# Interim financial report third quarter of 2019

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

Removing old foundation
Prittitz, Germany

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## Interim financial report third quarter of 2019 (unaudited)

# Summary

## International strategy implemented in third quarter 2019 in European Energy A/S

European Energy A/S implemented a new strategy last quarter and, for the first time in the company's history, established several international offices. In Germany, the strategy was implemented through the acquisition of AEZ Group located near Leipzig. AEZ Group has healthy operational and development pipelines with 30 operating Enercon wind turbines and 92 wind turbines under technical and commercial asset management. This creates a significant repowering pipeline of more than 100 MW in wind and PV.

CEO Knud Erik Andersen said:
"This acquisition underlines our strong focus on the important German market. We have maintained a long-term business relationship with AEZ so we know the company very well. We see a great potential in the employees, the portfolio and in the German market."

At the same time European Energy offices was established in Malmö in Sweden along with Manchester and Glasgow in the United Kingdom. A regional Danish office was also set up in Nykoebing Mors in Northern Jutland.

"Both solar and wind has reached grid parity in several markets and are close to this milestone in others. This means the industry no longer depends on political decisions and therefore it has become easier to commit long term to specific markets. That is the background for our strategy of creating new offices. We have already managed to get some excellent new colleagues on board. We see this as an important step on the way to reach our ambition of 1 GW construction each year," Knud Erik Andersen added.

European Energy A/S also announced two multi-year deals with Google for electricity from the 55 MW Roedbyfjord and 27 MW Naessundvej solar farms in Denmark. The construction of Naessundvej is progressing as planned and expected to be completed in Q2 2020, while Roedbyfjord will commence next year. The agreement with Google follows this summer's announcement that European Energy will deliver energy to Apple's Danish operations.

In Italy, the first phase of the 63 MW Troia was grid connected after the quarter, as a result the construction of second phase of Troia of 41 MW was initiated. The four wind projects under construction in Germany and Poland (combined 48 MW) also progressed throughout the quarter as planned.

Early in the third quarter, European Energy finalized the issue of a new green bond of EUR 140 million at 5.35 per cent interest plus 3mth Euribor. This was followed by a successful EUR 60 million tap issue of the bond at price 104, giving an net interest at 4.22 per cent. On both occasions, the bond received positive attention from investors and was significantly over-subscribed. The management are happy to see that the bonds currently are trading above a price at 106.

Financially, the quarter continued the positive development European Energy A/S has experienced. The group's profit before tax for the quarter totalled EUR 5.5 million and the year to date profit before tax totalled EUR 27.9 million. This compared to EUR 0.8 million and EUR 1.7 million in 2018. The EBITDA for the quarter equalled EUR 3.9 million compared to EUR 2.8 million in the third quarter 2018. Gross profit for the quarter was EUR 7.7 million of which EUR 3.9 million were related to the sale of electricity.

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 EUR '000 | Q3 2019 | Q3 2018 | Q3 YTD 2019 | Q3 YTD 2018 | FY 2018 |
|---|---|---|---|---|---|
| Revenue | 4,963 | 5,062 | 133,480 | 23,646 | 96,182 |
| Direct costs | -750 | -314 | -99,422 | -10,901 | -60,589 |
| Gross profit | 7,664 | 5,288 | 39,351 | 16,364 | 42,570 |
| EBITDA | 3,853 | 2,763 | 30,332 | 8,202 | 33,607 |
| Operating profit (EBIT) | 1,832 | 2,203 | 26,762 | 6,704 | 31,117 |
| Financial income and expense, net | 3,687 | -1,441 | 1,182 | -5,007 | -5,193 |
| Profit/loss before tax | 5,519 | 762 | 27,944 | 1,697 | 25,924 |
| Tax | -1,474 | -1,135 | -4,013 | -1,599 | -3,403 |
| **The Group's share of profit for the period** | **4,045** | **-373** | **23,931** | **98** | **22,521** |
| | | | | | |
| Total assets | 566,046 | 445,268 | 566,046 | 445,268 | 447,081 |
| **Equity** | **121,248** | **87,178** | **121,248** | **87,178** | **107,685** |
| Cash flow from operating activities | -35,687 | -19,422 | 12,604 | -125,205 | -150,961 |
| Cash flow from investing activities | -63,448 | -4,900 | -25,100 | -37,069 | -490 |
| Cash flow from financing activities | 53,092 | 29,772 | 102,373 | 157,689 | 161,857 |
| **Change in cash and cash equivalents** | **-46,043** | **5,450** | **89,877** | **-4,585** | **10,406** |
| Financial ratios | | | | | |
| Gross margin | 154.4% | 104.5% | 29.5% | 69.2% | 44.3% |
| EBITDA margin | 77.6% | 54.6% | 22.7% | 34.7% | 34.9% |
| EBIT margin | 36.9% | 43.5% | 20.0% | 28.4% | 32.4% |
| Solvency ratio | 21.4% | 19.6% | 21.4% | 19.6% | 24.1% |
| Net interest-bearing debt/EBITDA, LTM | 4.6 | 14.6 | 4.6 | 14.6 | 7.1 |
| Return on equity (average, LTM) | 3.9% | -0.4% | 23.0% | 0.1% | 22.7% |
| Share Ratios | | | | | |
| Earnings per share (EPS Basic) | 0.012 | -0.001 | 0.061 | 0.002 | 0.071 |
| Number of shares at the end of the period '000 | 300,145 | 300,040 | 300,145 | 300,040 | 300,040 |
| **Average number of full-time employees** | **124** | **101** | **111** | **95** | **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 third quarter 2019

In the third quarter of 2019 the Group has focused on starting new constructions of energy parks, consolidated the Groups financing by issuing an addition to the bond of EUR 60 million, and has increased the Group by making an acquisition of the AEZ company located near Leipzig.
There has been no sale of energy projects during the quarter, and adjustments of previous revenue of sale of energy parks amounted to EUR – 0.7 million. Also the direct costs related to the sale of energy parks were adjusted with EUR 0.5 million so a total gross profit effect of EUR -0,2 million.

The revenue for the Group in this quarter has accordingly been in power sales with EUR 5.1 million and asset management with EUR 0.6 million. The power sale last year was EUR 5.9 million in the third quarter. This brings the YTD power sale in 2019 up to EUR 18.9 million compared to EUR 12.3 million at the same time last year. Asset management is YTD at EUR 2.0 million compared to EUR 1.9 million last year. Total revenue for the Group YTD is EUR 133.5 million compared with EUR 23.6 million last year. The high revenue in 2019 relates to the sale of two wind farms in Italy and Denmark in the first quarter of 2019. Totally the sale of energy farms amounts to EUR 113.6 million for the year. Last year the amount was EUR 9.4 million which mainly related to a German wind farm sold in the first quarter of 2018.

Equity accounted investments made a loss in the quarter of EUR 0.6 million, which relates to the summer period being without much wind, and due to impairments made of scrapped projects in a joint venture company. The YTD income on equity accounted investments is EUR 0.2 million for 2019, where it was EUR 3.6 million in 2018.

The AEZ acquisition was a strategic purchase made by the Group. The Purchase Price Allocation can be seen in details under the disclosures in the Business Combination section. The fair value calculation ended with a gain from a bargain purchase of EUR 4.6 million which has been recognised in other income. Also some minor corrections to the sale of the Spanish PV parks made in Q2 has been recognised in the quarter giving a total of other income of EUR 4.1 million in the quarter.
Total other income was zero in the third quarter of 2018 YTD.

Direct costs for the quarter was EUR 0.8 million, compared to EUR 0.3 million in 2018. The amount includes EUR 1.3 million of costs related to the power sale and the positive adjustment of EUR 0.5 of costs for sale of energy parks. Total direct costs YTD amounts to EUR 99.4 million where it was EUR 10.9 million in 2018.

Gross profit ended at EUR 7.7 million compared to EUR 5.3 million in 2018.

Staff costs ended at EUR 1.6 million in the quarter, the same as the costs recognised in 2018. Numbers of employees increased from 2018 where the average full time employees were 101 to 124 in 2019. In 2019 the portion of staff costs capitalized due to construction projects has increased to 60% of gross salaries. This explains why the staffs cost do not differ from last year where the capitalized portion was lower. Staff costs capitalized is expensed as direct costs when projects are being sold.
Total staff costs YTD is EUR 4.5 million compared to YTD EUR 5.6 million last year.

Other external costs is EUR 2.2 million in the quarter compared to EUR 0.9 million last year. The Group has in the quarter made a provision of EUR 1.0 million related to VAT on external costs for 2017 - 2019. The Danish Authorities questions if the parent company has the rights to deduct VAT on external costs. There has been no official settlement from the authorities yet, but the provision has been made in order to cover the costs. YTD the other external costs is EUR 4.5 million compared to EUR 2.6 million in 2018 at the same time of the year.

The EBITDA in the third quarter was recognised to EUR 3.9 million compared to EUR 2.8 million in 2018.

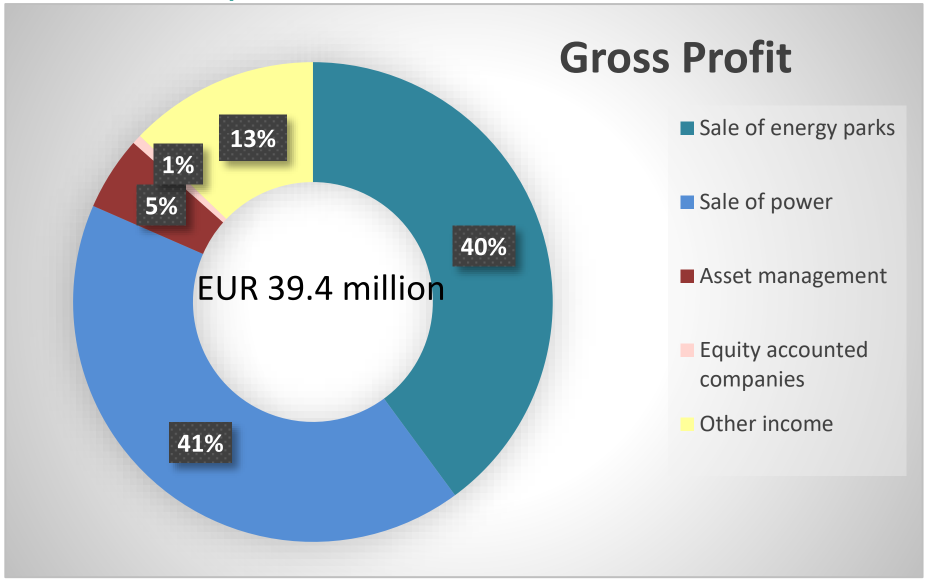
Depreciation was EUR 2.0 million for the quarter compared to EUR 0.6 million in 2018. The increase was mainly due to the acquisition of AEZ in the beginning of the quarter. AEZ contributed in the quarter with depreciations of EUR 1.2 million. YTD the depreciations amounts to EUR 3.6 million, where it was EUR 1.5 million last year.

At the 3rd of July the proceeds of the new bond loan of EUR 140 million was released. The modification of the old bond loan of EUR 85 million to the new bond loan was succeeded with approximately 78% of the former investors also being investors in the new bond. The new bond has an interest of 5.35% compared to the old bond interest of 7% (both has an addition of Euribor 3months interest, but since this is negative and floored at zero, there is no addition).
The modification gain has been calculated to EUR 5.6 million recognised as financial income. The financial income for the quarter ended with a total of EUR 7.1 million) compared to EUR 1.4 million in 2018. YTD the financial income is EUR 9.7 million compared to YTD EUR 3.1 million in 2018.

Financial expenses were EUR 3.4 million in the third quarter compared to EUR 2.9 million in 2018. The early redemption fee of the old bond, related to the 22% of the bond where there is new investors, EUR 0.9 million is included in financial expense in third quarter of 2019. The total financial expenses YTD amounts to EUR 8.5 million compared to YTD EUR 8.1 million in 2018.

This gave a result before tax for the quarter of EUR 5.5 million compared to EUR 0.8 million in 2018. For the first three quarters the results before tax amounts to EUR 27.9 million compared to YTD EUR 1.7 million last year.

## Gross Profit Q3 YTD 2019




| | | EUR'000 |
|---|---|---|
| **Gross Profit** | **Q3 YTD 2019** | **Q3 YTD 2018** |
| Sale of energy parks | 15,704 | 317 |
| Sale of power | 16,389 | 10,514 |
| Asset management | 1,963 | 1,914 |
| Equity accounted companies | 247 | 3,608 |
| Other income | 5,048 | 11 |
| Total Gross Profit | 39,351 | 16,364 |

## Capital Management

The new bond loan of EUR 60 million has the same terms as the loan issued in Q2 2019. The Issuer has to make incurrence test regarding Group solvency ratio ( min. 25%) when entering into new loans.  Also the incurrence test for new loans/investments is identical. The Interest Coverage Ratio (ICR) for the Group should be above 2.5 including the new loans/investments. This is based upon a rolling 12 months ICR. For Q3 the net financial expenses LTM is an income of EUR 1.0 million (impacted by the recognition of the modification gain) . This makes the ICR calculation obsolete, and gives the Group considerable headroom for future investments.

On top of the increase in bond loan during the quarter, the Group has managed to increase project-related loans with EUR 80.2 million (cf. in the consolidated statement of cash flow). The loans are obtained in order to finance the ongoing constructions in the Group. YTD the total of new project related loans obtained is EUR 95.1 million. In 2018 the number of new loans in the third quarter was EUR 22.9 million and YTD the loans was EUR 140.0 million.
In the third quarter of 2019 there has been repayment of project related loans of EUR 0.5 million, giving a total of repayment of EUR 100.8 million for the year. In 2018 the numbers were EUR 0.6 million for the quarter and EUR 2.1 million YTD.

At the 3rd of July EUR 88.4 million was used to repay the old bond loan. The net change in cash during the third quarter was a minus of EUR 46.0 million, and YTD EUR 89.9 million positive cash flow.  Last year the numbers were EUR 5.4 million for the quarter and EUR minus 4.6 million YTD.
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 Electricity

European Energy's share of operational assets increased by 51 MW to 298 MW compared to end of Q3 2018. The development is due to the net difference between commissioning and acquisition of new wind and solar farms and divestments.

**Net capacity (MW)**

| | Q3 2019 | Q3 2018 | FY 2018 |
|---|---|---|---|
| Solar | 26 | 79 | 9 |
| Wind | 272 | 168 | 164 |
| Total | 298 | 247 | 173 |

The production from solar and wind increased in Q3 2019 compared to the year before due to changes in the portfolio.

**Net Production (GWh)**

| | Q3 2019 | Q3 2018 | Q3 YTD 2019 | Q3 YTD 2018 | FY 2018 |
|---|---|---|---|---|---|
| Solar | 13.0 | 28.8 | 42.1 | 55.0 | 63.7 |
| Wind | 79.2 | 55.6 | 242.2 | 173.1 | 263.8 |
| Total | 92.2 | 84.4 | 284.4 | 228.2 | 327.5 |

# Asset Management

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

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

| | Q3 2019 | Q3 2018 | End of 2018 |
|---|---|---|---|
| Solar | 153 | 126 | 126 |
| Wind | 592 | 553 | 598 |
| Total | 744 | 679 | 724 |

European Energy manages 744 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 1.042 MW.

# Development and Construction

WIND

By the end of the third quarter of 2019, European Energy had five wind projects under construction: the Swedish project Zinkgruvan of 53.2 MW, the Polish project Grzmiaca of 6 MW and the three German projects Oberbarnim, Vier Berge I and Viertkamp of 3.5MW, 26.1 MW and 14.4 MW respectively. Two of the three German projects, namely Vier Berge I and Viertkamp, are repowering projects. Compared to Q2, the construction activities were increased in Q3 with the commencement of the construction of the German project Oberbarnim and the Polish project Grzmiaca. In Zinkgruvan in Sweden, all turbines were producing electricity up to a grid capacity of 12 MW awaiting the completion of the main transformer station and full grid capacity by mid October 2019.

By the end of the quarter, European Energy had a pipeline of ready-to-build wind projects with a total capacity of 315.8 MW. Compared to the end of Q2, this is an increase of 65.1 MW, which originates from the maturation of one German and two Brazilian projects in the existing development pipeline (Tornitz, Ouro Branco I and Ouro Branco II respectively) plus the acquisition of the Polish ready-to-build projects Kolobrzeg and Drawsko II.

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

SOLAR

During the third quarter of 2019, the construction of the Nordic Power Partners (NPP) managed PV project Coremas III in Brazil and the two Italian projects Troia and Troia II were continued. In addition, the construction of the Danish PV projects Hanstholmvej (Thisted Lufthavn) and Næssundvej of 53 and 33 MW respectively were initiated.

By the end of Q3, the ready-to-build PV pipeline amounted to 205 MW. During the quarter, two Danish PV projects, Agersted and Harre – Salling, further matured and entered the ready-to-build phase, while a 46 MW project in Spain named Bolbaite was added to the ready-to-build pipeline through acquisition.

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

## Sales activity

Sales activities during third quarter have been focused on negotiating and signing term sheet with investors on a number of transactions. On this basis we expect, equal to the former years, a high level of activity in fourth quarter. It is still our estimation that the planned sales transactions will be closed before year end.

## Events after the end of third quarter 2019

There have not been any significant events after the balance sheet date.

# Consolidated statement of profit or loss and other comprehensive income

## For the quarter ended 30 September 2019

EUR'000

| | Q3 2019 | Q3 2018 | Q3 YTD 2019 | Q3 YTD 2018 | FY 2018 |
|---|---|---|---|---|---|
| Revenue | 4,963 | 5,062 | 133,480 | 23,646 | 96,182 |
| Profit after tax from equity-accounted investments | -617 | 529 | 247 | 3,608 | 5,795 |
| Other income | 4,068 | 11 | 5,046 | 11 | 1,182 |
| Direct costs | -750 | -314 | -99,422 | -10,901 | -60,589 |
| **Gross profit** | **7,664** | **5,288** | **39,351** | **16,364** | **42,570** |
| Staff costs | -1,611 | -1,638 | -4,536 | -5,552 | -5,030 |
| Other external costs | -2,200 | -887 | -4,483 | -2,610 | -3,933 |
| **EBITDA** | **3,853** | **2,763** | **30,332** | **8,202** | **33,607** |
| | | | | | |
| Depreciation & impairment | -2,021 | -560 | -3,570 | -1,498 | -2,490 |
| **Operating profit (EBIT)** | **1,832** | **2,203** | **26,762** | **6,704** | **31,117** |
| | | | | | |
| Finance income | 7,051 | 1,448 | 9,713 | 3,119 | 3,907 |
| Finance expenses | -3,364 | -2,889 | -8,531 | -8,126 | -9,100 |
| **Profit/loss before tax** | **5,519** | **762** | **27,944** | **1,697** | **25,924** |
| | | | | | |
| Tax | -1,474 | -1,135 | -4,013 | -1,599 | -3,403 |
| **Profit/loss for the period** | **4,045** | **-373** | **23,931** | **98** | **22,521** |
| | | | | | |
| **Attributable to:** | | | | | |
| Shareholders of the Company | 3,648 | -430 | 18,424 | 608 | 21,328 |
| Non-controlling interests (NCI) | 397 | 57 | 5,507 | -510 | 1,193 |
| **Profit/loss for the period** | **4,045** | **-373** | **23,931** | **98** | **22,521** |

**Interim dividends in Q3 2019:**

| | | | | | |
|---|---|---|---|---|---|
| **Non-cash distribution to shareholders** | | | | | |
| Interim dividends | 7,400 | - | 7,400 | - | - |
| **Total Interim dividends** | **7,400** | - | **7,400** | - | - |

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

## For the quarter ended 30 September 2019

EUR'000

| Profit/loss and OCI | Q3 2019 | Q3 2018 | Q3 YTD 2019 | Q3 YTD 2018 | FY 2018 |
|---|---|---|---|---|---|
| Statement of comprehensive income | | | | | |
| Profit/loss for the period | 4,045 | -373 | 23,931 | 98 | 22,521 |
| Items that may be reclassified to profit or loss: | | | | | |
| Other comprehensive income in equity accounted investments | - | -475 | - | - | - |
| Value adjustments of hedging instruments | 973 | 143 | 2,656 | 214 | -991 |
| Tax of value adjustments of hedging instruments | -263 | -3 | -573 | -21 | 276 |
| Currency differences on translating foreign operations | 224 | 27 | -74 | -32 | -11 |
| Other comprehensive income for the period | 934 | -308 | 2,009 | 161 | -726 |
| Comprehensive income for the period | 4,979 | -681 | 25,940 | 259 | 21,795 |
| | | | | | |
| Attributable to: | | | | | |
| Shareholders of the Company | 4,810 | -738 | 20,536 | 761 | 20,605 |
| Non-controlling interests (NCI) | 169 | 57 | 5,404 | -502 | 1,190 |
| Comprehensive income for the period | 4,979 | -681 | 25,940 | 259 | 21,795 |

# Consolidated statement of financial position

## As of 30 September 2019

EUR'000

| | Q3 2019 | Q3 2018 | FY 2018 |
|---|---|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 100,738 | 86,078 | 85,947 |
| Lease assets | 3,704 | - | - |
| Joint Venture investments | 11,177 | 12,575 | 11,938 |
| Associated companies investments | 13,011 | 11,882 | 8,643 |
| Other investments | 4,452 | 4,225 | 6,764 |
| Loans to related parties | 33,395 | 44,121 | 33,179 |
| Trade receivables and contract assets | 3,984 | 4,843 | 4,131 |
| Other receivables | 4,146 | 10,762 | 3,101 |
| Deferred tax | 70 | 3,096 | 1,584 |
| Prepayments | 3,923 | - | 9,937 |
| **Total non-current assets** | **178,600** | **177,582** | **165,224** |
| Current assets | | | |
| Inventories | 217,568 | 198,462 | 202,193 |
| Trade receivables and contract assets | 7,804 | 11,019 | 9,317 |
| Other receivables | 10,812 | 13,629 | 10,734 |
| Prepayments for goods and services | 2,799 | 981 | 1,027 |
| Free cash and cash equivalents | 129,873 | 36,812 | 50,718 |
| Restricted cash and cash equivalents | 18,590 | 6,783 | 7,868 |
| **Total current assets** | **387,446** | **267,686** | **281,857** |
| TOTAL ASSETS | **566,046** | **445,268** | **447,081** |

# Consolidated statement of financial position - continued

## As of 30 September 2019

EUR'000

| | Q3 2019 | Q3 2018 | FY 2018 |
|---|---|---|---|
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 40,331 | 40,316 | 40,316 |
| Retained earnings and reserves | 68,744 | 35,891 | 55,772 |
| **Equity attributable to owners of the Company** | **109,075** | **76,207** | **96,088** |
| Non-controlling interests | 12,173 | 10,971 | 11,597 |
| **Total Equity** | **121,248** | **87,178** | **107,685** |
| **Liabilities** | | | |
| Bond loan | 191,543 | 83,532 | 83,670 |
| Project financing | 70,577 | 179,701 | 157,666 |
| Other debt | 910 | 1,497 | 898 |
| Lease liabilities | 4,540 | - | - |
| Provisions | 3,930 | 884 | 3,066 |
| Deferred tax | 5,830 | 2,899 | 2,986 |
| **Total non-current liabilities** | **277,330** | **268,513** | **248,286** |
| Project financing | 137,502 | 49,871 | 56,111 |
| Lease liabilities | 565 | - | - |
| Trade payables | 6,955 | 9,893 | 9,987 |
| Payables to related parties | 1,349 | 7,982 | 481 |
| Corporation tax | 1,194 | 1,420 | 1,194 |
| Provisions | - | 1,987 | 1,985 |
| Contract liabilities | 7,881 | 5,960 | 5,960 |
| Other payables | 12,022 | 12,464 | 15,392 |
| **Total current liabilities** | **167,468** | **89,577** | **91,110** |
| **Total liabilities** | **444,798** | **358,090** | **339,396** |
| TOTAL EQUITY AND LIABILITIES | 566,046 | 445,268 | 447,081 |

# Consolidated statement of cash flow

## For the quarter ended 30 September 2019

EUR'000

| Cash flow from operating activities | Q3 2019 | Q3 2018 | Q3 YTD 2019 | Q3 YTD 2018 | FY 2018 |
|---|---|---|---|---|---|
| Profit/loss before tax | 5,519 | 762 | 27,944 | 1,697 | 25,924 |
| Adjustments for: | | | | | |
| Financial income | -7,051 | -1,448 | -9,713 | -3,119 | -3,907 |
| Financial Expenses | 3,364 | 2,889 | 8,531 | 8,126 | 9,100 |
| Depreciations | 1,636 | 560 | 3,185 | 1,498 | 2,490 |
| Profit from equity-accounted companies | 892 | -529 | 2,051 | -3,608 | -5,795 |
| Change in networking capital | -40,952 | -20,031 | -16,125 | -124,705 | -172,106 |
| Other non-cash items | 1,627 | -83 | 407 | 72 | -1,263 |
| **Cash generated from operation before financial items and tax** | **-34,965** | **-17,880** | **16,280** | **-120,039** | **-145,557** |
| Taxes paid | -55 | -147 | -163 | -306 | -751 |
| Interest paid and realised currency losses | -1,486 | -3,126 | -5,955 | -7,988 | -8,263 |
| Interest received and realised currency gains | 820 | 1,731 | 2,443 | 3,128 | 3,610 |
| **Cash flow from operating activities** | **-35,686** | **-19,422** | **12,605** | **-125,205** | **-150,961** |
| | | | | | |
| **Cash flow from investing activities** | | | | | |
| Purchase/disposal of Property, plant and equipment | -56,942 | -1,127 | -17,750 | -13,486 | -12,576 |
| Proceeds from disposal of equity-accounted investments | - | 551 | 682 | 562 | 3,161 |
| Purchase/disposal of other investments | -73 | -40 | -80 | 231 | 252 |
| Investment/loans in equity-accounted investments | -6,433 | -4,284 | -8,634 | -24,541 | 8,508 |
| Dividends | - | - | 682 | 165 | 165 |
| **Cash flow from investing activities** | **-63,448** | **-4,900** | **-25,100** | **-37,069** | **-490** |

# Consolidated statement of cash flow - continued

## For the quarter ended 30 September 2019

EUR'000

| | Q3 2019 | Q3 2018 | Q3 YTD 2019 | Q3 YTD 2018 | FY 2018 |
|---|---|---|---|---|---|
| **Cash flow from financing activities** | | | | | |
| Proceeds from issue of bonds | 61,934 | 19 | 200,534 | 25,107 | 25,107 |
| Repayment of bonds | -88,400 | - | -88,400 | -7,600 | -7,600 |
| Proceeds from borrowings | 80,235 | 22,850 | 95,121 | 140,024 | 191,594 |
| Repayment of borrowings | -522 | -607 | -100,819 | -2,125 | -49,729 |
| Changes in payables to associates | 370 | 7,698 | 868 | 6,489 | -4,367 |
| Transactions with NCI | -525 | -188 | -4,931 | -4,206 | 6,852 |
| **Cash flow from financing activities** | **53,092** | **29,772** | **102,373** | **157,689** | **161,857** |
| **Change in cash and cash equivalents** | **-46,043** | **5,450** | **89,877** | **-4,585** | **10,406** |
| Cash and cash equivalents at beginning of period | **194,506** | **38,145** | **58,586** | **48,180** | **48,180** |
| **Cash and cash equivalents end of period** | **148,463** | **43,595** | **148,463** | **43,595** | **58,586** |
| Of which restricted cash and cash equivalents | -18,590 | -6,783 | -18,590 | -6,783 | -7,868 |
| **Non-restricted cash and cash equivalents end of period** | **129,873** | **36,812** | **129,873** | **36,812** | **50,718** |

# Consolidated statement of changes in equity

## As of 30 September 2019

EUR'000

| | Share capital | Share Premium | Translation reserve | 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 | - | - | - | - | 18,424 | 18,424 | 5,507 | 23,931 |
| **Other comprehensive income** | | | | | | | | |
| Value adjustments of hedging instruments | - | - | - | 2,767 | - | 2,767 | -111 | 2,656 |
| Tax of value adj. of hedging instruments | - | - | - | -573 | - | -573 | - | -573 |
| Currency diff. on translating foreign operations | - | - | -86 | - | 4 | -82 | 8 | -74 |
| **Other comprehensive income** | - | - | **-86** | **2,194** | **4** | **2,112** | **-103** | **2,009** |
| **Total comprehensive income** | - | - | **-86** | **2,194** | **18,428** | **20,536** | **5,404** | **25,940** |
| **Transactions with owners** | | | | | | | | |
| Dividends | - | - | - | - | -7,400 | -7,400 | - | -7,400 |
| Transactions with NCI | 1 | - | - | - | -581 | -580 | - | -580 |
| Exercise of warrants | 14 | 40 | - | - | - | 54 | - | 54 |
| Share-based compensation expenses | - | - | - | - | 377 | 377 | - | 377 |
| Additions | - | - | - | - | | - | 656 | 656 |
| Disposals | - | - | - | - | - | - | -5,484 | -5,484 |
| **Total transactions with owners** | **15** | **40** | - | - | **-7,604** | **-7,549** | **-4,828** | **-12,377** |
| **Equity at 30 September 2019** | **40,331** | **35** | **-81** | **937** | **67,853** | **109,075** | **12,173** | **121,248** |

The share capital consists of nom. 300,145,075 shares of DKK 1 each, corresponding to EUR 40,331 thousand. The share capital is fully paid in.

# Consolidated statement of changes in equity continued

## As of 30 September 2018

EUR '000

| | 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 | - | - | - | - | 608 | 608 | -510 | 98 |
| Other comprehensive income | | | | | | | | |
| Value adjustments of hedging instruments | - | - | - | 197 | - | 197 | 17 | 214 |
| Tax of value adjustments of hedging instruments | - | - | - | -17 | - | -17 | -4 | -21 |
| Currency differences on translating foreign operations | - | - | -34 | - | 7 | -27 | -5 | -32 |
| **Other comprehensive income** | **-** | **-** | **-34** | **180** | **7** | **153** | **8** | **161** |
| **Total comprehensive income** | **-** | **-** | **-34** | **180** | **615** | **761** | **-502** | **259** |
| | | | | | | | | |
| **Transactions with owners** | | | | | | | | |
| Transaction with NCI | - | - | - | - | -44 | -44 | 6,772 | 6,728 |
| Exercise of warrants | 5 | 11 | - | - | - | 16 | - | 16 |
| Expenses related to capital increases | - | -17 | - | - | - | -17 | - | -17 |
| Share-based compensation expenses | - | - | - | - | 178 | 178 | - | 178 |
| Additions | - | - | - | - | - | - | 371 | 371 |
| Disposals | - | - | - | - | - | - | -11,357 | -11,357 |
| **Total transactions with owners** | **5** | **-6** | **-** | **-** | **134** | **133** | **-4,214** | **-4,081** |
| **Equity at 30 September 2018** | **40,316** | **-6** | **-84** | **-342** | **36,323** | **76,207** | **10,971** | **87,178** |

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.

# 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 third 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'.

## IFRS 3, Business Combination

The Group has introduced IFRS 3 for the first time in the accounting treatment of business combinations made 10 July 2019. Impact of the acquisition is disclosed in the note related to Business Combinations.

## 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 third 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

| | Lease assets as part of Inventory | Lease assets Property, plant and equipment | EURm<br>Q3 2019 |
|---|---|---|---|
| 1 January 2019 | 5.0 | 2.2 | 7.2 |
| Depreciations | -0.1 | -0.3 | -0.4 |
| Additions | 0.6 | 2.5 | 3.1 |
| Disposals, divestments | -3.3 | -1.6 | -4.9 |
| Effect of IFRS 16, Lease assets 30 September 2019 | 2.2 | 2.8 | 5.0 |
| Effect of IFRS 16 on lease assets, property, plant and equipment | | | |
| Lease assets reclassified from prepayments | - | 0.9 | 0.9 |
| Lease assets recognised in the balance sheet 30 September 2019 | 2.2 | 3.7 | 5.9 |

| | Lease liabilities, Inventory | Lease liabilities, Property, plant and equipment | EURm<br>Q3 2019 |
|---|---|---|---|
| 1 January 2019 | 5.0 | 2.2 | 7.2 |
| Additions | 0.6 | 2.5 | 3.1 |
| Disposals, divestments | -3.3 | -1.6 | -4.9 |
| Lease payments | -0.1 | -0.2 | -0.3 |
| Effect of IFRS 16, Lease liabilities 30 September 2019 | 2.2 | 2.9 | 5.1 |
| Lease liabilities recognised in the balance sheet: | | | |
| Non-current lease liabilities | 2.2 | 2.3 | 4.5 |
| Current lease liabilities | - | 0.6 | 0.6 |
| Lease liabilities recognised in the balance sheet 30 September 2019 | 2.2 | 2.9 | 5.1 |

# 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 29 November 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.

# Business Combination

Accounting Policy

Enterprises acquired during the year are recognised in the consolidated financial statements from the date of acquisition. The acquisition date is the date when the parent company effectively obtains control of the acquired enterprise. Enterprises disposed of are recognised in the consolidated income statement until the disposal date.

For acquisitions of new enterprises in which the parent company is able to exercise control over the acquired enterprise, the purchase method is used. The acquired enterprises' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax on revaluations is recognised.

Goodwill is initially measured at cost being the excess of the consideration transferred over the Group net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in Income Statement as a gain from a bargain purchase. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group cash generating units that are expected to benefit from the combination. Goodwill is tested for impairment at year end or more frequently when impairment indicators are identified.

The cost of a business combination comprises the fair value of the consideration agreed upon. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the amount of that adjustment is included in the cost of the combination if the adjustment is probable and can be measured in a reliable manner. Subsequent changes to contingent considerations are recognised in the income statement. If uncertainties regarding measurement of identifiable assets, liabilities and contingent liabilities exist at the acquisition date, initial recognition will take place on the basis of preliminary fair values. If identifiable assets, liabilities and contingent liabilities are subsequently determined to have different fair value at the acquisition date than first assumed, goodwill is adjusted up until twelve months after the acquisition. The effect of the adjustments is recognised in the opening balance of equity and the comparative figures are restated accordingly.

### Acquisition of 100% of the shares in the AEZ Group including 100% of the voting rights:

The Group has 10 July 2019 concluded a strategic investment through the acquisition of 100% of the shares and all voting rights in the AEZ Group located in Leipzig, Germany with an operational pipeline, a development pipeline and with staff of 8 employees. The purpose of the acquisition is to expand and secure European Energy's sales channel in the German market. The investment underlines our strong focus on the important German market. AEZ has 30 operating wind turbines.  AEZ has 92 wind turbines under technical and commercial asset management and a development and repowering pipeline of more than 100 MW wind.  Closing of the investment was made 10 July 2019. The expected outcome is to benefit from new production benefits from economies of scale and to get a permanent office establishment in Germany.

The acquisition has been made by EE Dupp ApS, a 100% owned subsidiary in European Energy A/S including all voting rights. European Energy A/S thereby obtained control of AEZ Group.

The total purchase price amounted to EUR 30.7 million where European Energy A/S has taken over a shareholder loan of EUR 3.4 million why the net purchase price regarding shares amounts to EUR 27.5 million composed by the price paid to the seller of EUR 27.3 million and transaction costs of EUR 0.2 million which have been expensed.
The purchase price comprises no contingent consideration.

Total assets and liabilities were recognised at fair value according to IFRS 3.
The purchase price of Property, plant and equipment has been adjusted with EUR 9.2 million based on the potential future capacity of generating cash flow by the wind farms. The fair value of Property, plant and equipment amounts to EUR 56.5 million.  The discounting rate used is 4.5% equal to the discounting rate used in our other German wind projects.

The fair value of Other current assets and Other non-current assets amounts to EUR 5.8 million.

Other non-current assets of EUR 2.7 million comprise bonus originating from sales of wind turbines prior to the acquisition. The fair value is calculated as net present value of future expected contractual bonus payments.  Discounting rate used is 7.5% including expected credit loss.

Other current assets of EUR 3.1 million comprise of trade receivables, other receivables and prepayments.

Restricted cash amounts to EUR 2.8 million and free cash amounts to EUR 3.1 million.

The Project financing is recognised at fair value at the transaction date 28.0 million.

The transaction generated a gain from a bargain purchase of EUR 4.6 million recognised as Other income in consolidated statement of profit or loss. Before recognising the gain, the purchase price allocation has been re-visited to make sure that all assets and liabilities have been identified, assessed and recognised correct, cf. in the table below.

The reason for obtaining a gain from a bargain purchase is that the seller had the possibility to sell the life work to a strong investor, European Energy A/S, who is already well-known as an important developer and investor in the local market, and thereby securing that the company and its employees were able to keep on fighting for a fossil free society. European Energy will continue to invest in the development pipeline and benefit from taking over 8 talented employees in the attractive German market. The AEZ Group is complementary to our business in European Energy Group and we see synergies we can benefit from on both short and long term basis because we are already operating 18 turbines in the same area.

The figures in the below table regarding identifiable assets acquired, liabilities and consideration transferred are based on the initial recognition of the preliminary fair values that can be adjusted up until 12 months after the acquisition.

If the wind farms in AEZ Group were fully consolidated as of January 1 2019 to 30 September 2019, the Revenue of European Energy Group would have been EUR 139.2 million, the EBITDA EUR 34.8 million and the Profit/loss before tax EUR 30.1 million.

The share of revenue and profit (loss) for the year from the acquisition date (10 July to 30 September2019) of European Energy Group is a revenue of EUR 1.6 million, the EBITDA EUR 0.6 million and the Profit/loss before tax EUR -1.3 million. The loss is related to low production in the period due to expected seasonal fluctuations.

# Business Combination (acquisition of AEZ Group)
# As of 10 July 2019

| Identifiable assets acquired, liabilities assumed and consideration transferred | EUR '000<br>Fair value (Post-PPA) |
|---|---|
| Property, plant and equipment | 56,547 |
| Lease assets | 2,485 |
| Other non-current assets | 2,650 |
| Other current assets | 3,124 |
| Cash | 5,922 |
| **Total assets** | **70,728** |
| Non-controlling interests | 445 |
| Project financing | 28,011 |
| Lease liabilities | 2,485 |
| Provisions | 840 |
| Deferred tax | 2,171 |
| Payables to related parties | 3,465 |
| Other liabilities | 1,474 |
| **Total liabilities** | **38,891** |
| | |
| **Fair value of identified net assets** | **31,837** |
| **Gain from a bargain purchase** | -4,561 |
| **Cash consideration paid** | 27,276 |

# Segment information

## As of 30 September 2019

EUR '000

| | Wind | Solar | Total before elimination | Eliminations | Q3 YTD 2019 |
|---|---|---|---|---|---|
| Sale of energy farms and projects | 112,198 | 419 | 112,617 | - | 112,617 |
| Sale of electricity | 16,120 | 2,779 | 18,899 | - | 18,899 |
| Asset management & other fees | 1,264 | 700 | 1,964 | - | 1,964 |
| **Revenue to external customers** | **129,582** | **3,898** | **133,480** | - | **133,480** |
| Intra-group revenue | 690 | 11 | 701 | -701 | - |
| **Revenue** | **130,272** | **3,909** | **134,181** | **-701** | **133,480** |
| **Profit/loss before tax** | **28,222** | **-278** | **27,944** | - | **27,944** |
| **Total assets** | **427,689** | **138,357** | **566,046** | - | **566,046** |
| **Total liabilities** | **328,358** | **116,440** | **444,798** | - | **444,798** |

## As of 30 September 2018

EUR '000

| | Wind | Solar | Total before elimination | Eliminations | Q3 YTD 2018 |
|---|---|---|---|---|---|
| Sale of energy farms and projects | 9,444 | 20 | 9,464 | - | 9,464 |
| Sale of electricity | 4,985 | 7,283 | 12,268 | - | 12,268 |
| Asset management & other fees | 1,243 | 671 | 1,914 | - | 1,914 |
| **Revenue to external customers** | **15,672** | **7,974** | **23,646** | - | **23,646** |
| Intra-group revenue | 18,133 | -8 | 18,125 | -18,125 | - |
| **Revenue** | **33,805** | **7,966** | **41,771** | **-18,125** | **23,646** |
| **Profit/loss before tax** | **619** | **1,078** | **1,697** | - | **1,697** |
| **Total assets** | **300,382** | **144,886** | **445,268** | - | **445,268** |
| **Total liabilities** | **235,115** | **122,975** | **358,090** | - | **358,090** |

# Write down of inventories

The Group has made write down of inventories of EUR 0.0 million in the third quarter of 2019 (YTD 2019 EUR 1.5 million).

The Group had in 2018 made write down of inventories of EUR 0.5 million in the third quarter of 2018 (YTD 2018 EUR 0.9 million).

# Financial activities

## Bond loans

European Energy A/S has 20 June 2019 listed a EUR 140 million green bond on Nasdaq Copenhagen and has successfully issued and settled a tap issuance of EUR 60 million on 30 September 2019. It is the first Danish Corporate Sustainable Bond listed on Nasdaq Copenhagen's Green Bond Segment. The issued bonds carry variable interest based upon a fixed spread and a variable part related to the Euribor. The bonds have a four-year and 3 months lifecycle and are traded at Nasdaq, Copenhagen. The interest rate was fixated at 5.35% compared to the old 7.0% EUR 85 million bond. The redemption and the repayment of the old EUR 85 million bond was 3 July 2019. 79 investors participated from some of the largest pension funds in Scandinavia. The new green bond trades at a price of 106,18 in November 2019 at Nasdaq Copenhagen. The net proceeds of the Offering will be used for general corporate purposes in accordance with the company's green bond framework.

## Modification gain

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

The interest rate of the new bond is 5.35% compared to 7.0% on the old bond. 78% of the proceeds were from current bond investors investing in the new bond and 22% was from new investors. The Group has calculated the net financial impact from the modification of the loan to be a gain of EUR 5.6 million, which will be expensed over the lifecycle of the bond. The gain is recognised in third quarter of 2019 as financial income in the statement of profit or loss. Capital loss and cost related to the 22% of the redemption of the EUR 85m loan, EUR 0.9 million is recognised as financial expenses in third quarter of 2019.

## Interest rate swaps

Interest rate swaps with Fair value liability of EUR 1.8 million as of 31 December 2018 have been disposed in the first half year of 2019 after closing of the sale of a wind farm in Italy and sale of 5 solar parks in Spain. The fair value of Interest rate swaps is measured on the basis of Level 2 within the fair value hierarchy.

## Other investments

The Group increased the ownership of a German wind park during the second quarter of 2019, which resulted in a shift in classification from other investments to associated company. Fair value of the wind park transferred to associated company is EUR 4.8 million. Unrealized value adjustment recognised as Other income is EUR 2.1 million in 2019.

## Other financial instruments

Other financial instruments with Fair value asset of EUR 1.4 million as of 30 September 2019 has been recognised during the third quarter. Other financial instruments is included in non-current Other receivables. Value adjustment is included in other comprehensive income, as the relevant criteria for hedge accounting are met.

Other financial instruments comprise Contract For Difference derivatives (CFD) related to long-term Power Purchase Agreements. Power Purchase Agreements have a duration of up to 15 years.

The fair value of CFD derivatives is measured on the basis of Level 3 within the fair value hierarchy since one or more of the significant inputs is not based on observable market data. The valuation technique used is discounted cash flow.

The main inputs used are:

a. Contracted prices
b. Non-contracted Market prices
c. Risk-adjusted discount rate

### SIGNIFICANT NON-OBSERVABLE INPUTS

Non-contracted Market prices are normally available for a maximum of three to 10 years, after which an active market no longer exists. Power Purchase Agreements have a duration of up to 15 years. When market prices are no longer available, the last known observation is held for further tenors, only adjusted for average inflation in electricity prices for non-household consumers (Eurostat). To compensate for the uncertainty a floor for the average inflation is set at 0%.

### SENSITIVITY ON NON-OBSERVABLE INPUTS

The most significant non-observable input is the non-contracted long-term prices, where market prices are no longer available. If these projected long-term prices were adjusted +/-1 % per year, the contract value would change accordingly with EUR -/+0.5 million.

### VALUATION PRINCIPLES

Market values are determined by European Energy's PPA function which reports to the Chief Executive Officer. The development in market values is monitored on a continuing basis and reported to the Chief Financial Officer.

# 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 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, 29 November 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 Q3 2019 (MW) | EE net capacity (MW) |
|---|---|---|---|
| Wind | Under construction | 103.2 | 79.9 |
| Wind | Ready to build | 315.8 | 239.9 |
| Solar | Under construction | 221.0 | 197.1 |
| Solar | Ready to build | 205.0 | 183.6 |
| Total activity level | | 845.0 | 700.5 |

### Table 2 - Activity level (wind)

| Country | Site | Status end of Q3 2019 | MW | EE net capacity (MW) |
|---|---|---|---|---|
| Brazil | Quatro Ventos | Ready to build | 21.0 | 8.4 |
| Brazil | Ouro Branco 1 | Ready to build | 34.0 | 13.6 |
| Brazil | Ouro Branco 2 | Ready to build | 34.0 | 13.6 |
| Germany | Tornitz | Ready to build | 3.6 | 3.6 |
| Germany | Oberbarnim | Under Construction | 3.5 | 3.5 |
| Germany | Viertkamp | Under Construction | 14.4 | 7.2 |
| Germany | Vier Berge I | Under Construction | 26.1 | 13.0 |
| Sweden | Zinkgruvan | Under construction | 53.2 | 53.2 |
| Sweden | Fimmerstad | Ready to build | 21.2 | 21.2 |
| Sweden | Kingebol | Ready to build | 27.0 | 27.0 |
| Sweden | Skåramåla | Ready to build | 45.0 | 45.0 |
| Finland | Mustalamminmäki | Ready to build | 30.0 | 30.0 |
| Finland | Koiramäki | Ready to build | 30.0 | 30.0 |
| Finland | Honkakangas | Ready to build | 22.0 | 11.0 |
| Finland | Ahvenneva | Ready to build | 17.0 | 8.5 |
| Poland | Grzmiaca | Under Construction | 6.0 | 3.0 |
| Poland | Bialogard | Ready to build | 6.0 | 3.0 |
| Poland | Kolobrzeg | Ready to build | 20.0 | 20.0 |
| Poland | Drawsko II | Ready to build | 5.0 | 5.0 |
| Total wind | | | 419.0 | 319.8 |

# Appendix 1 – Project development activity–continued

**Table 3 – Activity level (solar)**

| Country | Site | Status end of Q3 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 | Agersted | Ready to build | 27.0 | 27.0 |
| Denmark | Harre - Salling | Ready to build | 40.0 | 40.0 |
| Denmark | Næssundsundvej | Under construction | 33.0 | 33.0 |
| Denmark | Thisted Flyveplads, Hanstholmvej | Under construction | 53.0 | 47.7 |
| Italy | Troia | Under construction | 63.0 | 63.0 |
| Italy | Palo | Ready to build | 19.0 | 19.0 |
| Italy | Troia (II) | Under construction | 41.0 | 41.0 |
| Spain | Bolbaite | Ready to build | 46.0 | 46.0 |
| Total solar | | | 426.0 | 380.7 |

# 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 |
| Spain | 5 solar parks | 8.1 | Solar | 6.5 | Closed in Q2 2019 |
| Spain | 1 solar park (Beniar-beig) | 2.0 | Solar | 0.3 | Closed in Q2 2019 |
| Total | | 67.1 | | 57,9 | Total |

**Table 5**

| Technology | MW | EE net capacity (MW) | Status |
|---|---|---|---|
| Wind | 102.1 | 87.5 | Signed term sheets |
| Solar | 0.0 | 0.0 | |
| Total | 102.1 | 87.5 | |

# 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 d 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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