

HALF-YEAR REPORT 2018

# RETHINK

*It's worth it*



# SHORT PORTRAIT OF ENERGIEKONTOR AG

For the last 25 years, Energiekontor has stood for a sound approach to business and a wealth of experience in wind power. Formed in Bremerhaven in 1990, the Company was one of the pioneers in the industry and is now one of the leading German project developers. Its core business covers planning, construction and operational management of wind farms in Germany and abroad, and was expanded to include solar power in 2010. Energiekontor also currently owns and operates 34 wind farms and one solar park with total rated power of around 270 megawatts. Energiekontor AG now also intends to be a pioneer when it comes to economic viability in realising the first wind farms and solar parks at market prices without state subsidies in all target markets as quickly as possible.

In addition to its headquarters in Bremen, Energiekontor also maintains offices in Bremerhaven, Hagen im Bremischen, Aachen, Dortmund, Bernau (near Berlin) and Potsdam. The Company also has branch offices in England (Leeds), Scotland (Glasgow), Portugal (Lisbon), the Netherlands (Nijmegen), the US (Austin/Texas and Rapid City/South Dakota) and France (Toulouse). The formation of an additional branch office in France is currently in the making.

Our track record speaks for itself: We have realised 118 wind farms with total rated power of around 940 megawatts and three solar parks with total rated power of about 30 megawatts. This corresponds to an investment volume of more than EUR 1.6 billion.

Energiekontor went public on 25 May 2000. Energiekontor AG (WKN 531350/ISIN DE0005313506) is listed in the General Standard segment of the Frankfurt Stock Exchange and the Energiekontor shares can be traded on all German stock exchanges.

## Investor Information (Overview)

Stock exchange listing:	Deutsche Börse, Frankfurt (traded on the Frankfurt Stock Exchange, Xetra and all other German trading venues)
Market segment:	General Standard
Class of shares:	Bearer shares
Sector:	Renewable Energy
Initial listing (IPO):	25 May 2000
WKN (German securities identification number):	531350
ISIN:	DE0005313506
Reuters:	EKT
Shareholder structure:	51.5% management and supervisory bodies; 48.5% free float
Research:	Dr Karsten von Blumenthal, First Berlin Arash Roshan Zamir, Warburg Research
Designated Sponsor:	Oddo Seydler Bank AG
Financial calendar:	31 August 2018: Publication of H1/2018 Interim Report 15 November 2018: Publication of Q3/2017 Interim Report 26 November 2018: Presentation at the German Equity Forum, Frankfurt a.M.
Investor Relations:	Dr Stefan Eckhoff; phone: +49 (0)421-3304-0 e-mail: IR@energiekontor.de; website: www.energiekontor.de

## CONSOLIDATED KEY FIGURES

### Income statement

in EUR million	01.01.– 30.06.2018	01.01.– 30.06.2017
Revenue	32.9	41.4
Total output	58.7	82.4
EBITDA (EBIT plus depreciation and amortisation)	21.4	21.3
EBIT (EBT plus financial result)	12.4	13.2
EBT (earnings from ordinary activities before tax)	4.7	4.4
Interim consolidated income	3.4	3.2
Earnings per share (EPS) in EUR	0.23	0.22

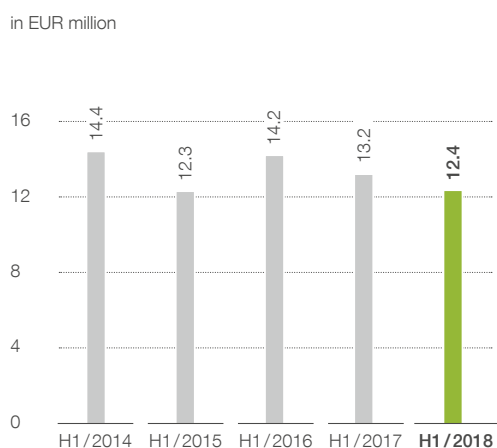
### Balance sheet

in EUR million	30.06.2018	31.12.2017
Property, plant and equipment (wind farms and solar parks)	192.1	193.7
Equity	65.2	70.2
Total assets	356.9	361.7
Equity ratio	18.3	19.4

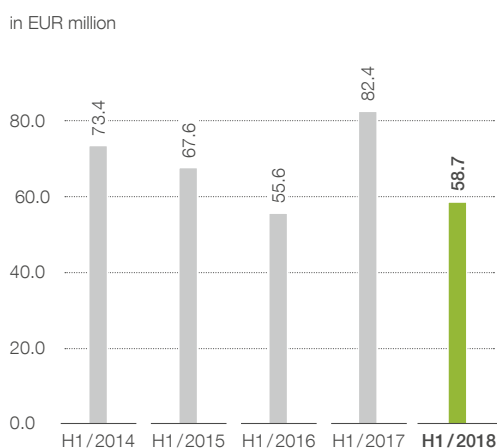
### Cashflow

in EUR million	01.01.– 30.06.2018	01.01.– 30.06.2017
Cash flow from operating activities (operating cash flow)	-3.1	-41.6
Cash and cash equivalents at end of period	66.2	75.8

### EBIT for the first half year



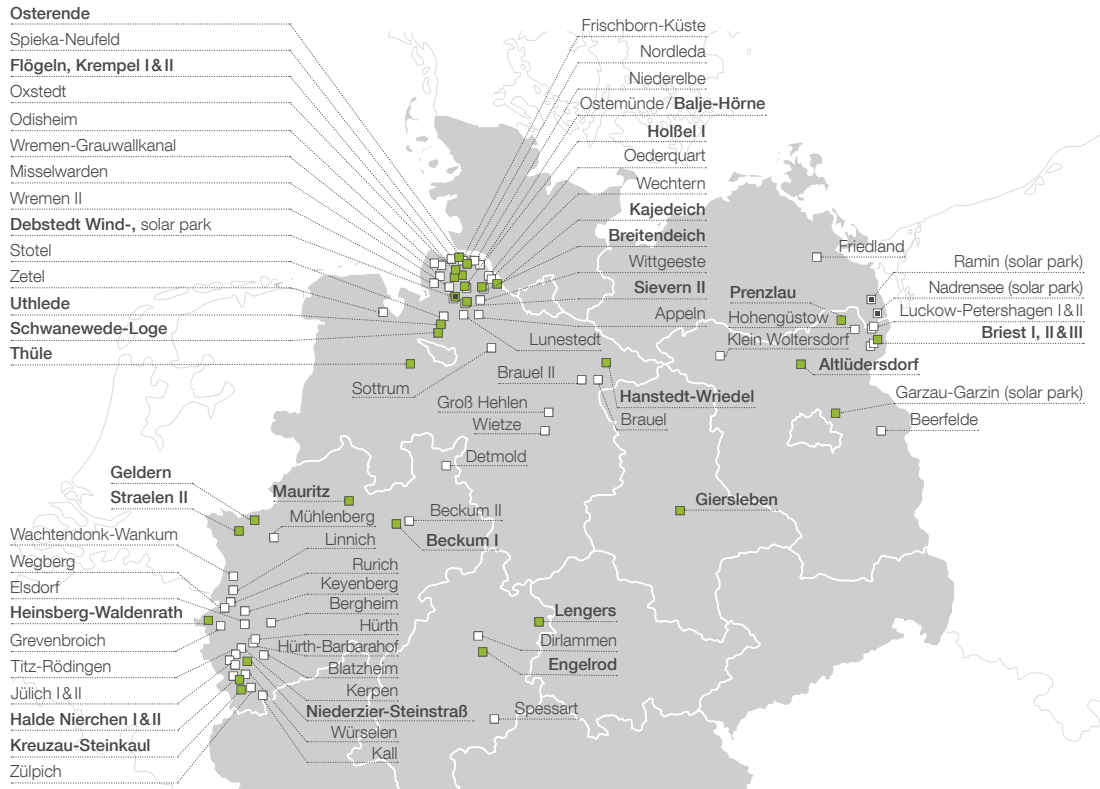
### Total output for the first half year



Please see note on page 61 regarding pro-forma figures.

# REALISED WIND FARMS AND SOLAR PARKS

## Germany



## Great Britain



## Portugal



■ Group owned   
  Sold   
 ■ Solar   
  both Group-owned and third-party-owned

# *Our mission statement*

## **100% renewable energy**

As a pioneer of renewable energy, Energiekontor is actively shaping the transition to 100 % renewables. Concentration on our core competences and innovation will drive our business to a successful future.

## **Individual responsibility and autonomy**

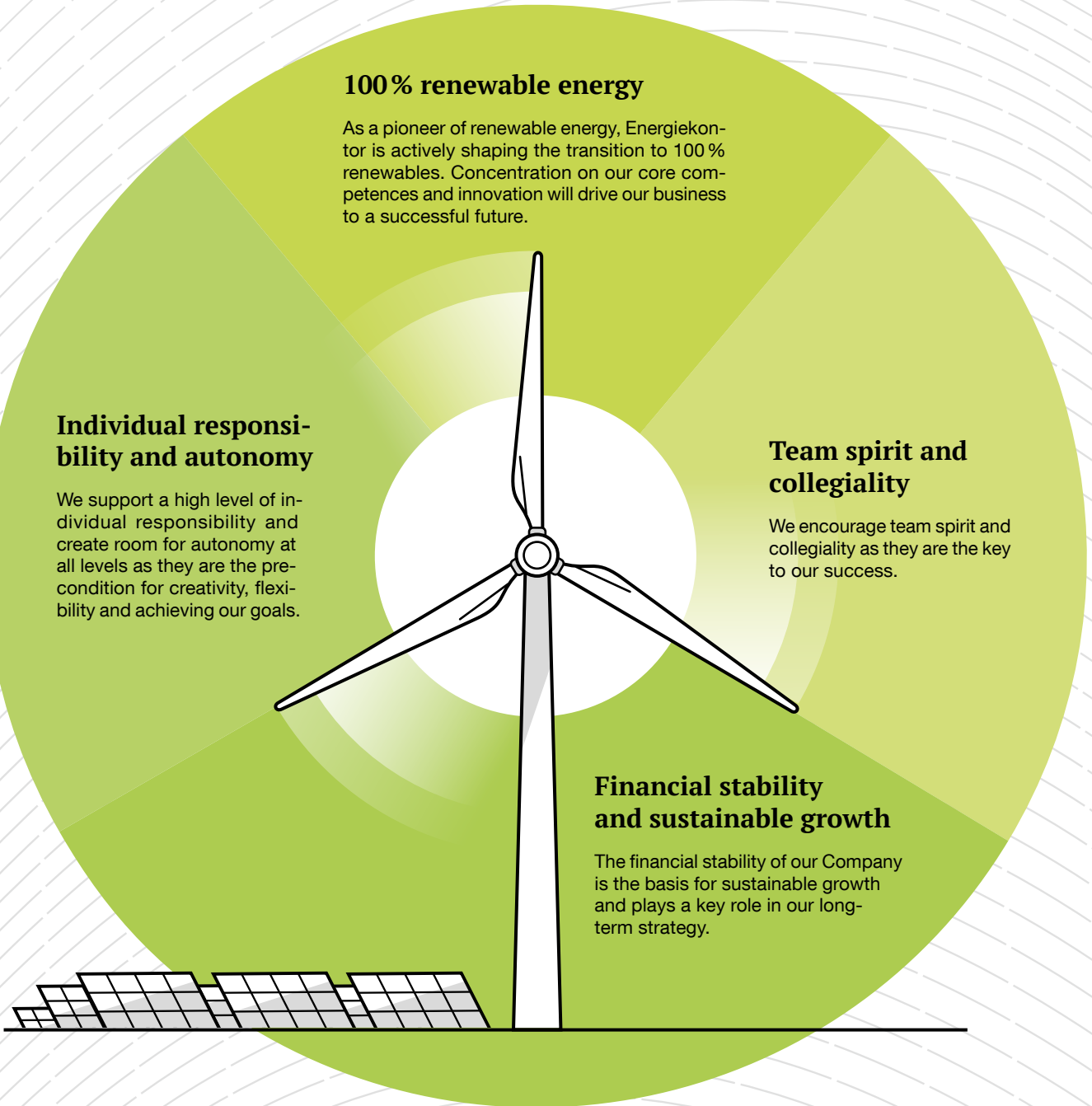
We support a high level of individual responsibility and create room for autonomy at all levels as they are the precondition for creativity, flexibility and achieving our goals.

## **Team spirit and collegiality**

We encourage team spirit and collegiality as they are the key to our success.

## **Financial stability and sustainable growth**

The financial stability of our Company is the basis for sustainable growth and plays a key role in our long-term strategy.



## THE ENERGIEKONTOR SHARES

For a summary of key investor information, please also see the table in the cover of the half-year report.

### Share capital

The Company's subscribed capital (share capital) as entered in the commercial register amounts to EUR 14,578,160 as of 31 December 2017 and is divided into 14,578,160 bearer ordinary shares.

### Authorised capital

Following expiration of the existing authorised capital on 24 May 2016, new authorised capital was created at the Annual General Meeting on 26 May 2016. The resolution also enables the Company to issue preferred shares in the scope of future capital increases.

Subject to the consent of the Supervisory Board, the Management Board was authorised to increase the Company's share capital by up to EUR 7,326,580 on one or several occasions until 23 May 2021 by issuing up to 7,326,580 new bearer ordinary and/or preferred shares with or without voting rights for cash and/or contributions in kind (authorised capital 2016).

The authorisation includes the authority to, if preferred shares are issued on multiple occasions, issue additional preferred shares (with or without voting rights) that precede the previously issued preferred shares or rank equally to them in the distribution of profits or company assets. Here, the shareholders must generally be granted a subscription right. However, subject to the consent of the Supervisory Board, the Management Board is authorised to exclude the shareholders' legal subscription right (for the exact terms and conditions, see resolution proposal in the invitation to the Annual General Meeting on 26 May 2016 at [www.energiekontor.de](http://www.energiekontor.de) > Investor Relations > Annual General Meeting).

This authorisation has not been used to date.

### Contingent capital

The General Meeting on 28 May 2014 resolved to grant options for a total of 500,000 new, bearer ordinary shares and to thus increase the Company's contingent share capital by a total of EUR 500,000.00 (contingent capital 2014 I). The contingent capital increase will only be realised to the extent that holders of subscription rights granted by the Company under the Stock Option Program 2014 actually exercise their subscription rights and the Company does not use treasury shares to fulfil such subscription rights. The new shares start participating in the Company's profits from the start of the financial year in which the corresponding option is exercised. Pursuant to the Stock Option Program 2014, subscription rights for up to 500,000 Company shares may be issued exclusively to members of the Management Board until 31 December 2018. According to the subscription right conditions to be determined by the Supervisory Board, each subscription right entitles to subscribe to an individual bearer share of Energiekontor AG. No subscription rights have been issued to the Management Board under the programme resolved by the General Meeting on 23 May 2018. 100,000 subscription rights were last issued to members of the Management Board in 2014.

### Share buyback programme

In accordance with the resolution of the General Meeting of 25 May 2011 and another resolution of 21 May 2015, a total of 202,250 shares were acquired in the name of Energiekontor AG between the start of the buyback programme and 30 June 2018; 1,915 thereof were acquired in the 2018 financial year. The purpose is to retire shares and thus reduce capital. After the decrease of share capital in November 2017, Energiekontor AG held 2,800 shares as of 30 June 2018.

### Directors' dealings

The management and supervisory bodies of Energiekontor AG did not carry out any share transactions in the first half of the 2018 financial year.

The member of the Supervisory Board, Darius Oliver Kianzad, and the members of the Management Board, Peter Szabo (Chairman), Günter Eschen and Torben Möller, did not hold any shares of the Company in the period under review.

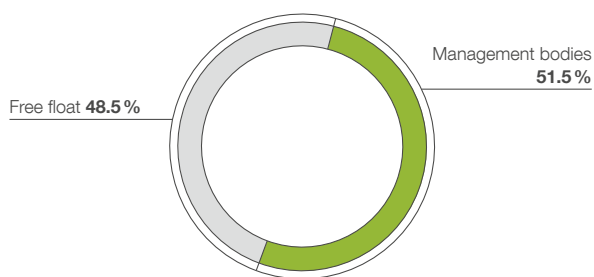
## Shareholder structure

The Management Board is not aware of any direct or indirect shareholdings (Sec. 315 (4) No. 3 German Commercial Code (HGB)) in excess of ten percent, with the exception of the shareholdings stated below:

Name, function	Number of shares
Dr Bodo Wilkens (Chairman of the Supervisory Board)	3,759,835
Günter Lammers (Deputy Chairman of the Supervisory Board)	3,752,474

Energiekontor AG therefore had the following shareholder structure as of 30 June 2018:

### Shareholder structure as of 30 June 2018:



## Annual General Meeting of Energiekontor AG

Energiekontor AG held its Annual General Meeting on 23 May 2018 in Ritterhude near Bremen. It was attended by about 120 invited shareholders, shareholder representatives and guests. In his presentation, the CEO of Energiekontor AG, Peter Szabo, reported on the current market situation, the past 2017 financial year and the first positive results in the new markets. He also emphasised how Energiekontor AG, as a pioneer in the sector, stands out and distinguishes itself from other market participants. Based on distributable profits of EUR 8,746,896.00, the Management Board and the Supervisory Board proposed a dividend of EUR 0.60 per dividend-bearing no-par value share, which was approved with a clear majority, as were all other items on the agenda.

## Share price development and trading volume of Energiekontor AG since January 2016

The following chart shows the development of the closing price of the shares in Frankfurt (green) as well as the total daily stock trading volume of Energiekontor AG at all German exchanges (grey) from 1 January 2016 until 30 June 2018.

### Share price development and trading volume of Energiekontor AG (1.1.2016–30.6.2018)



2018

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**HALF-YEAR**

**GROUP MANAGEMENT REPORT**

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<b>9</b>	<b>18</b>	<b>25</b>	<b>29</b>
<b>SECTOR AND MARKET TREND</b>	<b>THE COMPANY</b>	<b>BUSINESS DEVELOPMENT BY SEGMENT</b>	<b>FINANCIAL POSITION, FINANCIAL PERFOR- MANCE AND RESULTS OF GROUP OPERATIONS</b>
<b>31</b>	<b>31</b>	<b>32</b>	<b>42</b>
<b>POST-CLOSING EVENTS</b>	<b>CORPORATE GOVERNANCE STATEMENT</b>	<b>REPORT OF OPPORTUNITIES AND RISKS</b>	<b>OUTLOOK</b>

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Pursuant to Section 315 (3) German Commercial Code (HGB) together with Section 298 (3) HGB, the Management Report of Energiekontor AG, Bremen, as the parent company of Energiekontor Group, and the Management Report of the Energiekontor Group have been combined. Provided that no further restrictive information is given, the following statements apply to both Energiekontor AG and the Group.





## SECTOR AND MARKET TREND

China continues to lead the growth of the renewable energy sector in terms of both wind and solar power, followed by the US. Together, the two countries cover significantly more than half of all annual new installations of wind farms and solar power plants. Cuts in the subsidy systems for renewable energy sources in some European industrial countries, in contrast, brought slight declines in the number of new installations, and uncertainty with regard to investments. Uncertainty also continues to prevail with regard to the Brexit in Europe and protective tariffs in the US.

The international goals for environmental protection and sustainable energy production are still the main drivers for continued industry growth. The EU member states have undertaken to meet mandatory expansion targets. The international agreement resulting from the UN climate conference in Paris at the end of 2015 showed that climate protection and the corresponding containment of carbon emissions are meanwhile globally accepted, although this is called into question at times when there is a change in government.

The expansion of renewable energy sources also lowers the levelized cost of electricity. In Europe, the price of electricity from renewable energy sources is increasingly determined in auction processes. This led to a significant reduction in the remuneration for electricity from wind farms and solar parks in 2017, particularly in Germany. In general, the renewable energy market is to be converged with free market conditions. In some regions, the leading renewable technologies, wind energy and PV, are already competing directly with electricity from conventional energy sources.

Energiekontor AG's core markets and new markets for wind and solar, which have not seen any significant changes vis-à-vis the 2017 Annual Report, are examined in detail below.

### Wind

#### Germany

Implementing the energy transition towards renewables, Germany is planning to cover 40–45 percent of its electricity needs with renewable energy by 2025; by 2035, this figure is to reach 55 to 60 percent. By 2050, the share of electricity generated from renewable energy sources in gross

electricity consumption is even to be increased to a minimum of 80 percent.<sup>1</sup> According to the intention of the German federal government, the goal of covering 65 percent of Germany's overall energy needs from renewable energy sources by 2030 is maintained.

The German Renewable Energy Sources Act (EEG) forms the framework for the expansion of renewable energies. Since the introduction of the EEG, the share of renewable energies has increased from six percent of gross electricity consumption in 2000 to more than one third in 2017.

The new EEG 2017 became effective at the beginning of 2017. It prescribes that subsidies for renewable energy sources are granted via a market-based auction scheme for new permissions from 1 January 2017 onwards.

The auction process will be based on a single-stage reference yield model. According to this, the subsidy rate will be constant for a period of 20 years. The bids will relate to a 100 percent reference site that is defined via the average expected wind speeds. Depending on the quality of the concrete project site (wind conditions), the actual remuneration amount is adjusted by means of several factors along the reference yield curve (a site with low wind levels receives higher remuneration than a location with strong wind). This makes locations with weaker winds more profitable, thereby accommodating the desire to expand wind energy all the way to southern Germany. For the first auction rounds in 2017, the highest bid price for the 100 percent reference site had been limited to 7 euro cent/kWh.

Since the EEG was introduced in 2000, onshore wind power has been subsidised based on the two-stage reference yield model. The power generated in the wind farms was remunerated in two stages. A higher initial tariff reverted to the so-called basic subsidy after at least five years. The duration of the period in which the higher initial tariff is paid (max. 20 years) depended on the quality of the site; the weaker the wind at the site, the longer the period with a higher initial tariff. According to a transitional provisions of the EEG 2017, this rule still applies to all wind farms that obtained their permission before 31 December 2016 and will start operations before 31 December 2018.

The amended EEG 2014 also stipulated expansion volumes (the so-called deployment corridor). This has since been determining the degression of the remuneration rate that is fixed as of commissioning and that was already included in the previous German Renewable Energy Sources Act (EEG). New installations of 2,500 MW p.a. was set as the

1) Website of the Federal Ministry for Economic Affairs and Energy (BMWi)

target. The more this target amount is exceeded by actual installed wind turbine system capacity, the more drastic the degression of the remuneration rate (so-called "flexible cap"). In the case of repowering projects, only the gains that exceed the original capacity of the relevant site for the intended trajectory of 2,500 MW will be taken into account.

A special feature of the amended EEG 2017 is the definition of so-called grid expansion areas. These include the northern federal states Lower Saxony (in parts), Bremen/Bremerhaven, Hamburg, Schleswig-Holstein and Mecklenburg-Western Pomerania, where the total volume of projects that can be subsidised are limited to 58 percent of the average capacity commissioned in the years 2013 to 2015. The impact of this on Energiekontor is marginal thanks to its high number of new projects in the key regions North Rhine-Westphalia and Brandenburg as well as the expansion into new national markets.

According to the transitional provisions of the EEG 2017, all wind farms licensed until the end of 2016 and commissioned until the end of 2018 will still be remunerated according to the old tariff, which varies depending on the date of completion. In 2017, for example, the subsidies (basic remuneration and increased initial remuneration) for wind farms approved before 31 December 2016 were gradually reduced by 1.05 percent per month from 1 March 2017 onwards over a period of six months. From 1 October 2017, the value to be used for the calculations will drop every quarter by 2.4 percent in accordance with the aforementioned flexible cap, depending on annual new onshore wind turbine installations. In 2017, the degression cascade corresponds to a reduction in remuneration from 8.38 euro cent/kWh as of 1 January 2017 to 7.68 euro cent/kWh as of 1 December 2017. The objective of this price degression over the course of the year is that projects that have already been given permission are rapidly commissioned and that the remuneration is adjusted towards the prices expected at the auctions.

The first three onshore wind auctions were held in 2017 in May (800 MW), August (1,000 MW) and November (1,000 MW). The amount of subsidised onshore wind power has been capped at 2,800 MW p.a. This also applies to 2018 and 2019 (auctions for 700 MW each in February, May, August and October). From 2020, total capacity is to be increased to 2,900 MW.

All three auctions of the year 2017 were oversubscribed several times. The average weighted auction prices fell from 5.71 euro cent/kWh in the May auction to 4.28 euro cent/kWh in August and 3.82 euro cent/kWh in November. This means that the remuneration for electricity from onshore wind farms more than halved within only one year. 93 percent of the projects that came out successful in the May 2017 auction (65 out of 70) were citizens' energy initiatives. In August, these initiatives were awarded 95 percent of the contracts and in November 99 percent. The reason for these sobering results from the point of view of a professional project developer was a special regulation (prequalification requirement) in the German Renewable Energy Sources Act (EEG): while project developers must provide a bid bond of EUR 30,000/MW and may only participate in the auctions with previously approved projects, citizens' energy initiatives did not need prior approval and were only required to provide a 50 percent lower bid bond. The German Renewable Energy Sources Act (EEG) prescribes a 30-month deadline for realising the projects. Citizens' energy initiatives have another 24 months to implement the projects. In addition, citizens' energy initiatives are not remunerated based on their bid price but based on the highest price awarded in the respective auction round, while project developers receive the price offered (pay as bid).

In the opinion of Energiekontor AG, industry associations and other leading project developers, the special regulation led to a significant distortion of competition in 2017. The legislator has recognised this and largely suspended the special regulation for the first two auction rounds in 2018 in order to restore the variety of participants in the future. Therefore, the same conditions apply to all market participants in the first half of 2018 insofar as each bidder must have permission and provide the complete bid bond for the projects, and all participants have a total of 30 months in which to implement the project. In the meantime, the German federal government decided that the special regulations for citizens' energy projects will also be suspended for any other auctions held in 2018 and 2019. In addition, the Federal Network Agency raised the maximum bid price for the 100 percent reference site, which would have been 5.0 euro cent/kWh based on the average of all mean, weighted auction prices in 2017, to 6.3 euro cent/kWh for 2018. Energiekontor AG welcomes both measures, as they prevent strategic bidding and ensure rapid and economically viable project implementation.

In the first auction round of February 2018, this led to the average price rising to 4.73 euro cent/kWh with only a slight oversubscription. Citizens' energy initiatives now only accounted for 19 out of 83 projects awarded in the auction. This trend was continued in the auction of May 2018: the average auction price was 5.73 euro cent/kWh, and only 15 of the 111 projects awarded were submitted by citizens' energy initiatives. In addition, this was the first time since the inception of the programme that an auction remained undersubscribed.

The total rated power of wind turbines approved before the end of 2016 and registered in good time in the installation register amounted to 9.1 GW. Out of this amount, 5.3 GW went into operation in 2017. Deducting the permits that were subsequently withdrawn (referring to projects with a capacity of approximately 0.5 GW), turbines with a total capacity of around 3.3 GW remain; these received permission under the transitional provisions and will go into operation in the course of 2018.<sup>2</sup>

Since the majority of the projects that were awarded contracts in the course of the 2017 auctioning procedure only have to be completed within five years, there is still a risk that not enough wind farms will be built in Germany in 2018 and 2019 to achieve the expansion targets. The German federal government is therefore considering an increase in auction volumes for the auction rounds in August and October 2018 from the current 700 MW to well over 1,000 MW. Moreover, special auctions for wind and solar projects with a capacity of 2 GW each are planned for 2018 and 2019. However, this had not been decided upon before the summer recess. The decision is now expected to be made this autumn at the latest. It must therefore be assumed that the first special auction will not be held before 2019.

In addition, following the first auction of this type in April 2018, a second mixed wind-solar auction is planned in November this year, in which the two technologies will compete with each other. Whereas the total tendered capacity in April had been 400 MW, only 200 MW are planned for the autumn auction. This total is to be deducted from the auction volume for 2019.

In the first open-technology auction of April 2018, all of the projects awarded were PV projects. The average, volume-weighted accepted bid price for 32 projects with total capacity of 210 MW was 4.67 euro cent/kWh. This was higher than in the individual auction for solar projects of February 2018 (4.33 euro cent/kWh). 54 bids were

submitted, 18 for wind and 36 for solar projects with a total capacity of just under 400 MW. This means the auction was oversubscribed twice over. The volume-weighted bid prices were 4.82 euro cent/kWh for solar plants and 7.23 euro cent/kWh for onshore wind turbines. As a special feature of the mixed wind-solar auction and unlike the individual auctions, disadvantages because of less profitable onshore wind locations were not compensated for. Moreover, so-called distribution network expansion areas were introduced as a new instrument in this auctioning procedure. Bids in these areas, which already boast many renewable energy plants, were subject to a surcharge, reducing their chances of being awarded a contract. According to the Federal Network Agency, this is supposed to take into account an increased need to expand the distribution network in these areas. Without this modification, at least one bid for wind turbines should have been successful.

Despite correction measures introduced by the German federal government, prices are very low at the moment, which presents the entire sector with major economic challenges in 2018 and thereafter at all value creation stages of project realisation. In the assessment of Energiekontor AG, the parameters of some of the planned wind farms must be redesigned for them to remain economically viable, which can lead to delays in implementation. At the same time, however, such change processes also generate market opportunities for project developers like Energiekontor AG. These include, for example, possible cooperation with smaller developers whose financial capacities for a successful participation in auctions are limited.

Regardless of the further development of prices in connection with the auctioning procedure, Energiekontor has always pursued the goal of being a pioneer in the industry and realising the first projects in which the levelized cost of electricity is below the costs of conventional power plants in order to push forward the breakthrough of renewable energy sources. The current situation underlines that this goal is the right approach to remain competitive at the same time.

## UK

In the UK, onshore wind is now classed as a "mature technology" by the British government. In the current auction period, onshore wind is therefore no longer part of the auctioning system for the promotion of renewable energies referred to as Contracts for Difference (CFD). However, it cannot be ruled out that the CFD system will be reintroduced for onshore wind and solar in the future.

2) German WindGuard: "Status des Windenergieausbaus an Land in Deutschland, Jahr 2017"

Until then, all wind farms realised in the UK are based on pure market prices and can only be realised on the basis of long-term power purchase agreements (PPAs), which are usually concluded between operators and energy suppliers. In the case of Energiekontor's projects, however, the PPAs are negotiated directly between the operator and an end user, mostly a large international company (so-called end-user PPAs). The PPA determines the basic remuneration for the electricity generated over a certain period of time. It usually includes an inflation of the agreed tariff over the term of the PPA. In addition, most of the wind farms still receive embedded benefits, which subsidise power plants that feed into the medium-voltage grid instead of the high-voltage grid.

With the Witherwick II project, which is currently under construction, Energiekontor proves that it is possible to build wind farms in the UK on the basis of a PPA alone, i.e. without state subsidies, which again underlines the pioneering role of the Company.

In general, the onshore wind industry in the UK has been trying to maintain project profitability through improved turbine parameters (such as more powerful turbines with higher hub heights) and cost reductions. While the Scottish authorities support the approval of high wind turbines, there are only few examples of higher turbines being granted permission in England. Scotland, which has its own independent planning law, shows a generally more positive attitude about the expansion of onshore wind power. Energiekontor has therefore been concentrating for years on securing suitable sites with excellent wind conditions in Scotland, where the Company intends to build large wind farms.

The decision of the UK to leave the EU (Brexit) is having an impact on Energiekontor AG's business to the extent that the potential reintroduction of customs duties and interest rate fluctuations could increase costs for the construction of wind farms and the financing thereof. These kinds of effects are preventively priced in to the profitability calculations for Energiekontor's development projects. Currency fluctuations would mainly influence the income from British wind farms in the Company's own portfolio if the liquidity

generated were to be converted into euros and distributed to the parent company in Germany. In sum, the short term will be plagued with a degree of uncertainty over the possible effects of Brexit on the domestic European market, and investments from other EU member states in the UK might be restrained for the time being. In the medium term, however, Energiekontor still does not expect it to have any lasting effects on the project business in the field of renewable energy sources.

### Portugal

Portugal is considered to be one of the most advanced European countries when it comes to environmental, climate and energy policies. The ambitious plans of the Portuguese government envisage that 31 percent of total energy consumption in Portugal is to be covered by renewable energy from 2020. In 2015, the share already amounted to around 25 percent.<sup>3</sup> In 2016, hydro power, wind and solar energy as well as other renewable energy sources contributed far more than half of the overall power generation volume in Portugal.<sup>4</sup>

Nonetheless, Portugal is in danger of missing its targets for 2020, as the development of renewable energy sources has been stagnating for years. There are still no new auctioning procedures that would provide grid licenses and thus promote new project developments. While grid connections for wind farms and solar parks can be applied for, the electricity produced would be remunerated at general market prices. Project executers can therefore only apply for licences at market price conditions (MIBEL). As in Germany, energy suppliers in Portugal are legally obliged to purchase wind energy.

One hurdle here is posed by the increased environmental and nature conservation requirements in many places. A project developer wishing to connect to the grid therefore needs to meet two key requirements: sufficient grid connection capacity for the inclusion of an additional wind farm or solar park in the area, and a positive assessment of the environmental impact.

3) Sara Stefanini: "Portugal's clean-power problem", article published on 5 September 2016

4) Website of the Portuguese Renewable Energy Association, APREN (Associação Portuguesa de Energias Renováveis)

### The Netherlands

The Dutch government is planning to expand onshore wind power to 6,000 MW by 2020. This means that the capacity available at the end of 2015 would be more or less doubled. By the end of 2020, 14 percent of total energy consumption is to be generated from renewable energy sources; the percentage is to be raised to 16 percent by 2023.

State subsidies for renewable energy in the Netherlands are currently regulated by the "Stimulerende Duurzame Energieproductie" (SDE+), which is based on an auctioning system, similar to the German EEG. Subsidies for onshore wind power have been differentiated according to wind speeds since 2015. Depending on the wind speed, the maximum remuneration (trading price of electricity + premium) ranges roughly between 5.4 euro cent/kWh and 7.3 euro cent/kWh. The subsidy period is 15 years, with an extension option of one year, depending on the extent to which the annual promotion fund for wind farms has been utilised.

Permission, feasibility study, wind resource assessment and option agreements must be produced to obtain subsidies. A fixed annual budget of EUR 8 billion is provided until 2020. The subsidies are granted in several phases, in which the developer can submit an application for each wind category. As soon as the subsidy cap has been reached, the project is tendered in a free auction, in which all of the technologies compete for the remaining subsidies and the lowest bid is processed first. The permissions are granted by the individual provinces and municipalities. Only projects larger than 100 MW need to be authorised by state and provinces together.

### France

With the new legislation "Loi relative à la transition énergétique pour la croissance verte" (in short LTE), the French law on energy transition that was passed in August 2015, France has set itself ambitious goals for the expansion of renewable energy. The share of renewable energy sources in final energy consumption is to be raised to 23 percent by 2020 and to 32 percent by 2030 (according to Eurostat, it stood at 16.0 percent at the end of 2016).<sup>5</sup> In addition, the share of nuclear energy in the electricity mix is to be reduced to 50 percent (expected target date 2030 or 2035).

Based on new installations of almost +1.7 GW that increased total capacity to about 13.5 GW in 2017<sup>6</sup>, onshore wind power capacity in France is to be expanded to 14.3 GW by 2018 and to 21.8 to 26 GW by 2023.

In the course of 2016, the remuneration terms for onshore wind power were defined in more detail. Based on the German blueprint, France introduced a mandatory direct marketing scheme for onshore wind farms, which is to replace the previous tariff model. According to this scheme, the operator of a wind farm receives a floating market premium in addition to the respective market price, which corresponds to the delta between the technology-specific reference tariff plus a management premium of 0.28 euro cent/kWh and the average weighted market revenue per calendar month (based on the Epex Spot Day Ahead)<sup>7</sup>.

The reference tariff system (Guichet Ouvert, GO) states two categories: the first category comprises all onshore wind projects for which a planning application was submitted between 1 January and 31 December 2016. The electricity generated by these wind farms is remunerated over a period of 15 years, in the first ten years at a reference tariff of 8.2 euro cent/kWh and in the following five years at 2.8 to 8.2 euro cent/kWh, depending on the yield.

The second category includes all new turbines which do not fall under the first category and which, according to the Te 2017 tariff decree of 6 May 2017, only apply to turbines up to 3 MW or to wind farms with a total capacity of up to 18 MW. The term is 20 years with a reference tariff of 7.2 (up to 80 meters rotor diameter) to 7.4 euro cent/kWh (from 100 meters rotor diameter) plus the management premium of 0.28 euro cent/kWh until an individually defined annual production cap is reached. After that, the reference tariff drops to 4.0 euro cent/kWh.

In part due to pressure exerted by the EU, France also introduced a parallel auctioning system (Appel d'Offre or AO). In the first auctioning round in December 2017 with a volume of 500 MW (900 MW were submitted), the average auction price was 6.54 euro cent/kWh. Approximately one third of these projects receive an additional citizen participation bonus of up to 0.3 euro cent/kWh. Whether or not

5) Ministère de l'Environnement, de l'Énergie et de la Mer: "Chiffres clés des énergies renouvelables – Édition 2016", February 2017

6) French-German Office for Renewable Energy: "Windenergie an Land – aktuelle Entwicklungen", March 2018

7) French-German Office for Renewable Energy: "Neuordnung der Fördermechanismen für erneuerbare Energien in Frankreich" (version: February 2017), March 2017 and response to written enquiry

the auctioning system will actually lead to increased competition is currently under review. Until this has been ascertained, France will maintain the two systems (GO and AO) for fear of otherwise failing to meet the expansion targets. According to an assessment of the French Ministry and representatives of the wind sector, however, this exception will not last longer than one to two years.

### United States

Regulations concerning the expansion of renewable energy sources in the US vary across states. Like in Europe, expansion targets for renewable energy sources have been defined. However, they are not binding and their definition varies across states. These so-called Renewable Portfolio Standards (RPSs) either state the absolute expansion targets in megawatts, or a percentage share of renewable energy sources in the energy mix for each of the 29 states and Washington D.C. In California and New York, for instance, the RPSs are set to 50 percent, to be reached by 2030. Hawaii has set itself the most ambitious target with 100 percent by 2045. However, due to the sharp drop in prices, especially for PV modules, the relevance of RPS is increasingly fading into the background. In some states, the expansion of renewable energies is therefore driven by purely economic reasons, while the RPS targets have already been achieved there. This shows that an energy shift towards electricity supply from renewable energy sources is now also taking place in the US.

Like in the UK, power purchase agreements (PPAs), i.e. contracts between a project company and an industrial customer or an energy supplier, determine the profitability of the project. The PPAs are usually issued in privately organised tender procedures or negotiated directly. The US does not have a centralised subsidy system like a feed-in tariff either. However, there is an option to be registered as a “qualified facility”. In this case, the grid operator has to buy the electricity at cost (“avoided cost”). There are also subsidy systems at state, local and federal level. Local subsidy programmes do not play a major role for projects of energy supplier dimension.

However, indirect subsidies are granted at state level via tax benefits. The corresponding mechanisms are either Investment Tax Credit (ITC) or Production Tax Credit (PTC). They had originally been introduced at the beginning of the 1990s, were amended in 2009 by the Obama administration with the “American Recovery and Reinvestment Act (ARRA)” and were extended in 2015 until 2020 via the “Consolidated Appropriations Act”.

PTC takes effect in the first ten years of operation, i.e. tax credit is given on profits from the sale of electricity generated with wind turbine systems. This typically involves an agreement with a tax equity investor (TEI) who is able to use the PTCs for tax purposes as a partner or operator of the facility. Depending on the construction start of the wind farm, the PTC will gradually be reduced in the coming years (by 40 percent in 2018 and 60 percent in 2019).<sup>8</sup>

In addition, an accelerated depreciation scheme is in place, the Modified Accelerated Cost Recovery System (MACRS). In the US, investing in a facility that uses renewable energy sources gives rise to a special depreciation entitlement over five years. In addition, 50 percent of eligible investment costs can be written off in the first year. The MACRS then only apply to the remaining 50 percent of the investment. While the MACRS is supposed to be maintained, the special depreciation of 50 percent is gradually phased out: to 40 percent in 2018, 30 percent in 2019 and 0 percent in 2020.

Meeting the RPS is ensured via so-called Renewable Energy Credits (RECs). The RECs are tradable, similar to emission certificates in Europe. One REC is granted for 1 MWh. However, the price of an REC is currently only 1 USD/MWh (voluntary market), and as a result its impact is minimal at the moment.

After extensive grid integration studies, Energiekontor initially focused on the very windy and still relatively undeveloped region of the western part of South Dakota for the development of wind energy projects. The Southwest Power Pool (SPP), an umbrella organization of several electricity suppliers and grid operators, allows electricity from the region to be sold in several states in the Midwest as far as the Texas border. In South Dakota, project developers also need a planning permission to build wind farms, as they do in Europe.

Other than import duties on foreign steel, which could temporarily influence the prices of wind turbines, the Energiekontor Group does not currently expect any further political restrictions that could have a negative impact on the market for renewable energies in the US.

Energiekontor expects that after the expiry of tax credits the profitability of new projects in the USA – similar to the UK – will be based solely on the conclusion of PPAs. If these can be concluded at prices below those for electricity from conventional power plants, the expansion of renewable energies in the US can be expected to gain further momentum.

8) Website of the US Department of Energy (DoE)

## Solar

In Energiekontor's core markets, the geographic conditions in southern Portugal are very good for the use of solar power, but here the current restrictions described in the "Wind" section apply. Energiekontor will press ahead with the review of these framework conditions for possible future solar activities in the coming months. In the UK, the development of photovoltaic projects for Energiekontor is largely limited to potentially using the grid connection of a wind farm for a solar park on the same site. Other than that, the solar activities of the Energiekontor Group mainly focus on Germany, France and the US.

### Germany

Since 2015, financial subsidies for electricity generated in new ground-mounted solar arrays can only be obtained by participating successfully in a centralised auction organised by the German Federal Network Agency. In a pilot phase with three auction rounds, the Federal Network Agency tendered 500 MW of solar PV capacity in 2015, followed by 410 MW in 2016. From the first auction in April 2015 to the auction in December 2016, the average remuneration amount was reduced gradually from 9.17 euro cent/kWh to 6.90 euro cent/kWh.

Since the EEG 2017 has entered into force, the subsidy amounts for all ground-mounted solar arrays with a size of over 750 kilowatt peak (kW<sub>p</sub>) are determined in a tendering procedure. Since 2017, an annual total of 600 MW is set to be tendered in three auctions per year. In the auctions of February, June and October 2017, average remuneration dropped further from 6.58 euro cent/kWh at the beginning to 4.91 euro cent/kWh at the end of the year. Prices have therefore roughly halved over a period of two and a half years.

In the auction of February 2018, the average, volume-weighted accepted bid price dropped further to 4.33 euro cent/kWh. The submitted applications exceeded the available auctioning volume of 200 MW nearly three times.

In the first mixed wind-solar auction in April 2018, solar prevailed against wind: all contracts were awarded to photovoltaic projects. The average, volume-weighted bid price in the auction, which was oversubscribed twice, was 4.67 euro cent/kWh and thus higher than the average price awarded in the individual auction in February 2018. All further information with regard to this special auction is provided in the section "Wind/Germany".

In the auction of June 2018, the average, volume-weighted accepted bid price amounted to 4.59 euro cent/kWh. The lowest bid price that won a contract was 3.89 euro cent/kWh, while the highest bid price awarded a contract was 4.96 euro cent/kWh. The Federal Network Agency received 59 bids with a total volume of 360 MW in this auction round. The auction volume of around 183 MW was thus again significantly oversubscribed.

Many bids were placed for solar plants to be set up on arable and grassland areas of inferior quality. These areas are located in Bavaria and Baden-Wuerttemberg and designated as disadvantaged. With 13 bids totalling 90 MW, this was almost half of all bids that were awarded a contract.

The Federal Network Agency received 59 bids in this auction round. The total volume of bids amounted to 360 MW. The auction volume of 183 MW was thus again significantly oversubscribed. The areas to be utilised for PV parks are determined by the German Renewable Energy Sources Act (EEG). The potential locations are largely limited to conversion areas and strips of land (110 metre wide) alongside motorways and railway tracks. Another prerequisite for the acceptance of a bid in the auction is a decision to draw up a development plan and to furnish a bid bond of EUR 5,000 per MW when placing the bid. If the bid is accepted, another bid bond of EUR 45,000 per MW (EUR 20,000 if such resolution has been adopted) must be added, which is to ensure the bid is genuine; this process is comparable to wind power auctions.

Maintaining the profitability of the projects despite increasing margin pressure rests on efficiency enhancements and price reductions along the entire value chain. In this context, it is positive that the EU has decided to phase out punitive tariffs and the associated minimum prices for PV modules from China for late summer 2018.

## France

Based on newly installed PV capacity of just under +0.9 GW to a total of 8.0 GW at the end of 2017, the capacity for PV power in France is to be expanded to 10.2 GW by 2018 and to 18.2 to 20.2 GW by 2023.

Since 2016, remuneration for power generated with ground-mounted solar arrays in the size of 500 kW<sub>p</sub> to 17 MW<sub>p</sub> is determined in auction processes in France. Six auction rounds with 500 MW each are planned for between 2017 to mid-2019. The auction volume has been divided into three plant categories: 300 MW for ground-mounted solar arrays with a capacity between 5 MW<sub>p</sub> and 17 MW<sub>p</sub> (Category 1), 135 MW for ground-mounted solar arrays with a capacity between 500 kW<sub>p</sub> and 5 MW<sub>p</sub> (Category 2) and 65 MW for roof-mounted solar arrays with a capacity between 500 kW<sub>p</sub> and 10 MW<sub>p</sub> (Category 3).

In the three 2017 auctions, 79, 77 and again 77 projects were awarded a contract, most of them located in Southern France. The average auction prices fell from 6.25 euro cent/kWh in February to 5.53 euro cent/kWh in December for Category 1 and from 6.81 euro cent/kWh to 6.31 euro cent/kWh in Category 2. Of the projects that have been awarded a contract, 83 percent are projects with financial participation of citizens receiving a premium of 0.3 euro cent/kWh.<sup>9</sup>

Direct marketing is also being introduced in the PV sector. Accordingly, each plant is granted a market premium in addition to the electricity exchange market price. A minimum and a maximum price is determined for each category.

## United States

At the end of 2017, an accumulated total capacity of more than 50 GW of PV systems had been installed<sup>10</sup> in the US and thus only slightly more than in Germany, which is almost 28 times smaller in area.

The state subsidy measures are largely identical with those described in the "Wind" section. Instead of Production Tax Credits, however, tax incentives in the PV sector are granted via so-called Investment Tax Credits (ITC).

ITCs allow investors to deduct 30 percent of the invested system costs from their tax load. Depending on when the construction of PV projects is started, the ITC will be reduced to 26 percent in 2020 and 22 percent in 2021. From 2022, the plan is for just 10 percent to be deductible. In order to use the ITC for a project, either an investor is needed who is able to activate the ITCs, or, as is the case with wind farms, a tax equity investor (TEI) must be integrated. Such TEIs must stay in the project company operating the PV park for at least five years.

For the development of solar projects, Energiekontor is focusing on the western and central region of Texas. In these regions, excellent irradiation conditions prevail with global radiation of sometimes well over 2,000 kWh/m<sup>2</sup> a (kilowatt hours per square meter and year), which is about twice as high as at very good German locations. The levelized cost of electricity of solar parks in Texas is therefore correspondingly lower. The electricity grid in West Texas is well developed and the demand for electricity is quite high due to several larger cities in the region.

Like for wind turbine systems, power purchase agreements (PPAs), i.e. a contract between a project company and an industrial customer (end-user PPA), an energy supplier or a grid operator, form the basis for the profitability of a solar park in the US. Energiekontor sees considerable potential for end-user PPAs, especially for major local data centres that require large amounts of electricity due to their high computing power.

9) French-German Office for Renewable Energy: "Barometer Photovoltaik in Frankreich" (version: March 2018)

10) Solar Energy Industry Association (SEIA): "U.S. Solar Market Notches Another Quarter of 2 GW Growth, But Uncertainty Holds Back Installations", 14 December 2017



While, in contrast to other states, Texas does not require an independent official permit for the construction of solar parks, the rights of use for the surface (surface rights) and, through agreements with the owners, the rights for the sub-soil (mineral rights) must be secured for a site, and a series of investigations and studies (environment, nature conservation, network, etc.) must be carried out to ensure that the project complies with the law. In addition, so-called tax abatements – exemptions from local taxes – must be agreed with the authorities. In contrast to the planned development of wind projects in South Dakota, for example, the marketing of electricity from solar parks is limited to the territory of the Texas grid operator ERCOT.

In early 2018, the Trump administration imposed punitive tariffs for the next four years on imports of cells and polycrystalline PV modules from several Asian countries. However, these import duties are to be reduced from 30 percent to 15 percent over a period of four years. In addition, they only apply to PV cells starting from a certain delivery volume. Overall, experts estimate that customs duties should account for less than 10 percent of the total investment. To minimise the economic impact of import duties, some Asian module manufacturers are already reacting by reducing prices and establishing their own production capacities in the US.

## THE COMPANY

### The Energiekontor AG business model

Energiekontor AG specialises in wind and solar power project development and wind farm and solar park operation in both Germany and abroad. As one of the pioneers in this area, the Company can call on more than 25 years of experience and covers the entire value chain in the onshore wind farm segment, ranging from business and project development to financing and turbine installation up to the operational management of the completed facility.

By the time of this report being prepared, the Energiekontor Group had planned and constructed 623 wind turbines with a total rated power of around 940 MW distributed across 118 wind farms in Germany, the UK and Portugal, as well as three PV ground-mounted solar arrays with total capacity of around 30 MW in Germany. Total capital spending on these projects amounts to over EUR 1.6 billion.

Complementing the sale of turnkey projects, the Energiekontor Group also operates a portfolio of Group-owned wind farms and solar parks as an independent power producer. Owner-operated facilities currently amount to around 270 MW.

The Company is active in the national markets of Germany, UK, Portugal, the Netherlands, the US and France.

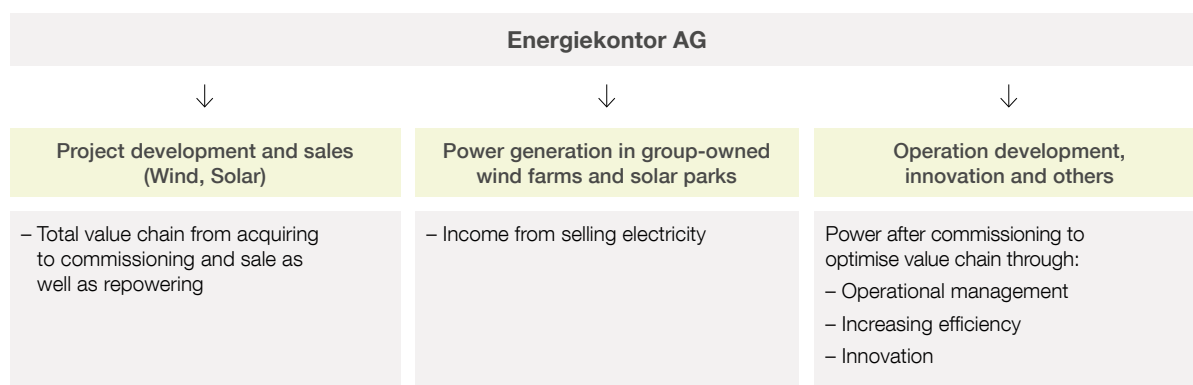
Business operations of the Energiekontor Group are handled by three divisions. Segment reporting also follows this same structural model:

- a) Project Development and Sales (Wind, Solar)
- b) Power Generation in Group-owned Wind Farms and Solar Parks
- c) Operation Development, Innovation and Others

#### a) Project Development and Sales (Wind, Solar)

The Project Development and Sales (Wind, Solar) segment comprises project development for onshore wind farms and solar parks that are either to be included in the Company's own portfolio or for sale outside the Group. This division handles the entire value chain from business development, planning and financing through to construction and/or repowering and the final sale of the plants. Buyers for wind farms and solar parks include German and international institutional investors, private turnkey system buyers and members of local communities. An independent project company is formed for each wind farm or solar park project.

Repowering wind farms, i.e. replacing old turbines with new, more powerful ones, offers enormous potential for Energiekontor as, per year, several gigawatts of generation capacity will drop out of the EEG remuneration from 2020.



## b) Power Generation in Group-owned Wind Farms and Solar Parks

This segment comprises the generation of power in Group-owned wind farms and solar parks. The expansion of the Group's own wind farm and solar park portfolio is the core component for the Company's organic growth. Moreover, operating its own wind farms and solar parks allows Energiekontor to cover ongoing corporate costs, e.g. in the event of delays in project implementation, as well as boosting its independence from policy decisions as well as interest rate and commodity price trends. By investing in its own portfolio, Energiekontor is also forming hidden reserves. If required, these plants could be sold, thus releasing the respective tied-up financial resources plus the associated hidden reserves. Additional potential lies in the possibility of upgrading Group-owned wind farms, for example through repowering or efficiency increasing measures such as the rotor blade extension allocated to the Operation Development, Innovation and Others segment described under item c).

The first addition to the Energiekontor Group's wind farm portfolio was made in 2002. Since then, the portfolio has seen regular expansion. At present, this refers first and foremost to the assumption of final ownership of projects that the Group has developed itself. Around half of the projects that we develop in a year are to be kept in Group ownership. In the past, the Group also bought financially promising operational wind farms. Such wind farms may either be projects that Energiekontor developed itself and sold at an earlier point in time or projects developed and operated by other companies. In the first quarter of 2018, Energiekontor also included Garzau-Garzin (10 MW) and thus the first solar park in its own portfolio. Total rated power of all wind farms and solar parks operated by Energiekontor in Germany, the UK and Portugal amounted to 269.2 MW at the end of the first half of 2018.

### Group-owned wind farms and solar parks (30.06.2018)

Name of the wind farm	Total rated power / MW
Debstedt	3.0
Breitendeich	6.0
Sievern (Tandem II)	2.0
Briest (Tandem II)	7.5
Briest II	1.5
Geldern	3.0
Mauritz-Wegberg (Energiekontor holds 88.52 percent)	7.5
Halde Nierchen I	5.0
Halde Nierchen II	4.0
Osterende	3.0
Nordleda (Energiekontor holds 51 percent)	6.0
Kajedeich	4.1
Engelrod	5.2
Krepmpel	14.3
Schwanewede	3.0
Giersleben	11.3
Beckum	1.3
Balje-Hörne	3.9
Hanstedt-Wriedel	16.5
Lengers	4.5
Krepmpel II	6.5
Prenzlau	1.5
Flögeln	9.0
Attlüdersdorf	13.5
Thüle	14.0
Kreuzau-Steinkaul	5.5
Niederzier-Steinstraß	8.3
Heinsberg-Waldenrath	7.2
Garzau-Garzin (solar park)	10.0
<i>Wind farms and solar parks in Germany</i>	<i>188.1</i>
Marão	10.4
Montemuro	10.4
Penedo Ruivo	13.0
Mafomedes	4.2
<i>Wind farms in Portugal</i>	<i>38.0</i>
Hyndburn	24.6
Withernwick	18.5
<i>Wind farms in the UK</i>	<i>43.1</i>
<b>Total</b>	<b>269.2</b>

### c) Operation Development, Innovation and Others

The Operation Development, Innovation and Others segment brings together all of the various activities aimed at improving the operating profit margin after commissioning of the wind farm or solar park. This includes in particular the technical and commercial management of wind farms including the direct marketing of the generated electricity as well as all measures to reduce costs, extend service life and increase yields to optimise the revenue generated by wind turbines, e.g. through:

- implementing rotor blade extensions and improving blade aerodynamics
- introducing system control updates or replacing old controls with new, state-of-the-art control systems
- refining yawing controls and increasing generator output
- reducing downtime rates based on preventive maintenance
- reducing downtimes through conversion of all wind farms to permanent real-time data monitoring with automated fault clearance workflow
- consistently reducing the levelized cost of electricity in Energiekontor's own portfolio

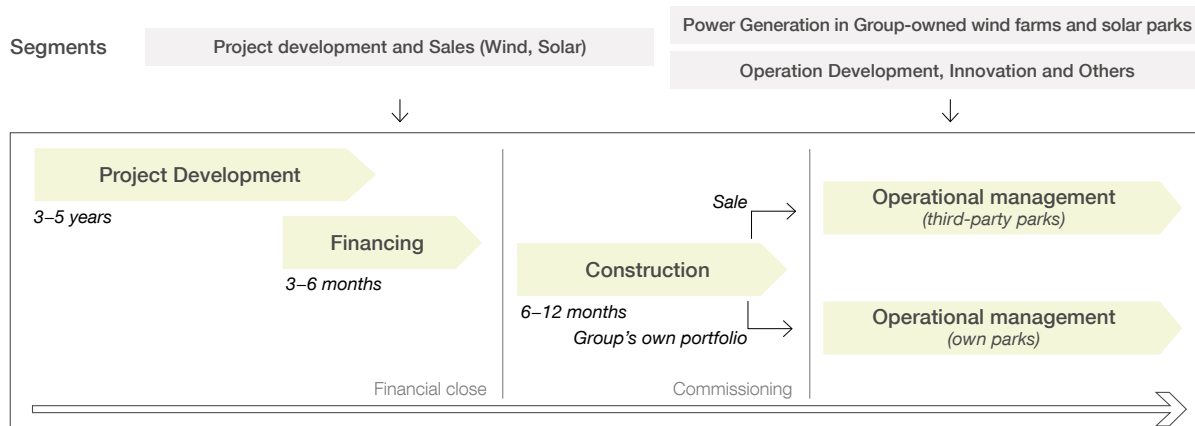
Regardless of whether the developed projects are sold or included in the Group's portfolio, Energiekontor typically assumes responsibility for commercial and technical operational management, thus generating an ongoing cash flow for the Company.

Among the core tasks in commercial management are a pro-active liquidity management, the settlement of invoices with the energy supplier, service and maintenance companies and lessors as well as the long-term optimisation of profitability. Other activities include communicating with banks, insurance companies, tax advisors and investors. Furthermore, the billing for the feed-in management is carried out, either via the flat-rate or peak load procedure.

Apart from wind turbine monitoring and data reporting and analysis, the technical management at Energiekontor mostly involves the coordination of repairs and servicing teams working on-site, as well as the planning and implementation of preventive maintenance work. This preventive maintenance work can substantially extend the service life of both individual turbines and the overall site, while simultaneously achieving considerable savings in costs for repairs of primary components. The primary objective is to maximise the availability and yield of the turbines and to guarantee safe operation throughout their entire life cycle. For this purpose, plant data is monitored around the clock using real-time data and automated workflows. In addition, we guarantee that wind farms operations comply with all legal requirements; we also assume full responsibility for the wind farm.

Technical innovations such as rotor blade extension also form part of the activities aimed at optimising performance, yield and cost savings. This extension process invented and patented by Energiekontor is a technique for lengthening the rotor diameter that has now been tested and implemented successfully in the field for some years.

#### Energiekontor's activities taking onshore wind farms as an example (simplified)



Installation is carried out with the blade attached, i.e. without dismantling the blade. This concept allows crane costs and downtimes to be kept at a minimum. Currently, manufacturing of the rotor blade extension for serial operation is being prepared. In the last three years, the improvement measures implemented at the Company's own wind farms have already had a positive impact on operating profit.

## Goals and Strategy

In nearly three decades since the formation of our Company, the renewable energy market has undergone ongoing change and continuous development. Back in 1990 when the first Electricity Feed-in Act (StrEG) was introduced, renewable energies were still widely regarded as a rather crazy eco-idealist idea. Especially the large power companies that meanwhile play a major role in renewable energies were initially highly critical of these modern technologies. Today, more than a quarter of a century later, renewable energies have evolved into sophisticated, established and recognised technologies, making a significant contribution to energy production in many industrial nations. In Germany alone, the share of renewable energies already accounts for about a third of the total energy currently produced. The higher the share of renewable energies in meeting demand, the more sustainable and environmentally friendly the entire energy supply.

### New self-perception of the pioneering role

Energiekontor has always had a clear vision for the future: a world where energy needs are covered 100 percent by renewable energy sources. Our mission statement begins with this vision. It is the key principle underlying Energiekontor's business activities and the strongest motivating factor for our staff in their endeavours to progress towards this overall target each day by bringing forward creative ideas and taking pleasure in achieving joint success.

Renewable energies will be able to sustainably cover 100 percent of the energy market once the levelized cost of electricity from renewable energy falls below the cost of generating electricity from fossil and nuclear resources. Energiekontor not only wants to participate in the energy transition but, in order to push forward the breakthrough of renewable energy sources, it also wants to take on a leading role as the pioneer realising one of the first wind or solar parks with lower levelized cost of energy than conventional energy.

This step will do away with a number of barriers, such as the economic barrier: users will always opt for the cheaper provider as long as this does not entail further disadvantages, above all if the cheaper option is also the more environmentally friendly one. At the same time, a social barrier will fall: renewables are bound to receive stronger backing from politicians and society, especially when wind and solar energy cease to depend on state subsidies. All this will give the renewable energy sector a strong boost.

### A solid foundation for sustainable growth



By taking on a pioneering role in realising wind farms and solar parks at actual market prices, Energiekontor is contributing significantly to promoting the breakthrough where renewable energy sources cover 100 percent of energy needs. By paving the way, Energiekontor simultaneously gains a competitive edge over other market participants and occupies a strong position within the industry. Having extensively prepared and enhanced efficiency measures for reducing costs along the value chain, Energiekontor gains a crucial competitive advantage. As an innovative forerunner, the Company promotes the ongoing expansion of renewable energy without state subsidies.

### A solid foundation for sustainable growth

The growth model of Energiekontor AG is closely linked to the Company's mission statement. The Company aims to strengthen its organic growth by intensifying the regional approach and exploiting new foreign markets and by thus actively accelerating the expansion of renewable energy sources despite fiercer competition. The management believes in employee involvement and development and creates the organisational framework required for achieving this goal. Basis and foundation of Energiekontor's growth strategy is its financial stability. This stability is predominately based on the steady surplus cash from Power Generation in Group-owned Wind Farms and Solar Parks and from commercial and technical operation management activities.

### Intensifying the regional approach

Energiekontor has always emphasised the importance of the regional approach. This allows close collaboration with local authorities and regions as well as a bespoke regional approach with a high level of local acceptance. At the same time, it generates a competitive advantage in each region and accelerates project development. In terms of organisation, the regional approach is implemented by local Energiekontor teams with far-reaching discretionary powers. This principle shall be further intensified by increasing the number of regions, in which Energiekontor is present, both in Germany and abroad.

### Tapping into new foreign markets

One major element of Energiekontor's growth strategy is the increased internationalisation by gradually expanding the existing portfolio of countries (Germany, UK, Portugal) in order to develop additional growth potential for the coming years. In line with this strategy, Energiekontor is currently further expanding its solar business, especially in countries with favourable irradiation conditions and correspondingly low levelized cost of electricity. Energiekontor is currently developing the following new foreign markets:

- the Netherlands (wind)
- France (solar, wind)
- the US (solar, wind)

While onshore wind farms are being developed in the Netherlands, the focus in France and the US is primarily on the solar segment. However, there are also wind projects being driven forward in both countries. Following first successful acquisitions, Energiekontor has made significant progress in project development, particularly in the Netherlands and the US. Suitable sites have already been secured in both countries, and own offices were established, from where newly hired native speakers coordinate and promote the development of projects in independent local companies. This approach is also planned to be followed in France.

In the course of developing new markets, Energiekontor may decide to extend the selection of countries or, if the management believes that a more intensive involvement in one or several of these countries is not promising, it may decide to discontinue activities in one or more countries. In doing so, Energiekontor always follows the same basic strategy. The Company does not directly enter a market and initiates a cost-intensive process of setting up project development whenever a new national market is added; instead, Energiekontor carries out a systematic review, analysis and selection process, assessing and evaluating the specific conditions for wind and solar projects in the individual countries (legal, political, subsidy systems, grid connection regulations, authorisation etc.). Furthermore, Energiekontor identifies and, if suitable, takes under

contract the first partners for site acquisitions and further market development in order to create the structural prerequisites for a possible market entry at an early stage. The aim of this gradual and inexpensive review process – which can mainly be carried out by existing employees – is to identify the foreign markets that are best suited for a new market entry. Setting up local branch offices, employing own local staff and local project development is only initiated once the final market entry decision has been made. This approach improves the chances of success for developing the market while reducing the risk of misallocating resources.

### Innovation and efficiency measures

As a pioneer in its field, Energiekontor wants to make a contribution to the vision of meeting 100 percent of electricity demand with energy from renewable sources and is one of the first companies to realise wind farms and solar parks at pure market prices and in direct competition with the conventional energy industry. This will ensure the Company's competitive position in an increasingly market-oriented environment.

In line with this objective, Energiekontor has developed several measures in recent years to enhance economic efficiency when planning, building and operating wind farms and solar parks as well as measures to optimise the processes along the entire value chain. Examples include

technical innovations, such as rotor blade extension, optimisation of the supplier chain, useful life and financing as well as constant improvements to internal processes and structures. There are three approaches:

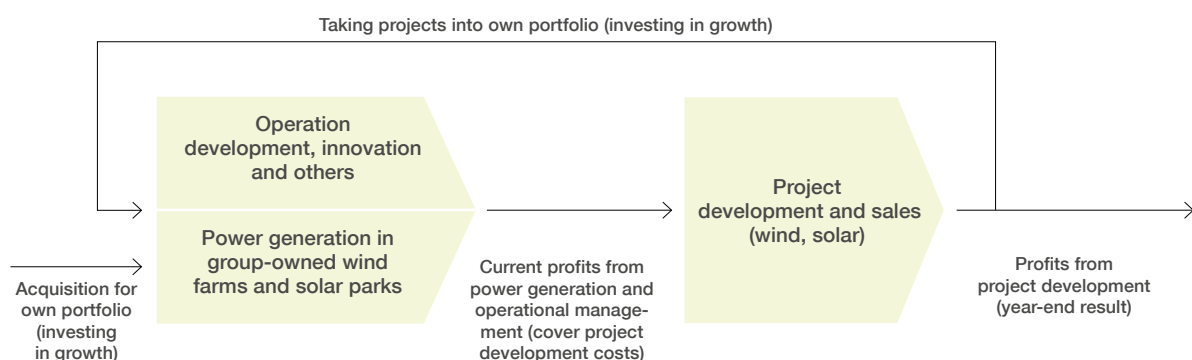
- increasing the economic viability of projects planned by Energiekontor;
- increasing profits of Group-owned wind farms;
- accelerating project development solution finding.

These measures play an important role in broadening the decentralised organisation and project organisation led by employees.

### Room for initiative and organisational decentralisation

Innovation and efficiency are not necessarily restricted to technical innovations. For Energiekontor, broadening the decentralised organisational structure also contributes to increasing the Company's efficiency. Thus, the management deliberately encourages strong decentralisation of the working and decision-making processes with flat hierarchies in order to avoid unnecessary bureaucratisation and to ensure flexibility and fast decisions, even with a growing number of employees. At the same time, the Company creates room for creative and flexible problem-solving approaches and motivates each individual employee to act autonomously.

## Growth model of Energiekontor AG



### Owner-operated wind farms as a reliable growth driver

Expansion of power generation from Group-owned wind farms and solar parks is the driving power behind the growth model and a central element. Steady income is generated by selling the power generated with our own wind farms. Another source of steady income is the provision of management services for completed and operational wind farms by specialised teams from the Energiekontor Group – possibly extending to solar parks in the future. This applies not only to the wind farms owned by the Group but also to turnkey facilities that have been sold to energy suppliers, strategic investors or financial investors. The provision of operational management services to the Company's facility buyers ensures that Energiekontor AG can retain the majority of its buyers as customers, thus securing regular income from these wind farms well beyond their project completion dates.

Together with the steady income from the operational management of own and third-party farms, the income from selling electricity ensures financial stability and builds the basis for the Company's sustainable growth. Energiekontor uses the surplus cash thus generated to cover most of the costs of project development including Group-wide personnel and overhead costs. Income from selling in-house developed wind farms and solar parks drives net income and is used to pay taxes and dividends and as liquidity reserve.

Our strategy of expanding power generation in Group-owned wind farms and solar parks includes

- retaining projects we have developed and completed within the Group,
- repowering Group-owned facilities, and
- optimising and increasing efficiency.

We intend to transfer around half of the projects that we develop to Group ownership; the other half is designated for sale. The management reserves the right to adjust this ratio depending on the Company's business situation.

### Varying growth dynamics

Company growth varies in the individual segments. In the area of project development, Energiekontor drives growth by increasing site acquisitions, by strengthening the regional approach and by expanding to new markets. In contrast, growth in the Power Generation in Group-owned Wind Farms and Solar Parks division is based on the incorporation of projects from project development into Company ownership. The more wind farms and solar parks become Group-owned assets, the higher the surplus cash from the sale of electricity and operational management. Thus, more funds are available for project development in order to promote growth. Further growth is thus mainly supported by the additional expansion of the Group-owned portfolio and the increase in surplus cash by the operation of own wind farms and solar parks and operational management. This organic growth process is supported by accompanying innovation and efficiency measures that lead to further rises in profits and that further increase the surplus cash from power generation in Group-owned wind farms and solar parks.

One positive side effect of this growth strategy is the fact that it reduces dependency on project selling and proceeds from project sales. Even if it were not possible to generate income from project sales, the Group's liquidity and project development financing (including the Group-wide personnel and overhead costs) is covered by the surplus cash generated from power generation in Group-owned wind farms and solar parks and operational management. Financial



risk is thus minimised to the greatest possible extent. The Energiekontor growth model thus differs from many competitors' business models in the industry that do not have a comparable portfolio of Group-owned wind farms and solar parks.

### Business objectives

Energiekontor plans to use this strategy to increase project development EBT in a stable and sustainable manner to around EUR 30 million per year in the medium term. It has already been taken into account here that approximately half of the realised projects are to be transferred to the Company's own portfolio each year, whereby the construction profits from these wind farms and solar parks in the portfolio are eliminated through group consolidation and, as a result, do not affect Group profit.

The intention behind expanding the portfolio of Group-owned wind farms and solar parks is to establish Energiekontor as a medium-sized producer of renewable energy while effectively minimising dependency on general developments in the market. With the income from additional Group-owned wind farms and operation development, the Company intends to sustainably generate EBT of EUR 25–30 million p.a.

The expansion of the Group-owned wind farm and solar park portfolio will be sourced from the Company's own projects, the repowering of existing portfolio assets and, where appropriate, the acquisition of third-party facilities. The Company will finance this new tranche of capital spending with project financing loans, project-related bonds, equity capital and regular surplus cash from the existing portfolio of wind farm operations.

Energiekontor has spent the last few years creating an environment that favours a stable and sustainable growth trajectory, and is extremely well placed to face the challenges of the future in a highly competitive market.

## BUSINESS DEVELOPMENT BY SEGMENT

### a) Project Development and Sales (Wind, Solar)

As already reported in the first quarter, the 2018 financial year began with the completion of a number of projects in Germany that had still been underway in 2017. Important milestones were also reached in the UK and the US, however.

In **Germany**, Energiekontor completed the construction of the Hammelwarder Moor wind farm (10.2 MW) in Lower Saxony at the beginning of February 2018 with the commissioning of the last of three plants. The Company also initiated construction of the Bremen-Hemelingen wind farm (12.8 MW) and the Debstedt II single turbine (4.5 MW) in February 2018. Progress of both construction projects is on track. The Debstedt II single turbine is an extension of the Debstedt repowering wind farm, which had already been sold and commissioned with three turbines in 2016. As such, Energiekontor is realising the last two projects that were approved before the end of 2016 and therefore still subject to the old tariff system as per the transitional provisions of the 2017 German Renewable Energy Sources Act (EEG).

At the end of April 2018, another project with a capacity of 3.4 MW was granted a planning permission. It was awarded a contract in the auction of May this year and is currently in the financing phase.

At the beginning of May 2018, Energiekontor also opened a new office in Potsdam. The Company has thus completed its office expansion in the German key region of Brandenburg, which is in line with the strategically important principle of regionality. With the office in Bernau near Berlin and the new office in Potsdam, the key region of Brandenburg has now been split into the two regions Brandenburg East and Brandenburg West. This eases the pressure on project development in the relatively large key region of Brandenburg, which also includes the neighbouring areas in Mecklenburg-Western Pomerania. This is a further step towards maintaining the decentralised structure and decision-making processes that characterise the Company.

As an innovative initiative to boost the efficiency of acquisition activities, Energiekontor has developed an app that can be used to check the suitability of a plot of land for the construction of wind power and solar power plants via mobile phone. The location of the property can either be determined via the GPS function of the mobile phone or by entering the location on a web-based map. After entering the contact data, the interested party will receive a free and non-binding offer from Energiekontor AG. Energiekontor's internal experts then check whether the construction of a solar park or wind farm would generally be possible and provide timely feedback to the owner of the property.

In the **UK**, Energiekontor is implementing a number of projects that are still subject to a legally stipulated feed-in tariff (FiT) in accordance with the old legislation. After subsidies for onshore wind have come to an end in the UK, however, the Company is now focusing on developing large-scale projects in windy regions, especially in Scotland, on the basis of Power Purchase Agreements (PPAs).

After having signed such a long-term PPA with a major international company from the consumer goods industry, Energiekontor achieved the financial close for the British wind farm project Witherwick II in May this year. The economic viability of this project rests solely on the conclusion of the PPA. According to Energiekontor's knowledge, Witherwick II is thus the first wind farm project in the UK to be realised without state subsidies. The project therefore represents a milestone in the history of Energiekontor AG and underlines the Company's pioneering role in its efforts to realise wind farms and solar parks with lower generation costs than in the conventional energy sector.

Witherwick II is an extension of the Witherwick I wind farm, which has been part of Energiekontor AG's portfolio for several years. The Witherwick II project, which had already been granted a planning permission at the end of 2016, is located near the east coast in the English county of Yorkshire. Four wind turbines with rated power of 2.05 MW each are to be built here. Commissioning is expected to take place in the first quarter of 2019.

The identical Hyndburn II wind farm, which is an expansion of the existing Hyndburn wind farm, had already been granted permission at the end of June 2015. Given unanswered questions with the air traffic control authority, implementation of the project has been delayed. A solution to the problem is expected to be found in the course of 2018.

Financial close was also reached in March 2018 for another project with a total capacity of just under 9 MW. The construction and commissioning of the wind farm in the county of Kent southwest of London is scheduled for completion in the current 2018 financial year.

Overall, however, the Energiekontor Group will be concentrating on the development of its product pipeline in Scotland over the next few years. Including the secured sites (exclusivity/options), the total capacity of the Energiekontor Group's project pipeline in the UK rose to around 900 MW. Most of these sites are located in Scotland.

Since there have been no new auctions for grid connections in **Portugal** for years, the activities of the Energiekontor Group there are mostly limited to the management of existing turbines as well as rotor blade extensions (for further information see Section c) "Operation Development, Innovation and Others"). Furthermore, Energiekontor is also reviewing opportunities for entering the solar sector in Portugal.

In the **Solar** segment, the Brandenburg solar park Garzau-Garzin was completed and commissioned in **Germany** in March 2018. The official inauguration ceremony was held at the beginning of June. In addition to representatives of the partner companies and banks, guests included representatives of the local authorities and municipality, property owners as well as members of the local communities. This is the first solar park that Energiekontor has included in its own portfolio, which underlines the continuation of the Group's growth strategy by expanding and diversifying its own portfolio.

The solar park has more than 35,000 polycrystalline photovoltaic (PV) modules and total rated power of about 10 MW<sub>p</sub>. The expected annual output of more than 10 million kWh would suffice in theory to supply more than 3,000 households with electricity. Since the PV project had already been awarded in the auction round in April 2016, the electricity from the park will be remunerated at an attractive tariff under the German Renewable Energy Sources Act (EEG) for a period of 20 years.

In February 2017, Energiekontor was awarded the third contract for a photovoltaic project since the auctioning procedure was introduced in 2015. The successful bid is to be used for the realisation of a solar park with a capacity of around 6 MW<sub>p</sub>, the construction of which is planned for 2018 and has already entered the area development planning stage. In the auction held in June 2018, Energiekontor was also awarded a contract for a project in Bavaria with a capacity of 5 MW<sub>p</sub>.

Besides Bavaria, Baden-Wuerttemberg is also a new target region of Energiekontor. In both German federal states, the eligible areas were extended by the state governments to include arable and grassland areas of inferior quality. These areas are designated as disadvantaged. With two approvals for development plans at the beginning of the current financial year and a contract awarded in the June auction, Energiekontor has now entered the Bavarian market – an important step towards the Group's expansion of its solar activities in line with the corporate strategy.

In addition, Energiekontor is also currently reviewing opportunities in northern Germany to expand its coverage to already secured areas to be developed based on direct PPAs.

In **the US**, Energiekontor was able to increase the capacity of the secured sites for solar projects in West Texas to a total of about 650 MW. The office in Austin was already officially established in the first quarter of 2018. From this base, the project development of PV projects is coordinated by a dedicated local team. The objective is to conclude suitable PPAs and sell the first project rights for the construction of large solar parks. Projects with several hundred megawatts each are already at different stages of development in the region.

Progress was also made in the wind energy segment in the first half of 2018. In August 2018, Energiekontor opened an office in Rapid City, where project development activities will be coordinated locally by an independent team that is currently still being set up. Wind speeds of 8 to 10 m/s at a height of 80 metres prevail in this region – conditions that are almost impossible to find onshore in Europe.

The other new markets are also making good progress. In **the Netherlands**, the project development for a specific project in the south-east of the country continues to be on track. Up to eight turbines are to be constructed here in cooperation with a community cooperative. The community wants to be completely energy neutral by 2050, and the planned wind farm will play an important role in achieving this goal. Concrete option agreements are currently being negotiated for additional sites.

In **France**, the solar activities in the south of the country are being driven forward by a new office in Toulouse, supported by freelance consultants. The new office is already working on projects with a total capacity of several hundred megawatts. Talks with landowners about onshore wind power usage rights in north-western France are also making good progress. Several of the municipalities that have been approached over the past few months have expressed interest with regard to cooperating in the development of wind turbines in Normandy. Concrete contract negotiations are already underway for some sites, and first contracts have already been concluded. A new office is to be opened in Rouen in order to push ahead with further project development in this area.

In addition to the projects already completed at the beginning of 2018, a wind farm and a solar park with total rated power of around 20 MW, Energiekontor had projects with a capacity of around 30 MW approved or under construction at the end of the first half-year of 2018. Additional projects with a total capacity of approximately 150 MW had been submitted for approval or prepared for approval, and projects with a total capacity of approximately 500 MW are in upstream project development processes. Furthermore, sites for about 2,300 MW were secured. The total pipeline of the Energiekontor Group thus amounts to around 3,000 MW.

## b) Power Generation in Group-owned Wind Farms and Solar Parks

The integration of the Garzau-Garzin solar park (10 MW) has increased the total rated power of the Group's own portfolio to just under 270 MW.

The Company also continued to focus on optimisation measures in operational management to reduce costs and increase earnings such as:

- **Repowering:** wherever possible, Energiekontor intends to gradually replace old turbines with new, more powerful wind turbine systems and to thereby simultaneously extend the useful life of these sites.
- **Efficiency enhancement by means of technical innovations:** this comprises yield-enhancing measures (up to 10 percent) like optimising the aerodynamics of blades and extending the length of rotor blades.
- **Optimisation of operating expenses:** for this purpose, the operational management introduced an efficiency enhancement programme aimed at lowering operating expenses per kilowatt-hour generated by a number of measures.
- **Extension of useful life:** the terms of the existing turbines are to be secured beyond the guaranteed state subsidisation period by means of suitable lease and loan agreements.
- **Refinancing and loan repayment:** by refinancing existing farms in its portfolio, Energiekontor reduces its liabilities and the interest burden in the Power Generation in Group-owned Wind Farms and Solar Parks segment.

The first half of the wind year 2018 was relatively positive in all regions in which Energiekontor operates wind farms compared to the prior-year period. Averaged across all regions, Germany, England and Portugal, the yield has so far been in line with expectations.

## c) Operation Development, Innovation and Others

Because of the auctioning procedure and the resulting dramatic drop in prices for electricity from renewable energies, direct power purchase agreements (PPAs) between the producer and the end buyer are also becoming increasingly interesting in Germany. Energiekontor is currently talking to several potential major buyers about this option.

With regard to optimising wind farm operations, Energiekontor has developed and tested a number of new measures. These include measures to improve turbine management and yawing as well as measures to reduce downtimes through the conversion of all wind farms to permanent real-time data monitoring with automated fault clearance workflow. The measures also include more efficient maintenance and repair concepts with the aim of continuing to operate wind farms economically even after the EEG remuneration expires.

Technical innovations continue to focus on rotor blade extension. Following a successful test and optimisation phase, the first wind farm consisting of ten 1.3 MW turbines, Penedo Ruivo, was fully equipped with the rotor blade extension in the autumn of 2016. Rotor blade extensions were installed on an additional six turbines in two further Portuguese Group-owned farms in 2017. The remaining ten turbines are to be retrofitted in 2018 and are expected to deliver a stable additional yield of 5 percent.

In addition to rotor blade extensions, Energiekontor carried out initial tests in 2017 to improve blade aerodynamics using a so-called vortex generator. This technology is supposed to reduce flow separation and consequent friction losses on the rotor blade, thus leading to additional yields of 1.5 to 4 percent.

## FINANCIAL POSITION, FINANCIAL PERFORMANCE AND RESULTS OF GROUP OPERATIONS

### Results of Group operations

(with notes to the key items of the statement of comprehensive income)

As is usual for the wind energy sector, the majority of the profit contribution is realised in the second half of a financial year. Besides the completion of the solar park Garzau-Garzin, one wind farm already went into operation in the half year under review. However, the effective sale and the corresponding impact on earnings of this and all other projects not yet completed will only be recognised in the report in the second half of the year. As in the same period of the previous year, the Group reports the following positive results in the first half of the financial year.

in EUR thousand	30.06. 2018	30.06. 2017
<b>EBT</b> (earnings from ordinary activities before tax)	4,693	4,425
<b>EBIT</b> (EBT plus financial result)	12,351	13,168
<b>EBITDA</b> (EBIT plus depreciation and amortisation)	21,43	21,252

Group revenue fell accordingly to EUR 32,880 thousand (previous year: EUR 41,357 thousand). Revenue in the Project Development and Sales (Wind, Solar) segment amounted to EUR 1,366 thousand (previous year: EUR 15,291 thousand), as current projects will only be recognised in the income statement for the second half of the year. A major contribution to Group revenue was made in the first half-year by the Power Generation in Group-owned Wind Farms and Solar Parks segment amounting to EUR 29,464 thousand (previous year: EUR 24,210 thousand). The year-on-year increase in revenue resulted, on the one hand, from more favourable wind conditions and, on the other hand, from the Kreuzau-Steinkaul, Heinsberg-Waldenrath and Niederzier-Steinstraß wind farms added to the Group-owned portfolio in the previous year. Revenue from the Operation Development, Innovation and Others segment, which mostly comprises proceeds from the operational management of external and Group-owned wind farm and solar park operators, rose to a total of EUR 3,118 thousand (previous year:

EUR 2,830 thousand). This segment's contribution to Group revenue adjusted for consolidation effects came out to EUR 2,050 thousand (previous year: EUR 1,856 thousand).

**Other operating income** of the Group, which mainly relates to income from the reversal of provisions, decreased to EUR 2,178 thousand in the period under review (previous year: EUR 3,284 thousand).

In connection with increased inventories of German and foreign planning projects, construction activities led to **changes in inventories of finished goods and works in progress** of EUR 25,791 thousand (previous year: EUR 41,041 thousand).

The **cost of raw materials and supplies** of EUR 25,127 thousand (previous year: EUR 50,162 thousand) developed in line with the project-related construction progress, especially in the Project Development and Sales (Wind, Solar) segment.

**Personnel costs** for the Group rose year-on-year to EUR 5,953 thousand (previous year: EUR 5,344 thousand), mainly due to the increase in the number of employees.

**Depreciation and amortisation of intangible assets and property, plant and equipment** amounted to EUR 9,079 thousand (previous year: EUR 8,085 thousand). The vast majority of this was a result of the scheduled depreciation and amortisation of the Group-owned wind farms and solar parks in the Power Generation in Group-owned Wind Farms and Solar Parks segment in the amount of EUR 9,062 thousand (previous year: EUR 8,064 thousand). The increase in scheduled depreciation and amortisation compared to the previous year was largely due to the Kreuzau-Steinkaul, Heinsberg-Waldenrath and Niederzier-Steinstraß wind farms, which had been taken over into the Group's own portfolio in the previous year.

The Group's **other operating expenses** changed only slightly to EUR 8,338 thousand (previous year: EUR 8,923 thousand).

The **financial result** came out to EUR -7,658 thousand (previous year: EUR -8,743 thousand). In addition to interest on the bonds issued, this was primarily influenced by the scheduled interest expenses for the long-term financing of Group-owned wind farm and solar park operators. Interest income for the Group was negligible in relation to interest expenses against the backdrop of historically low, and at times negative, capital market interest rates.

## Financial performance of the Group (with notes to the key financial positions of the abbreviated consolidated balance sheet)

**Cash and cash equivalents** of the Group fell in the period under review, primarily as a result of investments in ongoing projects and the distribution of dividends, and also due to tax payments on prior-year earnings and advance payments for the year under review.

in EUR thousand	30.06. 2018	30.06. 2017
Cash and cash equivalents	66,204	69,002
Securities	8,101	10,159
<b>Cash and cash equivalents and securities</b>	<b>74,305</b>	<b>79,161</b>

The **securities** portfolio, mainly German federal bonds, decreased to EUR 8,101 thousand (31 December of the previous year: EUR 10,159 thousand) as bonds were sold.

**Non-current financial liabilities** (incl. liabilities to non-Group minority interests) continued to be slightly below the prior-year level in the reporting period at EUR 204,845 thousand (31 December of the previous year: EUR 209,462 thousand). They refer to the bond capital issued by Energiekontor AG and the financing companies in the course of the step-up bond programme.

A major portion thereof, EUR 172,950 thousand (31 December of the previous year: EUR 171,712 thousand), is a result of the financing of Group-owned wind farms and solar parks in the Power Generation in Group-owned Wind Farms and Solar Parks segment.

**Current financial liabilities** rose to EUR 44,000 thousand (31 December of the previous year: EUR 24,728 thousand). The increase is mainly attributable to the Project Development and Sales (Wind, Solar) segment and refers to the financing of wind farm operators currently being established and those intended for sale in the short term.

## Financial position of the Group (with notes to the key financial positions of the abbreviated consolidated balance sheet)

Group equity fell to EUR 65,211 thousand (31 December of the previous year: EUR 70,232 thousand), due in particular to the dividend paid from distributable profits of the 2017 financial year, offset against the positive consolidated income generated in the period under review and the other changes in the fair values of foreign exchange and forward transactions to be offset against capital reserves.

Given the slight reduction in total assets versus 31 December of the previous year (EUR 361,713 thousand) to EUR 356,915 thousand, the equity ratio dropped to 18.3 percent (31 December of the previous year: 19.4 percent). Expenses for share buybacks (1,915 units) amounting to EUR 29 thousand accrued in the period under review (EUR 113 thousand in the first half of the previous year for 6,590 units).

**Non-current assets** changed only marginally to EUR 199,193 thousand (31 December of the previous year: EUR 201.104 thousand).

**Other intangible assets** came out to EUR 21 thousand (31 December of the previous year: EUR 1 thousand) and refer to software subject to scheduled amortisation.

**Property, plant and equipment** primarily comprises Group-owned wind farms and solar parks in operation (wind turbines, solar arrays, access ways, grid connection, wiring, etc.) in the amount of EUR 192,856 thousand (31 December of the previous year: EUR 194.427 thousand). These are recognised at cost of acquisition or production less scheduled depreciation. To a limited extent, the item also includes operational and office equipment in the amount of EUR 129 thousand (31 December of the previous year: EUR 133 thousand), which predominantly pertains to the Project Development and Sales (Wind, Solar) segment.

**Non-current receivables and financial assets** amounting to EUR 108 thousand (31 December of the previous year: EUR 58 thousand) largely comprised receivables from affiliated companies worth EUR 29 thousand (31 December of the previous year: EUR 29 thousand) as well as deposits and advance payments to be capitalised. In addition, **deferred tax assets** in the amount of EUR 6,055 thousand were capitalised (31 December of the previous year: EUR 6,462 thousand).

**Current assets** (less cash and cash equivalents and other securities already explained in the report on the financial

performance) amounted to EUR 83,417 thousand (31 December of the previous year: EUR 81,447 thousand) due to the increase in inventory netted with lower accounts receivable.

**Inventory** recognised in current assets amounted to EUR 65,250 thousand (31 December of the previous year: EUR 47,006 thousand) and primarily pertained to the Project Development and Sales (Wind, Solar) segment. The item mainly includes the expenses capitalised there for projects to be realised. **Current receivables and financial assets** amounting to EUR 14,019 thousand (31 December of the previous year: EUR 27,378 thousand) primarily include current receivables for power generation and sales recognised in the Power Generation in Group-owned Wind Farms and Solar Parks segment in the amount of EUR 11,491 thousand (31 December of the previous year: EUR 13,037 thousand), as well as prepaid expenses and accrued income as well as other financial assets.

Current **tax receivables** comprise VAT refund claims, creditable capital gains tax as well as corporation tax and trade tax refund claims.

In addition to the non-current financial liabilities already described in the report on the financial performance, **non-current liabilities** amounted to EUR 24,701 thousand as at the reporting date (31 December of the previous year: EUR 24,820 thousand). In the Power Generation in Group-owned Wind Farms and Solar Parks segment, they include provisions for decommissioning and restoration of Group-owned wind farm and solar park operators amounting to EUR 12,808 thousand (31 December of the previous year: EUR 12,603 thousand), deferred income of EUR 2,515 thousand (31 December of the previous year: EUR 2,576 thousand) and deferred tax liabilities of EUR 9,378 thousand (31 December of the previous year: EUR 9,641 thousand).

Other provisions coming out to EUR 9,809 thousand (31 December of the previous year: EUR 14,660 thousand), accounts payable at EUR 3,563 thousand (31 December of the previous year: EUR 8,383 thousand) and other liabilities and tax liabilities amounting to EUR 4,153 thousand (31 December of the previous year: EUR 8,382 thousand) on the whole produce **current liabilities** (not including the financial liabilities already explained in the financial performance report) of EUR 18,158 thousand (31 December of the previous year: EUR 32,471 thousand). On 30 June of the current year, limited or unlimited guarantees by Energiekontor Group companies for the benefit of third parties came out to EUR 1,974 thousand (30 June of the previous year: EUR 6,269 thousand).

## POST-CLOSING EVENTS

In August, Energiekontor has obtained the first planning permission for a major wind project in Scotland, thus reaching an important milestone in the realisation of its project pipeline. The permission was granted for 12 wind turbines with total heights of between 130 and 150 metres. The planned wind farm has a capacity of up to 48 MW and is scheduled for construction in 2019. Energiekontor is engaged in advanced negotiations with a major international company as a potential partner for a long-term power purchase agreement (PPA). Like the Withernwick II wind farm, which is already under construction in England, the new wind farm in Scotland is to be realised without state subsidies.

## CORPORATE GOVERNANCE STATEMENT

The Corporate Governance statement pursuant to the German Accounting Law Modernisation Act (BilMoG) is available on the [www.energiekontor.de](http://www.energiekontor.de) website under "Investor Relations".

## REPORT ON OPPORTUNITIES AND RISKS

### Energiekontor AG's opportunities

Basically, each risk stated in the second half of this section also offers an opportunity that results from the same circumstances as the risk. Energiekontor AG's opportunity management system is therefore closely aligned with the risk management system. The aim of the opportunity management is to recognise opportunities resulting from positive developments within the scope of business activities at an early stage and to implement suitable measures to make the most of these for the Company. Opportunity management considers opportunities that are relevant and feasible but not yet included in planning.

Therefore, this part has been included before the risk report and shall show examples of some opportunities for Energiekontor AG that result from the industry-specific market and from the strategic positioning of the Company.

#### Market environment

Energiekontor AG operates in a market that is determined by natural boundaries (resource scarcity, environmental pollution) and policy objectives (preserving resources and the environment). The international consensus that has meanwhile been reached for energy policies and global climate objectives has created a growth market, which is gradually changing from a regulated market to a free competitive market.

Energiekontor has been present in this market since the very beginning and has established a strong position. The Company has sought to establish a foothold specifically in politically stable countries such as Germany, UK and Portugal and has collected extensive experience with specialised local teams. The Netherlands, France and the US have been added as new markets.

In almost all countries, the prices for electricity from wind farms and solar parks are now determined by auctions and tendering procedures, which ensures more competition and demands flexibility. As a result, the competition for sites on which wind farms and PV parks can be constructed is increasingly being overshadowed by competition for the lowest electricity prices.

This offers opportunities for Energiekontor in more than one way. On the one hand, the Company has always pursued the goal of reducing the costs of electricity generated by wind farms and solar parks based on various efficiency measures to such an extent that they fall below those of conventional energy sources in order to help renewable energies on their way to covering 100 of the entire energy need. At the same time, this also gives Energiekontor a competitive advantage in an increasingly fierce market environment. On the other hand, Energiekontor has many years of experience in countries such as Portugal and the UK with the successful participation in auctions and the conclusion of power purchase agreements (PPAs), which are expected to play an increasingly important role in the future. Finally, given the relatively high pre-production costs in the auctioning procedures, smaller project developers are expected to seek collaboration with larger companies such as Energiekontor AG.

#### Strategic orientation

In addition to expanding the successful project development of Group-owned wind farms while permanently optimising the added value, Energiekontor AG's strategy includes the opportunity to maintain the personnel and infrastructure capacities made possible by the steady cash flow from the Group-owned farms, even in times when the market environment is difficult for project development, with the aim of reaching a certain degree of independence from economic influences and changes in the regulatory market environment.

The geographic distribution of the Group-owned wind farms to several countries also means that the Company's income is diversified in a natural way, thus reducing the cluster risk of a poor wind year at one geographical site.



The market expansion towards France, the Netherlands and the US as well as the exploration of other markets give Energiekontor the opportunity to further expand its diversification and to enter attractive markets with considerable development potential.

The activities in Scotland also harbour special potential as the wind conditions are extremely good there and the projects are comparably large. Due to the fact that Energiekontor has already secured sites for several hundred megawatts and there are not many competitors here, it should be possible to earn sustained income in this region in coming years.

### Contractual partners/Financing

Particularly in the UK, Energiekontor has been concluding PPAs directly with industrial customers for years. In the US, PPAs with energy suppliers are a common method to sell electricity from renewable energies. First discussions are now also being held in Germany regarding this type of electricity sales. We assume that such concepts will become more common in other countries as well, even for PV. The experience that Energiekontor has in preparing and negotiating such PPAs could therefore prove a competitive advantage.

Over the past 25 years, Energiekontor has not only positioned itself well in national markets and key regions but has also established trustful relationships with suppliers, banks and investors. As financing plays a major role in project business before, during and after the construction of a wind farm or solar park, Energiekontor has thus developed a certain flexibility, which presents an advantage compared to other competitors. The different financing possibilities for projects include the opportunity to be able to implement projects successfully even under high competitive pressure.

## Energiekontor AG's risks

Energiekontor has developed an extensive risk management system that is based on the detailed internal reporting and controlling processes. This management system is checked on a regular basis and adjusted to fit any new situations.

### Role and functions of the risk management

Regarding the main risks jeopardising the Company, the risk management system is embedded in the Energiekontor Group's value-oriented management and planning system. It is an integral part of the entire planning, controlling and reporting processes in the legal units, business fields and Group-wide functions. The risk management system shall systematically and continuously identify, analyse, control, monitor and document major risks and risks jeopardising the Company in order to ensure the Company targets are reached and to increase the Company's risk awareness.

Within the scope of operational planning, the respective current legal situation for a typical planning period of two years is taken into consideration when identifying and analysing risks and opportunities. Furthermore, the discussions that are held to derive medium-term and long-term strategic targets within the scope of strategic planning also take into account risks and opportunities that refer to the more distant future. In addition to reporting at certain dates and referring to the dates described, the risk and opportunity management is firmly established in the Group as an ongoing task. As described in the "Organisation of Energiekontor AG's risk management" section, the risks identified are reported regularly to the Management Board and Supervisory Board in a systematic information cascade.

Risk assessment is based on the probability of occurrence and the possible extent of the risk, classified as low, medium or high. The probability of occurrence is not taken into consideration for this classification. The assessment of the extent is generally based on the potential impact on EBT.

### Risk management process

Basically, there are four phases: risk identification, risk analysis, risk management and risk control, accompanied by a risk policy and process monitoring. Ideally this process can be presented as follows (cf. "Risk management cycle" figure).

The starting point of risk management is wording the company-specific risk policy. This risk policy takes into consideration the security aspects in the Company by prescribing the guidelines in dealing with risks and opportunities, and in determining what risks and opportunities, at both divisional level and corporate level, may be entered into and what maximum risk characteristics are considered acceptable.

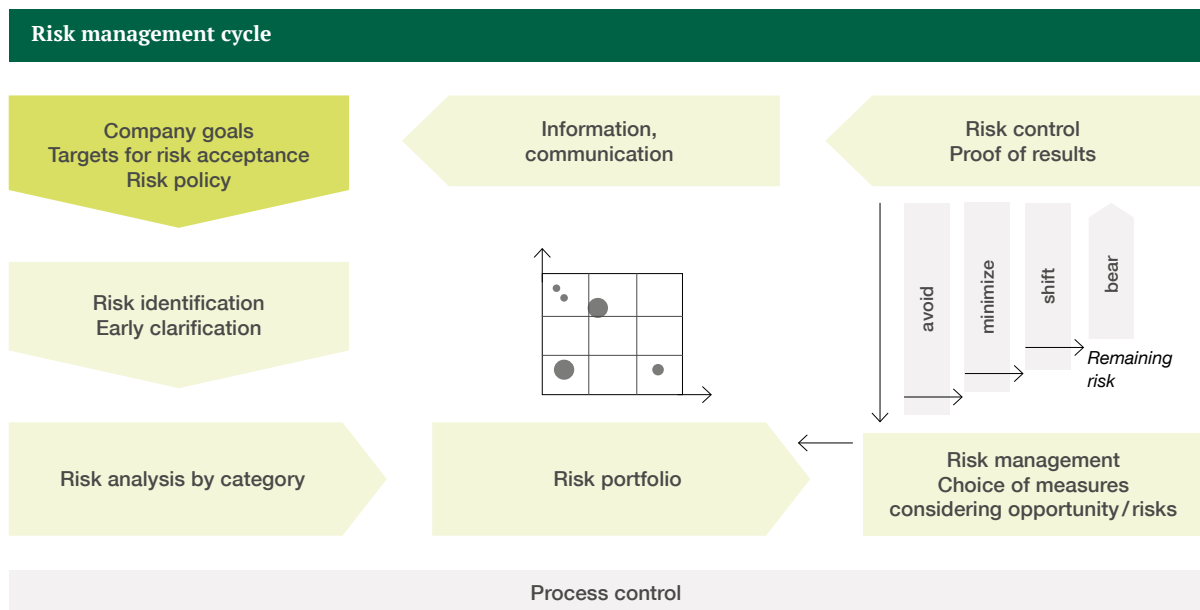
In order to ensure a uniform risk understanding within the scope of operating business, the Energiekontor Group has defined the following guidelines for dealing with risks in its risk policy:

- Companies should make use of the opportunities that arise. The "no opportunity without risk" tenet applies here – risks cannot always be avoided.
- Opportunities and risks are communicated openly.

- Risks are analysed and evaluated regularly.
- Adequate measures must be taken to mitigate risks to the extent possible.
- Business that poses an immediate danger for the Company's going concern shall be avoided.

The risk identification phase comprises collecting current and future (potential and latent) risks. It represents the most important step within the scope of risk management because the result is crucial for the activities in all subsequent process steps. Instruments that can be used to identify risks primarily include early clarification as well as analyses (business analyses, environment analyses) and forecasts. In addition to revealing already existing risks at an early stage, early clarification also means latent opportunities are discovered early and the corresponding measures to manage risks and opportunities can be introduced. Early clarification can be based on operational figures (key figures, extrapolations and indicators) as well as strategic indicators ("weak signals").

Risk identification at Energiekontor takes place at various organisational levels in a closely integrated process. The Company holds regular or incident-related meetings and workshops to identify and assess risks based primarily on periodic analyses of environment, market and competition.



A risk portfolio is prepared at least once a year within the scope of the risk analysis and risk assessment. It evaluates and visualises the risks identified by probability of occurrence and amount of (potential) damage. The aim is to mainly filter out material risks that may even jeopardise the going concern of the Company and introduce measures to avoid or reduce the probability of occurrence.

Within the scope of risk management, options must then be identified that allow a reaction to the identified and evaluated risk spectrum, which are, at the same time, in line with the risk policy in place. Different strategies and measures are introduced to proactively balance out the ratio of opportunities and risks, and to bring the risk strategy in line with the overall Company strategy. Companies basically have four different ways to manage this: Avoid the risk while at the same time missing out on business, reducing or transferring the risk, e.g. to an insurance, or carrying it itself.

Energiekontor focuses its risk management mainly on

- measures to reduce and compensate risks (e.g. develop plan B measures or special measure programmes (German Renewable Energy Sources Act (EEG), CFD measures) to reduce regulatory risks).
- measures to transfer the risk to third parties (e.g. by entering into insurance policies or integrating external partners who take on liability)
- as well as avoiding existential risks jeopardising the Company.

Internal risk regulations play a particular role in the latter, predominantly in order to exclude from the outset or mitigate as far as possible potential financial risks and liability risks arising from own acts.

Risk control is to ensure that the Company's actual risk situation complies with the planned risk profile situation. In order to support these controls, it is necessary to implement reporting in the Company that points out risk situations, shows risks in the course of time and enables a complete overview. For the purpose of avoiding redundancies and to ensure no parallel processes and structures are established in the Company, risk reporting and risk control at Energiekontor are integrated to the greatest extent possible in the existing Controlling and Reporting structures.

This process must be accompanied by risk communication to ensure the relevant information is passed on to the correct responsible person in due time, thus increasing risk awareness in the Company.

### Accounting and risk management

Risk management also has a certain importance in accounting even if the processes in accounting do not explicitly form a part of the risk management system. Regarding the accounting process, the internal control system shall ensure that information is transmitted and processed fully, properly and in a timely manner. This shall prevent materially false statements in accounting and external reporting when preparing the financial statements of Energiekontor, the management report, consolidated financial statements and Group management report. One main characteristic of the internal control system within the Energiekontor Group is the decentralised accounting organisation. Efficient structures are in place for Company crucial processes and core processes in all units that are relevant in size and are legally independent. Management pays attention to separating implementation, approval and control functions while taking into consideration the available resources and economic and efficiency aspects.

Group accounting supports all companies in Germany and abroad in the entire Group accounting process. Accounting and auditors work together to ensure that – especially in the case of changes – the requirements on external reporting needs are met in full concerning type and scope of disclosure requirements. Annual and half-year reports are based on relevant valuation and accounting standards as well as the depiction of specific matters.

The separate financial statements of Energiekontor AG and its subsidiaries are compiled locally in accordance with the respective national laws and transferred to an IFRS-compliant financial statement. For the purpose of managing and controlling, the accounting data in the financial statements are analysed centrally at Energiekontor AG and compared with the information in Company planning, as well as internal, intrayear reporting in order to determine if the forecast parameters and key figures have been achieved.

The opportunity and risk assessment and development, the investment budget, the headcount, the progress of major development projects, the scope of assets pledged as security and compliance with key figures are also monitored. Consolidation including documentation and analysis of the reporting data is carried out using standard software customary in the trade. In the event of unusual and complex matters, in-house developed spreadsheet solutions also exist.

In order to meet the strict requirements, the management pays close attention to complying with all documentation obligations. Changes from underlying transactions that can result from regular business activities are consistently monitored. Various control mechanisms are used for this, such as dual control principle, using checklists, dual signature procedure for obligatory correspondence, a gradual approval system for ordering processes, obligation to obtain alternative offers before placing orders with suppliers, and an authorisation concept that regulates access rights to individual IT systems and system transactions as well as electronic storage media. Process-independent monitoring measures are carried out by the Supervisory Board.

The development of individual risks that have a major influence on the annual accounts are reported regularly, both in writing and in person. These include, amongst others, the evaluation of provisions and contingent liabilities, intrinsic values of fixed assets and inventories, the assessment of doubtful receivables, capital management or the development of costs for ongoing orders. Current finance planning, drawdown of credit lines and guarantee lines and open items are reported to the Management Board on a monthly basis. Deviations are commented on and followed up.

Knowledge gained from the financial reporting feeds into an annual plan, taking into consideration the Management Board's risk strategy and other major influencing factors. Employees involved in the accounting process receive ongoing training, e.g. in the form of regular training courses and workshops. This ensures that the ever-increasing professional requirements are met in the long term.

The training measures include supervising and processing tax matters, credit assessments and determining fair values of derivative financial instruments.

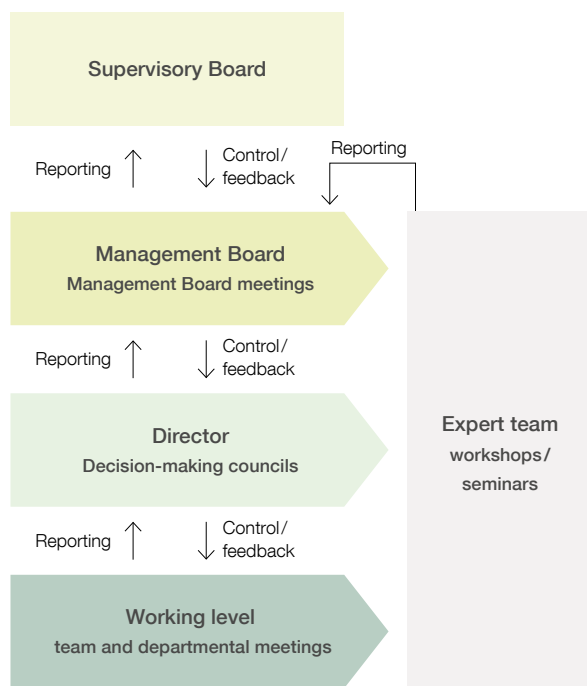
All measures initiated by the Management Board aim to ensure the financial statements are completed and audited in a well-coordinated, proper and timely manner as well as to reduce possibilities for dishonest acts. Despite constant further development of the accounting-related internal control and risk management system, we cannot entirely rule out the possibility of material false statements being made in the financial reporting.

### Organisation of Energiekontor AG's risk management

Energiekontor AG's risk management is mainly integrated in the existing process and organisational structure in order to avoid redundancies and parallel organisation, decision and reporting structures and to ensure that the central business risks are dealt with regularly in the management bodies. Thus, we have dispensed with a separate risk organisation consisting of risk managers, risk coordinators and separate risk bodies. Furthermore, the majority of the risks are project risks and/or risks pertaining to a specific region that are mainly dealt with decentrally in the individual divisions and segments; therefore, the existing implicit risk management organisation at Energiekontor has in the past proven to be an efficient organisation model.

The risk management is generally integrated in the Company's routine work processes. Reporting takes place as a bottom-up structure from the employee level up to the highest decision-making bodies. Possible risks are identified already at individual project groups' working level and are discussed in the weekly, team and departmental meetings as well as in the decision council meetings. If necessary, measures to deal with the respective risks, which may already be regulated in the internal guidelines and policies, are decided upon in these meetings. If required, questions regarding risk treatment are presented to the Management Board meeting or Supervisory Board meeting. Work groups consisting of Company internal experts are set up for fundamental or cross-functional topics in order to work on solutions for specific issues at regular meetings or at workshops that take place as required.

### Process of risk management



## Main risks of the Energiekontor Group

The risk analyses carried out identified the following current main risks for Energiekontor, which are briefly described below. These (and other) risks were classified in a risk portfolio within the scope of the risk assessment in order for a programme to be compiled dealing with concrete measures against central risks.

Category	Probability	Extent
Regulatory scope	high	high
Market position	medium	high
Repayment of funds	medium/low	high
Sales	very low	high
Business development	medium/high	medium/high
Interest/currency	medium	medium/high
Wind	medium	medium/high
Suppliers/deadlines	medium/high	medium
Financing	medium	medium
Legal action	medium	medium
Organisation	low	medium
Contracts	very low	medium
Project development	medium/high	low/medium
Reporting	low	low/medium
Growth	medium	low
Technology	medium/low	low
Buyback	low	low

The risks from all groups may be equally high, but their economic effect and controllability may differ. All risks bear the possibility of being dealt with constructively in the face of radical changes, particularly when detected early and the relevant measures for risk governance are introduced at an early stage. Therefore, corresponding indicators are recorded and analysed in the Energiekontor Group's reporting. Intensive interaction with associations, banks, manufacturers and customers enable risks to be detected at an early stage and alternatives to be developed in line with market requirements.

In the following, the risks are divided into strategic and operational risks and into different groups within these categories.

### Strategic risks

### Regulatory risks

The economic situation of a project continues to depend mainly on the feed-in tariffs. A clear trend is visible across Europe whereby legal conditions are changed to align renewable energy sources to the competitive conditions of the electricity market. In Germany, remuneration continues to be regulated by the law giving precedence to renewable energies, the German Renewable Energy Sources Act (EEG), which was revised radically in recent years. The current German Renewable Energy Sources Act (EEG) 2017 was resolved in August 2016 and entered into force on 1 January 2017. One central aspect of the revised German Renewable Energy Sources Act (EEG) is the introduction of an auctioning procedure to determine the amount of subsidies that will be granted. While the auctioning system for onshore wind was introduced in Germany in 2017, the first auction for photovoltaic plants in Germany took place as early as at the beginning of 2015. The prices for electricity from wind farms and solar parks have fallen significantly for both technologies with the introduction of the auctioning system. Further amendments to the German Renewable Energy Sources Act (EEG) 2017 (limited annual expansion, single-stage reference yield model with fixed highest bidder price etc.) mean that the expansion of renewable energies could slow down in Germany. In addition to the fixed tariff amount, the transition deadlines, terms and caps and the introduction of an auctioning procedure are important for the Energiekontor Group. This should not affect, however, the right of continuance of old turbines.

As in France and the Netherlands, Portugal and the UK also have legal regulations concerning the remuneration of wind and solar energy. In the Netherlands and France, the legislator regards auctions as well as legally stipulated feed-in tariffs as possibilities for the remuneration of electricity from renewable energies. While Portugal used to allocate operator licenses pursuant to a specific procedure, the UK also introduced an auction scheme (CFD) that strongly resembles the German system. The model has not been used in the onshore wind sector since 2015, however. The Energiekontor Group has therefore geared itself to use market prices when calculating wind energy projects in the UK and to concentrate on sites with particularly strong winds. The profitability of the projects is based on direct power purchase agreements with large industrial partners (PPAs). PPAs likewise form the basis for the economic efficiency of wind farms and solar parks in the US. If such PPA cannot be concluded or is not

concluded in time, projects can experience delayed realisation or even complete defaults.

When choosing new national markets, Energiekontor looks for political stability and a good credit rating. However, these countries may, as a general principle, also experience retroactive amendments or repeals of their legislation. Another risk that cannot be ruled out is that project approvals from authorities may be delayed for political reasons. The yield and earning risk is reduced by the Energiekontor Group's international diversification policy and by working together with experts.

### Market position risks

Energiekontor AG is faced with strong competition in its core markets of Germany and the UK as well as in its new markets the US, the Netherlands and France; the size of and the resources available to some of these competitors mean they have a competitive advantage in certain business fields. Competition is particularly fierce with regard to the acquisition of attractive turbine sites, procurement and purchasing of wind turbine systems as well as attracting equity on the capital market. The competitive situation can cause unreasonable price increases and a strong reduction in the supply of existing resources or, due to severe time pressure, could lead to wrong decisions being made in the Company. Furthermore, the general market environment can worsen through sub-optimal communication or, in the extreme case, through insolvency of competitors, thus damaging the industry's reputation. Individual problem cases may lead investors to decide against planned investments in the area of renewable energies. By creating various unique selling points, such as its business model or the development of cost efficiency measures, as well as the diversification of its business to wind and solar and to various national markets, the Energiekontor Group has positioned itself well. This nevertheless bears the risk that Energiekontor AG may misjudge the market situation in the new markets, such as the Netherlands or the US or France, and that the planned market entry may not take place at the speed or in the scope as planned by the management.

### Growth risk

The two above-stated risks are connected to the growth risk. Energiekontor AG has clear targets for medium-term growth of the entire Group. Changes in the regulatory environment and some protectionist measures, such as import taxes, e.g. in the UK or the US, mean that it is possible that

these targets may not be reached at the growth rates envisaged, i.e. that growth of Energiekontor AG could be slower than expected and the growth targets cannot be achieved in the intended period.

#### **Risks from the repayment of bond financing**

Overall, the Energiekontor Group has, after deducting the bonds already repaid, attracted some EUR 97 million from private investors by issuing bonds or partial bearer bonds. There is a risk that the repayment of tranches will be due at times when the Group's liquidity situation does not permit a repayment and further borrowing is not possible. Furthermore, a risk exists that the market interest level at repayment dates could hamper and delay follow-on financing, if it is required. It is possible that such refinancing may only be implemented with considerable risk premiums. E.g. time delays in the permitting process of planned technical optimisation and repowering measures could result in delays for wind farms financed through bonds, which could, in turn, have timely and economic repercussions on the refinancing capability of this wind farm. If bonds cannot be paid back on time, claims and legal disputes with investors may result and, in the worst case, the Company's financial flow could be blocked. This may make it necessary for Energiekontor AG to use existing liquidity reserves and/or to sell Group-owned wind farms in order to raise the means for bond repayments in time. However, premature terminations by bondholders before the contractual end of the bond term are not possible according to the statute; therefore, unplanned repayments, necessary emergency sales for such and similar scenarios are excluded. All internal programmes of measures as well as short-term and long-term liquidity planning are geared to ensuring full and timely repayment of the bonds based on the contractual determined due dates in due time and in a proper manner.

To date, all bonds issued by the Energiekontor Group have been served in the full amount and in due time with interest and redemption. Similarly, all due bonds and profit participation certificates have been repaid as agreed and in the full amount to the creditor.

#### **Sales risks**

Basically, the sale of wind energy projects or placing bonds may be delayed or prove impossible. Market prices and manufacturing costs for approved projects may diverge so that the sale of wind farms may not make economic sense for the Company. Hampered refinancing by investors could result in delays in the project processes that impact the cash

flow of the Energiekontor Group, thus jeopardising the implementation of new projects. Against this backdrop, various sales channels have been established over recent years.

#### **Organisational risks**

The lack of available staff or qualifications may constitute a bottleneck for the business. There is a risk that it may not be possible to employ staff in time due to existing shortages on the market. This could result in cost risks because additional external experts and consultants would have to be commissioned to carry out the services. Yet sufficiently qualified staff is also needed in other business areas, depending on company internal processes. Highly qualified staff is a major requirement in order to minimize wrong decisions being made or time delays. At the same time, the personnel structure must ensure that there is sufficient potential for innovation and creativity in the Company. The Energiekontor Group's personnel structure is thus based on a balanced mix of long-term and new members of staff.

#### **Risks from reporting**

It is possible that estimates made may not be met in the future if they are based on incorrect calculations, reporting or forecasts. False expectations may be raised that cannot be reached. This could cause shareholders to turn their back on us and thus lead to a disproportionate drop in the share price. This risk is mitigated by the Energiekontor Group's longstanding experience.

#### **Buyback risks**

Energiekontor AG's investment offers are basically designed for a term of 20 years. Notwithstanding this, when they joined the Company, Energiekontor offered the limited partners of various wind farm operators to buy back their investment after a term of ten or fifteen years. The buyback prices, which were carefully calculated when submitting the offer, guarantee that the shares or the entire business operations will be bought back at conditions that are economically viable for Energiekontor AG. It has been possible since the end of 2007 to gradually exercise these optional buyback obligations. If the limited partners decide to sell, individual or all limited partner shares or the entire business operations must be transferred, wholly or in part, for a defined purchase price.

The risk that is posed here is that the calculated buyback price may not correspond to the actual market value when the buyback occurs, thus making it necessary to perform valuation adjustments. Another risk could arise from

unfavourable developments on the capital market that may negatively affect the conditions (interest, term) of the buyback financing. If additional buybacks must be transacted at a point in time when banks are restrictive in granting necessary external funds, this could lead to legal risks as well as financial bottlenecks at the Energiekontor Group.

In order to minimize these risks, all buybacks are planned systematically and alternative financing solutions are developed at an early stage. Furthermore, projects are backed by the corresponding values that secure the future financing.

## Operational risks

### Business-environment risks

#### Acquisition risks

The planned Company development depends significantly on acquiring new, potential wind farm sites and on developing/acquiring new projects for the Group-owned portfolio. Increased competition for sites and the associated possible above-average lease prices could be detrimental to the economic conditions for future projects. This could have a negative impact on the planned Company development.

#### Interest and currency risks

The interest and currency movements on international markets may have an effect on loan conditions for new projects which could in turn limit their economic viability. In order to offset the interest risk, Energiekontor AG sometimes uses interest hedging instruments, particularly for projects abroad, that enable reliable planning in the long term and compensate for fluctuations. Currency risks only exist in connection with project development and project realisation in the UK. Project-related contracts are usually concluded in British pounds in order to minimize currency risks. Furthermore, currency risks are usually hedged when new loans are drawn.

#### Financing risks

The situation on the financial markets can delay or even completely prevent external financing of wind farms. An increase in bank risk margins and the high financing costs involved may jeopardise the economic viability of approved projects and thus the realisation of such projects. Possible

increased bank security requirements, trends towards syndicated financing, claims asserted by banks for shorter loan terms and higher equity ratios or other changes not yet foreseen for financing practices may delay or prevent project financing. Against the backdrop of the current banking crisis, we cannot completely rule out takeovers of banks or bank insolvencies. Banks becoming insolvent or fundamental changes to their business policy may have an effect on payments, loans (e.g. operating loans) or lending conditions and thus on liquidity.

In order to offset such risks, we have in the past used different banks for project financing. Predominately smaller and medium-sized institutions were used that have sufficient liquidity on the one hand, yet whose size and regional focus means they are not particularly exposed to effects of the financial market crisis. Furthermore, the Energiekontor Group tries to reduce its dependency on banks for short, medium and long-term financing of projects by issuing bonds and partial bearer bonds.

### Process risks

#### Risks from wind conditions

The wind conditions at the specific sites is the deciding factor for a wind farm's results of operations. In addition to the known seasonal fluctuations, fluctuations can also vary between years. We have seen fluctuations of up to 30 percent in the past. Multiple poor wind years or an unexpected low wind situation upon commissioning with a long-term negative impact on a project's economic viability cannot be ruled out. This risk is particularly relevant for the Group-owned wind farm segment. Shortfalls in output caused by poor wind years have an immediate effect on income and earnings. In turn, this results in a specific risk for Energiekontor AG as shortfalls in output at Group-owned wind farms would have a detrimental effect on the ability of these affiliates to repay the long-term bonds granted by Energiekontor AG and thus could result in value adjustments, accordingly. Concerning new projects, the risk of wind conditions is countered by respective safety discounts and worst case scenarios, so that the repayment of loans is not jeopardised in years where winds are poor.



### **Risks from legal actions**

There is a risk throughout all project development phases that legal action/appeals may lead to delays or refusal of permissions. This risk cannot be ruled out even if permissions have already been granted or wind turbine systems already built. It is basically possible that legal action and appeals may lead to delays, or may result in wind farms having to be dismantled due to incorrect planning/permissions or that downtimes and reduced operations may result from regulatory intervention. In order to offset such risks, Energiekontor plans projects with the appropriate diligence and with renowned and experienced partners. Within the scope of bond issues, it is also not possible to rule out legal action by bondholders. This risk is offset by strict internal controls and collaboration with external experts.

### **Contractual and planning risks**

Contractual provisions are a central component of project development of wind farms. Contracts are concluded both in the scope of project development, e.g. with turbine manufacturers or land owners, as well as with investors or institutional investors. Risks lie on the one hand in incorrect contracts, on the other hand in fundamental process risks even if the contractual provisions are correct. In order to avoid errors, experienced experts are involved in all project development phases. In addition, insurances are in place to exclude or at least minimize all major risks.

### **Risks from project development and time delays**

There is an imminent risk of time delays throughout all planning projects that could impact the economic viability of the projects. Time delays are conceivable in all project phases. Most unforeseen events take place during the permitting process or in the construction phase. There is also a risk that projects are cancelled completely because permissions are refused or revoked or because changes in the parameters make it impossible to realise the project in an economically viable way. These risks can only be countered through targeted site acquisitions in suitable areas, a geographically diverse project pipeline, professional project management and optimised contract and claim management.

### **Supplier risks**

Prices and delivery times for wind turbine systems are a central factor in project planning and the economic viability of such. Both parameters have evolved positively in recent years compared to the past due to the financial crisis (shorter delivery times, reduced turbine purchase prices). It cannot be ruled out that the conditions may deteriorate in coming years, thus increasing the economic pressure on project profitability again. Long delivery times, price increases and competition for scarce construction machinery may worsen the economic viability which could in turn result in time delays for project realisation. In order to ensure the economic predictability of projects, these risks are offset by entering into contracts with all project partners involved at an early stage and by implementing an efficient project management. With the consolidations in the wind energy sector, the supplier structure is also changing. The Energiekontor Group is offsetting this risk by not binding itself to just one manufacturer, but using a wide range of different manufacturers depending on the specific project conditions. Nevertheless, it cannot be ruled out that the consolidation may lead to prolonged construction phases.

### **Technical risks**

Despite testing and measuring the wind turbine systems, it is not always guaranteed that they are technically mature and will function properly. There is a risk that wind turbine systems may not be able to meet the contractually agreed features, such as performance curves, availability or noise levels. Energiekontor tries to offset this risk through selecting wind turbine systems from various well-known manufacturers as well as concluding respective warranty and service contracts. Contractual penalties and liability clauses are also agreed. Furthermore, safety discounts are included in the planning to minimize these risks.

## OUTLOOK

The forecast for the current financial year takes into account Energiekontor AG's growth plans based on a sound business model, with a view to the regulatory changes in the remuneration of electricity from renewable sources. It has not changed vis-à-vis our statements in the 2017 Annual Report and is summarised again below.

Given the general goal of covering 100 percent of energy demand with renewable energies, Energiekontor has set itself the objective of realising the first wind farms and solar parks with a lower levelized cost of electricity than in the conventional energy industry in order to help renewable energies achieve a higher market penetration overall. For years, the different departments of Energiekontor have been introducing various efficiency measures along the entire value chain in order to prepare for achieving this objective. At the same time, the cost reduction measures represent a competitive advantage and help the Company to position itself well within the industry in an increasingly fierce market environment with increased cost pressure.

Because of the new auction systems, the remuneration for electricity from renewable energies has dropped significantly in Germany; this started at the beginning of 2015 for solar and at the beginning of 2017 for onshore wind. Supported by the above-mentioned efficiency measures to reduce costs and the Group's experience gained in the auctioning procedures in Portugal as well as the three auctions for solar projects won in Germany since 2015, Energiekontor AG's management is very confident that it will also participate successfully in the future onshore wind auctions. As some projects may have to be redesigned and submitted for approval, however, their commissioning may be postponed until the following year.

In addition to participating in future auctions, Energiekontor concentrates primarily on concluding power purchase agreements with major industrial partners (PPAs). The Company has already successfully been gaining experiences and trust among its industrial partners in the UK with such PPAs for many years. Since the abolition of all subsidies due to the exclusion of wind power from the CFD system, the conclusion of PPAs is now the only way in the UK to ensure profitable planning of onshore wind farms. For this reason, the development of further projects now focuses on Scotland, where large-scale wind farms are to be run

profitably without subsidies under excellent wind conditions. The first contributions to earnings from Scotland are expected from 2019.

For the reasons mentioned above, Energiekontor's management regards 2018 as a transitional year, i.e. it is unlikely that the same amount of capacity will go into operation as in previous years. About half of the wind farms and solar parks that go into operation is supposed to then be transferred to the Company's own portfolio. The margins that would be realised in the event of a sale are included in the asset portfolio as hidden reserves. This short-term effect will be offset, however, by the increased revenue from electricity sales over the coming years. With its strategy of consistently building up its own portfolio of wind farms and solar parks, Energiekontor is thus placing higher priority on the long-term security of its business than on being able to report short-term profits.

Therefore, the Power Generation in Group-owned Wind Farms and Solar Parks segment is of crucial importance for the further growth path of the Energiekontor Group. Despite wind-related fluctuations in income, revenue generated in this segment is easier to forecast than revenue generated in project development. Income from the sale of energy is a stable foundation for liquidity planning in the Group. Power Generation in Group-owned Wind Farms and Solar Parks is therefore the strategic core segment of the Energiekontor AG. Liquidity surpluses generated from the operation of own wind farms are to be increased in the coming years by continuously expanding the Group-owned wind farm portfolio as well as by consistently implementing the developed efficiency measures; the expansion will primarily be based on taking over turnkey wind farm projects from Energiekontor's own project development activities. The decision to take over wind farms into the Group's own portfolio always depends on the specific situation and project parameters.

The solar energy sector in Germany has seen drastic changes in recent years. The development and turnkey implementation of PV projects, which had stalled due to price erosion and punitive tariffs, has become more attractive again. On the one hand, the introduction of the auctioning procedure provides for new opportunities. And, on the other hand, the EU has decided to phase out punitive tariffs and the associated minimum prices for PV modules from China in late summer 2018. Moreover, the

management intends to expand its scope for the future implementation of PV projects by tapping into the French and the US markets. The projects are taking shape, especially in the US, after Energiekontor and its own local team in West Texas have now secured sites for the construction of PV parks with a total capacity of over 600 MW. In addition to the option of concluding PPAs with an electricity supplier in a tendering procedure, Energiekontor is also talking to large industrial companies about end-user PPAs, based on the proven British blueprint. As soon as a PPA is completed, the project rights are to be sold to an investor. This is supposed to take place in several tranches. Therefore, it cannot be ruled out that some of these activities will already contribute to earnings in 2018. Since such a contribution to earnings has not yet been included in the Company's current target figures for 2018, the US-business represents additional upside potential for the 2018 financial year. No contribution to earnings is expected from the Netherlands and France in 2018, as the project duration of the wind farms and solar parks developed here, from site acquisition to turnkey construction, will typically take three to five years.

Thanks to the well-filled project pipeline in the markets of Germany, Scotland, Texas Solar, the Netherlands and France, the management of Energiekontor AG assumes that the Company's growth will continue from 2019 with new momentum.

The continuation of the Group's integrated and proven structures and work processes such as flat hierarchies and cost-conscious management as well as the utilisation of diverse banks, financial instruments, turbine manufacturers, service providers and consultants contribute to the Group's sustainable and long-term future success. In addition, the strong liquidity position of the Group creates room for flexible actions in order to operate successfully in the market.

In addition to regulatory uncertainty, project-specific or situation-specific issues may obviously lead to delays again in the future – as has been the case in the past – with regard to permissions, financing of already approved projects and commissioning. The main risks and critical external factors are delays in permitting processes and in project implementation (e.g. for weather reasons, delays in supply or insufficient availability of installation machinery).

The management's objective is to continue improving the basis for sustainable company growth by gradually and sustainably increasing total output and Group EBT in the coming years. The planned measures include intensifying the acquisition efforts in all planning areas (Germany, Solar, Repowering, UK and new foreign markets) and increasing efficiency by implementing commercial and technical optimisation measures, especially in the field of electricity generation in Group-owned wind farms and solar parks and operational management. This is to be supplemented by a gradual and controlled increase in the headcount in the key growth areas. It cannot be ruled out that the growth process in the coming years will not always be linear in all relevant target markets due to policy changes and the further reduction of subsidies for renewable energies, which may lead to fluctuations in earnings.

In summary, the Management Board believes that the 2018 financial year will be a year of transition in which the reported Group EBT will be below the EBT of 2017. The main reason for this is the auctioning procedure for onshore wind introduced in Germany in 2017, which has led to a certain distortion of competition and undesirable effects and forces not only Energiekontor but also many other project developers to re-design existing projects or, if necessary, to have them completely re-approved in order to make a profitable implementation possible despite the extreme drop in feed-in prices. This leads to an unscheduled delay in the implementation of numerous projects planned for 2018. However, due to the overall well-filled and resilient project pipelines in Germany and abroad, the great progress made in realising projects on a purely PPA basis (excluding government subsidies) and the expected initial earnings contributions from the new foreign markets, the Management Board currently assumes that the growth course of previous years can be successfully continued in 2019 and that 2018 will remain an exceptional year because of external circumstance.

*Condensed Consolidated*  
**FINANCIAL STATEMENT**  
**(IFRS)**

**45**

CONDENSED  
CONSOLIDATED  
STATEMENT OF  
COMPREHENSIVE  
INCOME (IFRS)

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STATEMENT  
OF CHANGES  
IN EQUITY

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CONDENSED  
NOTES



# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

01.01. – 30.06.2018

in EUR thousand	01.01.– 30.06.2018	01.01.– 30.06.2017
<b>Revenue</b>	<b>32,880</b>	<b>41,357</b>
Changes in inventories and other work performed and capitalised	25,791	41,041
<b>Total output</b>	<b>58,671</b>	<b>82,397</b>
Other operating income	2,178	3,284
<b>Total operating output</b>	<b>60,848</b>	<b>85,682</b>
Cost of raw materials and supplies and purchased services	-25,127	-50,162
Personnel expenses	-5,953	-5,344
Other operating expenses	-8,338	-8,923
<b>EBITDA</b>	<b>21,430</b>	<b>21,252</b>
Depreciation and amortisation	-9,079	-8,085
<b>EBIT</b>	<b>12,351</b>	<b>13,168</b>
Interest and similar income	14	54
Interest and similar expenses	-7,672	-8,797
<b>Earnings from ordinary activities before tax (EBT)</b>	<b>4,693</b>	<b>4,425</b>
Income tax expense	-1,327	-1,248
<b>Interim consolidated income</b>	<b>3,366</b>	<b>3,177</b>
Other income (changes in value not affecting income net of tax)	365	582
<b>Total comprehensive income</b>	<b>3,731</b>	<b>3,760</b>
Both consolidated comprehensive income and total comprehensive income are attributed in full to shareholders of the parent company.		
Earnings per share in EUR	0.23	0.22
Shares outstanding in units as at 30 June	14,575,360	14,585,485
Average shares outstanding in units in H1	14,576,111	14,588,857

## CONDENSED CONSOLIDATED BALANCE SHEET

as of 30 June 2018

<b>ASSETS</b>		
in EUR thousand	<b>30.06.2018</b>	<b>31.12.2017</b>
<b>Non-current assets</b>		
Other intangible assets	21	1
Property, plant and equipment	192,984	194,558
Investments	25	25
Non-current receivables and financial assets	108	58
Deferred tax liabilities	6,055	6,462
<b>Total non-current assets</b>	<b>199,193</b>	<b>201,104</b>
<b>Current assets</b>		
Inventory	65,250	47,006
Current receivables and financial assets	14,019	27,378
Tax receivables	4,149	7,064
Securities	8,101	10,159
Cash and cash equivalents	66,204	69,002
<b>Total current assets</b>	<b>157,722</b>	<b>160,609</b>
<b>Total assets</b>	<b>356,915</b>	<b>361,713</b>
<b>EQUITY AND LIABILITIES</b>		
in EUR thousand	<b>30.06.2018</b>	<b>31.12.2017</b>
<b>Equity</b>		
Issued capital (nominal)	14,575	14,577
Capital reserves	40,450	40,428
Other reserves (not affecting earnings)	-2,076	-2,441
Retained earnings	39,691	39,717
Accumulated income	-27,428	-22,049
<b>Total equity</b>	<b>65,211</b>	<b>70,232</b>
<b>Non-current liabilities</b>		
Other provisions	12,808	12,603
Financial liabilities	204,845	209,462
Other liabilities	2,515	2,576
Deferred tax liabilities	9,378	9,641
<b>Total non-current liabilities</b>	<b>229,546</b>	<b>234,282</b>
<b>Current liabilities</b>		
Provisions for taxes	632	1,046
Other provisions	9,809	14,660
Financial liabilities	44,000	24,728
Accounts payable	3,563	8,383
Other liabilities	4,149	8,336
Tax liabilities	4	46
<b>Total current liabilities</b>	<b>62,158</b>	<b>57,199</b>
<b>Total equity and liabilities</b>	<b>356,915</b>	<b>361,713</b>
Equity ratio in %	18.3	19.4

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

01.01. – 30.06.2018

in EUR thousand	<b>01.01.– 30.06.2018</b>	<b>01.01.– 30.06.2017</b>
Consolidated income	3,366	3,177
Net proceeds from disposal of assets	0	0
Depreciation and amortisation	9,079	8,085
Adjustment of non-cash currency result	93	-997
Change in provisions (including deferred taxes)	-5,322	-15,139
Change in inventories and payments made	-18,244	-41,041
Change in receivables (offset against payments received on account) and other assets	16,632	3,361
Change in liabilities	-9,110	321
Other non-cash expenses/income	387	590
<b>Cash flow from operating activities</b>	<b>-3,120</b>	<b>-41,643</b>
Payments for investments in fixed assets	-7,525	-38
Proceeds from disposal of fixed assets	0	28
Cash receipts and cash payments from the sale and purchase of securities	2,058	94
<b>Cash flow from investing (divesting) activities</b>	<b>-5,467</b>	<b>84</b>
Change in non-current external funds	-4,617	-7,924
Change in current external funds	19,272	15,814
Payouts/dividends	-8,745	-9,903
Expenses for repurchase of treasury shares	-29	-113
<b>Cash flow from financing activities</b>	<b>5,881</b>	<b>-2,126</b>
<b>Total cash flow</b>	<b>-2,706</b>	<b>-43,684</b>
Currency-related changes to cash and cash equivalents (valuation)	-93	997
Financial resources as of 1 January	69,002	118,528
<b>Liquid funds as of 30 June</b>	<b>66,204</b>	<b>75,841</b>

This value equals the balance sheet item "cash and cash equivalents" as at 30 June.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2018

01.01.2018– 30.06.2018 in EUR thousand	Sub- scribed capital	Capital reserves	Reserve for changes recog- nised directly in equity	Retained earnings	Accumu- lated income	Total	Number of shares (in thou- sand units)
<b>as of 01.01.2018</b>	<b>14,577</b>	<b>40,428</b>	<b>-2,441</b>	<b>39,717</b>	<b>-22,049</b>	<b>70,232</b>	<b>14,577</b>
Repurchase of treasury shares	-2			-27		-29	-2
Differences from fair value measurement			365			365	
Differences from stock option plan measurement		23				23	
Dividend payment					-8,745	-8,745	
Consolidated income in H1					3,366	3,366	
<b>as of 30.06.2018</b>	<b>14,575</b>	<b>40,450</b>	<b>-2,076</b>	<b>39,691</b>	<b>-27,428</b>	<b>65,211</b>	<b>14,575</b>

01.01.2017– 30.06.2017 in EUR thousand	Sub- scribed capital	Capital reserves	Reserve for changes recog- nised directly in equity	Retained earnings	Accumu- lated income	Total	Number of shares (in thou- sand units)
<b>as of 01.01.2017</b>	<b>14,592</b>	<b>40,323</b>	<b>-3,124</b>	<b>30,164</b>	<b>-12,477</b>	<b>69,477</b>	<b>14,592</b>
Repurchase of treasury shares	-7			-106		-113	-7
Differences from fair value measurement			582			582	
Differences from stock option plan measurement		8				8	
Dividend payment					-9,903	-9,903	
Consolidated income in H1					3,177	3,177	
<b>as of 30.06.2017</b>	<b>14,585</b>	<b>40,330</b>	<b>-2,542</b>	<b>30,058</b>	<b>-19,203</b>	<b>63,228</b>	<b>14,585</b>



## CONDENSED NOTES

to the consolidated interim report of Energiekontor AG  
as of 30 June 2018 (IFRS)

### General information

These unaudited half-year financial statements of the Energiekontor Group, which consists of Energiekontor AG and its subsidiaries, for the period of 1 January 2018 to 30 June 2018 are based on the single-entity financial statements of all companies included in the consolidation, converted to IFRS. They comply with the provisions of IAS 34. Pursuant to Section 315a HGB (German Commercial Code), the financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB), London in force on the reporting date and adopted by the European Union.

The first-time application of IFRSs that entered into force after the last reporting date has no material impact on the representation of financial position, financial performance and results of operations.

The single-entity financial statements used as a basis for the consolidated interim report are prepared in euro or have been converted to euro at the official exchange rate. The consolidated financial statements of the Energiekontor Group have been prepared with Energiekontor AG as parent company.

### Accounting and valuation

The explanations provided in the notes to the consolidated financial statements of the Energiekontor Group as of 31 December 2017 are still valid, in particular with respect to accounting and valuation principles. To the extent that these accounting and valuation principles have an effect on the comparable figures stated in the half-year report of the previous year, the comparable figures have been adjusted accordingly.

### Explanations to the abbreviated consolidated balance sheet and the abbreviated statement of comprehensive income of the Group

The individual values of the Group abbreviated consolidated balance sheet and Group abbreviated statement of comprehensive income are explained in the aforementioned statements in the condensed interim management report, in which the development and composition of the most significant items in assets and liabilities as well as income and expenses have already been explained in detail.

### Group of consolidated companies

The group of consolidated companies comprises the following principal national and foreign companies, most of which are included within the scope of full-scale consolidation.

### Direct and indirect shareholdings of Energiekontor AG

Name, registered office of the Company	Shares in %
Construtora da nova Energiekontor – Parquet Eólicos, Unipessoal Lda., Lisbon, Portugal	100.00 %
EER GbR, Worpswede <sup>1</sup>	28.60 %
EK HDN Projektentwicklung GmbH&Co. KG, Bremen	83.33 %
Energiekontor – WSB – GmbH, Bremerhaven	100.00 %
Energiekontor Anlagen GmbH&Co. Offshore KG, Bremerhaven	100.00 %
Energiekontor Aufwind 1 GmbH&Co. KG, Bremerhaven	100.00 %
Energiekontor Aufwind 10 GmbH&Co. KG, Bremerhaven	100.00 %
Energiekontor Aufwind 11 GmbH&Co. KG, Bremerhaven	100.00 %
Energiekontor Aufwind 12 GmbH&Co. KG, Bremerhaven	100.00 %
Energiekontor Aufwind 13 GmbH&Co. KG, Bremerhaven	100.00 %

1) consolidated using the equity method

2) joint operation

Name, registered office of the Company	Shares in %
Energiekontor Aufwind 14 GmbH&Co. KG, Bremerhaven	100.00 %
Energiekontor Aufwind 15 GmbH&Co. KG, Bremerhaven	100.00 %
Energiekontor Aufwind 2 GmbH&Co. KG, Bremerhaven	100.00 %
Energiekontor Aufwind 3 GmbH&Co. KG, Bremerhaven	100.00 %
Energiekontor Aufwind 4 GmbH&Co. KG, Bremerhaven	100.00 %
Energiekontor Aufwind 5 GmbH&Co. KG, Bremerhaven	100.00 %
Energiekontor Aufwind 6 GmbH&Co. KG, Bremerhaven	100.00 %
Energiekontor Aufwind 8 GmbH&Co. KG, Bremerhaven	100.00 %
Energiekontor Aufwind 9 GmbH&Co. KG, Bremerhaven	100.00 %
Energiekontor Aufwind GmbH, Bremerhaven	100.00 %
Energiekontor Bau I GmbH, Bremerhaven	100.00 %
Energiekontor Bau II GmbH, Bremerhaven	100.00 %
Energiekontor Bau IV GmbH, Bremerhaven	100.00 %
Energiekontor Bau IX GmbH, Bremerhaven	100.00 %
Energiekontor Bau V GmbH, Bremerhaven	100.00 %
Energiekontor Bau VI GmbH, Bremerhaven	100.00 %
Energiekontor Bau VII GmbH, Bremerhaven	100.00 %
Energiekontor Bau VIII GmbH, Bremerhaven	100.00 %
Energiekontor Bau X GmbH, Bremerhaven	100.00 %
Energiekontor Finanzanlagen GmbH&Co. KG, Bremerhaven	100.00 %
Energiekontor Finanzanlagen II GmbH&Co. KG, Bremerhaven	100.00 %
Energiekontor Finanzanlagen III GmbH&Co. KG, Bremerhaven	100.00 %
Energiekontor Finanzanlagen IV GmbH&Co. KG, Bremerhaven	100.00 %
Energiekontor Finanzanlagen V GmbH&Co. KG, Bremerhaven	100.00 %
Energiekontor Finanzanlagen VI GmbH&Co. KG, Bremerhaven	100.00 %
Energiekontor Finanzierungsdienste GmbH&Co. KG, Bremerhaven	100.00 %
Energiekontor Finanzierungsdienste II GmbH, Bremerhaven	100.00 %
Energiekontor Finanzierungsdienste III GmbH, Bremerhaven	100.00 %
Energiekontor Finanzierungsdienste IV GmbH, Bremerhaven	100.00 %
Energiekontor Finanzierungsdienste V GmbH, Bremerhaven	100.00 %
Energiekontor Finanzierungsdienste VI GmbH, Bremerhaven	100.00 %
Energiekontor Finanzierungsdienste VII GmbH, Bremerhaven	100.00 %
Energiekontor Finanzierungsdienste-Verwaltungs GmbH, Bremerhaven	100.00 %
Energiekontor France SAS, Toulouse (France)	100.00 %
Energiekontor Guardao GmbH, Bremerhaven	100.00 %
Energiekontor Guardao GmbH&Co. WP GU KG, Bremerhaven	100.00 %
Energiekontor III Energias Alternativas, Unipessoal Lda., Lisbon, Portugal	100.00 %
Energiekontor Infrastruktur I GmbH&Co. KG, Bremerhaven	100.00 %
Energiekontor Infrastruktur II GmbH&Co. KG, Bremerhaven	100.00 %
Energiekontor Infrastruktur III GmbH&Co. KG, Bremerhaven	100.00 %
Energiekontor Infrastruktur IV GmbH&Co. KG, Bremerhaven	100.00 %

1) consolidated using the equity method

2) joint operation

Name, registered office of the Company	Shares in %
Energiekontor Infrastruktur IX GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Infrastruktur Solar GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Infrastruktur und Anlagen GmbH, Bremerhaven	100.00 %
Energiekontor Infrastruktur V GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Infrastruktur VI GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Infrastruktur VII GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Infrastruktur VIII GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Infrastruktur X GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Innovations GmbH, Bremerhaven	100.00 %
Energiekontor Mafomedes GmbH, Bremerhaven	100.00 %
Energiekontor Mafomedes GmbH & Co. WP MF KG, Bremerhaven	97.90 %
Energiekontor Mafomedes ÜWP MF GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Management 1 GmbH, Bremerhaven	100.00 %
Energiekontor Management GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Management Hagen 1 GmbH, Hagen	100.00 %
Energiekontor Management Hagen GmbH & Co. KG, Hagen	100.00 %
Energiekontor Montemuro GmbH, Bremerhaven	100.00 %
Energiekontor Montemuro GmbH & Co. WP MONT KG, Bremerhaven	100.00 %
Energiekontor NL B.V., Nijmegen, Netherlands	100.00 %
Energiekontor Ocean Wind AG, Bremen	100.00 %
Energiekontor Ocean Wind GmbH & Co. Projektentwicklungs KG, Bremerhaven	100.00 %
Energiekontor Ocean Wind Verwaltungs GmbH, Bremerhaven	100.00 %
Energiekontor Offshore Anlagen GmbH, Bremerhaven	100.00 %
Energiekontor Offshore Bau GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Offshore GmbH, Bremerhaven	100.00 %
Energiekontor Ökofonds GmbH, Bremerhaven	100.00 %
Energiekontor Ökofonds GmbH & Co. Tandem I KG, Bremerhaven	100.00 %
Energiekontor Ökofonds GmbH & Co. Tandem II KG, Bremerhaven	100.00 %
Energiekontor Ökofonds GmbH & Co. WP 4 KG, Bremerhaven	100.00 %
Energiekontor Ökofonds GmbH & Co. WP BD KG, Bremerhaven	100.00 %
Energiekontor Ökofonds GmbH & Co. WP Elni KG, Bremerhaven	100.00 %
Energiekontor Ökofonds GmbH & Co. WP GEL KG, Hagen	100.00 %
Energiekontor Ökofonds GmbH & Co. WP MA KG, Bremerhaven	88.52 %
Energiekontor Ökofonds GmbH & Co. WP Nordergründe KG, Bremerhaven	100.00 %
Energiekontor Ökowind 11 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Ökowind 8 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Ökowind 9 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Ökowind GmbH, Bremerhaven	100.00 %
Energiekontor Penedo Ruivo GmbH, Bremerhaven	100.00 %
Energiekontor Penedo Ruivo GmbH & Co. WP PR KG, Bremerhaven	100.00 %
Energiekontor Portugal – Energia Eólica Lda., Lisbon, Portugal	99.00 %

1) consolidated using the equity method

2) joint operation

Name, registered office of the Company	Shares in %
Energiekontor Portugal Marao GmbH, Bremerhaven	100.00 %
Energiekontor Portugal Marao GmbH & Co. WP MA KG, Bremerhaven	100.00 %
Energiekontor Portugal Trandeiras GmbH, Bremerhaven	100.00 %
Energiekontor Schönberg GmbH, Bremerhaven	100.00 %
Energiekontor Seewind GmbH, Bremerhaven	100.00 %
Energiekontor Sobrado GmbH, Bremerhaven	100.00 %
Energiekontor Solar 1 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Solar 2 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Solar 3 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Solar 4 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Solar 5 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Solar Bau GmbH, Bremerhaven	100.00 %
Energiekontor Solar GmbH, Bremerhaven	100.00 %
Energiekontor UK BU GmbH, Bremerhaven	100.00 %
Energiekontor UK Construction Ltd., Leeds, UK	100.00 %
Energiekontor UK FM GmbH, Bremerhaven	100.00 %
Energiekontor UK GmbH, Bremerhaven	100.00 %
Energiekontor UK HY 2 GmbH, Bremerhaven	100.00 %
Energiekontor UK HY GmbH, Bremerhaven	100.00 %
Energiekontor UK HY GmbH & Co. WP Hyndburn KG, Bremerhaven	100.00 %
Energiekontor UK LI GmbH, Bremerhaven	100.00 %
Energiekontor UK Ltd., Leeds, UK	100.00 %
Energiekontor UK NR GmbH, Hagen	100.00 %
Energiekontor UK PE GmbH, Bremerhaven	100.00 %
Energiekontor UK WI EXT GmbH, Bremerhaven	100.00 %
Energiekontor UK WI GmbH, Bremerhaven	100.00 %
Energiekontor UK WI GmbH & Co. Withernwick KG, Bremerhaven	100.00 %
Energiekontor Umwelt GmbH, Bremerhaven	100.00 %
Energiekontor Umwelt GmbH & Co. WP BRI KG, Bremerhaven	100.00 %
Energiekontor Umwelt GmbH & Co. WP DE KG, Bremerhaven	100.00 %
Energiekontor Umwelt GmbH & Co. WP GRE II KG, Bremerhaven	96.19 %
Energiekontor Umwelt GmbH & Co. WP SCHLO KG, Hagen	100.00 %
Energiekontor Umwelt GmbH & Co. WP SIE X KG, Bremerhaven	100.00 %
Energiekontor US Dakota WP 1 LLC, Dakota (US)	100.00 %
Energiekontor US Holding Inc., Chicago (US)	100.00 %
Energiekontor US Inc., Chicago (US)	100.00 %
Energiekontor US Texas SP 1 LLC, Texas (US)	100.00 %
Energiekontor US Texas SP 10 LLC, Texas (US)	100.00 %
Energiekontor US Texas SP 2 LLC, Texas (US)	100.00 %
Energiekontor US Texas SP 3 LLC, Texas (US)	100.00 %
Energiekontor US Texas SP 4 LLC, Texas (US)	100.00 %

1) consolidated using the equity method

2) joint operation

Name, registered office of the Company	Shares in %
Energiekontor US Texas SP 5 LLC, Texas (US)	100.00 %
Energiekontor US Texas SP 6 LLC, Texas (US)	100.00 %
Energiekontor US Texas SP 7 LLC, Texas (US)	100.00 %
Energiekontor US Texas SP 8 LLC, Texas (US)	100.00 %
Energiekontor US Texas SP 9 LLC, Texas (US)	100.00 %
Energiekontor Windfarm GmbH, Bremerhaven	100.00 %
Energiekontor Windfarm GmbH&Co. WP 1 KG, Bremerhaven	100.00 %
Energiekontor Windfarm GmbH&Co. WP 15 KG, Bremerhaven	100.00 %
Energiekontor Windfarm GmbH&Co. WP 2 KG, Bremerhaven	100.00 %
Energiekontor Windfarm GmbH&Co. WP 5 KG, Bremerhaven	100.00 %
Energiekontor Windfarm ÜWP ALU GmbH&Co. KG, Hagen	100.00 %
Energiekontor Windfarm ÜWP SCHLUE GmbH&Co. KG, Bremerhaven	100.00 %
Energiekontor Windfarm ZWP THÜ GmbH&Co. KG, Hagen	100.00 %
Energiekontor Windinvest 22 GmbH&Co. KG, Bremerhaven	100.00 %
Energiekontor Windinvest GmbH, Bremerhaven	100.00 %
Energiekontor Windinvest GmbH&Co. ÜWP KRE KG, Hagen	100.00 %
Energiekontor Windinvest GmbH&Co. ÜWP LE KG, Hagen	100.00 %
Energiekontor Windinvest GmbH&Co. ZWP BE KG, Hagen	100.00 %
Energiekontor Windinvest GmbH&Co. ZWP Langendorf KG, Bremerhaven	100.00 %
Energiekontor Windkraft GmbH, Bremerhaven	100.00 %
Energiekontor Windkraft GmbH&Co. WP NL KG, Bremerhaven	51.32 %
Energiekontor Windpark BRW 1 GmbH&Co. WP I KG, Bremerhaven	100.00 %
Energiekontor Windpark GmbH&Co. Giersleben KG, Hagen	100.00 %
Energiekontor Windpower GmbH, Bremerhaven	100.00 %
Energiekontor Windpower GmbH&Co. ÜWP 5 KG, Bremerhaven	100.00 %
Energiekontor Windpower GmbH&Co. ÜWP B KG, Bremerhaven	100.00 %
Energiekontor Windpower GmbH&Co. ÜWP ENG KG, Hagen	100.00 %
Energiekontor Windpower GmbH&Co. ÜWP GRE II KG, Bremerhaven	100.00 %
Energiekontor Windpower GmbH&Co. ÜWP HN II KG, Hagen	100.00 %
Energiekontor Windpower GmbH&Co. ÜWP HN KG, Bremerhaven	100.00 %
Energiekontor Windpower GmbH&Co. ÜWP OE-Osterende KG, Hagen	100.00 %
Energiekontor Windpower GmbH&Co. WP 20 KG, Bremerhaven	100.00 %
Energiekontor Windpower GmbH&Co. WP 5 KG, Bremerhaven	100.00 %
Energiekontor Windpower GmbH&Co. WP BRIEST II KG, Bremerhaven	100.00 %
Energiekontor Windpower GmbH&Co. WP KJ KG, Hagen	100.00 %
Energiekontor Windpower Improvement GmbH&Co. KG, Bremerhaven	100.00 %
Energiekontor Windregion GmbH, Hagen	100.00 %
Energiekontor Windstrom GmbH, Bremerhaven	100.00 %
Energiekontor Windstrom GmbH&Co. UW Uthlede-Süd KG, Bremerhaven	100.00 %
Energiekontor Windstrom GmbH&Co. ÜWP HW KG, Hagen	100.00 %
Energiekontor Windstrom GmbH&Co. ÜWP KRE II KG, Hagen	100.00 %

1) consolidated using the equity method

2) joint operation

Name, registered office of the Company	Shares in %
Energiekontor Windstrom GmbH & Co. WP 15 KG, Bremerhaven	100.00 %
Energiekontor Windstrom GmbH & Co. WP 5 KG, Bremerhaven	100.00 %
Energiekontor Windstrom GmbH & Co. ZWP HÖ KG, Hagen	100.00 %
Energiekontor Windstrom ÜWP SCHWA GmbH & Co. KG, Hagen	100.00 %
Energiekontor Windstrom ZWP PR GmbH & Co. KG, Hagen	100.00 %
Energiekontor WPI GmbH, Bremerhaven	100.00 %
Energiekontor Bau III GmbH, Bremerhaven	100.00 %
Energiepark Beerfelde GmbH & Co. WP BF II KG, Bremerhaven	100.00 %
Energiepark Bramstedt GmbH & Co. WP BRA KG, Bremerhaven	100.00 %
Energiepark Bultensee WP BULT GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Debstedt 2 RE WP DE GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Eggersdorf GmbH & Co. WP EGG KG, Bremerhaven	100.00 %
Energiepark Elstorf NDS WP ELS GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Erfstadt-Erp I GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Erfstadt-Erp II GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Flögeln Stüh GmbH & Co. WP FLÖ KG, Bremerhaven	100.00 %
Energiepark Garzau-Garzin SP GG GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Hammelwarder Moor BGWP HAM GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Hammelwarder Moor WP HAM GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Hemelingen WP HEM GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Jacobsdorf WP Jaco GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Karstädt SP KA GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Krempel GmbH & Co. RE WP KRE KG, Bremerhaven	100.00 %
Energiepark Kreuzau WP ST GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Niederzier WP ST I GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Solar GmbH & Co. SP Berlin KG, Bremerhaven	100.00 %
Energiepark Solar GmbH & Co. SP Worms KG, Bremerhaven	100.00 %
Energiepark Stinstedt WP STIN GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark UK GA GmbH, Bremerhaven	100.00 %
Energiepark UK NR GmbH & Co. KG, Hagen	100.00 %
Energiepark UK PE GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark UK WI EXT GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark UK WP HY II GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Waldenrath WP HE GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Waldfeucht WP SeBo GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Winterberg-Altenfeld WP WA GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark WP Bützfleth GmbH & Co. KG	100.00 %
Energiepark WP Völkersen GmbH & Co. KG	100.00 %
Energiepark Zülpich WP Fü GmbH & Co. KG, Bremerhaven	100.00 %
Hafen Wind Hamburg GmbH & Co. KG	100.00 %
Infrastrukturgemeinschaft Flögeln GbR, Bremerhaven <sup>2</sup>	50.00 %

1) consolidated using the equity method

2) joint operation

Name, registered office of the Company	Shares in %
Netzanschluss Badingen GbR, Bremerhaven <sup>1</sup>	37.29 %
Netzanschluss Mürow Oberdorf GbR, Bremerhaven <sup>1</sup>	30.19 %
Netzanschluß Stadorf GbR, Cuxhaven <sup>1</sup>	50.00 %
Nordergründe Treuhand GmbH	100.00 %
Windpark Flögeln GmbH, Bremerhaven	100.00 %
WPS-Windkraft GmbH, Bremerhaven	100.00 %

1) consolidated using the equity method

2) joint operation

## Segment report

The following provides information on the result, assets, liabilities and investments for the individual segments described previously.

The Energiekontor Group's segment reporting follows the provisions of IFRS 8 "Business segments", whereby the Management Approach is used once the structure and contents of the segment reporting have been adapted to the reports regularly presented to internal decision-makers. The Management Approach is intended to give the target audience of the external accounting a glimpse into the Company from the perspective of the Management Board ("chief operating decision-maker").

In accordance with the IFRS 8 criteria, there are three business segments, namely Project Development and Sales (Wind, Solar), Power Generation and Operation Development, Innovation and Others.

The evaluation complies with the provisions on external accounting. Reconciliation of the indicated segment information to the figures in the consolidated financial statements is therefore not necessary.

The business relationships between Group companies are essentially based on the same prices as are agreed with third parties.

Segment assets and liabilities that are broken down in the following segment report relate to gross assets and liabilities as follows:

EUR thousand	30,06, 2018	30,06, 2017
Gross assets as per the balance sheet	356,915	361,713
Deferred and current tax assets	-10,204	-13,526
<b>Segment assets</b>	<b>346,712</b>	<b>348,187</b>
Gross liabilities as per the balance sheet	291,704	291,481
Neutralisation of cash flow hedges from wind farm financing (interest and interest/currency hedges)	-3,218	-3,799
Deferred and current tax liabilities	-10,014	-10,733
<b>Segment liabilities</b>	<b>278,472</b>	<b>276,949</b>
Gross net assets as per the balance sheet	65,211	70,232
Neutralisation of cash flow hedges from wind farm financing (interest and interest/currency hedges)	3,218	3,799
Deferred and current net taxes	-189	-2,794
<b>Net segment assets</b>	<b>68,240</b>	<b>71,238</b>

## Segment result

in EUR thousand	Project Development and Sales (Wind, Solar)		Power Generation in Group-owned Wind Farms and Solar Parks	
	H1 / 2018	H1 / 2017	H1 / 2018	H1 / 2017
<b>Revenue</b>				
Revenue	1,366	15,291	29,464	24,210
Revenue with other segments	0	0	70	76
<b>Total revenue</b>	<b>1,366</b>	<b>15,291</b>	<b>29,534</b>	<b>24,285</b>
Changes in inventories and other work performed and capitalised	26,089	40,977	0	0
<b>Total output</b>	<b>27,455</b>	<b>56,268</b>	<b>29,534</b>	<b>24,285</b>
Other operating income	1,799	2,166	378	1,118
<b>Total operating output</b>	<b>29,254</b>	<b>58,434</b>	<b>29,912</b>	<b>25,404</b>
Cost of raw materials and supplies and purchased services	-25,065	-49,900	0	-63
Personnel expenses	-4,801	-4,209	-578	-586
Other operating expenses	-1,890	-1,493	-6,823	-7,743
<b>EBITDA</b>	<b>-2,502</b>	<b>2,832</b>	<b>22,511</b>	<b>17,011</b>
Depreciation and amortisation of intangible assets and property, plant and equipment	-17	-21	-9,062	-8,064
<b>EBIT</b>	<b>-2,519</b>	<b>2,811</b>	<b>13,449</b>	<b>8,947</b>
Interest and similar income	13	16	1	38
Interest and similar expenses	-1,864	-3,307	-5,808	-5,490
<b>EBT</b>	<b>-4,370</b>	<b>-480</b>	<b>7,642</b>	<b>3,495</b>



Operation Development, Innovation and Others		Total before reconciliation/ consolidation		Reconciliation		Energiekontor Group	
H1/2018	H1/2017	H1/2018	H1/2017	H1/2018	H1/2017	H1/2018	H1/2017
2,050	1,856	32,880	41,357	0	0	32,880	41,357
1,068	974	1,138	1,049	-1,138	-1,049	0	0
<b>3,118</b>	<b>2,830</b>	<b>34,018</b>	<b>42,406</b>	<b>-1,138</b>	<b>-1,049</b>	<b>32,880</b>	<b>41,357</b>
-298	63	25,791	41,041	0	0	25,791	41,041
<b>2,820</b>	<b>2,893</b>	<b>59,809</b>	<b>83,447</b>	<b>-1,138</b>	<b>-1,049</b>	<b>58,671</b>	<b>82,397</b>
1		2,178	3,284	0	0	2,178	3,284
<b>2,821</b>	<b>2,893</b>	<b>61,987</b>	<b>86,731</b>	<b>-1,138</b>	<b>-1,049</b>	<b>60,848</b>	<b>85,682</b>
-62	-199	-25,127	-50,162	0	0	-25,127	-50,162
-574	-549	-5,953	-5,344	0	0	-5,953	-5,344
-764	-736	-9,476	-9,972	1,138	1,049	-8,338	-8,923
<b>1,421</b>	<b>1,410</b>	<b>21,430</b>	<b>21,252</b>	<b>0</b>	<b>0</b>	<b>21,430</b>	<b>21,252</b>
0	0	-9,079	-8,085	0	0	-9,079	-8,085
<b>1,421</b>	<b>1,410</b>	<b>12,351</b>	<b>13,168</b>	<b>0</b>	<b>0</b>	<b>12,351</b>	<b>13,168</b>
0	0	14	54	0	0	14	54
0	0	-7,672	-8,797	0	0	-7,672	-8,797
<b>1,421</b>	<b>1,410</b>	<b>4,693</b>	<b>4,425</b>	<b>0</b>	<b>0</b>	<b>4,693</b>	<b>4,425</b>

## Segment assets

in EUR thousand	Project Development and Sales (Wind, Solar)		Power Generation in Group-owned Wind Farms and Solar Parks		Operation Development, Innovation and Others		Energiekontor Group	
	30.06. 2018	31.12. 2017	30.06. 2018	31.12. 2017	30.06. 2018	31.12. 2017	30.06. 2018	31.12. 2017
<b>Non-current segment assets</b>								
Other intangible assets	21	1	0	0	0	0	21	1
Property, plant and equipment	129	132	192,856	194,427	0	0	192,984	194,558
Land, land improvements and buildings	0	0	734	734	0	0	734	734
Plant and equipment (wind farms and solar parks)	0	0	192,122	193,692	0	0	192,122	193,692
Other equipment, operational and office equipment	129	132	0	1	0	0	129	133
Investments	25	25	0	0	0	0	25	25
Non-current receivables and financial assets	78	48	30	11	0	0	108	58
<b>Total non-current segment assets</b>	<b>253</b>	<b>205</b>	<b>192,886</b>	<b>194,437</b>	<b>0</b>	<b>0</b>	<b>193,138</b>	<b>194,642</b>
<b>Current segment assets</b>								
Inventory	64,731	46,188	135	135	384	683	65,250	47,006
Current receivables and financial assets	2,222	14,145	11,491	13,037	306	196	14,019	27,378
Securities	8,101	10,159	0	0	0	0	8,101	10,159
Cash and cash equivalents	53,515	59,613	11,198	7,721	1,491	1,668	66,204	69,002
<b>Total current segment assets</b>	<b>128,569</b>	<b>130,105</b>	<b>22,824</b>	<b>20,893</b>	<b>2,181</b>	<b>2,546</b>	<b>153,573</b>	<b>153,545</b>
<b>Total segment assets</b>	<b>128,821</b>	<b>130,310</b>	<b>215,710</b>	<b>215,330</b>	<b>2,181</b>	<b>2,546</b>	<b>346,712</b>	<b>348,187</b>

## Segment liabilities

in EUR thousand	Project Development and Sales (Wind, Solar)		Power Generation in Group-owned Wind Farms and Solar Parks		Operation Development, Innovation and Others		Energiekontor Group	
	30.06. 2018	31.12. 2017	30.06. 2018	31.12. 2017	30.06. 2018	31.12. 2017	30.06. 2018	31.12. 2017
<b>Non-current segment liabilities</b>								
Provisions for decommissioning and restoration	0	0	12,808	12,603	0	0	12,808	12,603
Financial liabilities	28,677	33,951	172,950	171,712	0	0	201,627	205,663
Other liabilities	0	0	2,515	2,576	0	0	2,515	2,576
<b>Total non-current segment liabilities</b>	<b>28,677</b>	<b>33,951</b>	<b>188,273</b>	<b>186,891</b>	<b>0</b>	<b>0</b>	<b>216,950</b>	<b>220,842</b>
<b>Current segment liabilities</b>								
Provisions	8,262	12,310	1,526	2,332	21	17	9,809	14,660
Financial liabilities	30,151	11,701	13,850	13,027	0	0	44,000	24,728
Accounts payable	2,292	6,877	1,262	1,430	9	76	3,563	8,383
Other liabilities	2,211	6,263	1,894	1,846	45	227	4,149	8,336
<b>Total current segment liabilities</b>	<b>42,915</b>	<b>37,152</b>	<b>18,531</b>	<b>18,636</b>	<b>75</b>	<b>320</b>	<b>61,522</b>	<b>56,107</b>
<b>Total segment liabilities</b>	<b>71,593</b>	<b>71,103</b>	<b>206,804</b>	<b>205,526</b>	<b>75</b>	<b>320</b>	<b>278,472</b>	<b>276,949</b>
<b>Net segment assets</b>	<b>57,229</b>	<b>59,208</b>	<b>8,905</b>	<b>9,804</b>	<b>2,106</b>	<b>2,226</b>	<b>68,240</b>	<b>71,238</b>

## Capital Expenditure by Segment

in EUR thousand	Onshore Project Development and Sales (Wind, Solar)		Power Generation in Group-owned Wind Farms and Solar Parks		Operation Development, Innovation and Others		Energiekontor Group	
	H1/2018	H1/2017	H1/2018	H1/2017	H1/2018	H1/2017	H1/2018	H1/2017
<b>Segment capital expenditure</b>	<b>33</b>	<b>15</b>	<b>7,492</b>	<b>23</b>	<b>0</b>	<b>0</b>	<b>7,525</b>	<b>38</b>

## Responsibility Statement

We hereby declare to the best of our knowledge that the consolidated financial statements prepared in accordance with the applicable accounting principles provide a true and fair view of the financial position, financial performance and results of operations of the Group and the management report presents a true picture of the business development including results of operations and the situation of the Group, and that the major opportunities and risks for the probable development of the Group are described.

Bremen, August 2018

Management Board



**Peter Szabo**  
Chairman of the  
Management Board



**Günter Eschen**  
Member of the  
Management Board



**Torben Möller**  
Member of the  
Management Board

# LEGAL INFORMATION

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## Note on pro-forma key figures (EBIT, EBITDA, cash flow)

The EBIT and EBITDA figures used in this report as well as the cash flow figures are examples of so-called pro-forma key figures. Pro-forma key figures are not governed by national accounting rules, the German Commercial Code (HGB) or the international financial reporting requirements pursuant to the International Financial Reporting Standards (IFRS). As this terminology is not legally defined, other companies may not calculate pro-forma key figures in the same way as the Energiekontor Group; therefore, the Energiekontor Group's pro-forma key figures are only comparable to a limited extent with such or similarly named information from other companies. The pro-forma key figures stated in the Annual Report should, therefore, not be considered in isolation or as an alternative to operating profit, net income, consolidated net income or other Energiekontor Group figures presented in the financial statements.

## Forward-looking statements

This report contains forward-looking statements. These statements, including information regarding the expectations and views of the management of Energiekontor AG, do not constitute historical facts. They are based on current plans, assessments and forecasts of the Company management. Investors should not place unqualified trust in these statements. Forward-looking statements must be interpreted in connection with the time and the environment in which they were made. The Company does not assume any obligation to update the forward-looking statements in this report to account for new information or future events. This does not affect the Company's obligation to comply with its legal disclosure and reporting duties. Forward-looking statements always carry a certain degree of risk and uncertainty. Numerous factors may cause actual or future events to differ significantly from the forward-looking statements in this report.

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