

Interim financial report first quarter of 2019

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

Table of contents

Interim financial report for first quarter of 2019

Summary.....	3
European Energy A/S reports strong first quarter 2019 result.....	3
Highlights for European Energy Group.....	4
Management Review.....	5
Development in financials for the Group in first quarter 2019.....	5
Capital Management.....	6
Outlook for 2019.....	6
Sale of Electrical Power	7
Asset Management	7
Development and Construction	8
Sales activity.....	8
Events after the end of first quarter 2019.....	8
Consolidated statement of profit or loss and other comprehensive income	9
Consolidated statement of financial position	11
Consolidated statement of cash flow	13
Consolidated statement of changes in equity.....	15
Basis for preparation	17
Effect of IFRS 16, Lease.....	18
Other information	19
Segment information.....	20
Write down of inventories	21
Statement by the Board of Directors and the Management.....	22
Appendix 1 – Project development activity	23
Appendix 2 – Sales activity in 2019 for wind and solar..	25

Summary

European Energy A/S reports strong first quarter 2019 result

The sale of two wind parks with a total revenue of EUR 114.9 million, and a sale of electricity of EUR 9.7 million gave European Energy a good start of 2019.

EBITDA was EUR 23.6 million, up from EUR 4.3 million in the first quarter of 2018. Profit before tax in the first quarter was EUR 20.7 million, compared to EUR 2.2 million in the first quarter of 2018.

Knud Erik Andersen, Chief Executive Officer of European Energy said:

“We are very pleased with the start of 2019. The closing of the sale of two wind farms provided a positive basis for our financials, and we continue the momentum in our development activities in our main markets. In 2018, the sale of electricity increased significantly, and that trend has continued into the first quarter this year.”

In the first quarter, European Energy finalised the sales of the 39 MW Bosco Le Piane Wind Farm in Italy and the 18 MW Holmen II Wind Farm in Denmark. European Energy is satisfied to see the sale of electricity in the Group steadily increasing and with a gross profit of EUR 9.0 million, the sale of electricity is contributing 35% of the total gross profit for the Group. For the first quarter of 2018, the sale of electricity contributed 20% of the gross profit.

The asset management part of the business also increased 9% in gross profit from the first quarter of 2018 to the first quarter of 2019. Overall, the increase in sale of electricity and asset management services contributed to a larger part of the European Energy Group's revenue.

With 86 MW under construction and another 421 MW, which are ready-to-build, European Energy expects the stable growth to continue throughout the full year of 2019. European Energy still expects to deliver an EBITDA of EUR 40-45 million and a profit before tax of EUR 30-35 million in 2019.

Highlights for European Energy Group

Key figures (Unaudited) EUR '000

	Q1 2019	Q1 2018	FY 2018
Revenue	125,201	10,177	96,182
Direct costs	-100,103	-6,501	-60,589
Gross profit	26,080	6,977	42,570
EBITDA	23,625	4,310	33,607
Operating profit (EBIT)	22,778	3,871	31,117
Financial income and expense, net	-2,096	-1,693	-5,193
Profit/loss before tax	20,682	2,178	25,924
Tax	-2,558	-164	-3,403
The Group's share of profit for the period	18,124	2,014	22,521
Total assets	407,271	392,141	447,081
Equity	126,548	91,832	107,685
Cash flow from operating activities	66,251	-70,476	-150,961
Cash flow from investing activities	-876	4,630	-490
Cash flow from financing activities	-55,860	69,646	161,857
Change in cash and cash equivalents	9,515	3,800	10,406
Financial ratios			
Gross margin	21%	69%	44%
EBITDA margin	19%	42%	35%
EBIT margin	18%	38%	32%
Solvency ratio	31%	23%	24%
Net interest-bearing debt/EBITDA	3.2	20.2	7.1
Return on equity (average, LTM)	17%	3%	23%
Share Ratios			
Earnings per share (EPS Basic)	0.04	0.01	0.07
Number of shares at the end of the period '000	300,040	300,000	300,040
Average number of full-time employees	100	77	95

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 first quarter 2019

In the first quarter of 2019 the Group closed the sale of an 18 MW wind park located in the municipality of Ringkøbing-Skjern, Denmark. The wind farm was commissioned in early 2018 and consists of a total of 6 Vestas V126-3.6 MW turbines. The buyer has acquired 5 turbines, while the remaining turbine will remain in the ownership of European Energy A/S.

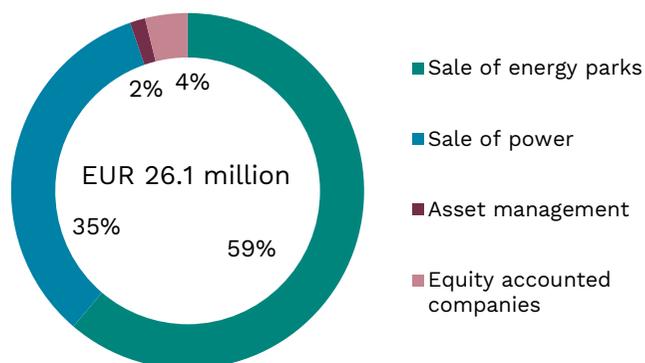
The Group also concluded the sale of a wind farm in Italy with a total capacity of 39 MW located in the municipalities of Tolve and Vaglio in the Basilicata region, Italy. The wind farm was commissioned in 2018 and consists of a total of 13 Siemens SWT 3.0-113 MW turbines.

The revenue for the Group in the first quarter ended at EUR 125.2 million compared to EUR 10.2 million in 2018. In 2018 the Group also sold two wind parks (in Italy and Germany), but both parks were owned by associated companies to the Group, where the revenue is only recognised net. This is a substantial part of the reason to the big difference in revenue between the quarters.

The sale of electricity has increased from EUR 1.8 million in the first quarter of 2018 to EUR 9.7 million in 2019. The Group has during 2018 increased the number of energy farms held as fixed assets, and this combined with the many energy farms build during 2018, with the purpose of disposal, has solidly increased the sale of electricity in the Group.

The gross profit amounted to EUR 26.1 million for the first quarter of 2019 compared to EUR 7.0 million in the first quarter of 2018.

Gross Profit Q1 2019



Increase in Gross Profit (Unaudited)	EUR'000	
	Q1 2019	Q1 2018
Sale of energy parks	15,478	1,774
Sale of power	9,044	1,374
Asset management	575	528
Equity accounted companies	982	3,301
Total Gross Profit	26,079	6,977

EBITDA for the quarter came in at EUR 23.6 million compared to EUR 4.3 million in the first quarter of 2018. Profit before tax ended at EUR 20.7 million compared to EUR 2.2 million in 2018. The tax expense for the quarter was EUR 2.6 million, compared to EUR 0.2 million in 2018.

The profit from the sale of energy parks and the additional electricity sales made it possible for the Group to deliver an exceptional result, and the management is very satisfied with this achievement.

The total balance of the Group decreased from EUR 447.1 million at the end of the 2018 to EUR 407.3 million in the first quarter of 2019 – a decrease of EUR 39.8 million, primarily due to the disposal of the two wind parks in Italy and Denmark, but somewhat offset by the further development in construction activities in the Group. At the end of the first quarter of 2018 the total balance equalled EUR 392.1 million.

The management has in the first quarter of 2019 decided to dispose 6 solar parks in Spain. The assets related to these parks have been reclassified to asset held for sale with a total of EUR 48.9 million. The total related liabilities held for sale amounted to EUR 28.4 million.

The net profit after tax combined with the decrease in the total balance of the Group increased the solvency ratio from 23.4% in the first quarter 2018 to 31.1% in 2019.

Capital Management

The Group has in the first quarter of 2019 managed to increase project-related loans with EUR 12.3 million (cf. in the consolidated statement of cash flow). The loans are obtained in order to finance the ongoing constructions in the Group. In the first quarter of 2019 there has been repayment of project loans of EUR 68.9 million, where the main part related to the sale of the two wind parks in Italy and Denmark.

The Groups cash position increased with EUR 9.5 million from end of 2018, to a total of EUR 68.1 million, and the management is satisfied with the level of liquidity which will enable the Group to do further investments in the market.

Outlook for 2019

The outlook for 2019 is still a profit before tax of EUR 30-35 million, and an EBITDA of EUR 40-45 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. Typical risk factors involved are i.e. potential delay in deliveries from external suppliers, abnormal weather conditions during the construction period and co-developers performance and skills to handle complex construction projects. 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.

Sale of Electrical Power

European Energy's share of operational assets increased by 34 MW to 223 MW compared to end of Q1 2018. The development is due to the net difference between commissioning and acquisition of new wind and solar farms and divestments.

Net capacity (MW)

	Q1 2019	Q1 2018	End of 2018
Solar	9	29	79
Wind	214	160	164
Total	223	189	244

The production from solar PV and wind increased in Q1 2019 compared to the year before due to additions to the portfolio.

Net Production (GWh)

	Q1 2019	Q1 2018	End of 2018
Solar	2,9	2,4	63.7
Wind	101,5	63,6	263.8
Total	104,4	66,0	327.5

Asset Management

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

Assets managed on behalf of third parties (MW)

	Q1 2019	Q1 2018	End of 2018
Solar	120	126	126
Wind	587	539	598
Total	707	665	724

European Energy manages 707 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 930 MW.

Development and Construction

WIND

Throughout the first quarter of 2019, European Energy had three wind projects under construction: the Swedish projects Västaby and Zinkgruvan of 10 MW and 53.2 MW respectively, and the German project Jetsch of 2.1 MW. On 29 March the Västaby project entered into operation, while the final grid connection is still pending in the Zinkgruvan project before the project enters into full operation. Final grid is expected in the third quarter. The German project Jetsch is expected to enter into operation in the beginning of second quarter of 2019.

By the end of the first quarter, European Energy has a pipeline of wind projects with a total capacity of 199.1 MW ready-to-build. Compared to the end of 2018, there are fewer wind projects ready-to-build by the end of the first quarter of 2019, mainly due to the fact that European Energy in some projects has chosen to apply for new permits including more efficient turbines than the original plan (larger rotor diameter, hub-height etc). Consequently, the projects have been reclassified from ready-to-build and placed in the development phase again awaiting new permits from the authorities.

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

SOLAR

During the first quarter Nordic Power Partners (NPP) continued the construction of the 31 MW PV project Coremas III in Brazil.

As concerns the ready-to-build pipeline, 63 MW was added in February following the purchase of the Italian PV project Troia. Besides Troia, the pipeline also includes four Danish ready-to-build PV projects with a total installed capacity of 159 MW.

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

Sales activity

In March 2019 European Energy completed the divestment of two wind farms.

The first divestment, a wind farm in Denmark with a total capacity of 18MW, was sold to Aquila Capital, a German alternative investment manager.

The wind farm is located in the municipality of Ringkøbing-Skjern, Denmark. The wind farm was commissioned in early 2018 and consists of a total of 6 Vestas V126-3.6 MW turbines. The buyer has acquired 5 turbines, while the remaining turbine will remain in the ownership of European Energy A/S.

The second divestment, also completed in March 2019, is a divestment of a wind farm in Italy to Quercus Italian Wind 2 S.r.l, a Group company of Quercus Assets Selection S.C.A SICAV-SIF, a Luxembourg's fund.

The wind farm is located in the municipalities of Tolve and Vaglio in the Basilicata region, Italy. The wind farm was commissioned in 2018 and consists of a total of 13 Siemens SWT 3.0-113 MW turbines, and has a total capacity of 39 MW.

See table 4-5 in the appendix 2 for further specifications.

Events after the end of first quarter 2019

The Group has in the second quarter of 2019 divested its remaining shareholdings in the solar park Beniarbeig in Spain.

Consolidated statement of profit or loss and other comprehensive income

For the quarter ended 31 March 2019

	EUR'000		
Unaudited	Q1 2019	Q1 2018	FY 2018
Revenue	125,201	10,177	96,182
Profit after tax from equity-accounted investments	982	3,301	5,795
Other income	-	-	1,182
Direct costs	-100,103	-6,501	-60,589
Gross profit	26,080	6,977	42,570
Staff costs	-1,398	-1,895	-5,030
Other external costs	-1,057	-772	-3,933
EBITDA	23,625	4,310	33,607
Depreciation & impairment	-847	-439	-2,490
Operating profit (EBIT)	22,778	3,871	31,117
Finance income	761	538	3,907
Finance expenses	-2,857	-2,231	-9,100
Profit/loss before tax	20,682	2,178	25,924
Tax	-2,558	-164	-3,403
Profit/loss for the period	18,124	2,014	22,521
Attributable to:			
Shareholders of the Company	13,380	2,403	21,328
Non-controlling interests (NCI)	4,744	-389	1,193
Profit/loss for the period	18,124	2,014	22,521

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

For the quarter ended 31 March 2019

	EUR'000		
Profit/loss and OCI	Q1 2019	Q1 2018	FY 2018
Statement of comprehensive income			
Profit/loss for the period	18,124	2,014	22,521
Items that may be reclassified to profit or loss:			
Value adjustments of hedging instruments	994	106	-991
Tax of value adjustments of hedging instruments	-279	-26	276
Currency differences on translating foreign operations	-400	-116	-11
Other comprehensive income for the period	315	-37	-726
Comprehensive income for the period	18,439	1,977	21,795
Attributable to:			
Shareholders of the Company	13,692	2,280	20,605
Non-controlling interests (NCI)	4,747	-303	1,190
Comprehensive income for the period	18,439	1,977	21,795

Consolidated statement of financial position

As of 31 March 2019

EUR'000

Unaudited	Q1 2019	Q1 2018	FY 2018
ASSETS			
Non-current assets			
Property, plant and equipment	45,502	49,934	85,947
Lease assets	1,010	-	-
Joint Venture investments	13,345	12,250	11,938
Associated companies investments	8,324	11,224	8,643
Other investments	6,733	4,997	6,764
Loans to related parties	32,990	15,540	33,179
Trade receivables and contract assets	3,870	4,981	4,131
Other receivables	2,545	8,727	3,101
Deferred tax	457	3,085	1,584
Prepayments	3,923	-	9,937
Total non-current assets	118,699	110,738	165,224
Current assets			
Inventories	152,684	200,311	202,193
Trade receivables and contract assets	13,242	10,859	9,317
Other receivables	3,340	15,353	10,734
Prepayments for goods and services	2,275	2,900	1,027
Free cash and cash equivalents	65,472	49,241	50,718
Restricted cash and cash equivalents	2,629	2,739	7,868
Assets held for sale	48,930	-	-
Total current assets	288,572	281,403	281,857
TOTAL ASSETS	407,271	392,141	447,081

Consolidated statement of financial position - continued

As of March 2019

EUR'000

Unaudited	Q1 2019	Q1 2018	FY 2018
EQUITY AND LIABILITIES			
Equity			
Share capital	40,316	40,311	40,316
Retained earnings and reserves	69,641	37,346	55,772
Equity attributable to owners of the Company	109,957	77,657	96,088
Non-controlling interests	16,591	14,175	11,597
Total Equity	126,548	91,832	107,685
Liabilities			
Bond loan	83,809	83,323	83,670
Project financing	81,937	67,212	157,666
Other debt	931	1,500	898
Lease liabilities	1,716	-	-
Provisions	3,072	881	3,066
Deferred tax	2,011	2,369	2,986
Total non-current liabilities	173,476	155,285	248,286
Bond loan	-	7,600	-
Project financing	50,522	72,454	56,111
Lease liabilities	457	-	-
Trade payables	8,109	49,078	9,987
Payables to related parties	974	2,464	481
Corporation tax	1,830	646	1,194
Provisions	1,986	1,264	1,985
Contract liabilities	1,634	-	5,960
Other payables	13,365	11,518	15,392
Liabilities held for sale	28,370	-	-
Total current liabilities	107,247	145,024	91,110
Total liabilities	280,723	300,309	339,396
TOTAL EQUITY AND LIABILITIES	407,271	392,141	447,081

Consolidated statement of cash flow

For the quarter ended 31 March 2019

Unaudited

Cash flow from operating activities	Q1 2019	Q1 2018	FY 2018
Profit/loss before tax	20,682	2,178	25,924
Adjustments for:			
Financial income	-761	-538	-3,907
Financial Expenses	2,857	2,231	9,100
Depreciations	847	439	2,490
Profit from equity-accounted companies	-982	-3,301	-5,795
Change in networking capital	45,960	-69,934	-172,106
Other non-cash items	-347	-	-1,263
Cash generated from operation before financial items and tax	68,256	-68,925	-145,557
Taxes paid	-4	-176	-751
Interest paid and realised currency losses	-2,671	-1,822	-8,263
Interest received and realised currency gains	670	447	3,610
Cash flow from operating activities	66,251	-70,476	-150,961
Cash flow from investing activities			
Purchase of Property, plant and equipment	-8	-55	-12,576
Proceeds from disposal of equity-accounted investments	-	-	3,161
Purchase/disposal of other investments	31	-37	252
Investment/loans in equity-accounted investments	-899	4,722	8,508
Dividends	-	-	165
Cash flow from investing activities	-876	4,630	-490

Consolidated statement of cash flow - continued

For the quarter ended 31 March 2019

	Q1 2019	Q1 2018	FY 2018
Cash flow from financing activities			
Proceeds from issue of bonds	-	25,160	25,107
Repayment of bonds	-	-	-7,600
Proceeds from borrowings	12,273	48,522	191,594
Repayment of borrowings	-68,876	-529	-49,729
Changes in payables to associates	493	-2,384	-4,367
Transactions with NCI	250	-1,123	6,852
Cash flow from financing activities	-55,860	69,646	161,857
Change in cash and cash equivalents	9,515	3,800	10,406
Cash and cash equivalents at beginning of period	58,586	48,180	48,180
Cash and cash equivalents end of period	68,101	51,980	58,586
Of which restricted cash and cash equivalents	-2,629	-2,739	-7,868
Non-restricted cash and cash equivalents end of period	65,472	49,241	50,718

Consolidated statement of changes in equity

As of 31 March 2019

EUR'000

Unaudited	Share capital	Share Premium	Translation re-serve	Hedging reserve	Retained earnings	Total	Non-controlling interests	Total
Equity at 1 January 2019	40,316	-5	5	-1,257	57,029	96,088	11,597	107,685
Profit/loss for the period	-	-	-	-	13,380	13,380	4,744	18,124
Other comprehensive income								
Other comprehensive income in equity accounted investments	-	-	-	-	-	-	-	-
Value adjustments of hedging instruments	-	-	-	1,092	-89	1,003	-9	994
Tax of value adj. of hedging instruments	-	-	-	-301	20	-281	2	-279
Currency diff. on translating foreign operations	-	-	-410	-	-	-410	10	-400
Other comprehensive income	0	0	-410	791	-69	312	3	315
Total comprehensive income	0	0	-410	791	13,311	13,692	4,747	18,439
Transactions with owners								
Transactions with NCI	-	-	-	-	-	-	-	-
Exercise of warrants	-	-	-	-	-	-	-	-
Expenses related to capital increases	-	-	-	-	-	-	-	-
Share-based compensation expenses	-	-	-	-	177	177	-	177
Additions	-	-	-	-	-	-	-44	-44
Disposals	-	-	-	-	-	-	291	291
Total transactions with owners	0	0	0	0	177	177	247	424
Equity at 31 March 2019	40,316	-5	-405	-466	70,517	109,957	16,591	126,548

The share capital consists of nom. 300,040,190 shares of DKK 1 each, corresponding to EUR 40,316 thousand. The share capital is fully paid in.

Consolidated statement of changes in equity continued

As of 31 March 2018

EUR'000

Unaudited	Share capital	Translation re-serve	Hedging reserve	Retained earnings	Total	Non-controlling interest	Total
Equity at 1 January 2018	40,311	-50	-522	35,574	75,313	15,687	91,000
Profit/loss for the period	-	-	-	2,403	2,403	-390	2,013
Other comprehensive income							
Value adjustments of hedging instruments	-	-	-1	-	-1	-	-1
Currency diff. on translating foreign operations	-	91	-	-149	-58	12	-46
Other comprehensive income	-	91	-1	-149	-59	12	-47
Total comprehensive income	-	91	-1	2,254	2,344	-378	1,966
Transactions with owners							
Capital increase/Share of capital increases non-controlling interests	-	-	-	-	-	1,439	1,439
Additions	-	-	-	-	-	84	84
Disposals	-	-	-	-	-	-2,657	-2,657
Total transactions with owners	-	-	-	-	-	-1,134	-1,134
Equity at 31 March 2018	40,311	41	-523	37,828	77,657	14,175	91,832

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 first quarter of 2019 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 2018 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 2018, Note 1.0.

Accounting policies

Accounting policies remain unchanged compared to the annual report for the year ended 31 December 2018, to which reference is made, except for the changes described in 'Changes in accounting policies and disclosures'.

Changes in accounting policies and disclosures

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 2019.

Adoption of IFRS 16 in European Energy did not have a significant impact on recognition and measurement in the consolidated financial statements in the first quarter of 2019.

In the context of the transition to IFRS 16, right-of-use assets of EUR 7.2 million (Property, plant and equipment EUR 2.2 million and Inventory EUR 5.0 million) and lease liabilities of EUR 7.2 million were recognized as at 1 January 2019. The European Energy Group transitioned to IFRS 16 in accordance with the modified retrospective approach. The prior-year figures were not adjusted. The Group also elected to apply the practical expedient for short-term leases to leases for which the lease term ends within 12 months of the date of initial application.

Effect of IFRS 16, Lease

	EURm		
Unaudited	Lease assets Inventory	Lease assets Property, plant and equipment	Q1 2019 YTD
1 January 2019	5.0	2.2	7.2
Disposals, divestments	-3.3	-0.1	-3.4
Effect of IFRS 16, Lease assets 31 March 2019	1.7	2.1	3.8
Lease assets recognised in the balance sheet:			
Inventory	1.7	-	1.7
Property, plant and equipment	-	0.5	0.5
Assets held for sale	-	1.6	1.6
Total, lease assets 31 March 2019	1.7	2.1	3.8
Effect of IFRS 16 on lease assets, property, plant and equipment			0.5
Lease assets reclassified from prepayments			0.5
Lease assets recognised in the balance sheet in Q1 2019,			1.0

	EURm		
Unaudited	Lease liabilities, Inventory	Lease liabilities, Property, plant and equipment	Q1 2019 YTD
1 January 2019	5.0	2.2	7.2
Additions	0.1	-	0.1
Disposals, divestments	-3.3	-	-3.3
Lease payments	-0.2	-	-0.2
Effect of IFRS 16, Lease liabilities 31 March 2019	1.6	2.2	3.8
Lease liabilities recognised in the balance sheet:			
Inventory	1.5	0.2	1.7
Property, plant and equipment	-	0.5	0.5
Liabilities held for sale	-	1.6	1.6
Total, lease liabilities 31 March 2019	1.5	2.3	3.8
Non-current lease liabilities	1.5	0.2	1.7
Current lease liabilities	0.2	0.3	0.5
Lease liabilities recognised in the balance sheet in Q1 2019,	1.7	0.5	2.2

The management has in the first quarter of 2019 decided to dispose 6 solar parks in Spain. The assets related to these parks have been reclassified to asset held for sale with a total of EUR 48.9 million. The total related liabilities held for sale amounted to EUR 28.4 million.

New accounting standards not yet adopted

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 main geographical focus is on 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 25 April 2019, 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 31 March 2019

	EUR '000				
Unaudited	Wind	Solar	Total be- fore elimi- nation	Elimina- tions	Q1 2019 YTD
Sale of energy farms and projects	114,885	-	114,885	-	114,885
Sale of electricity	8,393	1,347	9,740	-	9,740
Asset management & other fees	393	183	576	-	576
Revenue to external customers	123,671	1,530	125,201	0	125,201
Intra-group revenue	366	22	388	-388	-
Revenue	124,037	1,552	125,589	-388	125,201
Profit/loss before tax	20,799	-117	20,682	0	20,682
Total assets	315,923	91,348	407,271	0	407,271
Total liabilities	209,524	71,199	280,723	0	280,723

As of 31 March 2018

	EUR '000				
Unaudited	Wind	Solar	Total be- fore elimi- nation	Elimina- tions	Q1 2018 YTD
Sale of energy farms and projects	7,742	122	7,864	-	7,864
Sale of electricity	414	1,371	1,785	-	1,785
Asset management & other fees	413	115	528	-	528
Revenue to external customers	8,569	1,608	10,177	-	10,177
Intra-group revenue	11,760	9	11,769	-11,769	-
Revenue	20,329	1,617	21,946	-11,769	10,177
Profit/loss before tax	13,876	71	13,947	-11,769	2,178
Total assets	203,341	188,800	392,141	-	392,141
Total liabilities	156,688	143,621	300,309	-	300,309

Write down of inventories

The Group has made write down of inventories of EUR 1.5 million in the first quarter of 2019 (Q1 2018 EUR 0.4 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 - 31 March 2019. 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 2018. Adoption of IFRS 16 at 1 January 2019 in European Energy did not have a significant impact on recognition and measurement in the consolidated financial statements in the first quarter of 2019.

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.

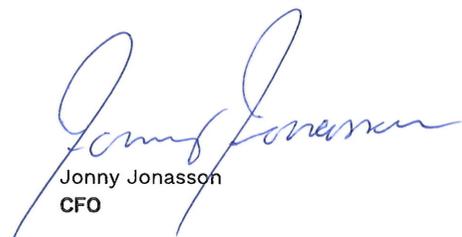
The Interim Report has not been audited or reviewed by the auditors.

Søborg, 25 April 2019

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 – Project development activity

Table 1

MW	Total activity level	Status end of Q1 2019 (MW)	EE net capacity (MW)
Wind	Under construction	55.3	55.3
Wind	Ready to build	199.1	155.4
Solar	Under construction	31.0	12.4
Solar	Ready to build	222.0	195.3
Total activity level		507.4	418.4

Table 2 - Activity level (wind)

Country	Site	Status end of Q1 2019	MW	EE net capacity (MW)
Germany	Jetsch	Under construction	2.1	2.1
Germany	Oberbarnim	Ready to build	3.5	3.5
Germany	Viertkamp	Ready to build	14.4	7.2
Germany	Vier Berge	Ready to build	27.0	13.5
Sweden	Zinkgruven	Under construction	53.2	53.2
Sweden	Fimmerstad	Ready to build	21.2	21.2
Sweden	Kingebol	Ready to build	27.0	27.0
Finland	Mustalamminmäki	Ready to build	30.0	30.0
Finland	Koiramäki	Ready to build	30.0	30.0
Finland	Honkakangas	Ready to build	20.0	10.0
Finland	Ahvenneva	Ready to build	20.0	10.0
Poland	Grzmiaca	Ready to build	6.0	3.0
Total wind			254.4	210.7

Appendix 1 – Project development activity–continued

Table 3 – Activity level (solar)

Country	Site	Status end of Q1 2019	MW	EE net capacity (MW)
Brazil	Coremas 3	Under construction	31.0	12.4
Denmark	Evetofte	Ready to build	8.0	8.0
Denmark	Rødbyfjord	Ready to build	65.0	43.6
Denmark	Neessundvej	Ready to build	33.0	33.0
Denmark	Thisted Flyveplads, Hanstholmvej	Ready to build	53.0	47.7
Italy	Troia	Ready to build	63.0	63.0
Total solar			253.0	207.7

Appendix 2 – Sales activity in 2019 for wind and solar

Table 4

Country	Site	MW	Technology	EE net capacity (MW)	Status
Italy	Bosco	39.0	Wind	39.0	Closed In Q1 2019
Denmark	Holmen II	18.0	Wind	12.1	Closed In Q1 2019
Total		57.0		51,1	Total

Table 5

Technology	MW	EE net capacity (MW)	Status
Wind	53.2	53.2	Signed term sheet
Solar	93.0	32.7	Signed term sheet
Total	146,2	85,9	

The above Table 5 shows the ongoing status for the sales negotiations.

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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