

REPORT ON THE FIRST HALF YEAR AND
ON THE SECOND QUARTER OF 2019

PNE AG

2 | 2019

THE PNE GROUP AT A GLANCE

The PNE Group consists of the companies PNE AG and WKN GmbH and is a leading wind farm developer located in Northern Germany. From this strong position the PNE Group continues to develop into a Clean Energy Solution Provider.

PNE Group key figures

in million EUR	1.1. – 30.6. 2019	1.1. – 30.6. 2018	1.1. – 30.6. 2017
Total aggregate output	85.6	38.2	50.0
Revenues	65.6	28.4	39.5
Earnings before interest, taxes, depreciation and amortization (EBITDA)	18.5	8.7	-1.7
Operating profit (EBIT)	12.9	4.1	-5.0
Result before Taxes (EBT)	6.2	-1.9	-9.7
Net income	3.4	-0.3	-6.5
Basic earnings per share (euro)	0.05	0.00	-0.08
Average number of shares (million)	74.4	76.6	76.6

in million EUR	30.6.2019	31.12.2018	31.12.2017
Equity on the reporting date	217.4	216.3	235.2
Equity ratio on the reporting date (%)	41.7	47.8	47.7
Balance sheet total on the reporting date	521.9	452.6	493.3

FOREWORD OF THE BOARD OF MANAGEMENT

DEAR SHAREHOLDERS

In the first half year of 2019, we have further developed the PNE Group both operationally and strategically and have achieved remarkable successes both abroad and in our domestic market in Germany, which are reflected in our excellent results.

In short: We have put wind farm projects with around 404 MW into operation or have started their construction – more than ever before in a half-year. Four wind farm projects in Germany, France and Sweden with a total of 72.5 MW (prior year: 37.5 MW) were completed and commissioned in the first half of the year. As at June 30, 2019, seven wind farm projects were under construction in Germany, Poland and Sweden with 92 wind power turbines and a total nominal capacity of 331.7 MW (prior year: 66 MW). Four of these projects (290.4 MW) have already been sold. PNE is active for these projects as a service provider as part of construction management. With an expected investment volume of around euro 1.4 to 1.8 million per MW of installed nominal capacity PNE has initiated investments of approx. euro 565 to 727 million (prior year: approx. euro 145 to 186 million) with this capacity of approx. 404 MW.

Operational figures in Germany according to plan

We have made further progress in building up our “wind farm portfolio 2020”, in which wind farms with a nominal capacity of up to 200 MW will be bundled. In the first half of the year, the projects “Gerdau-Repowering” (21.6 MW, Lower Saxony) and “Schlenzer” (6.5 MW, Brandenburg) were put into operation. This means that wind farms with a capacity of 95.7 MW are already in operation (71.3 MW) or under construction (the “Neuenwalde” wind farm, 7.2 MW, Lower Saxony, and the “Kittlitz” wind farm, 17.2 MW, Brandenburg). Additional projects are at the approval stage at present.

International progress

International operating activities have also developed very positively. In the second quarter of 2019, we sold two further projects (245 MW) in Poland and Sweden. As with other projects, we will take over the construction management for these and, after completion, support them during the operating phase. This will further strengthen the services we offer. In the USA, we sold the rights to the “Burleigh” project in the second quarter.

Projects developed by us in Sweden and France (44.4 MW) were completed. In Poland, construction began on a wind farm (42 MW) developed and sold by us, for which we have taken over construction management and which we will subsequently also manage when in operation.

We already entered another international market in the first quarter of 2019: Panama. There, we have taken over five partially developed projects, which we are now further processing and optimising. We have opened an office in Panama for this purpose. Starting from Panama, we also see good opportunities to enter into additional markets in Latin America.

Development into a Clean Energy Solution Provider

The current successes confirm our strategy of further expanding our recognised qualifications in wind energy in various countries as well as in new markets. On this successful foundation, we continue to develop. As a Clean Energy Solution Provider, we want to extend our expertise to other international markets in the future.

At the same time, we are further expanding the range of services offered by the companies in the PNE Group. We are pleased that MEB Safety Services has achieved a particular success. MEB Safety Services, as a specialist for safety in work at height, has developed a, to date, unique test procedure to check the safety of protection systems in elevator installations of wind power turbines. The prototype of the mobile testing equipment will be presented at the HUSUM Wind trade fair from September 10 to 13, 2019.

According to current German legislation, hazard warning lights, which mark wind power turbines over 100 metres high at night for air traffic, should only be in operation when an aircraft approaches the wind farm. PNE and its partners have developed a system for this “on-demand night-time marking”, which controls two different types of turbines in one wind farm and thus serves as a model. By this, we are opening up a new business field and contributing to better acceptance of wind energy.

We have reorganised our internal structures. Segment reporting has also changed in line with this restructuring. As of January 1, 2019, the Group’s activities are based on the segments “project development”, “service products” and “electricity generation”. This will enable us to present the new structures of the Group more clearly. The strategic re-orientation based on the “Scale up” concept is progressing further.

This is initially connected with financial input – since success requires investment. Our next goal is to consolidate our earnings, to consistently increase the value of the enterprise and to achieve a sustainable increase in shareholder value.

Sales successes reflected in first-half result

Driven by sales successes, the Group generated in the reporting period sales of euro 65.6 million (prior year: euro 28.4 million), total aggregate output of euro 85.6 million (prior year: euro 38.2 million), earnings before interest, taxes, depreciation and amortisation (EBITDA) of euro 18.5 million (prior year: euro 8.7 million), operating profit (EBIT) of euro 12.9 million (prior year: euro 4.1 million) and undiluted earnings per share of euro 0.05 (prior year: euro 0.00). With these results, we are well on schedule for the year as a whole. Accordingly, we also confirm our goal of generating clearly positive EBITDA in the range of euro 25 to 30 million and EBIT in the range of euro 15 to 20 million within the Group in the entire year. These values do not include any profits from projects to be built in 2019 for the "wind farm portfolio 2020", which is currently being established.

Participation in success

At the general meeting of shareholders on May 22, 2019, the dividend of 4 cent per eligible share, as proposed by the Board of Management and the Supervisory Board, was approved with a convincing majority. We have thus maintained continuity in our dividend policy and allowed our shareholders to participate in the success of the past year. Dr. Susanna Zapreva was elected to the Supervisory Board to replace Dr. Isabella Niklas, who retired from the Supervisory Board at the end of 2018. In addition, the general meeting of shareholders dealt with the special audit report presented to us. This item from the past has now been completed.

PNE is well on track. And we are optimistic about our future developments.

We would like to express our very sincere gratitude – including on behalf of our employees – for your support to date.

Please maintain your confidence in us in the future!

PNE AG

The Board of Management



Markus Lesser
CEO



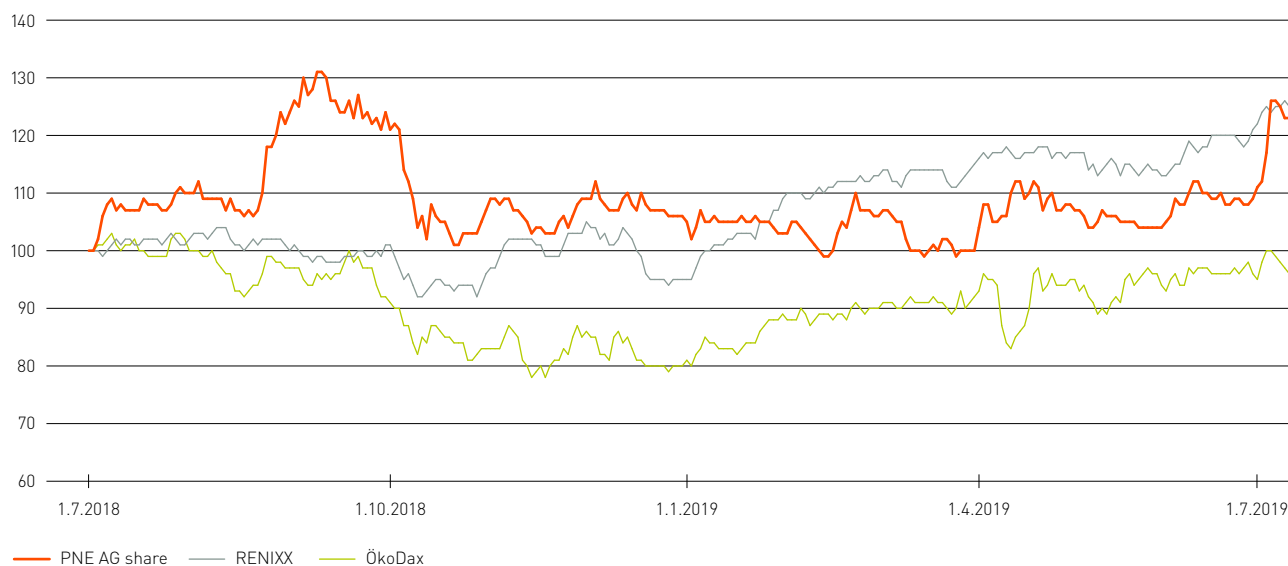
Jörg Klawat
CFO



Kurt Stürken
COO

CAPITAL MARKET INFORMATION

PNE SHARES VS. RENIXX VS. ÖKODAX indexed to 100%



Share

PNE AG shares began the current fiscal year on January 2, 2019 at an opening price of euro 2.395. Following a decline in the share price, the share reached its lowest level in the period under review of euro 2.10 in February, but quickly recovered to reach its high of euro 2.64 in mid-April. The share price then settled in a corridor between around euro 2.40 and euro 2.60. At the end of the reporting period on June 28, 2019, the share closed at euro 2.49, which corresponds to a market capitalisation of approx. euro 190.6 million and a change of +5.5 percent compared with the beginning of the year. In the weeks following the end of the first half of the year, the PNE shares rose significantly and closed at euro 2.815 on July 11, 2019.

Bond information

The 2018/23 corporate bond issued by PNE AG has a volume of euro 50 million and it was primarily traded over 100 percent during the reporting period. At the end of the reporting period, the bond price was 102.5 percent.

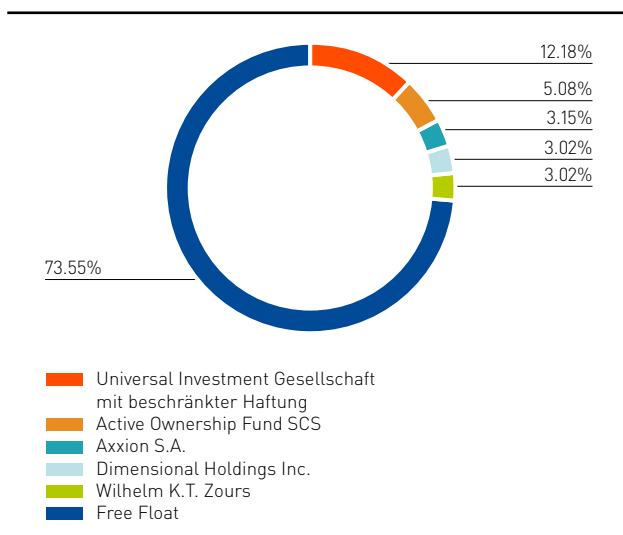
The 2014/2019 convertible bond had a nominal value of approx. euro 6.5 million as at June 30, 2019. Because of the dividend payment, the conversion price for the conversion of bonds into shares has changed and now amounts to euro 2.9476. In the reporting period, 1,761 individual bonds were converted into 1,939 shares.

Shareholder structure

At the end of the reporting period on June 30, 2019, the total number of shares issued by PNE AG was 76,559,742, of which 2,189,853 shares were held by PNE AG.

Of the members of the Company's Board of Management, Mr. Jörg Klowat held 80,000 shares and Mr. Markus Lesser held 24,000 shares in the Company on June 30, 2019. Of the members of the Supervisory Board, Mr. Marcel Egger held 40,000 shares in the Company on June 30, 2019. 3,885,383 shares were attributable to the Supervisory Board member, Mr. Florian Schuhbauer, via the Active Ownership Fund SICAV-FIS SCS, on June 30, 2019.

The shareholder structure has changed as of July 1, 2019: According to published voting right notifications, Universal Investment Gesellschaft mit beschränkter Haftung held 12.18 percent of the shares, Active Ownership Fund SCS 5.08 percent of the shares, Axxion S.A. 3.15 percent of the shares, Dimensional Holdings Inc. 3.02 percent of the shares and Mr. Wilhelm Zours 3.02 percent of the shares on this date. Accordingly, all other shareholdings were to be classified as free floating.



General meeting of shareholders

The general meeting of shareholders of PNE AG took place on May 22, 2019 in Cuxhaven. The shareholders voted by a large majority in favour of the proposal of the Board of Management and the Supervisory Board to pay a dividend of euro 0.04 per eligible share.

The shareholders also agreed to the proposed resolution to give formal approval of the actions of the members of the Board of Management Markus Lesser (CEO), Jörg Klowat (CFO) and Kurt Stürken (COO). The shareholders also decided with a clear majority to approve the actions of the Supervisory Board. Dr. Susanna Zapreva was elected to the Supervisory Board to replace Dr. Isabella Niklas, who retired from the Supervisory Board at the end of 2018.

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, was elected as the auditor of the financial statements and consolidated financial statements by a large majority.

The general meeting of shareholders also adopted a resolution to grant a new authorisation to the Board of Management to acquire treasury shares, which replaces the previous authorisation.

The general meeting of shareholders also discussed the report submitted on the results of the special audit resolved by the general meeting of shareholders on October 23, 2015. The work on this report has now been finalised.

Financial calendar

7.11.2019	Publication of Financial Report Q3
25.–27.11.2019	Analyst Conference/Frankfurt

Additional information

On the website www.pne-ag.com, you will find extensive information on PNE AG and a comprehensive presentation of the business model as well as current data concerning the shares in the section "Investor Relations". Furthermore, financial and quarterly reports, press announcements and background information on PNE AG can be accessed and downloaded from there.

INTERIM GROUP MANAGEMENT REPORT FOR THE FIRST SIX MONTHS OF 2019

1. GENERAL POLITICAL CONDITIONS

The general political conditions have not changed significantly compared with the presentation in the group management report 2018.

Overall, the international markets are still undergoing changes that require the PNE Group to adapt its activities accordingly in order to minimise risks and exploit new opportunities. While the general conditions for the expansion of wind energy remain difficult in Hungary, Bulgaria and Romania, they have improved in France, Sweden and Poland. The framework conditions in selected markets are in place for the economic expansion of photovoltaics. The Board of Management is confident that the expanded corporate strategy and further internationalisation, including in Europe as well as in new markets in Latin America, will advance the positive development of the Group.

2. CORPORATE STRUCTURE

The changes in the companies included in the consolidated financial statements as compared to December 31, 2018 are explained in the condensed notes to the consolidated financial statements under item 3. Scope of consolidation.

3. GENERAL ACCOUNTING PRINCIPLES

In the financial report for the first six months of the 2019 fiscal year as at June 30, 2019, the new accounting standard "IFRS 16 Leases" was applied for the first time. Otherwise, the Company applied the same accounting and valuation methods as in the consolidated financial statements as at December 31, 2018.

The interim financial statements were drawn up in line with the regulations of IAS 34. The tax expenditure of the PNE Group is determined using an estimate of the taxable income of the relevant companies.

4. ORGANISATION AND EMPLOYEES

On June 30, 2019, the PNE AG Group employed 386 people in total (prior year: 366), including the members of the Board of Management. The employees of the subsidiaries are included in this number.

5. OVERVIEW OF BUSINESS ACTIVITY

Summary of operating performance

The operating business of the PNE Group in the first half of 2019 was characterised by the development, realisation and sale of onshore wind farm projects in Germany, Sweden, Poland, Italy and France. Particularly noteworthy in the reporting period was the sale of projects in Sweden and Poland with a total output of 245 MW, for which PNE will take over construction management on behalf of the purchasers and will later support them in operation. Moreover, the rights to projects with a total nominal capacity of 44.4 MW were sold in Italy.

Four wind farm projects with a total capacity of 72.5 MW were completed and commissioned in Germany, France and Sweden in the first half of the year.

As a result of the completion of projects, the nominal capacity of the wind farms operated by the Company increased to 83.4 MW. Of these, wind farms with a total capacity of 71.3 MW will be included in the "wind farm portfolio 2020", which is currently being established. Other wind farms are under construction and in the approval process.

Seven wind farms were under construction in Germany, Poland and Sweden as at June 30, 2019. 92 wind power turbines with a total nominal capacity of 331.7 MW will be erected there. Four of these projects (290.4 MW) have already been sold. PNE is active for these projects as a service provider as part of construction management.

In the first quarter of 2019, PNE has expanded its business activities by entering the Panamanian market. In Panama, five projects were taken over, some of which are already in a very advanced development phase. Important steps towards obtaining the approvals have already been completed for the majority of projects. Starting from Panama, PNE sees good opportunities to become active in other markets in Central and South America.

The Company has further expanded its expertise in services relating to wind power turbines. In the first quarter of 2019, the group company "MEB Safety Services GmbH" took over material stocks and personnel from "argus GmbH", which has specialised in services for aviation obstruction markers for wind power turbines.

Restructuring of segments

The strategic expansion of the business model by means of the "Scale up" concept has also affected the segments and segment reporting. The previous two segments "projecting of wind power turbines" and "electricity generation" have now been expanded to three: "project development", "service products" and "electricity generation". The previous segment "projecting of wind power turbines" was split, and the two new segments "project development" and "service products" were created.

Due to the reorganisation of the Group's segment structure, the figures of the segments (see also segment reporting) are only partially comparable with those of the previous year.

Project development segment

Wind energy onshore sub-division

The development and realisation of onshore wind farms have been continued consistently in the first six months of 2019, both in Germany and in the foreign markets.

Overview of the status of onshore wind energy project activities of the PNE Group as at June 30, 2019 in MW:

Country	Phase I-II	Phase III	Phase IV	Total MW
Germany	1,325	262	41	1,628
Bulgaria	121	0	0	121
France	296	226	0	522
United Kingdom	43	0	0	43
Italy	40	0	0	40
Canada	505	0	0	505
Panama	352	0	0	352
Poland	92	0	0	92
Romania	54	102	0	156
South Africa	230	30	0	260
Sweden	0	59	0	59
Turkey	629	71	0	700
Hungary	0	42	0	42
USA	266	166	0	432
Total	3,953	958	41	4,952

Phase I-II = Exploration & Development
 Phase III = Planning
 Phase IV = Implementation

Germany

In Germany, the PNE Group worked on wind farms with a nominal output of approx. 1,628 MW in the various phases of project development as at June 30, 2019. Of these, the wind farms "Kittlitz" (20.7 MW), "Neuenwalde" (7.2 MW) and "Wölsickendorf" (16.8 MW) were under construction at the end of the reporting period. In the "Kittlitz" project, one of the wind power turbines that we are erecting for the purchaser was sold. The wind farms under construction have previously successfully passed the tenders.

Two projects were completed and put into operation during the reporting period. These are the wind farms "Gerdau-Repowering" (Lower Saxony) with six wind power turbines (21.6 MW) and "Schlenzer" (Brandenburg) with two wind power turbines (6.5 MW). Since then, these wind farms have been operated by the Company as part of the "wind farm portfolio 2020".

Foreign markets

The PNE Group has also continued to pursue its core business of project development abroad. Compared to the presentation in the 2018 annual report, there were the following changes in the foreign markets:

Panama

In February 2019, PNE entered the Latin American renewable energy markets. Panama is to become the gateway of the PNE Group for the development of business in this region. As part of the strategic expansion of the business model via the "Scale up" concept, PNE has defined the development of foreign markets as one of the important cornerstones of future economic progress.

Via subsidiaries, five projects in Panama have been taken over from innoVent Central America S.A., Panama, which is a subsidiary of innoVent GmbH in Varel, Germany. Some of the projects are already at a very advanced stage of development. They are now being optimised and further developed by us.

In Panama, PNE is focusing on the emerging market for renewable energies. The electricity generated in the projects after commissioning will be marketed via direct power purchase agreements (PPAs) under private law.

France

The PNE Group has also been successful in the French market with its own project pipeline of approx. 522 MW. The construction of the previously sold "Laperrière" wind farm with eight wind power turbines (19.2 MW) was completed.

Sweden

In Sweden, the "Laxaskogen" wind farm project (25.2 MW) developed by the PNE Group and sold in 2017 was completed and commissioned in the first quarter of 2019. The construction phase was managed by PNE under a service agreement with the purchaser of the wind farm.

The "Malarberget" project (113 MW) was sold in the second quarter. PNE will take over the construction management of the wind farm on behalf of the purchaser and then continue to support it during the operating phase.

Poland

In Poland, the second project success was achieved within a few months. After the "Barwice" project (42 MW) was sold at the end of 2018, this was the case for the "Jasna" wind farm project (132 MW) in the reporting period. For this project as well, PNE has taken over construction management on behalf of the purchaser and will continue to manage the wind farm during the operating phase.

USA

In the USA, the rights to the "Burleigh" wind farm project developed by PNE were sold. The "Burleigh" project is located in the US state of North Dakota. It comprises land lease agreements for over 15,000 hectares with private landowners. The project was also in the waiting position for the 298 MW grid connection.

Wind energy offshore sub-division

PNE's high level of competence in offshore project development has resulted in visible successes: In recent years, PNE has sold eight offshore wind farm projects after their development was completed. These include the projects "Atlantis I", "Borkum Riffgrund" and "Gode Wind". PNE continues to act as a service provider for the divested projects.

Four offshore wind farms, which were developed by PNE and sold after approval was granted, have already been erected and put into operation by the purchasers: "Borkum Riffgrund 1", "Gode Wind 1" and "Gode Wind 2" and finally in 2019 "Borkum Riffgrund 2" with a total nominal capacity of 1,344 MW.

In the offshore wind energy sub-division, PNE also examines opportunities of generating electricity from other energy carriers such as hydrogen.

PNE continues to evaluate the possibility of starting the development of marine wind farms off the US coasts. The United States Bureau of Ocean Energy Management (BOEM) is currently in the process of leasing additional sites for offshore wind farms in state-controlled coastal waters. In 2018, a tender was launched for three sites off the US east coast (Massachusetts). In this context, contracts for a total volume of USD 405 million were awarded. This demonstrates the value of offshore wind projects off the US coast and shows that this market will continue to develop in the future. PNE participated in the tender as one of eleven companies after successfully completing the prequalification process. PNE is currently preparing for future tenders.

Photovoltaics sub-division

In recent years, photovoltaics has become increasingly cost-effective and thus more marketable in the area of electricity generation. In addition, the legal and economic framework conditions for the development of photovoltaic projects are in place in many countries. The development of photovoltaic projects is therefore part of the strategic expansion of the business model. Numerous markets are currently being examined in detail. Particular attention will initially be paid to Germany, France and Romania as well as other international markets.

In the first half of 2019, the "project development" segment achieved EBITDA of euro 13.3 million (prior year: euro 8.3 million) and EBIT of euro 12.1 million (prior year: euro 7.4 million).

Service products segment

In future, the "service products" segment will report in summary on services. These include technical and commercial operations management, construction management, transformer station services, wind measurements, financing and electricity marketing services.

The international business of operations management was expanded in the reporting period by activities in France, Sweden and Poland.

In the Swedish wind farm "Laxaskogen", developed and sold by PNE, Group companies provided construction management services until the start of operation. With this project, PNE once again successfully implemented its strategy to increase the share of services. This is also planned for the Swedish "Malarberget" project sold in the second quarter of 2019. For the Polish projects "Barwice" and "Jasna", which were developed, successfully tendered for, and sold by Group companies ("Barwice" at the end of 2018, "Jasna" in April 2019), the Company has concluded contracts for the provision of services during the construction and operating phases.

In the first half of 2019, the "service products" segment achieved EBITDA of euro 2.0 million (prior year: euro 2.2 million) and EBIT of euro 0.7 million (prior year: euro 1.6 million).

Electricity generation segment

The electricity generation segment combines all activities of the Group companies that are engaged directly in the production of electricity from clean energies. This division includes primarily the wind farms "Laubuseschbach", "Gerdau-Repowering", "Pülfringen", "Erfeld", "Kührstedt-Alfstedt" and "Schlenzer" with a total nominal capacity of approx. 83.4 MW, which are operated by PNE, and the Silbitz biomass cogeneration plant with approx. 5.6 MW. Furthermore, the segment includes interests in limited partnerships, in which wind farm projects will be realised in the future.

Until the successful sale and delivery of wind farms to the operators, the "electricity generation" segment will include the revenues of these projects as part of segment reporting.

In the first six months of 2019, the "electricity generation" segment achieved EBITDA of euro 6.0 million (prior year: euro 4.7 million) and EBIT of euro 2.9 million (prior year: euro 1.5 million).

Changes

Compared to December 31, 2018, there were no other significant changes in the area of operations.

6. NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

The figures shown below were determined and presented in accordance with IFRS for the Group. The consolidated financial information for the first six months of the 2019 fiscal year as at June 30, 2019 was based on the same accounting and valuation methods as the consolidated financial statements as at December 31, 2018, except for the first-time application of the following IFRS standard.

The figures in the text and in the graphic illustrations were rounded, and small rounding differences are possible. Due to the reorganisation of the segments, the information and figures for the segments are only partially comparable with those of the previous year.

IFRS 16 Leases

IFRS 16 specifies how to recognise leases and replaces the previous standard IAS 17. According to the new standard, the lessee is now fundamentally obliged to account for rights and obligations arising from leases. As a result, lessees will in future recognise the right to use the leased asset (so-called right-of-use asset) and a corresponding lease liability. The "leases" in the PNE Group include leasing contracts (e.g. car leasing), rental agreements (e.g. for the building in Husum) and lease agreements (e.g. in connection with the "wind farm portfolio 2020").

The PNE Group has accounted for leases in accordance with IFRS 16 for the first time as of January 1, 2019 using the modified retrospective transition method. Due to the initial recognition of rights of use and lease liabilities to the same amount, which are recognised under "short-term and long-term financial liabilities", the balance sheet total has increased by approx. euro 42.5 million as at June 30, 2019. The increase in financial liabilities has a negative effect on the net liquidity of the PNE Group. As a result of the increase in the balance sheet total due to the first-time

application of IFRS 16, with equity remaining almost unchanged compared with December 31, 2018, the Group's equity ratio fell by approx. 3–4 percent. In contrast to the previous approach, under which expenses for operating leases were shown in full in the operating result, under IFRS 16 only the amortisation charges for rights of use are allocated to the operating result (in the period under review: euro 1.6 million). Interest expenses incurred for interest accrued on lease liabilities are reported in the financial result (in the reporting period: euro 0.5 million). On the basis of the leases existing as of January 1, 2019, the operating result (Group EBIT) for the reporting period improved by approx. euro 0.3 million. Earnings before taxes (EBT) declined by euro -0.2 million. A comparison with the previous year is therefore only partially possible in these items of the statement of comprehensive income.

Modified segment reporting

The determination and presentation of segment reporting as at June 30, 2019 has changed versus December 31, 2018.

The strategic expansion of the business model by means of the "Scale up" concept has also affected the segments and segment reporting. The segments have been expanded to three: "project development", "service products" and "electricity generation".

The "project development" segment will report on the following sub-divisions: onshore wind power – national and international, offshore wind power – national and international, photovoltaic projects – national and international, as well as other projects.

The "service products" segment will report in summary on services. These include technical and commercial operations management, construction management, transformer station services, wind measurements, financing and electricity marketing services.

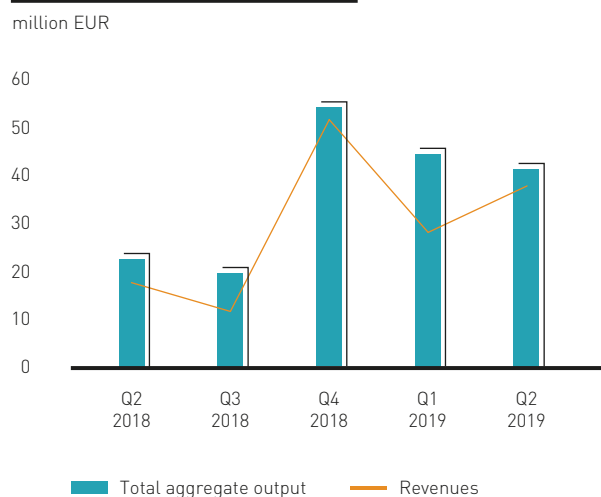
As before, the "electricity generation" segment combines all activities of the Group companies which are engaged directly in the production of electricity from clean energies.

a. Results of operations

In the first six months of 2019, the PNE Group achieved a total aggregate output of euro 85.6 million (prior year: euro 38.2 million). Of this, euro 65.6 million was attributable to revenues (prior year: euro 28.4 million), euro 18.8 million to changes in inventories (prior year: euro 6.2 million), and euro 1.2 million to other operating income (prior year: euro 3.5 million).

Compared with the first half of 2018, projects with larger MW figures were sold in the 2019 reporting period, which essentially led to an increase in sales in the Group.

Total aggregate output/Revenues



In the first six months of 2019:

- » In the "project development" segment, the Company invoiced internal revenues of euro 34.3 million, including for general contractor and project development services for its own wind farms "Gerdau-Repowering" and "Schlenzer", as well as external revenues of euro 50.6 million, including from project sales in Poland, Sweden and the USA, from contract milestone payments for wind farm projects sold in 2018 in Germany and abroad, e.g. in France, as well as for project development and general contractor services provided to current wind farm projects abroad. The "real"

performance of the “project development” segment can be seen by looking at the nominal capacity of the projects that have been completed, sold or started to be built. In 2019, this capacity totalled approx. 404 MW (prior year: approx. 104 MW). With an expected investment volume of around euro 1.4 to 1.8 million per MW of installed nominal capacity for wind energy projects, the Company has initiated investments of around euro 565 to 727 million (prior year: euro 145 to 186 million).

- » In the “service products” segment, external revenues of euro 7.4 million (prior year: euro 4.6 million) were billed. The main revenues were generated from commercial and technical operations management and from transformer station services.
- » In the “electricity generation” segment, external revenues of approx. euro 7.7 million (prior year: euro 6.7 million) were achieved. These revenues were mainly attributable to the electricity proceeds from the “wind farm portfolio 2020” owned by the Company (approx. euro 5.0 million) and to the revenues of the Silbitz biomass cogeneration plant (approx. euro 1.9 million). The main reason for the higher revenues compared to the prior-year period is that the number of wind power turbines operated by the Group as at January 1, 2019 was higher than in the previous year as at January 1, 2018 and therefore a larger amount of electricity could be produced in 2019.

In the first half of 2019, the services rendered for the wind farm projects “Gerdau-Repowering” and “Schlenzer”, which are owned by the Group, were shown under changes in inventories, which explains the increase in changes in inventories of finished goods and work in progress.

The Group’s personnel expenses rose year-on-year due to the comparatively higher number of employees (386 employees, including members of the Board of Management, as at June 30, 2019 versus 366 employees, including members of the Board of Management as at June 30, 2018) and due to the higher salaries for qualified personnel. The increase in the number of employees is part of the organisational adjustment to the new strategy that the Group is pursuing with the “Scale up” concept.

The first-time application of “IFRS 16 Leases” has had an impact on the values of depreciation, amortisation, other operating expenses and interest expense in the statement of comprehensive income. In the first half of 2019, other operating expenses of around euro 1.9 million in leasing expenses were not recognised due to the IFRS 16 standard, but around euro 1.6 million in depreciation and around euro 0.5 million in interest expenses were reported in the statement of comprehensive income.

Other operating expenses totalling euro 8.2 million (prior year: euro 8.3 million) in the Group are slightly below the previous year’s level and can be generally divided into expenses resulting from legal and consultancy costs, advertisement and travel expenses, insurance premiums and contributions, repair and maintenance costs (predominantly relating to the “Silbitz” timber biomass power plant and the two wind farms of the “wind farm portfolio 2020”).

The write-downs increased on a year-on-year basis by euro 0.9 million to euro 5.6 million (prior year: euro 4.7 million). The main items of depreciation and amortisation in the “electricity generation” segment related to the Silbitz timber biomass power plant and the projects in the “wind farm portfolio 2020”, which are consolidated in the Group. The higher figure compared with the previous year’s value is mainly due to the application of “IFRS 16 Leases” (see explanation in the introduction to the section “Net assets, financial position and results of operations”).

The Group’s operating performance and results of operations were influenced by the development of the “wind farm portfolio 2020”, since complete or partial sales to third parties outside the Group will be postponed due to the expansion of the portfolio, and thus also the Group’s earnings from these sales.

According to our calculation to date, the earnings before taxes accrued to date in the “wind farm portfolio 2020” – eliminated at the Group level – amounted to euro 26.0 million, when accumulated since 2017. These profits will be realised in the statement of comprehensive income at the time of the sale of the “wind farm portfolio 2020”.

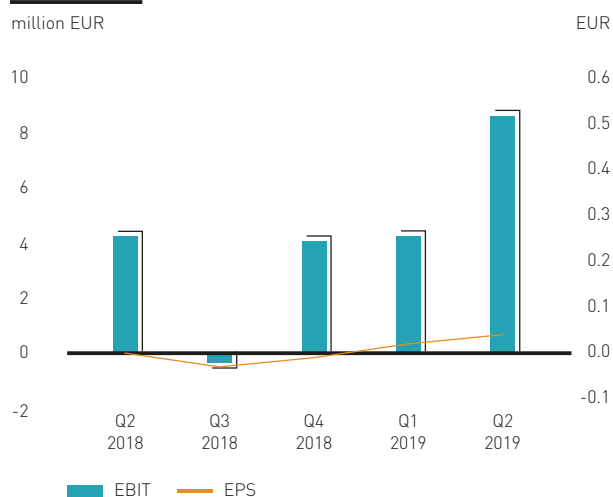
At Group level, the following results were achieved in the reporting period, excluding the results from the build-up of the “wind farm portfolio 2020”, which were postponed:

- » earnings before interest, taxes, depreciation and amortisation (EBITDA = EBIT plus amortisation and depreciation of intangible assets and property, plant and equipment, rights of use as well as goodwill) of euro 18.5 million (prior year: euro 8.7 million),
- » operating profit (EBIT = corresponds to the value of the total Group result in the line “Operating result”) of euro 12.9 million (prior year: euro 4.1 million).

The consolidated net income after non-controlling interests amounted to euro 3.4 million (prior year: euro -0.3 million). The Group’s undiluted earnings per share amounted to euro 0.05 (prior year: euro 0.00) and the Group’s diluted earnings per share amounted to euro 0.04 (prior year: euro 0.00).

Due to the half-year results of around euro 3.4 million and the dividend payment of around euro 3.0 million made in the reporting period, the Group’s retained earnings at the end of the reporting period amounted to approx. euro 77.9 million (December 31, 2018: euro 77.5 million).

EBIT and EPS



b. Net assets and financial position

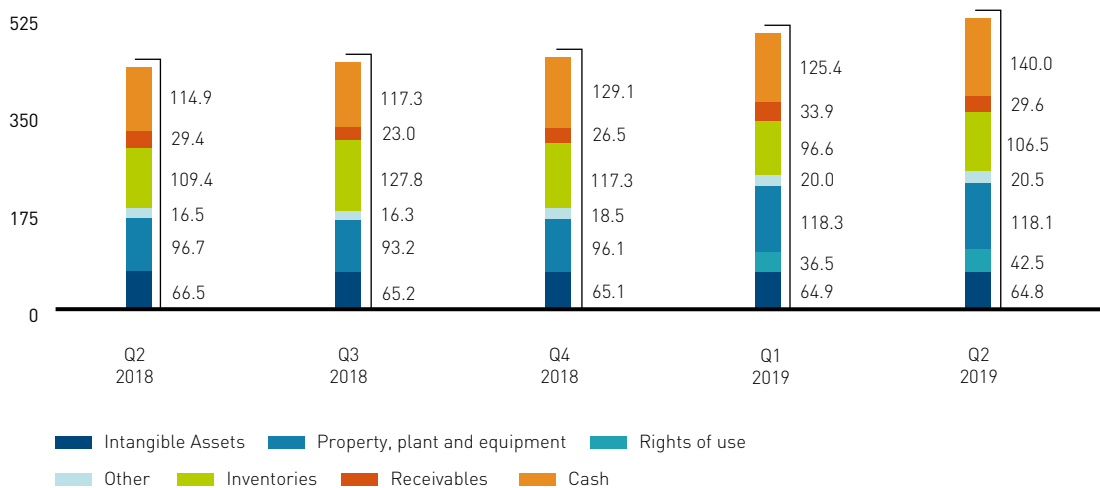
Assets

in Mio. EUR	30.6.2019	31.12.2018
Total long term assets	245.8	179.7
Intangible assets	64.8	65.1
Property, plant and equipment	118.1	96.1
Rights of use	42.5	0.0
Long term financial assets	2.0	2.0
Deferred taxes	18.4	16.5
Total short term assets	276.1	272.9
Inventories	106.5	117.3
Receivables, other assets and tax receivables	29.6	26.5
Cash and cash equivalents	140.0	129.1
Total assets	521.9	452.6

On the reporting date, the consolidated total assets of PNE AG amounted to euro 521.9 million. This is an increase of approximately 15.3 percent in comparison with December 31, 2018.

Assets

million EUR



Total long term assets increased from euro 179.7 million at the end of 2018 to euro 245.8 million. The main reason for the increase is the first-time application of "IFRS 16 Leases". As at June 30, 2019, approx. euro 42.5 million (December 31, 2018: euro 0.0 million) for rights of use were reported under long-term assets due to the application of IFRS 16.

As at June 30, 2019, intangible assets totalled euro 64.8 million, including goodwill, and thus remained approximately at the same level as at December 31, 2018.

In the same period, property, plant and equipment increased by euro 22.0 million to euro 118.1 million (December 31, 2018: euro 96.1 million). The change is mainly attributable to the reclassification of inventories of the "Gerdau-Repowering" wind farm project to property, plant and equipment upon completion.

Explanation:

As the wind farms owned by the Group were operated and used to generate electricity independently of their current or future shareholder structure, they were reported as fixed assets in the Group from the time of their sale. The reclassification from Group inventories to Group fixed assets was carried out without affecting the statement of comprehensive income and, therefore, has not resulted in a reduction in the "change of inventories" item.

Property, plant and equipment mainly includes:

- » land and buildings (euro 11.2 million, excluding the "Silbitz" land and buildings),
- » transformer stations owned or under construction (euro 13.1 million),
- » the technical equipment and machinery of the wind farms "Pülfringen" and "Erfeld" (euro 0.9 million), "Gerdau-Repowering" (euro 28.3 million), "Kührstedt-Alfstedt" (euro 58.2 million) and the HKW "Silbitz" (euro 3.0 million, including land and buildings amounting to euro 2.7 million).

The long-term financial assets changed insignificantly during the reporting period and amounted to euro 2.0 million at the end of the first half year of 2019 (December 31, 2018: euro 2.0 million).

During the period under review, short-term assets increased from euro 272.9 million on December 31, 2018 to euro 276.1 million on June 30, 2019. This change is mainly attributable to the decrease in inventories (euro -10.8 million) and the simultaneous increase in receivables and other assets (euro +3.1 million) as well as in cash and cash equivalents (euro +10.9 million). Of the short-term assets, euro 18.2 million is attributable to trade receivables (December 31, 2018: euro 6.4 million).

The work in progress shown in the inventories decreased from euro 90.0 million (December 31, 2018) to euro 84.1 million. The reduction in inventories is mainly due to the reclassification of the inventories of the "Gerdau-Repowering" wind farm to fixed assets. The investments made by the Group for the onshore projects under construction and for the further development of onshore and offshore project pipelines in Germany and abroad have resulted in a reduction of work in progress by only around euro 5.9 million.

Work in progress is divided as follows:

- » offshore projects (euro 15.8 million),
- » onshore projects / Germany (euro 48.0 million),
- » onshore projects / abroad (euro 20.3 million).

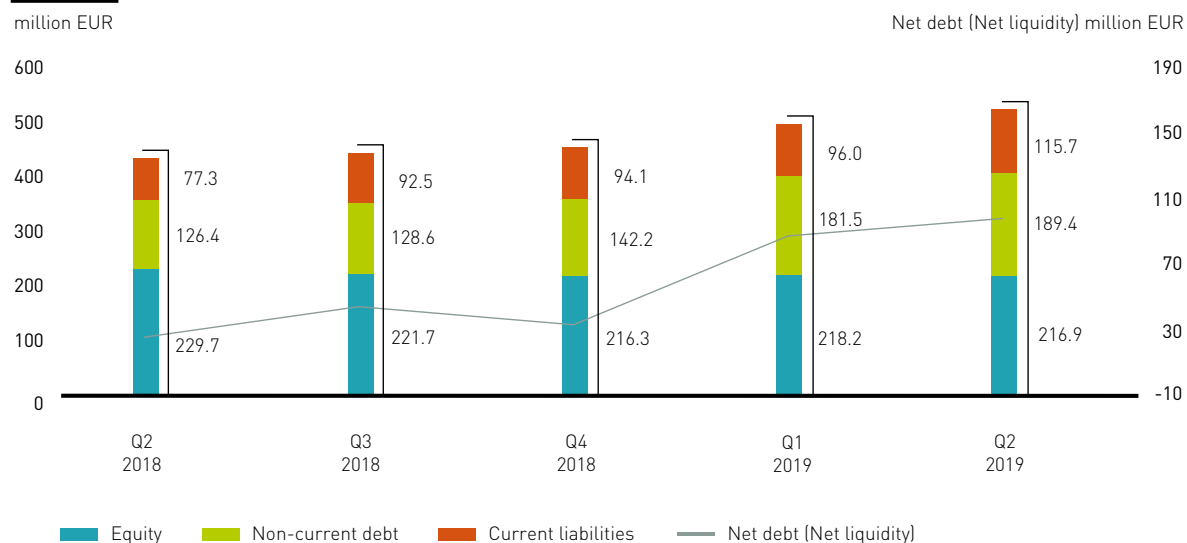
In addition, the advance payments made for onshore projects under construction reported under inventories changed by euro -5.0 million from euro 27.2 million to euro 22.2 million.

Cash and cash equivalents amounted to euro 140.0 million as at June 30, 2019, of which euro 4.3 million was pledged to banks (as at December 31, 2018: euro 129.1 million, of which euro 10.0 million pledged).

Liabilities

in Mio. EUR	30.6.2019	31.12.2018
Shareholders' equity	217.4	216.3
Deferred subsidies from public authorities	0.8	0.8
Provisions	7.2	9.2
Long term liabilities	186.7	140.1
Short term liabilities	90.4	67.7
Deferred revenues	19.4	18.5
Total liabilities and shareholders' equity	521.9	452.6

Liabilities



Group equity increased slightly from euro 216.3 million (December 31, 2018) to euro 217.4 million on June 30, 2019. The equity ratio of the Group was approx. 42 percent as at June 30, 2019 (December 31, 2018: approx. 48 percent). The deterioration of the equity ratio with a positive consolidated result is mainly attributable to an increase in the balance sheet total due to the first-time application of "IFRS 16 Leases" (impact of approx. 3–4 percentage points).

On June 30, 2019, the share capital of PNE AG amounted to euro 76,559,742.00 (divided into 76,559,742 shares). The share capital changed by euro 1,939.00 compared with December 31, 2018 (euro 76,557,803.00) due to the conversion of individual bonds from the 2014/2019 convertible bond.

The long-term liabilities changed from euro 140.1 million (December 31, 2018) to euro 186.7 million. This item consists mainly of long-term financial liabilities totalling euro 183.3 million (as at December 31, 2018: euro 136.7 million). The change is mainly attributable to the first-time application of "IFRS 16 Leases". Due to the application of IFRS 16, approx. euro 41.2 million in liabilities from leases are reported under long-term liabilities and approx. euro 1.5 million under short-term liabilities as at June 30, 2019 (December 31, 2018: euro 0.0 million each).

In addition to the above-mentioned liabilities from leases, long-term financial liabilities include the 2018/2023 bond placed in 2018 with a carrying amount of euro 48.7 million. Pursuant to IFRS, the transaction costs are offset against the liabilities resulting from the bond and recognised as "interest expense" over the term of the bond. The item also includes long-term liabilities to banks of euro 89.4 million (as at December 31, 2018: euro 86.1 million). The most significant long-term liabilities to banks relate to the "non-recourse" project financing of the "wind farm portfolio 2020".

In the first six months of the 2019 fiscal year, the short-term liabilities changed from euro 67.7 million (December 31, 2018) to euro 90.04 million. The short-term liabilities to banks, included in this item, increased from euro 18.3 million (December 31, 2018) to euro 44.8 million due to interim financing raised for onshore wind farms. In the reporting period, the trade liabilities in the context of normal operating business changed from euro 14.9 million (December 31, 2018) to euro 15.2 million.

The Company raised "non-recourse" funds of approx. euro 28.1 million and approx. euro 3.7 million from the available project equity interim financing line in the first half of the year, which contributed to the above-mentioned changes in short-term and long-term liabilities to banks.

The liabilities to banks (long-term and short-term) mainly include:

- » the financing of the building of PNE AG at the headquarters in Cuxhaven (value as at June 30, 2019: euro 2.3 million, of which long-term euro 2.1 million),
- » the "non-recourse" project financing of the "Pülfringen" wind farm (value as at June 30, 2019: euro 1.6 million, of which long-term euro 1.2 million),
- » the "non-recourse" project financing of the "Gerdau-Repowering" wind farm (value as at June 30, 2019: euro 22.7 million, of which long-term euro 20.9 million),
- » the "non-recourse" project financing of the wind farms "Kührstedt-Alfstedt", "Kührstedt-Alfstedt A" and "Kührstedt-Alfstedt B" (value as at June 30, 2019: euro 61.2 million, of which long-term euro 55.0 million),
- » the proportionate equity interim financing for the wind farms in the "portfolio 2020" (value as at June 30, 2019: euro 12.3 million, of which long-term euro 12.1 million),
- » the "non-recourse" project interim financing for the "Kittlitz III" wind farm (value as at June 30, 2019: euro 8.9 million, of which long-term euro 0.0 million), and
- » the "non-recourse" project interim financing for the "Wölsickendorf" wind farm (value as at June 30, 2019: euro 16.3 million, of which long-term euro 0.0 million).

Taking the liquid funds into account, the net debt (cash and cash equivalents less the short-term and long-term financial liabilities) as at June 30, 2019 amounted to approx. euro -97.3 million (December 31, 2018: euro -33.7 million). The first-time application of "IFRS 16 Leases" led to a deterioration in net debt of approx. euro 42.6 million as at June 30, 2019.

The statement of cash flow provides information on the liquidity situation and the financial position of the Group. As at June 30, 2019, the group companies had liquidity and credit facilities for interim project financing in the total amount of euro 163.7 million, of which euro 4.3 million was pledged to banks (prior year: euro 117.7 million, of which euro 2.1 million pledged).

Cash and cash equivalents amounted to euro 140.0 million as at June 30, 2019, of which euro 4.3 million was pledged to banks (as at December 31, 2018: euro 129.1 million, of which euro 10.0 million pledged).

In addition, the group companies had available liquidity from unused

- » working capital lines of euro 2.3 million,
- » project equity interim financing lines of euro 12.7 million, and
- » external project interim financing of euro 8.7 million,

as at June 30, 2019.

As at June 30, 2019, PNE AG and WKN GmbH had credit lines for guarantee and contract fulfilment totalling euro 23.3 million (as at December 31, 2018: euro 23.3 million). The Group had used euro 3.2 million of the credit lines for guarantee and contract fulfilment as at June 30, 2019 (as at December 31, 2018: euro 3.9 million).

The cash flow from ordinary activities shown in the statement of cash flows amounts to euro -13.8 million (prior year: euro -36.4 million) and was primarily attributable to

- » the Group result of the reporting period,
- » the expenses for the implementation of the portfolio projects, the further development of the project pipeline and the realisation of the wind farm projects, which are reflected in the inventories and were primarily financed by project financing (see cash flow from financing activities).

The cash flow from investing activities in the reporting period includes incoming and outgoing payments for investments in property, plant and equipment of the Group totalling euro -0.7 million (prior year: euro -1.4 million). The investments in property, plant and equipment were characterised mainly by investments in transformer stations for the wind farm projects being constructed.

During the reporting period, the cash flow from financing activities of euro 25.5 million (prior year: euro -41.3 million) was influenced primarily by

- » the use of bank loans of euro 31.9 million, which were mainly used for the funding of wind farm projects,
- » the repayment of credit liabilities of euro -1.7 million,
- » lease payments totalling euro -1.6 million, and
- » the payment of the dividend of euro -3.0 million.

7. TRANSACTIONS WITH RELATED COMPANIES AND PERSONS

There were no significant changes compared to December 31, 2018.

8. DEVELOPMENT AND INNOVATION

During the period under review, there were no research and development activities in the PNE AG Group.

9. MAJOR EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period, no significant events affecting the results of operations, financial position and net assets have occurred.

10. REPORT ON OPPORTUNITIES AND RISKS

For information about the opportunities and risks of PNE AG, refer to the chapter "Report on opportunities and risks" in the group management report of the 2018 annual report, which is available on the Company's website at www.pne-ag.com.

During the first six months of the 2019 fiscal year, the Board of Management did not identify any other significant additions or changes to the risks presented in the group management report of the 2018 annual report.

11. MANAGEMENT DECLARATION (SECTION 289f AND SECTION 315d OF THE GERMAN COMMERCIAL CODE (HGB))

The management declaration, summarised with the declaration pursuant to Section 289f HGB, in accordance with Section 315d HGB is published on our internet site www.pne-ag.com under "Investor Relations" in the "Corporate Governance" section and can be downloaded there.

12. OUTLOOK/FORECAST

As an internationally operating company and one of the most experienced project planners of wind farms on land and at sea, the PNE Group combines economic success with ecological responsibility. We offer services covering the entire value-added chain, ranging from the development, planning, realisation, sale and operation of wind farms and transformer stations to re-powering – i.e. the replacement of older wind power turbines by new modern equipment. We also offer our skills acquired in this context as a service provider to third parties. This extended approach towards customers is part of the strategic orientation to develop into a "Clean Energy Solution Provider".

We want to develop high quality projects that meet international standards and allow for secure project financing at the international level. Such a project quality can be achieved by ensuring compliance with the project schedule and the cost framework from the development to the start of operation.

After having successfully established and sold a first wind farm portfolio, we are pursuing the goal of realising a new European wind farm portfolio with up to 200 MW by 2020 ("wind farm portfolio 2020"). Until the finalisation of the new portfolio, completed wind farms will be bundled in a subsidiary to generate income from the sale of electricity on an ongoing basis.

In addition, the combination of power plants with clean energies and storage technologies is an issue of the future. We have therefore expanded the strategic orientation of the Group as part of the implementation of our strategy via the "Scale up" concept. The operative business will be realigned and the activities will be placed on a significantly broader basis, both nationally and internationally. The objective is to develop PNE from a wind farm specialist into a broad-based provider of clean energy solutions.

The fundamentals of this expanded strategy of a "Clean Energy Solution Provider" are the expansion of our range of services and the development of new markets and technologies.

With this new strategic orientation, we are responding to changes in the clean energy markets. While clean energies will grow dynamically worldwide in the coming years, countervailing trends can be observed in individual established markets. Subsidies for wind energy are being reduced, remuneration systems are being converted to tenders (more electricity purchase agreements are being put out to tender by individual companies) or other market mechanisms, and the expansion of wind energy in some countries is being limited as a result. This increases competitive pressure. The optimisation of the costs associated with a project is therefore becoming increasingly important. We will also focus on photovoltaic projects and hybrid solutions as well as storage technologies.

In this way, we are minimising market risks, opening up new potentials and markets for PNE and, in the medium term, we will stabilise primarily the, to date, volatile results. After a transitional phase, in which investments will pave the way for the implementation of the "Scale up" concept, this is expected to lead to an increase in average operating results (EBIT) by 2023.

We confirm our guidance for the 2019 fiscal year: Although we will incur further upfront expenditure in the low single-digit million range for the strategic expansion of the business model and the preparations for entry into new markets, we nevertheless expect a clearly positive Group EBITDA of euro 25 to 30 million and EBIT of euro 15 to 20 million. These values do not include any profits from projects to be built in 2019 for the "wind farm portfolio 2020", which is currently being established.

Cuxhaven, August 7, 2019

PNE AG, Board of Management

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

in TEUR (differences due to rounding possible)	2nd Quarter 1.4.2019 – 30.6.2019	2nd Quarter 1.4.2018 – 30.6.2018	Period 1.1.2019 – 30.6.2019	Period 1.1.2018 – 30.6.2018
1. Revenues	37,669	17,469	65,636	28,412
2. Changes in inventories of finished goods and work in progress	3,768	2,042	18,827	6,223
3. Other operating income	-204	2,947	1,166	3,524
4. Total aggregate output	41,233	22,458	85,629	38,159
5. Cost of materials and purchased services	-17,625	-4,052	-44,534	-7,799
6. Personnel expenses	-7,943	-7,754	-14,407	-13,345
7. Amortisation of intangible fixed assets and depreciation of property, plant and equipment	-2,998	-2,366	-5,597	-4,685
8. Other operating expenses	-4,049	-4,039	-8,211	-8,277
9. Operating result	8,618	4,247	12,880	4,053
10. Income from participations and associated companies	5	-4	18	7
11. Other interest and similar income	58	82	130	163
12. Expenses from assumption of losses of associated companies	45	-9	-13	-22
13. Interest and similar expenses	-4,807	-2,301	-6,776	-6,110
14. Result before taxes	3,919	2,015	6,239	-1,909
15. Taxes on income	-1,194	1,032	-1,764	1,577
16. Other taxes	-85	-121	-177	-143
17. Result before non-controlling interests	2,640	2,926	4,299	-475
18. Share of non-controlling interests in the result	897	223	947	-201
19. Consolidated net income	1,743	2,703	3,353	-274
Undiluted earnings per share in EUR	0.02	0.04	0.05	0.00
Diluted earnings per share in EUR	0.02	0.04	0.04	0.00
Weighted average of shares in circulation (undiluted), in million	74.4	76.6	74.4	76.6
Weighted average of shares in circulation (diluted), in million	76.6	78.7	76.6	78.7
19. Consolidated net income	1,743	2,703	3,353	-274
Other comprehensive income/items that may be reclassified in the future in the profit and loss account				
20. Currency translation differences	-560	353	-251	17
21. Others	0	0	0	0
22. Other comprehensive income for the period (after tax)	-560	353	-251	17
23. Total comprehensive income for the period	2,080	3,279	4,048	-458
Consolidated profit/loss for the period attributable to				
Owners of the parent company	1,743	2,703	3,352	-274
Non-controlling interests	897	223	947	-201
	2,640	2,926	4,299	-475
Total comprehensive income for the period attributable to				
Owners of the parent company	1,183	3,056	3,101	-257
Non-controlling interests	897	223	947	-201
	2,080	3,279	4,048	-458

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS)

Assets

in TEUR (differences due to rounding possible)	as per 30.6.2019	as per 31.12.2018
Intangible assets	64,845	65,053
Property, plant and equipment	118,077	96,130
Rights of use	42,452	0
Long-term financial assets	1,955	1,991
Deferred taxes	18,384	16,549
Total long-term assets	245,713	179,723
Inventories	106,544	117,343
Receivables, other assets and tax receivables	29,565	26,469
Cash and cash equivalents	140,029	129,071
Total short-term assets	276,138	272,883
Total assets	521,851	452,606

Liabilities

in TEUR (differences due to rounding possible)	as per 30.6.2019	as per 31.12.2018
Subscribed capital	76,560	76,558
Capital reserve	82,295	82,292
Treasury shares	-5,803	-5,803
Retained earnings	51	51
Foreign currency reserve	-636	-385
Consolidated profit	77,877	77,499
Non-controlling interests	-12,991	-13,938
Total equity	217,352	216,275
Other provisions	1,060	1,060
Deferred subsidies from public authorities	785	808
Long-term financial liabilities	183,283	136,655
Deferred tax liabilities	3,483	3,464
Total long-term liabilities	188,611	141,987
Provisions for taxes	3,481	5,306
Other provisions	2,646	2,828
Short-term financial liabilities	54,090	26,131
Trade liabilities	15,167	14,945
Other liabilities and tax liabilities	40,504	45,133
Total short-term liabilities	115,888	94,343
Total liabilities	521,851	452,606

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

CONSOLIDATED FINANCIAL STATEMENTS FROM JANUARY 1 TO MARCH 31

in TEUR	2019	2018
Consolidated net result	4,299	-475
-/+ Income tax benefit/expense	1,764	-1,577
-/+ Income tax paid/received	-4,922	-840
-/+ Interest income and expense	6,647	5,947
- Interest paid	-3,606	-4,984
+ Interest received	130	163
+/- Write-downs/write-ups of intangible fixed assets, property, plant and equipment, rights of use and long-term financial assets	5,597	4,684
+/- Increase/decrease in provisions	-2,006	-1,372
+/- Non-cash effective expenses and income	-248	57
-/+ Profit/loss from the disposal of fixed assets and from final consolidation	350	0
+/- Decrease/increase in inventories and other assets	-8,415	-23,624
+/- Decrease/increase in trade receivables and stage of completion accounting	-8,709	-744
+/- Increase/decrease in trade liabilities and other liabilities	-4,719	-13,589
Cash flow from operating activities	-13,839	-36,354
+ Inflow of funds from disposal of intangible assets	0	0
+ Inflow of funds from disposal of items of property, plant and equipment	203	0
- Outflow of funds for investments in property, plant and equipment and intangible assets	-948	-1,380
+ Inflow of funds from disposal of financial assets	0	0
- Outflow of funds for investments in financial assets	0	-10
Cash flow from investing activities	-745	-1,390
+ Inflow of funds from the issue of bonds	0	50,000
+ Inflow of funds from financial loans	31,850	20,070
- Outflow of funds from the redemption of bonds	0	-100,000
- Outflow of funds from bond transaction costs	0	-1,650
- Acquisition of non-controlling interests	0	-2,004
- Outflow of funds for the redemption of financial loans	-1,706	-4,701
- Outflow of funds for the redemption of lease liabilities	-1,629	0
- Outflow of funds for dividend	-2,975	-3,062
Cash flow from financing activities	25,540	-41,347
Cash-effective change in liquid funds	10,956	-79,091
+ Change in liquid funds due to changes in scope of consolidation	2	0
+ Liquid funds at the beginning of the period	129,071	193,985
Liquid funds at the end of the period*	140,029	114,894
* of which are pledged to a bank as security	4,283	2,141

Supplementary information: The value of liquid funds on June 30 corresponds to the "Cash and cash equivalents" item in the balance sheet.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

in TEUR (differences due to rounding possible)	Capital subscribed	Capital reserve	Treasury shares	Profit reserves	Foreign exchange reserve	Retained results	Share- holders' equity before non- controlling interests	Non- controlling interests	Total share- holder's equity
Balance on 1.1.2018	76,556	82,288	0	51	-908	84,911	242,898	-7,679	235,219
Result for the period	0	0	0	0	0	-274	-274	-201	-475
Other result	0	0	0	0	17	0	17	0	17
Total result for the period 01-06/2018	0	0	0	0	17	-274	-257	-201	-458
Dividend	0	0	0	0	0	-3,062	-3,062	0	-3,062
Change in the context of the increased interest in WKN GmbH	0	0	0	0	0	0	0	-2,000	-2,000
Balance on 30.6.2018	76,556	82,288	0	51	-891	81,575	239,579	-9,880	229,699
Balance on 1.1.2019	76,558	82,292	-5,803	51	-385	77,499	230,211	-13,938	216,273
Result for the period	0	0	0	0	0	3,353	3,353	947	4,300
Other result	0	0	0	0	-251	0	-251	0	-251
Total result for the period 01-06/2019	0	0	0	0	-251	3,353	3,102	947	4,049
Dividend	0	0	0	0	0	-2,975	-2,975	0	-2,975
Conversion of convertible bond 2014/2019	2	4	0	0	0	0	6	0	6
Other changes	0	0	0	0	0	0	0	0	0
Balance on 30.6.2019	76,560	82,295	-5,803	51	-636	77,877	230,345	-12,991	217,353

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF PNE AG, CUXHAVEN, FOR THE FIRST SIX MONTHS OF 2019

1. ACCOUNTING AND VALUATION PRINCIPLES

The financial report on the first six months of the 2019 fiscal year of PNE AG and its subsidiaries is drawn up according to the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), as they are applied in the European Union. New standards adopted by the IASB are in principle applied as from the time of their becoming effective, as they are to be taken into consideration in the EU.

The interim financial statements were drawn up in line with the regulations of IAS 34. The tax expenditure of the PNE Group is determined using an estimate of the taxable income of the relevant companies. The diluted earnings per share take account of the potential shares from convertible bonds in accordance with IAS 33.

In the financial report for the first six months of the 2019 financial year as at June 30, 2019, the new accounting standard "IFRS 16 Leases" was applied for the first time. Otherwise, the Company applied the same accounting and valuation methods as in the consolidated financial statements as at December 31, 2018.

IFRS 16 Leases

IFRS 16 specifies how to recognise leases and replaces the previous standard IAS 17. The new standard requires the general recognition of rights and obligations under leases by the lessee. As a result, lessees will in future recognise the right to use the leased asset (so-called right-of-use asset) and a corresponding lease liability. The "leases" in the PNE Group include leasing contracts (e.g. car leasing), rental agreements (e.g. for the building in Husum) and lease agreements (e.g. in connection with the "wind farm portfolio 2020").

The PNE Group has accounted for leases in accordance with IFRS 16 for the first time as of January 1, 2019 using the modified retrospective transition method. Due to the initial recognition of rights of use and lease liabilities to the same amount, which are recognised in the balance sheet items "short-term and long-term financial liabilities", the balance sheet total has increased by approx. euro 42.5 million as at June 30, 2019. The increase in financial liabilities has a negative effect on the net liquidity of the PNE Group. As a result of the increase in the balance sheet total due to the first-time application of IFRS 16, with equity remaining almost unchanged compared with December 31, 2018, the Group's equity ratio fell by approx. 3 to 4 percent. In contrast to the previous approach, under which expenses for operating leases were shown in full in the operating result, under IFRS 16 only the amortisation charges for rights of use are allocated to the operating result (in the period under review: euro 1.6 million). Interest expenses incurred for interest accrued on lease liabilities are reported in the financial result (in the reporting period: euro 0.5 million). On the basis of the leases existing as of January 1, 2019, the operating result (Group EBIT) for the reporting period improved by around euro 0.3 million. Earnings before taxes (EBT) declined by euro -0.2 million. A comparison with the previous year is therefore only partially possible in these items of the statement of comprehensive income.

2. FINANCIAL INSTRUMENTS

During the first six months of the 2019 fiscal year, no material additions or changes occurred in the interim group management report for the first half of 2019 compared with the figures presented in the group management report for the 2018 financial year.

The following tables show the carrying amounts and the fair values of financial assets and financial liabilities by the relevant categories.

in TEUR	Category acc. to IFRS 9	Total	Fair value
As per 30.6.2019			
Short-term financial assets			
Cash and cash equivalents	AC	140,029	140,029
Trade receivables	AC	18,223	18,223
Other short-term loan receivables	AC	45	45
Trade receivables from affiliated companies	AC	187	187
Receivables from associated companies and those in which an investment is held	AC	157	157
Long-term financial assets			
Shares in affiliated companies	FVOCI	31	31
Shares in companies in which an investment is held	FVOCI	1,266	1,266
Other borrowings	AC	178	178
Other long-term loan receivables	AC	27	27
		160,143	160,143
Total AC		158,846	158,846
Total FVOCI		1,297	1,297
As per 31.12.2018			
Short-term financial assets			
Cash and cash equivalents	AC	129,071	129,071
Trade receivables	AC	6,355	6,355
Other short-term loan receivables	AC	2,321	2,321
Trade receivables from affiliated companies	AC	4,234	4,234
Receivables from associated companies and those in which an investment is held	AC	156	156
Long-term financial assets			
Shares in affiliated companies	FVOCI	65	65
Shares in companies in which an investment is held	FVOCI	1,266	1,266
Other borrowings	AC	178	178
Other long-term loan receivables	AC	27	27
		143,672	143,672
Total AC		142,342	142,342
Total FVOCI		1,331	1,331

AC = measured at amortised cost
 FVOCI = measured at fair value (changes in value in OCI)

Shares in affiliated companies classified as "FVOCI" and shares in companies in which an investment is held were measured at cost of acquisition of TEUR 1,297 (December 31, 2018: TEUR 1,331), which represents a suitable estimate of fair value. Currently, there are no net results and dividends attributable to the "FVOCI" category. On the reporting date, there was no intention of selling these.

The carrying amounts of financial assets in the category "measured at amortised cost [AC]" approximate their fair values on the reporting date.

The reported financial liabilities are attributable to convertible bonds and corporate bonds issued, liabilities to banks, other financial liabilities as well as derivatives.

The fair values of financial instruments listed in the tables were derived from market information available on the reporting date. The fair value is determined in line with generally accepted pricing models based on discounted cash flow analyses and using observable current market prices for similar instruments. In the current reporting period, as in the comparable period of the previous year, no reclassifications were made between the hierarchy levels.

The fair values of liabilities to banks and other financial liabilities are determined using current interest rates at which similar loans with identical maturities could have been taken out on the reporting date.

The determination of the fair values of bonds is based on the observable price quotations as at the reporting date.

The fair values of interest rate swaps were calculated using forward interest rates (observable yield curves on the reporting date) and the estimated contractual interest rates, which were discounted on the reporting date using the yield curve.

The valuation of trade liabilities and other financial liabilities is based on the assumption that the fair values correspond to the carrying amounts of these financial instruments in view of their short remaining terms.

The following table analyses the financial liabilities of the Group by the relevant maturity bands:

in TEUR	Category acc. to IFRS 9	Total	up to 1 year	1 to 5 years	more than 5 years	Fair value
As per 30.6.2019						
Trade liabilities	AC	15,167	15,167	0	0	15,167
Fixed interest						
Bonds	AC	55,215	6,511	48,704	0	57,598
Liabilities to banks	AC	98,108	8,719	31,506	57,883	98,632
Other financial liabilities	AC	1,057	1,057	0	0	1,057
Variable interest						
Liabilities to banks	AC	36,049	36,049	0	0	36,049
Derivatives						
Interest rate swaps	FVPL	4,298	274	1,096	2,928	4,298
		209,894	67,777	81,306	60,811	212,801
As per 31.12.2018						
Trade liabilities	AC	14,945	14,945	0	0	14,945
Fixed interest						
Bonds	AC	55,009	6,460	48,549	0	56,983
Liabilities to banks	AC	94,352	8,204	27,510	58,638	95,826
Other financial liabilities	AC	1,478	1,057	275	146	1,478
Variable interest						
Liabilities to banks	AC	10,085	10,085	0	0	10,085
Derivatives						
Interest rate swaps	FVPL	1,209	76	302	831	1,209
		177,078	40,827	76,636	59,615	180,526

AC = measured at amortised cost

FVPL = measured at fair value through profit or loss

3. SCOPE OF CONSOLIDATION

The corporate structure has changed in the first six months of fiscal 2019 versus December 31, 2018.

During the reporting period, the following companies were included in the scope of consolidation for the first time:

- » Pure New Energy LATAM S.A., Panama City, Panama (100 percent), "project development" segment, (established),
- » WKN Windpark Wölsickendorf GmbH & Co. KG, Husum (100 percent), "project development" segment, (established),
- » PNE Power Generation, Cuxhaven (100 percent), "electricity generation" segment, (established).

The above-mentioned companies are companies which have been established by the PNE group only recently or inactive companies. These events have not resulted in any material effects on the results of operations, financial position and net assets as at June 30, 2019.

In the reporting period, the following company, i.e. interest in the company, was sold:

- » Aero-Tanna s.r.l., Catania/Sicily, Italy (100 percent), divested from the "project development" segment.

Due to the deconsolidation of Aero-Tanna s.r.l., assets totalling approx. euro 1.9 million, which primarily represent the project rights, as well as debts and provisions amounting to approx. euro 1.5 million, plus the shareholder loans of approx. euro 1.5 million, were eliminated at the Group level. The deconsolidation of the entity resulted in losses of approx. euro -0.4 million. The payment received for the sale of the entity amounted to approx. euro 1.5 million, including the repayment of shareholder loans. The entity's funds eliminated from the balance sheet as a result of the transaction amounted to approx. TEUR 2.

4. MAJOR EVENTS AFTER THE REPORTING PERIOD

Regarding any major events which have occurred after the end of the reporting period, we refer to the interim group management report.

CONSOLIDATED SEGMENT REPORTING (IFRS)

	Project development		Services	
in TEUR (differences due to rounding possible)	2019	2018	2019	2018
External sales	50,579	17,127	7,393	4,609
Inter-segment sales	34,268	9,809	225	647
Changes in inventories	-11,091	3,960	0	0
Other operating income	872	2,556	182	97
Total aggregate output	74,628	33,453	7,800	5,352
Depreciation and amortisation	-1,160	-922	-1,393	-609
Operating result	12,149	7,391	656	1,611
Interest and similar income	2,536	2,800	232	109
Interest and similar expenses	-6,398	-7,173	-226	-20
Tax expense and income	-2,825	-498	-43	-69
Investments	610	2,556	172	556
Segment assets	517,168	509,738	36,815	24,618
Segment liabilities	352,493	328,312	33,540	21,724
Segment equity	164,675	181,426	3,275	2,894

Since January 1, 2019, the Group is based on the segments "project development", "service products" and "electricity generation". This is intended to present the new structures of the Group more clearly.

The figures as at June 30, 2019 are compared with the figures as at June 30, 2018 or, in the case of segment assets/segment liabilities, with the figures as at December 31, 2018. Due to the reorganisation of the Group's segment structure, the figures are only partially comparable with those of the previous year.

Cuxhaven, August 7, 2019

PNE AG, Board of Management

Electricity generation		Consolidation		PNE AG Group	
2019	2018	2019	2018	2019	2018
7,665	6,676	0	0	65,636	28,412
515	281	-35,008	-10,737	0	0
0	0	29,918	2,263	18,827	6,223
112	871	0	0	1,166	3,524
8,291	7,828	-5,091	-8,474	85,629	38,159
-3,044	-3,154	0	0	-5,597	-4,685
2,944	1,516	-2,869	-6,465	12,880	4,053
27	0	-2,665	-2,746	130	163
-2,818	-1,661	2,665	2,746	-6,776	-6,108
244	204	861	1,939	-1,764	1,576
166	282	0	0	948	3,394
175,231	112,260	-207,363	-213,238	521,851	433,378
155,403	101,656	-236,938	-248,013	304,498	203,679
19,828	10,604	29,575	34,775	217,353	229,699

ATTESTATION REPORT BASED ON LIMITED REVIEW¹

To PNE AG, Cuxhaven/Germany

We have performed a limited review of the condensed interim consolidated financial statements, which comprise the condensed balance sheet as at 30 June 2019, the condensed statement of comprehensive income, the condensed statement of cash flows, the condensed statement of changes in equity, the condensed segment information and the selected explanatory notes, together with the interim group management report of PNE AG, Cuxhaven/Germany, for the period from 1 January to 30 June 2019, that are part of the semi annual financial report pursuant to Section 115 German Securities Trading Act (WpHG). The executive directors are responsible for the preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the German Securities Trading Act (WpHG) applicable to interim group management reports. Our responsibility is to issue an attestation report on the condensed interim consolidated financial statements and on the interim group management report based on our limited review.

We conducted our limited review of the condensed interim consolidated financial statements and of the interim group management report in accordance with the German Generally Accepted Standards for the Limited Review of Financial Statements promulgated by the Institute of Public Auditors in Germany (IDW). Those standards require that we plan and perform the limited review in a manner that, based on critical assessment, we can preclude with a certain level of assurance, that, in material respects, the condensed interim consolidated financial statements have not been prepared in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, or that, in material respects, the interim group management report has not been prepared in accordance with the requirements of the German Securities Trading Act (WpHG) applicable to interim group management reports. A limited review is primarily confined to making enquiries of the Company's employees and performing analytical assessments and therefore does not offer the assurance that can be obtained through an audit of financial statements. Since we were not engaged to perform an audit of financial statements, we cannot issue an auditor's report.

Based on our limited review no matters have come to our attention that cause us to assume that, in material respects, the condensed interim consolidated financial statements of PNE AG, Cuxhaven/Germany, have not been prepared in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, or that, in material respects, the interim group management report has not been prepared in accordance with the requirements of the German Securities Trading Act (WpHG) applicable to interim group management reports.

Without modifying our opinion, we draw attention to the fact that the content of the presentation concerning corporate governance under Section 289f German Commercial Code (HGB) combined with the consolidated presentation concerning corporate governance under Section 315d German Commercial Code (HGB), which is referred to in the interim group management report, is not subject to our limited review.

Hamburg/Germany, 7 August 2019

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Christian Dinter
Wirtschaftsprüfer
(German Public Auditor)

Dr. Arno Probst
Wirtschaftsprüfer
(German Public Auditor)

¹This is the translation of the German attestation report.
Therefore, the German attestation report is decisive.

STATEMENT MADE BY THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

PNE AG, The Board of Management



Markus Lesser

Jörg Klawat

Kurt Stürken

IMPRINT

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Registergericht: Tostedt

Registernummer: HRB 110360

As per: June 2019

The report on the first half year and on the second quarter of 2019 is also available in german. In case of discrepancies the german version is decisive. The digital version of the annual report and the quarterly statements of PNE AG are available online at www.pne-ag.com in the section "Investor Relations/Financial reports".

This report includes statements concerning the future, which are subject to risks and uncertainties. They are estimations of the Board of Management of PNE AG and reflect their current views with regard to future events. Such expressions concerning forecasts can be recognised with terms such as "expect", "estimate", "intend", "can", "will" and similar terms relating to the Company. Factors, which can have an effect or influence are, for example (without all being included): the development of the wind power market, competitive influences including price changes, regulatory measures and risks with the integration of newly acquired companies and participations. Should these or other risks and uncertainty factors take effect or should the assumptions underlying the forecasts prove to be incorrect, the results of PNE AG could vary from those, which are expressed or implied in these forecasts. The Company assumes no obligation to update such expressions or forecasts.

PNE AG

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