.072          | 700               | 4.782          |
| Trade payables                                      |  | 19.521         | 48.485            | 11.512         |
| Payables to related parties                         |  | 422            | 76                | 835            |
| Corporation tax                                     |  | 970            | 876               | 920            |
| Provisions  |  | 540            | 2.975             | 1.975          |
| Contract liabilities                                |  | -              | 2.575             | -              |
| Other payables                                      |  | 9.068          | 4.115             | 6.409          |
| <b>Total current liabilities</b>                    |  | <b>48.575</b>  | <b>80.005</b>     | <b>49.759</b>  |
| <b>Total liabilities</b>                            |  | <b>182.072</b> | <b>200.730</b>    | <b>154.535</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                 |  | <b>261.309</b> | <b>273.309</b>    | <b>218.535</b> |

\* ) Comparative figures for Q3 YTD 2016 are adjusted for early adoption of IFRS 15

## Consolidated statement of cash flow

For the quarter ended 30th September 2017

| EUR'000  |                |                |                |                   |               |
|--|----------------|----------------|----------------|-------------------|---------------|
| Unaudited  | Q3 2017        | Q3 2016<br>*)  | Q3 YTD<br>2017 | Q3 YTD<br>2016 *) | FY 2016       |
| <b>Cash flow from operating activities</b>                           |                |                |                |                   |               |
| Profit/loss before tax   | 11.635         | 8.202          | 17.119         | 14.075            | 17.905        |
| Adjustments for:   |                |                |                |                   |               |
| Financial income   | -1.504         | -1.372         | -2.756         | -2.017            | -3.562        |
| Financial Expenses   | 3.932          | 4.710          | 7.752          | 6.764             | 8.976         |
| Depreciations  | 445            | 977            | 1.289          | 1.334             | 1.610         |
| Other non-cash movements   | -361           | 214            | -5.071         | 864               | 1.043         |
| Change in networking capital   | 38.435         | -22.034        | 13.259         | -23.966           | -10.854       |
| Other non-cash items   | -              | -              | -              | -                 | -             |
| <b>Cash generated from operation before financial items and tax</b>  | <b>52.582</b>  | <b>-9.303</b>  | <b>31.592</b>  | <b>-2.946</b>     | <b>15.118</b> |
| Taxes paid   | -2.413         | -177           | -2.872         | -1.036            | -1.469        |
| Interest paid and realised currency losses                           | -3.449         | -4.710         | -7.133         | -6.764            | -8.483        |
| Interest received and realised currency gains                        | 1.414          | 1.347          | 2.547          | 1.992             | 2.140         |
| <b>Cash flow from operating activities</b>                           | <b>48.134</b>  | <b>-12.843</b> | <b>24.134</b>  | <b>-8.754</b>     | <b>7.306</b>  |
| <b>Cash flow from investing activities</b>                           |                |                |                |                   |               |
| Purchase of Property, plant and equipment                            | -234           | -6.572         | -314           | -6.572            | -6.848        |
| Proceeds from disposal of subsidiaries, equity-accounted investments | -6             | 1.140          | -6             | 1.350             | 1.999         |
| Investment/loans in equity-accounted investments                     | 610            | -2.382         | -4.089         | 2.906             | 4.659         |
| Dividends  | 7              | 25             | 29             | 25                | 52            |
| <b>Cash flow from investing activities</b>                           | <b>377</b>     | <b>-7.789</b>  | <b>-4.380</b>  | <b>-2.291</b>     | <b>-138</b>   |
| <b>Cash flow from financing activities</b>                           |                |                |                |                   |               |
| Proceeds from issue of bonds   | 58.970         | -              | 58.970         | -                 | -             |
| Repayment of bonds   | -45.000        | -              | -45.000        | -                 | -             |
| Proceeds from borrowings   | 80.437         | 20.935         | 125.770        | 22.079            | 40.437        |
| Repayment of borrowings  | -108.867       | -6.264         | -119.211       | -6.965            | -39.998       |
| Changes in payables to associates                                    | -402           | 2              | -413           | -332              | 427           |
| Non-controlling interests' share of capital increase in subsidiary   | 1.522          | 1.849          | 1.637          | 1.849             | -8.888        |
| <b>Cash flow from financing activities</b>                           | <b>-13.340</b> | <b>16.522</b>  | <b>21.753</b>  | <b>16.631</b>     | <b>-8.022</b> |
| Change in cash and cash equivalents                                  | 35.171         | -4.110         | 41.507         | 5.586             | -854          |
| Cash and cash equivalents at beginning of period                     | 21.412         | 25.626         | 15.076         | 15.930            | 15.930        |
| <b>Cash and cash equivalents end of period</b>                       | <b>56.583</b>  | <b>21.516</b>  | <b>56.583</b>  | <b>21.516</b>     | <b>15.076</b> |
| Of which restricted cash and cash equivalents                        | -4.608         | -3.348         | -4.608         | -3.348            | -4.833        |
| <b>Non-restricted cash and cash equivalents end of period</b>        | <b>51.975</b>  | <b>18.168</b>  | <b>51.975</b>  | <b>18.168</b>     | <b>10.243</b> |

\*) Comparative figures for Q3 2016 and Q3 YTD 2016 are adjusted for early adoption of IFRS 15

## Consolidated statement of changes in equity

For the quarter ended 30th September 2017

| EUR'000<br>Unaudited                             | 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                       | -             | -                   | -               | 9.940             | 9.940         | 4.197                    | 14.137        |
| <b>Other comprehensive income</b>                |               |                     |                 |                   |               |                          |               |
| Value adjustments of hedging instruments         | -             | -                   | 100             | -                 | 100           | 25                       | 125           |
| Tax of value adj. of hedging instruments         | -             | -                   | -24             | -                 | -24           | -6                       | -30           |
| Currency diff. on translating foreign operations | -             | 17                  | -               | -29               | -12           | -9                       | -21           |
| Other comprehensive income                       | -             | 17                  | 76              | -29               | 64            | 10                       | 74            |
| Total comprehensive income                       | -             | 17                  | 76              | 9.911             | 10.004        | 4.207                    | 14.211        |
| <b>Transactions with owners</b>                  |               |                     |                 |                   |               |                          |               |
| Share of capital increases                       | -             | -                   | -               | -                 | -             | 1.637                    | 1.637         |
| Additions  | -             | -                   | -               | -                 | -             | 37                       | 37            |
| Disposals  | -             | -                   | -               | -                 | -             | -648                     | -648          |
| Total transactions with owners                   | -             | -                   | -               | -                 | -             | 1.026                    | 1.026         |
| <b>Equity at 30 September 2017</b>               | <b>1.340</b>  | <b>44</b>           | <b>-587</b>     | <b>66.881</b>     | <b>67.678</b> | <b>11.559</b>            | <b>79.237</b> |

For the quarter ended 30th September 2016

| 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>                |               |                     |                 |                   |               |                          |               |
| Value adjustments of hedging instruments         | -             | -                   | 45              | -                 | 45            | 11                       | 56            |
| Tax of value adj. of hedging instruments         | -             | -                   | -11             | -                 | -11           | -3                       | -14           |
| Currency diff. 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>                  |               |                     |                 |                   |               |                          |               |
| 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        |
| <b>Equity at 31 December 2016</b>                | <b>1.340</b>  | <b>27</b>           | <b>-663</b>     | <b>56.970</b>     | <b>57.674</b> | <b>6.326</b>             | <b>64.000</b> |

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.

# Notes

## Basis for preparation

These unaudited consolidated financial statements for the third 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 third 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 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 three quarters of 2017.

## IFRS 16, LEASES

The IASB has issued a new standard on accounting for leases effective for 2019. 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 has started an analysis of the impact of IFRS 16 on the consolidated financial statements, which has not yet been completed.

## 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 30 November 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.

### Segment information

For the quarter ended 30th September 2017

| EUR '000                             |                |                |                          |                |
|--------------------------------------|----------------|----------------|--------------------------|----------------|
| Unaudited                            | Wind           | Solar          | Total before elimination | 30.09.2017     |
| Sale of energy farms and projects    | 63.344         | 55.987         | 119.331                  | 119.331        |
| Sale of electricity                  | 2.619          | 5.849          | 8.468                    | 8.468          |
| Asset management & other fees        | 754            | 397            | 1.151                    | 1.151          |
| <b>Revenue to external customers</b> | <b>66.717</b>  | <b>62.233</b>  | <b>128.950</b>           | <b>128.950</b> |
| <b>Profit/loss before tax</b>        | <b>11.953</b>  | <b>5.166</b>   | <b>17.119</b>            | <b>17.119</b>  |
| <b>Total assets</b>                  | <b>140.159</b> | <b>121.150</b> | <b>261.309</b>           | <b>261.309</b> |
| <b>Total liabilities</b>             | <b>81.061</b>  | <b>101.011</b> | <b>182.072</b>           | <b>182.072</b> |

For the quarter ended 30th September 2016

| EUR '000                             |                |                |                          |                |
|--------------------------------------|----------------|----------------|--------------------------|----------------|
|                                      | Wind           | Solar          | Total before elimination | 30.09.2016 *)  |
| Sale of energy farms and projects    | 53.821         | 17.348         | 71.169                   | 71.169         |
| Sale of electricity                  | 99             | 6.055          | 6.154                    | 6.154          |
| Asset management & other fees        | 861            | 760            | 1.621                    | 1.621          |
| <b>Revenue to external customers</b> | <b>54.781</b>  | <b>24.163</b>  | <b>78.944</b>            | <b>78.944</b>  |
| <b>Profit/loss before tax</b>        | <b>5.253</b>   | <b>8.822</b>   | <b>14.075</b>            | <b>14.075</b>  |
| <b>Total assets</b>                  | <b>148.248</b> | <b>125.061</b> | <b>273.309</b>           | <b>273.309</b> |
| <b>Total liabilities</b>             | <b>76.263</b>  | <b>124.467</b> | <b>200.730</b>           | <b>200.730</b> |

\*) Comparative figures for Q3 YTD 2016 are adjusted for early adoption of IFRS 15

## WRITE DOWN OF INVENTORIES

The Group has made write down of inventories of EUR 2,2 M in the third quarter of 2017 (YTD 2017: EUR 3,0M).

## 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 September 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, 30 November 2017

### MANAGEMENT:



Knud Erik Andersen  
CEO



Jonny Jonasson  
CFO

### BOARD OF DIRECTORS:



Jens-Peter Zink  
Chairman



Claus Dyhr



Knud Erik Andersen



Mikael Dystrup Pedersen



Jesper Helmuth Larsen

# Appendix

## Development and construction

Table 1

| MW                          | Total activity level | Status end of Q3 2017 (MW) | EE net capacity (MW) |
|-----------------------------|----------------------|----------------------------|----------------------|
| Wind                        | In construction      | 98,0                       | 52,5                 |
| Wind                        | Ready to build       | 73,5                       | 63,2                 |
| Solar                       | In construction      | 84,0                       | 44,3                 |
| Solar                       | Ready to build       | 81,0                       | 61,2                 |
| <b>Total activity level</b> |                      | <b>336,5</b>               | <b>221,2</b>         |

## Activity level (wind)

Table 2

| Country           | Site            | Status end of Q3 2017 | MW           | EE net capacity (MW) | Sales agreement signed |
|-------------------|-----------------|-----------------------|--------------|----------------------|------------------------|
| Denmark           | Svindbæk        | In construction       | 32,0         | 21,3                 | No                     |
| Denmark           | Måde II         | Ready to build        | 8,0          | 3,8                  | No                     |
| Denmark           | Holmen II       | In construction       | 21,6         | 14,4                 | No                     |
| Denmark           | Nøjsomheds Odde | In construction       | 32,4         | 10,8                 | No                     |
| Germany           | Lohkamp         | In construction       | 12,0         | 6,0                  | No                     |
| Germany           | Lüdersdorf II   | Ready to build        | 3,5          | 3,5                  | No                     |
| Sweden            | Swedish 1       | Ready to build        | 17,0         | 17,0                 | No                     |
| Sweden            | Swedish 2       | Ready to build        | 14,0         | 14,0                 | No                     |
| Sweden            | Swedish 3       | Ready to build        | 21,0         | 21,0                 | No                     |
| Sweden            | Swedish 4       | Ready to build        | 10,0         | 4,0                  | No                     |
| <b>Total wind</b> |                 |                       | <b>171,5</b> | <b>115,7</b>         |                        |

## Activity level (wind) – Grid connected

Table 3

| MW           | Grid connected third quarter 2017 | MW included in total portfolio | EE net capacity (MW) |
|--------------|-----------------------------------|--------------------------------|----------------------|
| WIND         | Wesendahl (Germany)               | 3,5                            | 3,5                  |
|              | Gilmerdingen (Germany)            | 12,0                           | 5,9                  |
|              | Schochodde (Germany)              | 3,5                            | 0,0                  |
| <b>Total</b> |                                   | <b>19,0</b>                    | <b>9,4</b>           |



## Activity level (solar)

Table 4

| Country            | Site                       | Status end of Q3 2017 | MW           | EE net capacity (MW) | Sales agreement signed |
|--------------------|----------------------------|-----------------------|--------------|----------------------|------------------------|
| Brazil             | Coremas 1                  | In construction       | 31,0         | 11,2                 | No                     |
| Brazil             | Coremas 2                  | In construction       | 31,0         | 11,2                 | No                     |
| Brazil             | Coremas 3                  | Ready to build        | 31,0         | 11,1                 | No                     |
| Denmark            | Pelsdyrparken              | In construction       | 7,0          | 7,0                  | No                     |
| Denmark            | Stubbekøbing               | In construction       | 5,0          | 5,0                  | No                     |
| Denmark            | Østre Torby                | In construction       | 10,0         | 10,0                 | No                     |
| Denmark            | German PV (Slettegården)   | Ready to build        | 10,0         | 10,0                 | No                     |
| Denmark            | German PV (Bodelyngsvejen) | Ready to build        | 10,0         | 10,0                 | No                     |
| Denmark            | German PV (Langelinje)     | Ready to build        | 10,0         | 10,0                 | No                     |
| Denmark            | German PV 4 (Hundetudevej) | Ready to build        | 10,0         | 10,0                 | No                     |
| Denmark            | German PV (Hagesholm)      | Ready to build        | 10,0         | 10,0                 | No                     |
| <b>Total solar</b> |                            |                       | <b>165,0</b> | <b>105,5</b>         |                        |

## Sales activity

The table below summarizes the sales activities in the first three quarters of 2017

Table 5

| Country        | Site                     | MW   | Technology | EE net capacity (MW) | Status Q3 2017 YTD                        |
|----------------|--------------------------|------|------------|----------------------|---|
| Brazil         | Boa Hora 1-3             | 81,0 | Solar      | 33,0                 | Closed in Q3                              |
| Denmark        | Kappel                   | 25,0 | Wind       | 25,0                 | SPA signed Q2 and closed in Q3            |
| Germany        | Vormark I                | 28,0 | Wind       | 28,0                 | SPA signed and closed Q1 2017             |
| Germany        | Lüdersdorf I             | 7,0  | Wind       | 7,0                  | Term-sheet signed Q1 2017, closed Q3 2017 |
| Germany        | Werneuchen               | 3,0  | Wind       | 3,0                  | Conditional closed in Q2 2017             |
| Germany        | Gilmerdingen             | 12,0 | Wind       | 6,0                  | SPA signed and closed in Q3 2017          |
| Italy          | Oppido                   | 20,0 | Wind       | 10,0                 | Term sheet signed Q1 2017                 |
| United Kingdom | High Leas                | 5,0  | Solar      | 4,0                  | SPA signed in 2016 and closed in Q1 2017  |
| United Kingdom | West End Farm Commercial | 5,0  | Solar      | 4,0                  | SPA signed in 2016 and closed in Q1 2017  |
| United Kingdom | West End Farm CIC        | 5,0  | Solar      | 4,0                  | SPA signed in 2016 and closed in Q1 2017  |
| United Kingdom | Canewdon (Alcor)         | 5,0  | Solar      | 4,0                  | Closed in Q3                              |
| United Kingdom | Canewdon (Pobail)        | 5,0  | Solar      | 4,0                  | Closed in Q3                              |
| United Kingdom | Nissan Woodhouse         | 5,0  | Solar      | 4,0                  | Closed in Q3                              |

# 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.