EUROPEAN ENERGY

ANNUAL REPORT 2020

COMPANY REG.NO. 18351331

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The big picture

MÅDE
32.8 MW
DENMARK

Highlights 2020

EBITDA

+38% in 2020

+82% since 2018

Historical high level in 2020 and result better than outlook for 2020. EBITDA has almost doubled since 2018.

Electricity Sale

+41% in 2020

+116% since 2018

Electricity sale now represents 22% of revenue. Today, European Energy is a developer and an independent power producer.

Outlook 2021

+31% EBITDA

+32% Profit before tax

Growth in EBITDA continues with same pace as the last year. Equal growth is expected in profit before tax.

Revenue

-13% in 2020

+115% since 2018

In 2020, revenue declined 13%. Over the last 2 years, revenue has more than doubled.

Equity

+71% in 2020

EUR 75 mill. in hybrid bond

With the inflow from a hybrid bond, equity is historically high, which will enable European Energy to increase the amount of constructed energy farms.

Outlook Development 2020 – 2021

EUR million	2021	2020
EBITDA	**80.0**	61.2
Profit before tax	**50.0**	37.8

Key number 2018 – 2020

EUR million	2020	2019	2018
Revenue	**207.0**	238.8	96.2
EBITDA	**61.2**	44.3	33.6
Equity	**235.3**	137.6	107.7
Power sale	**42.9**	30.5	19.8

Other Highlights

Total Gross Profit

+29% in 2020
+108% in power sale profit since 2018

Gross profit has increased for all segments in the business. Gross Margin up from 24% in 2019 to 36% in 2020.

Construction

+181% under construction
+34% ready to build

In 2020, the number of MW under construction increased from 218 in 2019 to 613 in 2020. Also, the number of MW ready to be built increased from 606 in 2019 to 814 in 2020.

Asset Management

+13% in 2020
+38% since 2018

In 2020, assets under management in-creased to 1,336 MW due to new service contracts for solar and wind assets.

Revenue Power Plant Sale

-22% in 2020
+118% since 2018

The decrease in revenue in power plant sale in 2020 must be seen in the light of the increase in sale of power.

Power Production

251 MW connected in 2020

158,000 green power to European households

We added 251 MW of green power to the 1,661 MW that has been connected by the company since 2004.

EUR million	2020	2019	2018
Total gross profit	**73.9**	57.5	42.6
Power sale gross profit	**34.8**	25.9	16.7
Power plant sale gross profit	**35.1**	19.1	15.9
Revenue sale of plants	**160.0**	205.2	73.4
MW			
Under construction	**613**	218	96
Ready to build	**814**	606	474
Assets under management	**1.336**	1.179	967

Five-Year Summary and Key Ratios

Key figures (EUR '000)	2020	2019	2018 *)	2017 *)	2016 *)
Revenue	206,962	238,804	96,182	186,716	140,788
Direct costs	-132,946	-190,614	-60,589	-148,550	-107,289
Gross profit	73,946	57,529	42,570	44,998	32,456
EBITDA	61,197	44,305	33,607	34,174	24,929
Operating profit (EBIT)	49,526	38,411	31,117	32,451	23,319
Financial income and expenses, net	-11,751	-969	-5,193	-6,662	-5,414
Profit/loss before tax	37,775	37,442	25,924	25,789	17,905
Tax	-8,109	-1,461	-3,403	-4,600	-2,260
The Group's share of profit for the year	**29,666**	**35,981**	**22,521**	**21,189**	**15,645**
Investments in property, plant and equipment	3,831	1,330	12,576	480	7,395
Total assets	739,817	605,671	447,081	287,764	218,535
Hybrid capital	75,000	-	-	-	-
Equity	**235,268**	**137,603**	**107,685**	**91,000**	**64,000**
Cash flow from operating activities	-35,616	19,684	-150,961	-14,476	7,306
Cash flow from investing activities	-22,975	-11,594	-490	3,588	-138
Cash flow from financing activities	66,961	36,934	161,857	43,992	-8,022
Change in cash and cash equivalents	8,370	54,936	10,406	33,104	-854
Financial ratios					
Gross margin	36%	24%	44%	24%	23%
EBITDA margin	30%	19%	35%	18%	18%
EBIT margin	24%	16%	32%	17%	17%
Solvency ratio	32%	23%	24%	32%	29%
Net interest-bearing debt (NIBD) **)	303,730	302,657	239,342	102,417	100,850
Net interest-bearing debt/EBITDA **)	5.0	6.8	7.1	3.0	4.0
Return on equity	16%	29%	23%	27%	26%
Gearing (NIBD as % of Group equity) **)	129%	220%	222%	113%	158%
Share Ratios					
Earnings per share, EUR (EPS Basic)	0.06	0.09	0.07	0.06	1.52
Earnings per share, EUR (EPS Diluted)	0.06	0.09	0.07	0.06	1.52
Number of outstanding shares, 31 December, '000	300,885	300,145	300,040	300,000	10,000
Non-Financials					
Average number of full-time employees	168	117	95	74	64
Number of employees end of year	203	148	99	78	70

The financial ratios have been computed in accordance with the latest Guidelines issued by the Danish Finance Society except for Earnings per share, basic and diluted, which are calculated according to IAS 33. *) The key figures from 2015 to 2018 have not been restated to IFRS 16 Leases. **) Hybrid capital is not included in NIBD but in equity.

Definitions

Gross margin
Gross profit or loss as a percentage of revenue.

EBITDA margin
Profit or loss before depreciation and amortisation, financial income and expenses and tax as a percentage of revenue.

EBIT margin
Profit or loss before financial income and expenses and tax as a percentage of revenue.

Solvency ratio
Equity at year-end as a percentage of total assets.

Return on equity
Profit or loss after tax for the year as a percentage of average equity.

Gearing
Net interest-bearing debt at year-end as a percentage of equity at year-end. Hybrid capital is not included in NIBD but in equity.

Earnings per share (EPS)
Profit attributable to the shareholders of European Energy A/S for the year divided by the average numbers of shares.

Earnings per share diluted (EPS)
Profit attributable to the shareholders of European Energy A/S for the year divided by the average numbers of shares diluted.

Financial Statement 2021 - Extract

See full Financial Statement here

Profit and Loss Statement

EUR million	2020	2019
Revenue	**207.0**	238.8
EBITDA	**61.2**	44.3
Operating profit	**49.5**	38.4
Profit before tax	**37.8**	37.4
Profit of the year	**29.7**	36.0

Cash Flow Statements

EUR million	2020	2019
Operating cash flow	**-35.6**	19.7
Investing cash flow	**-23.0**	-11.6
Financing cash flow	**67.0**	36.9
Change in cash and cash equivalents	**8.4**	54.9
Cash 31/12-20	**121.9**	113.5

Assets

EUR million	2020	2019
Total non-current assets	**238.5**	233.7
Inventories	**325.2**	227.1
Free cash and cash equivalents	**94.9**	90.4
Restricted cash and cash equivalents	**27.0**	23.1
Total current assets	**501.4**	372.0
Total assets	**739.8**	605.7

Equity and Liabilities

EUR million	2020	2019
Equity attributable to shareholders of Comp.	**135.1**	118.1
Hybrid capital	**75.0**	-
Total Equity	**235.3**	137.6
Total non-current liabilities	**424.9**	363.0
Total current liabilities	**79.7**	105.0
Total equity and liabilities	**739.8**	605.7

Letter from the Chairman of the Board

Do you ever wonder what a world based on a 100% renewable energy looks like? In European Energy, we do. And the good news is that this world is getting closer. In European Energy, we look back at a year that gives us great optimism when it comes to changing our energy to 100% renewable.

At first, you might think that the world would look pretty much the same. Energy is energy after all, and even though we might feel better knowing that the energy is produced in a renewable way, it is the same light in our lamps, power in our phones, electricity driving our cars or heating our food.

But the world will look different. Firstly, the phasing out of fossil fuels in power plants and vehicles will reduce air pollution dramatically across the world. Cleaner air improves public health and consequently brings down healthcare costs.

A world based on renewable energy is also a world less dependent on energy supply from others. Today, the much-needed imports of oil, gas and coal play central roles in many conflicts around the world. When renewable energy becomes mainstream, all countries will own their own energy extraction to the benefit of more stability and peace.

The number one threat to biodiversity is the rise of global mean temperatures. Breaking the curve of global warming is tantamount to the saving of species in the sea, on land and in the air. The world will be a richer and more diverse place to live across all species.

> “We have seen the future, and we like what we see. And we invite everybody – politicians & investors, climate activists & sustainability initiators, local communities & national authorities – to join us in the common journey towards a world based on 100% renewable energy.

We embrace this world, and our increase in power production, our strong pipeline, the huge interest from investors in our business and the connection of many new projects, fills us with a lot of hope for 2021. Even if only 2% of the world’s energy production stems from renewable power plants today, we have started to envisage this new world. The reason why is that the world community has moved from good intentions to real action.

Consequently, investing in renewable energy is no longer an exotic add-on to other investments but a safe investment with a competitive return.
The corona virus has not been good for anything, but the uncertainty in many markets has pushed the investment willingness in a more positive direction. Renewable energy has rapidly become the safe island in troubled waters.

So, what are we waiting for? Well, actually we are underway. We have seen the future, and we like what we see. And we invite everybody – politicians & investors, climate activists & sustainability initiators, local communities & national authorities – to join us in the common journey towards a world based on 100% renewable energy.

Jens-Peter Zink
Chairman of the Board

JENS-PETER
ZINK

Letter from the CEO

> "Our business is expanding – not only in key numbers but also in possibilities. That makes our business less vulnerable to sudden changes in our industry or even in case of an unexpected crisis, like a global pandemic.

2020 is the year that demonstrated the strength of our business model: We are geared to develop while building, to build while managing assets, and to manage assets while selling green power or divesting projects.

Our business is solid because we have cashflow from different areas: We can develop new projects and keep business going by selling power, or we can divest assets, while constructing new assets.

Our business is expanding – not only in key numbers but also in possibilities. That makes our business less vulnerable to sudden changes in our industry or even in case of an unexpected crisis, like a global pandemic.

At the same time, we have turned up our sale of electricity.

It is not an exaggeration to say that besides being a developer, today we are also an independent power producer. Despite low prices of electricity during most of the year, it has been lucrative to maintain more assets and sell power instead of divesting our assets.

To have more financial freedom is something highly valued in European Energy. It provides us with the opportunity to grow our business in many directions. We can sell our assets when we can achieve the best price. We can make the right cut between sale of electricity, divestments and PPAs. Since we have projects in many countries, we can turn up activities in one market when we turn down activities in others.

Our annual results and the market trends in general give us high expectations for the coming year. Taking the political and financial signals from our main markets into consideration, we think that it is not a question of IF we should transform the global energy supply to renewable energy, but HOW and WHEN we will do it.

The political and economic will is strong – and that is much needed. It is indeed time to act!

We believe that we are facing a boom in the development of green energy in the coming years. Politicians present huge green ambitions across continents, green investments have never been higher, and we have the skills and will to meet ambitions and demand. Actually, we plan to be a global major.

We are ready. The market is ready. Let's go!

Knud Erik Andersen
CEO

KNUD ERIK
ANDERSEN

Main Events in 2020

Offices

+6 new offices opened

European Energy opened offices in Hamburg, Germany; Glasgow, United Kingdom; Milan, Italy; Barcelona, Spain; Sao Paolo, Brazil and Vilnius, Lithuania.

Employees

+77 employees

203 persons employed at the end of the year

Total net increase in new head counts was 55.

Large-Scale Solar Farms

103 MW solar farm was taken into operation in Troia, Italy

Permit for 300 MW solar farm in Kassø, Denmark achieved

Power Purchase Agreements

7 PPAs signed

3.6 TWh power sold via PPAs to be delivered

Power-to-X

24% ownership in the Danish e-methanol company, REintegrate

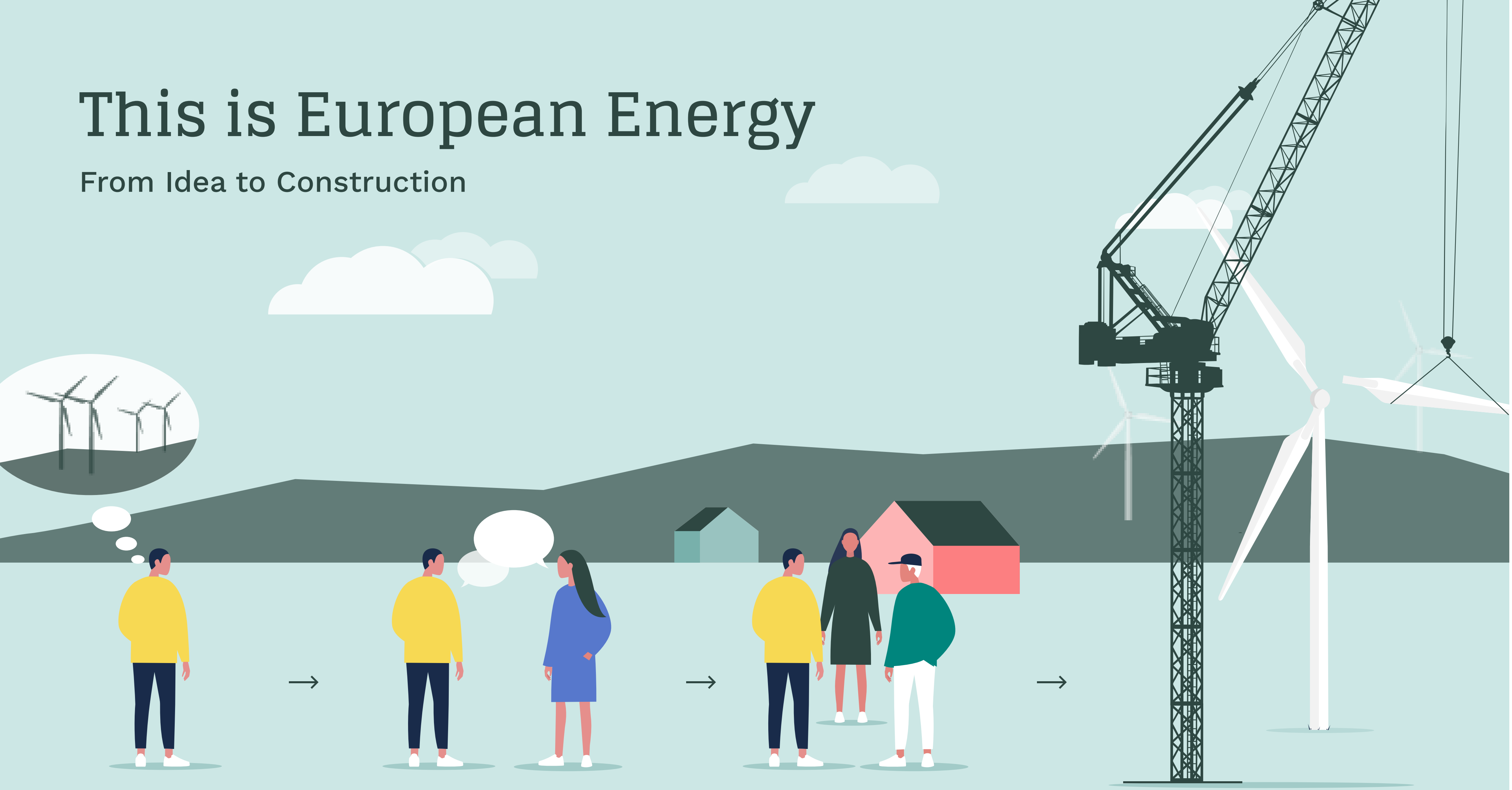
The groups first in the storage space where Power-to-X, batteries, heat pumps and other technology will increase the demand for green energy.

Our business

VIER BERGE
26.0 MW
GERMANY

This is European Energy

From Idea to Construction



LOCATION:

We secure the land rights in collaboration with the landowner and conducts environmental studies to minimize the local environment's impact.

PLANNING:

Once a location has been identified, a thorough analysis of the environmental impact, local grid capacities, both the political and the project economic framework conditions is needed. This includes but is not limited to all from navigating through national and local laws and permits to analyzing energy production estimates.

INVOLVEMENT:

It is essential to involve local citizens and stakeholders as early as possible and strive to understand and address any concerns. At this stage we also invite investors to participate in the development of the project.

CONSTRUCTION:

When all the essential rights and permits have been acquired, the construction phase can be started. We manage the entire process from design of the energy plant, global sourcing of components, construction activities to grid connection as well as all many unforeseeable factors during this phase.

From Construction to Production

After the construction has finished and the farm has been successfully connected to the energy grid, our engagement can go in different directions.

MANAGING THE ASSETS:

We consider managing the constructed assets as a part of our core business. This includes in-house competences in both technical, commercial and financial aspects of managing renewable energy plants.

DIVESTMENT:

We assess each project individually and takes the risk-and-reward profile into consideration. In some cases, we divest the energy farm to long-term investors at the optimal price. Often, we keep managing the plant for the investor to optimize production output and minimize operating costs.

INDEPENDENT POWER SALE:

Other times we keep ownership of the energy farm and provides electricity as an independent power producer.

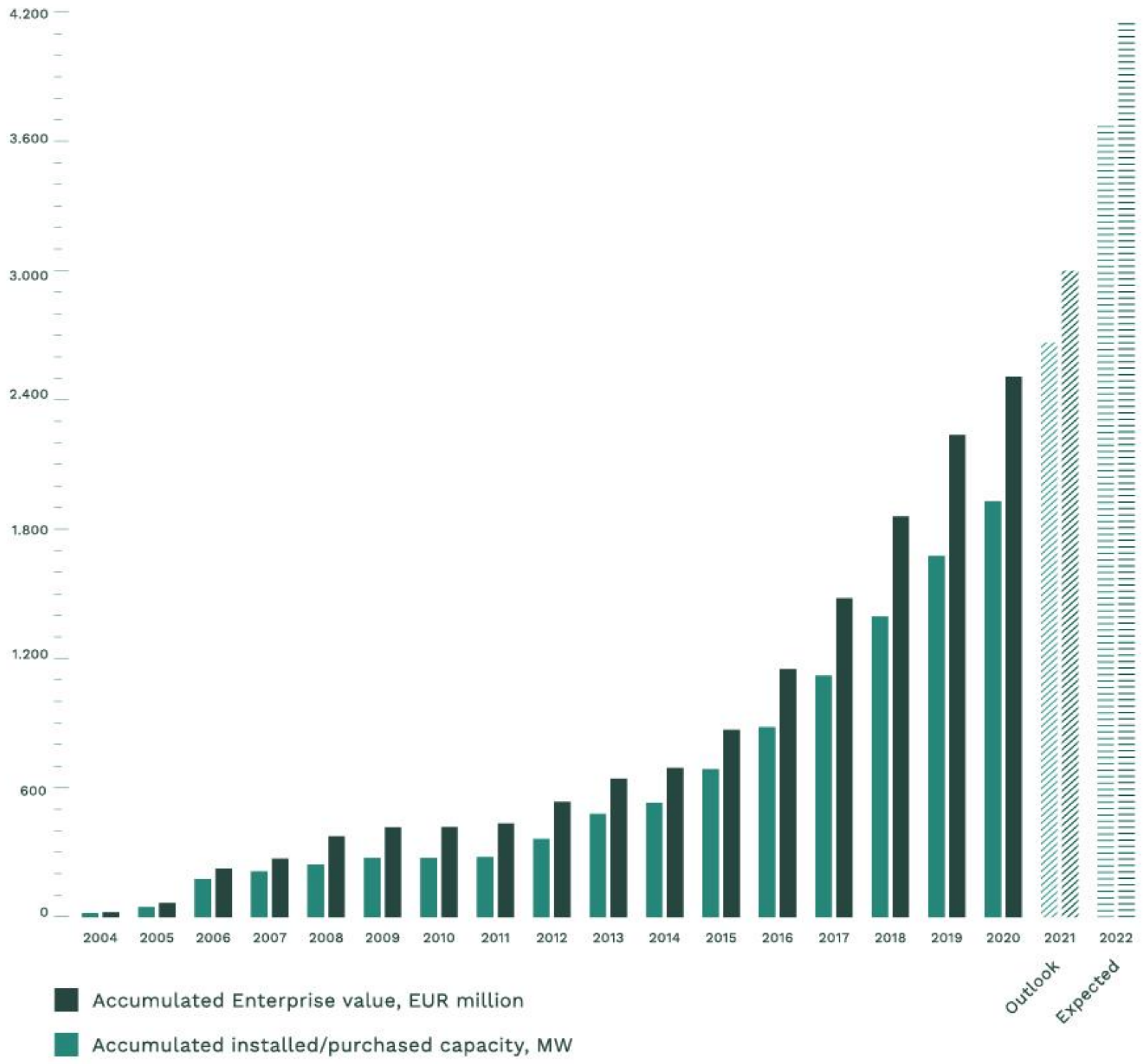
POWER PURCHASE AGREEMENTS (PPA):

Many companies choose a PPA solution these days during the pre-construction and construction activities. These PPA's are long term supply contracts with a fixed price guaranteeing the delivery of renewable power from energy farm to a business.

The European Energy Growth Story

European Energy was founded in 2004 when CEO Knud Erik Andersen and Head of Construction Mikael D. Pedersen joined forces in the first wind project. Shortly after Executive Vice President Jens Peter Zink joined the company. In 2008 European Energy developed the first solar project. In 2021 European Energy will reach a new milestone crossing the line of 2 GW renewable energy capacity developed or purchased since 2004.

Developed, constructed & acquired power generation assets 2004-2020*



* Including 3rd-party equity interests

The Development in Sales Activities

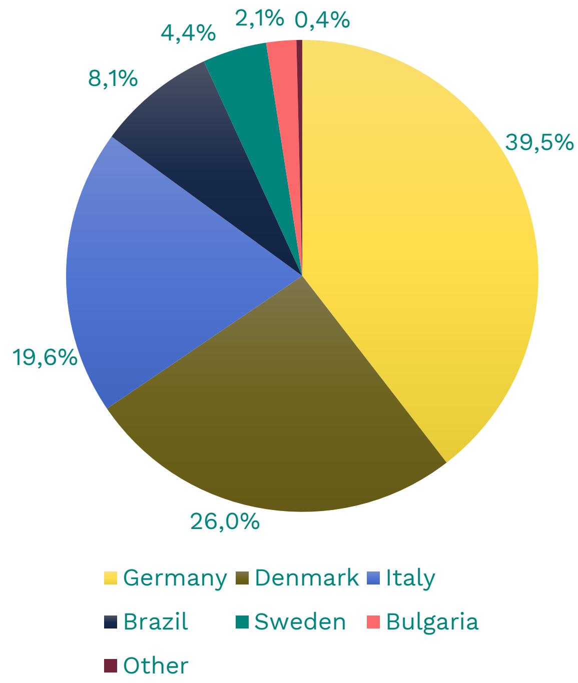
Sale of Electricity

- Record high electricity sales were achieved in 2020 with consolidated revenue of EUR 42.9 million.
- Solar and wind farms managed by European Energy with a net capacity of 402 MW delivered green energy to consumers of seven European countries and Brazil.
- In 2021 European Energy will seek to further increase the power production capability of the company.

In 2020, European Energy recorded a record high in sale of electricity. Compared to the previous year, the consolidated power sales increased by 41% to EUR 42.9 million.

While the Group in total operates a capacity of 1,336 MW, European Energy's share was 402 MW, all delivering green power to the consumers of seven European countries and in Brazil.
The total share of electricity production grew to 632 GWh in 2020 which is an increase of 38% compared to 2019. The increase in electricity production is primarily related to the strategy to move towards becoming an Independent Power Producer (IPP) with more generating assets kept in European Energy's own books. This contributes to strengthen our business by diffusing to more profit-making areas.

Share of Production, 632 GWh



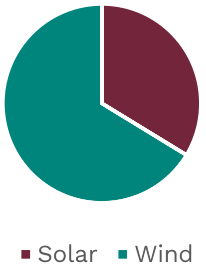
OUR APPROACH

European Energy often co-owns assets with partners ranging from utilities to private Danish investors. The portfolio primarily consists of assets constructed by European Energy as well as older operational parks acquired with the aim of repowering. The repowering process mainly involves replacing ageing, small wind turbines with newer, more efficient ones.

Due to long-term power purchase agreements (PPAs) and long-term subsidies, spot market power prices will have a limited effect on the profit from the sale of electricity. To the greatest extent possible and where economically feasible, European Energy sells the electricity produced by way of power purchase agreements.

At the end of 2020, European Energy had solar and wind power generating assets located in seven countries across the European continent and additional assets in Brazil. The main power production is situated in Germany where most of the company's wind power is produced. However, in 2020 the share of power production grew significantly in Brazil and Italy. Solar power production has increased significantly in 2020 and contributed 213 GWH to the total power production of 632 GWh. In total, European Energy has produced enough power during 2020 to supply the consumption of 158,000 households across the European continent.

Distribution on Technology (% of revenue)



Traditionally, European Energy has produced most green power from wind turbines primarily situated in Germany. However, in 2020 European Energy significantly increased its share of solar power production that now accounts for about one third of total energy output, mainly due to the construction of solar power plants in Brazil, Denmark and Italy. At the end of 2020, European Energy produced green power from a total of 207 MW wind and 195 MW solar power.

In 2021, European Energy will continue to develop and construct additional wind and solar power generating assets and this additional capacity will further increase the electricity production of the company.

VANESSA JANE HOGAN
Market Development Manager

The Development in Sales Activities

Divested Projects

- European Energy divested solar and wind farms for a combined capacity of 129 MW in 2020 and had a cumulative enterprise value of approximately EUR 162.0 million.
- In 2021, European Energy expects to continue with the same mix of divestments and stock assets delivering power for sale.

In 2020, European Energy recorded a high level of sales activities throughout the year, with divestment of projects in every quarter of 2020. In total, European Energy divested solar and wind farms with a combined capacity of 129 MW. In addition, a sales agreement for a project of 8.4 MW was signed, but not yet fully divested at the end of 2020, and consequently it was not recognised according to IFRS 15. The recognised sales of 129 MW constitute a slight reduction in sales compared to 2019, where sales amounted to 147.6 MW across both solar and wind power. However, the trend of levelling out annual sales must be seen with the increased level of construction activities, and therefore underscores European Energy's strategy to retain ownership of more of the constructed projects before we divest them. In 2020, divestments were focused on the Danish and German markets only compared to 2019, when generating assets were divested across four European countries.

The wind and solar farms divested, and Sales & Purchase Agreements signed by European Energy in 2020, had a cumulative enterprise value of approximately EUR 181 million. The solar and wind farms that were divested in 2020 or where sales and purchase agreements were signed are generating enough green power to supply some 75,000 European households.

In 2021, European Energy expects to continue with the same mix of divestments and stock assets delivering power for sale. With the current high level of construction activities in many European countries, it is very likely that European Energy will have divested generating assets in an increasing number of European countries at the end of 2021.

WIND AND SOLAR FARMS DIVESTED IN 2020

Site	Country	MW*	Technology
Hanstholmvej	Denmark	49.0	Solar
Næssundvej	Denmark	30.0	Solar
Svindbæk II	Denmark	9.6	Wind
Vier Berge	Germany	26.0	Wind
Viertkamp	Germany	14.4	Wind
Total		**129.0**	
Zwei Gipfel**	Germany	8.4	Wind

*Including 3rd-party equity interests

**SPA signed in December 2020, but the associated conditions for recognising the sale are not fulfilled 31 December 2020. The divestment is expected to be concluded in 2022.

The Development in Asset Management

Asset Management Continues to Grow

- At the end of 2020, European Energy managed 1.34 GW of assets divided between 880 MW wind power and 456 MW solar power production.
- European Energy owns 402 MW and the remainder is managed on behalf of investors.

European Energy's asset management team is dedicated to optimising the operation of wind and solar farms across many countries across the world. The asset management department offers investors a full spectrum of asset management services. Investors can therefore make passive investments without worrying about the operation and maintenance of the wind or solar farm in question.

In 2020, European Energy increased its portfolio of generating power assets under management. At the end of 2020, European Energy managed a total of 1,336 MW of power generating assets, of which 880 MW was wind power and 456 MW was solar power. European Energy owns 402 MW and the remainder is managed on behalf of investors. The power generating assets under management produced a total of 2.05 TWh in 2020, which is enough green energy to power more than 500,000 European households. This is an increase of 14% compared to the end of 2019. The increase is mainly driven by new projects constructed during the year of 2020 that are still under asset management by European Energy regardless of having been divested or not to investors.

OUR APPROACH

European Energy monitors and analyses asset performance with a view to implementing the optimal strategies regarding production, cost structure, refinancing and repowering. European Energy also manages legal, technical and safety compliance and consistently reports to stakeholders, such as investors and financing banks. Services range from ensuring access to turbines requiring maintenance, through to conducting operation and management tasks, to bookkeeping and negotiating with insurance companies and power traders. European Energy strives to identify risks early and thereby reduce the impact on hardware as well as on the performance and production of the assets. This is achieved through a combination of remote monitoring and site visits.

In 2021, European Energy will continue to expand its asset management. With the high level of construction activities, European Energy's asset management team stands ready to take over operations and management of assets once construction has been completed.

BRITTA REUTER SVENNESEN

Head of Technical Asset Man-

With European Energy's presence in the full value chain from development, construction to operations and our own IPP portfolio, we have in-house competencies such as engineering or hedging/PPA deal origination. These in-house competencies can be applied for our assets under management to extract the optimal lifecycle of the assets to the benefit of our customers.

MILENA UCHORCZAK
HR Consultant

DANIEL AXELSEN
Project Manager

The Development in Construction

Construction Activities

- During 2020, European Energy was engaged in construction activities at 14 different sites in five European countries and Brazil.
- 250.6 MW of new renewable energy facilities across solar and wind farms was grid-connected in 2020, with a total investment value of more than EUR 269 million euros.
- In 2021, European Energy expects to grid connect at least 750 MW of new renewable energy capacity across all markets. This would be a huge step toward our ambition of constructing more than 1 GW in 2022.

Throughout the year of 2020, construction activities were at an all-time high. Never before has European Energy been active across so many projects in so many countries.

CONSTRUCTION ACTIVITIES

During 2020, European Energy was engaged in construction activities at 14 different sites in five European countries and Brazil. In total, the combined construction activities of power generating assets during 2020 will add more than 650 MW of new renewable energy capacity to the grid.

In 2021, European Energy expects to continue the steep growth in construction activities as projects of more than 1 GW of new renewable energy capacity will move into the construction phase during 2021.

CONSTRUCTIONS COMPLETED

In total, European Energy constructed 250.6 MW of new renewable energy facilities across solar and wind farms, with a total investment value of more than EUR 269 million. At the end of 2020, European Energy has more construction activities ongoing than ever before. In total, since the beginning of European Energy's activities, more than 1.9 GW of renewable energy capacity has been acquired, developed or connected to the grid. This makes European Energy a central player among developers on the European market.

GRID CONNECTED 2020

Hanstholmvej	Denmark	Solar	49.0
Coremas 3	Brazil	Solar	31.0
Vier Berge	Germany	Wind	26.0
Næssundvej	Denmark	Solar	30.0
Holmen PV	Denmark	Solar	21.0
Harre	Denmark	Solar	44.0
Tornitz	Germany	Wind	3.6
Troia 2	Italy	Solar	40.0
Grzmiaca	Poland	Wind	6.0
Total			**250.6**

In 2021, European Energy expects constructions to reach a record high level by grid connecting at least 750 MW of new renewable energy capacity across all markets.

DEVELOPMENT PORTFOLIO

At the end of 2020, European Energy has 814 MW Ready to Build across both wind and solar energy. This is in line with European Energy's ambition to construct 750 MW in 2021 and achieving the installation and grid connection of one GW during 2022. At the same time, the development pipeline portfolio stands at 11,8 GW of additional renewable energy capacity that European Energy plans to develop over the course of the coming years, of which some 90% of the project capacity is owned by European Energy. Wind energy accounts for more than 2.6 GW, while solar PV accounts for 9.2 GW of the total development pipeline. The development pipeline includes future projects across 14 countries across four continents. European Energy will continue to seek new development opportunities as they arise, and a dedicated project development team stands ready to take on new projects.

Wind

CONSTRUCTION ACTIVITIES

At the end of 2020, European Energy had seven wind power projects under construction across three European countries and Brazil. In total, the active construction activities constitute some 196 MW of new renewable energy capacity expected to be grid connected during 2021 or 2022.

CONSTRUCTIONS COMPLETED

During 2020, European Energy completed the construction of three new wind farms across two countries. In total, the constructed wind farms added 35.6 MW to the grid, thereby supplying more than 20,000 European households with green power.

Solar

CONSTRUCTION ACTIVITIES

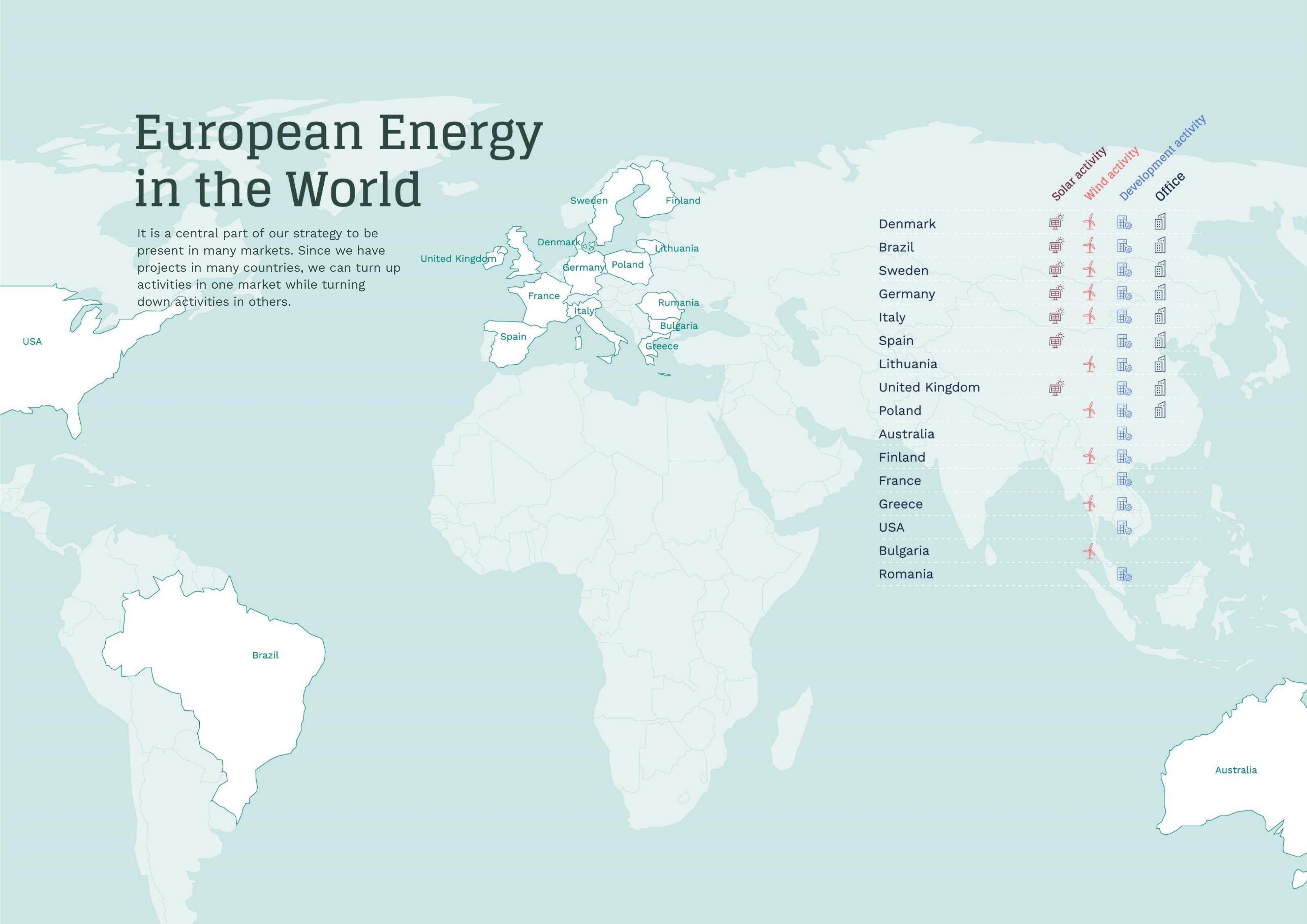
At the end of 2020, European Energy had six solar PV projects under construction. In total, the active construction activities constitute some 417 MW of new renewable energy capacity to be grid connected during 2021 according to schedule.

CONSTRUCTIONS COMPLETED

During 2020, European Energy completed the construction of six new solar PV plants. In total, the constructed solar farms added 215 MW to the grid, thereby supplying an additional 75,000 European households with green power.

European Energy in the World

It is a central part of our strategy to be present in many markets. Since we have projects in many countries, we can turn up activities in one market while turning down activities in others.



	Solar activity	Wind activity	Development activity	Office
Denmark	✓	✓	✓	✓
Brazil	✓	✓	✓	✓
Sweden	✓	✓	✓	✓
Germany	✓	✓	✓	✓
Italy	✓	✓	✓	✓
Spain	✓		✓	✓
Lithuania		✓	✓	✓
United Kingdom	✓		✓	✓
Poland		✓	✓	✓
Australia			✓	
Finland		✓	✓	
France			✓	
Greece		✓	✓	
USA			✓	
Bulgaria		✓		
Romania			✓	

Inside Our Business

Summary

- By end-2020, the number of highly skilled employees at the European Energy Group had increased by 37% to 203 employees (148 in 2019). We have hired newly educated talents to more senior positions, with various educational and cultural backgrounds, in order to strengthen our organisation further.
- The growth in European Energy can also be seen with the expansion of our newly established offices. In 2020, we established five new offices in Hamburg in Germany, Milan in Italy, Barcelona in Spain, Glasgow in the United Kingdom, Sao Paulo in Brazil and Vilnius in Lithuania in order to be closer to some of our markets.

European Energy is a fast-growing, multicultural organisation with employees from 20 different national backgrounds. By end-2020, the number of highly skilled employees at the European Energy Group had increased by 37% to 203 employees (148 in 2019). Of these employees, 40% were women and 60% were men. Having a diverse cultural and educational background allows European Energy to cover the entire spectrum of activities and to pursue complex business opportunities, primarily by leveraging the in-house competencies that ensure European Energy a competitive advantage.

GROWTH

In 2020, we prepared our company to scale up our activities in the coming years. We had a record number of new hires, which will allow us to build more renewable energy projects and enter new markets in 2021. We have hired a diverse group of people from newly educated talents to more senior positions, with various educational and cultural backgrounds, in order to strengthen our organisation further.

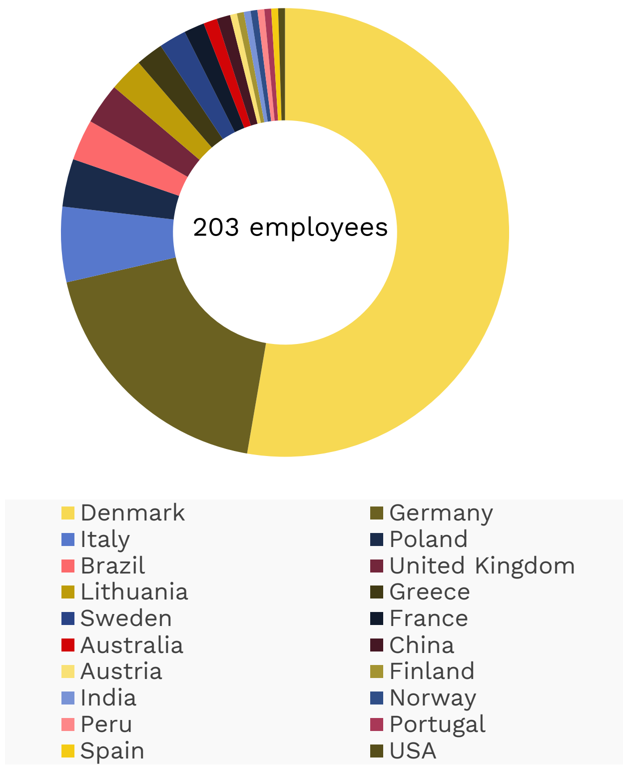
Growing at such a fast pace can be challenging for a company, but we have successfully integrated our new colleagues through professional onboarding. So far, this has been a tremendous success and the newcomers have received a head start on their journey with us.

The growth in European Energy can also be seen with the expansion of our newly established offices. In 2020, we established six new offices in Hamburg in Germany, Milan in Italy, Barcelona in Spain, Glasgow in the United Kingdom, Sao Paulo in Brazil and Vilnius in Lithuania in order to be closer to some of our markets. Even though we are growing at a high pace, we are doing our best to remain an agile organisation and maintain our entrepreneurial mindset.

In 2021, we expect the number of employees to increase at the same pace.

To read more about our approach to being a fast-growing, multicultural organisation please read our sustainability report.

20 Nationalities at Year-End 2020



Outlook and Trends

MÅDE
32.8 MW
DENMARK

Outlook

Looking Back on Financial Expectations for 2020

The Group announced the financial outlook for 2020 in the Q4 Financial Report of 28 February 2020: EBITDA for was expected to be EUR 52-58 million. The profit before tax in 2020 was expected to be EUR 35-39 million.

In mid-January 2021, the expectations for 2020 final results were estimated to be an EBITDA of EUR 60 million and a result before tax of EUR 37 million.

With a final EBITDA for the year of EUR 61.2 million, the original target for the year was more than reached.
The Group performed according to the original target for profit before tax with EUR 37.8 million for 2020. The good results for the year were driven by an increase in electricity sales and profitable divestments of energy parks.

Outlook for 2021

The Group announced the financial outlook for 2021 with a corporate announcement on the 17th of January 2021. EBITDA for 2021 is expected to be EUR 80 million. The profit before tax in 2021 is expected to be EUR 50 million.

The Management is looking forward to another year of good results. However, there are risk factors associated with developing and constructing solar and wind projects. The construction activity in 2020 was impacted by the COVID-19 pandemic with delays as a result. Restrictions for travelling between countries could again cause delays for our construction of solar plants in Denmark, and this could lead to less energy plants finalised within the year. We have also seen that the closing of offices has led to a longer lead time for receiving the needed building permits and permits for grid connections, and this could delay construction for both wind and solar parks.

Other factors which could have negative impacts on the Group's capability of meeting its goals are the success in renewable energy auctions, environmental impact assessments, the development in the supply of power purchasing agreements and the overall electricity price for the markets the Group are operating in.

World Trends

Solar and Wind Cheapest Sources of Power in Most of the World

Bloomberg Green, 28/04/2020

Biden returns US to Paris climate accord hours after becoming president

The Guardian, 20/01/2021

China pledges to become carbon neutral before 2060

The Guardian, 22/09/2020

2020 Tied for Warmest Year on Record, NASA Analysis Shows

NASA, 14/01/2021

Green Recovery

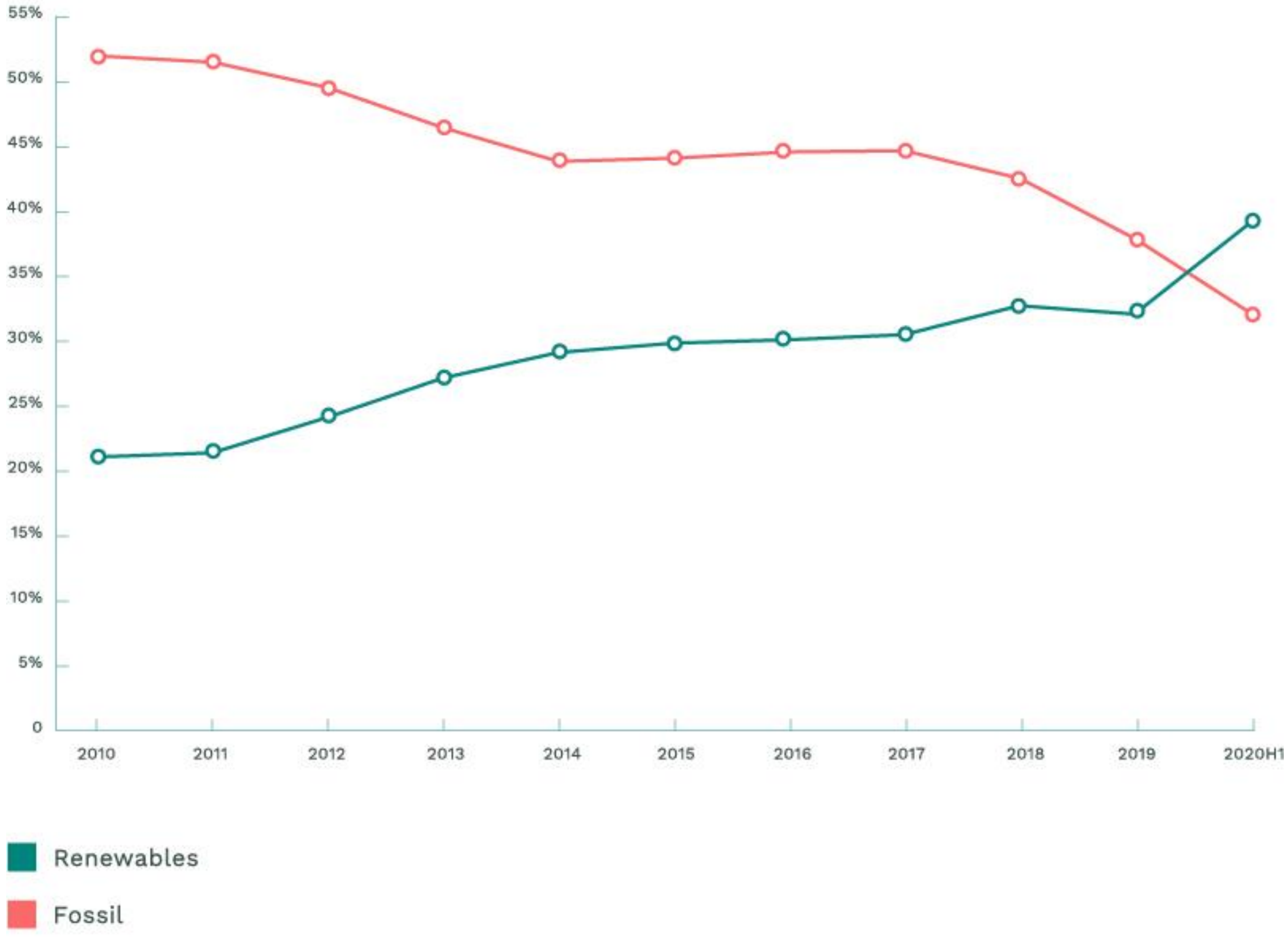
All over the World political leaders are stepping up climate ambitions. Despite the ambitious goals, it is still not in line with what science predicts is needed to keep global warming at manageable levels, in line with the 2° Celsius target of the Paris Agreement. But 2020 is still the year where political milestones were achieved, and maybe most importantly, 2020 is the year where political leaders agreed on putting renewable energy on the top of the agenda.

Many leaders connect the coronavirus pandemic with the ambitious green goals stated. For example, the European Union unveiled a EUR 750 billion recovery package for the coronavirus pandemic in May 2020, which includes plans to address the climate crisis. The pandemic might also show us new ways of handling the climate crisis. It has shown that governments can act quickly and listen to science when there is an emergency. Like the coronavirus pandemic, the climate crisis requires an emergency response – and a truckload of political will. The pandemic showed us that it is possible to act and change behaviour in very short time. Time will tell if world leaders show the same determination and the same will to act as they did during the pandemic.

There is no doubt that the climate crisis can be compared with the coronavirus pandemic in terms of its threat to humanity: The sixth mass extermination, the threat of access to food supplies, increasing floods and droughts are all consequences of the climate crisis. It calls for action with the same determination, speed, and will as the coronavirus pandemic.

Market Trends

Electricity generation in EU28 by source, Percent of total



Source: Ember "Renewables beat fossil fuels", 2020; EE analysis

1. Renewables Outplace Fossil Fuels

In 2020, renewable energy reached a remarkable milestone: for the first time, renewable energy accounted for more electricity generation than fossil fuels in Europe. Affordable, clean energy will power the worlds growth in generations to come.

What is maybe even more remarkable is, that in many markets the price on maintaining a coal plant is higher than building a new PV plant.

The trend has been for many years in favour of renewable energy, but what we see today is that trend and cost can go hand in hand. We have passed the time where critics can argue that it is bad business to phase out fossil fuels in favour of renewable energy.

The cost of renewable energy has never been lower and it is expected to drop even further, such decrease facilitated by the low cost of especially solar panels.

Renewable energy only accounted for 2% of the global energy supply in 2017, but prices, political trends, and the investment willingness give rise to high expectations in the years to come.

2. Solar Market is Forecasted to Boom

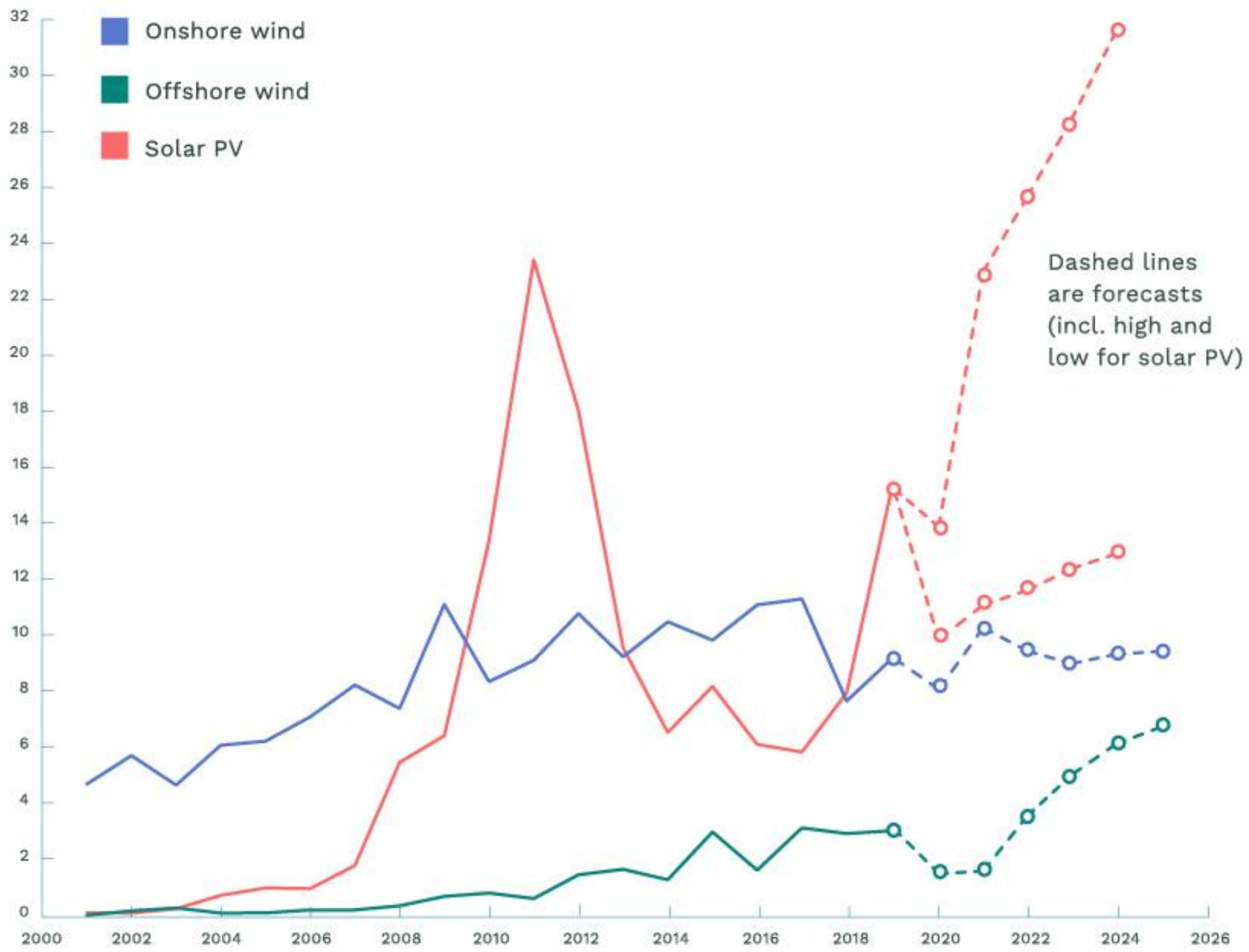
Over the next few years, the solar market in EU28 is forecasted to boom, but in a sustainable way compared to '10-'11, while onshore wind is expected to grow at current speed.

The prior cause to the low price on producing PV plants is the large-scale production of solar cells. The secondary cause is technological development.

The solar market in Europe is forecasted to experience its 2nd boom. Where the 1st boom was short-lived since it was driven by subsidies that were later removed, the 2nd boom is mainly driven by the cost competitiveness of solar PV as a technology, and the boom is thus expected to be much more sustainable.

Another key driver is the binding renewable energy targets, both national targets for 2020 and the Clean Energy Package's target of 32% renewables by 2030.

Annual added capacity and forecast for selected technologies in EU28, GW



Source: IRENA renewable statistics 2020; WPI Monthly December 2019; SolarPowerEurope "EU Market Outlook 2020-24"; GlobalData; EE analysis

3. Electrification Opens for New Cross-Sector Partnerships

As electrification seems to move forward in Europe, a new strong trend intensifies: cross-sector partnerships.

The trend might be the solution to more issues in electrification. There are no big scale solutions for storage of overproduction of energy, and though the direct electrification of cars is helping heavy transportation (ships, planes and trucks) on the path to carbon neutrality, the solution is not right around the corner.

To extract hydrogen from electricity and then turn it into e-fuels as methanol or ammonium could be a solution to both overproduction and a carbon neutral heavy transportation.

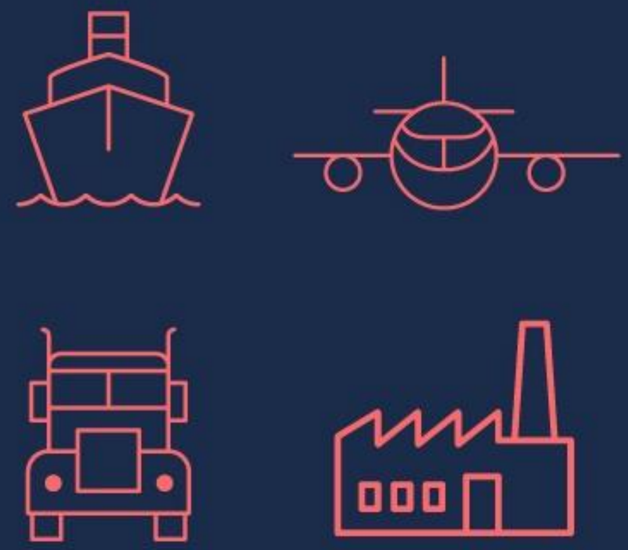
Today, we have the technology to make other sectors green, but the techs are expensive and subsidy-driven. The development is moving fast in this area. And the investment interest is increasing – also for European Energy, that in 2020 made an investment in the Danish e-methanol company, REintegrate

Direct electrification

Direct energy source is changed to electricity.

Indirect electrification

Energy source is changed to an intermediary fuel, which is produced by use of electricity.



Financial Performance

HARRE
44.0 MW
DENMARK
In-house developed single-axis tracker

Financial Performance of the Group

Summary

- Increased focus in the Group on maintaining energy assets has led to increased electricity sales. Rise of 41% in electricity sales from EUR 30.5 million in 2019 to EUR 42.9 million in 2020.
- Revenue from the sale of energy farms in 2020 was EUR 160.0 million. Total revenue was at EUR 207.0 million with profit before tax at EUR 37.8 million.
- Despite Corona lockdown, the company has been able to increase its personnel by nearly 40%, following its plan to become a major player in the renewable industry.
- Hybrid green bond issued on Nasdaq in 2020 of EUR 75 million. At the end of 2020, the Group's cash balance was EUR 121.9 million, of which EUR 86.8 million was free cash.

Revenue Recognition of Developed, Constructed and Divested Wind and Solar Farms.

European Energy's customer base is comprised of institutional investors and utilities that invest in stable cash flows generated by operational wind or solar farms. If the investor buys a completed and operational energy farm, the revenue is recognised when the asset is built, put into operation and the buyer has accepted takeover of the SPV. It takes up to five years from the beginning of a project for the income generated by its sale to be recognised in the annual report.
Consequently, there will be a substantial difference between European Energy's value creation in the project and the point in time when the revenue is recognised as income.

The above method of revenue recognition is used when the Group is selling a turn-key project, because the point in time where all performance obligations are met will be when the park is fully operational and delivering electricity into the grid. It is indeed possible to divest a project before or in the middle of the construction phase and recognise the profit. This requires that the investor takes over the project and that the divested company has construction management agreements with the EE Group. The takeover should be without any possibility for handing back the company.

Profit and Loss

In 2020 the Group has expanded its business to many new countries, grown the pipeline of renewable projects extensively and, despite the Corona lockdown, been able to increase the number of personnel by nearly 40%. In other words, the Group has followed a plan of becoming a major player in the renewable industry.

ALEXANDRA GKIONI
Structural Engineering Manager

We are very proud that at the same time we have also succeeded in constructing approximately 250 MW of power plants, selling more power than ever and increased our asset management business. On top of this, the Group created a result before tax in line with our guidance to the market, and with a higher EBITDA than originally forecasted.

European Energy is a green company, and everybody working for the Group feels the urge to deliver good results, because we know that only a very profitable company can grow fast enough to really make a difference for the climate.
The money earned is used in new projects and the solvency of the Group is solid. This is important as we construct even more power plants in close cooperation with both financial institutions providing project finance, and the investors in the bonds listed on Nasdaq.

To further strengthen its solvency, the Group issued a hybrid green bond on Nasdaq in 2020 of EUR 75 million. The bond is recognised as part of equity as the bondholders are stepping back for all other debt. The interests amount to 6.1 % yearly and will be booked as dividends when paid.

The Group issues quarterly financial reports stating profit and loss, balance, cash flow, equity statement and material disclosures. For information on the performance in quarter four, please see the report for this quarter.

In the Financial performance section below, the 2019 numbers will be in brackets.

REVENUE

The revenue for 2020 was recognised at EUR 207.0 million (238.8).
The decrease in revenue was in the sale of energy farms segment, which can be seen in note 1.1 in the Annual Report. Revenue from the sale of energy farms in 2020 was EUR 160.0 million (205.2).

The increased focus in the Group on keeping energy assets has led to increased electricity sales. Management is satisfied to see that the volume increased from 2019, where the electricity sales reached EUR 30.5 million, to EUR 42.9 million in 2020, which is a total increase of more than 40%.

Asset management and other fees increased in 2020 to EUR 4.1 million (3.1).
The asset management fee is only a small part of the Group's total revenue, but represents added value to the Group's results as the caretaking of assets for institutional investors often triggers new business for the Group in the form of repowering opportunities in existing energy parks. In these cases, European Energy can offer turnkey solutions to customers, and the Group captures additional revenue.

EQUITY-ACCOUNTED COMPANIES

The profit from equity-accounted investments was EUR -4,9 million (2.5).
The 2020 result is materially impacted by a EUR 8.4 million negative result in the Brazilian project Coremas. The negative result comes from a foreign exchange impairment due to the deroute of the Brazilian Real during the year. Apart from this, the equity accounted investments had a good year delivering profits in nearly all operational parks.

It can be difficult to evaluate the total size of business in the Group when only part of the sale of electricity or energy parks are recognised in the revenue lines in the profit and loss statement, and a major part recognised only through the after-tax results in the line for profit from equity-accounted investments. In the Annual Report, we have tried to accommodate for this, by showing the Group's net share of electricity sales including all companies both controlled, JVs and associated companies (please see “Sale of electricity”).

OTHER INCOME

The Group's other investments in shares includes share holdings of less than 20% in companies with energy parks. These shares are measured at market value. In 2020, the Group made an adjustment of the value of two wind parks with a total income of EUR 2.3 million (2.1).

In July 2019, the Group concluded a strategic investment with the acquisition of 100% of the shares in the German group of companies, AEZ.
The companies included additions of wind-energy assets of EUR 56.5 million and a total addition to the Group's balance of EUR 70.7 million. In connection with the purchase price allocation, a bargain purchase of EUR 4.6 million was recognised in other income.

Within a 12 month period from the purchase it is possible to re-evaluate the purchase price allocation, and the Group has in 2020 increased this bargain purchase with EUR 2.5 million.
The total other income for 2020 amounted to EUR 4.8 million (6.8).

DIRECT COSTS
With directs costs of EUR 132.9 million (190.6) in 2020, the Group achieved a total gross profit of EUR 73.9 million (57.5). Gross profit from power sales counts for 47% (45) of total gross profit.

STAFF COSTS
The staff costs increased to EUR 7,4 million (6.7) in 2020. The part of the staff costs that is related to the construction of energy parks is capitalised as part of the inventory. When the energy parks are sold, the capitalised amount of staff costs for the specific park is expensed in direct costs. Staff costs are specified in note 4.2.

OTHER EXTERNAL COSTS
Other external costs decreased to EUR 5.4 million (6.5). The decrease mainly relates to an expense of EUR 2.1 million of VAT adjustments in 2019 (see annual report for 2019 for more info). A part of other external costs is capitalised as part of the inventory and expensed when the energy parks are sold, in line with the method for staff costs.

DEPRECIATION
The Group has in the second half of 2019 added several wind parks to the balance of power-producing assets owned by the Group, i.e. the purchase of the AEZ companies and the addition of the Heidelberg companies. As a result of this, the depreciation in 2020 increased to EUR 11.7 million in 2020 (5.9).

FINANCIAL INCOME
The financial income in the Group mainly comes from interests on shareholders loans to associated companies within the Group. In 2020, this income has dropped to EUR 1.9 million (3.1) due to a halt on recognising the interest on loans to the Brazilian companies, where the Group already has impaired the value on the shares. The interest will not be recognised until an impairment test will show excess value.

In total, the financial income reached EUR 2.8 million (12.1).
In 2019, the financial income included a modification gain on bonds of EUR 5.6 million which counts for the main part of the difference compared to 2020.

FINANCIAL EXPENSES
Financial expenses for 2020 ended on EUR 14.6 million (13.1). Included in this number is amortisation of the modification gain of EUR 5.6 million from 2019, which is expensed over the lifecycle of the bond, 4 years.
Interest expenses related to establishing the new energy parks are part of the capital expenditure of the projects and is not recognised in the P/L. This amount in 2020 was EUR 6.9 million (5.7)

TAX
Tax in the Group was recognised to EUR 8.1 million in 2020 (1.5). The Group has paid tax in Spain, Germany, Sweden and Denmark of a total of EUR 3.7 million (0.5).

The Group recognises income from the sale of power in all controlled energy parks, and thus also tax expenses. When the parks are sold, the accrued tax is part of the balance of the sold company, and will in the end be paid by the buyer. The amount of paid tax for the Group will consequently always be considerably less than the tax expenses in the profit and loss statement. The difference, sold taxes, can be seen in the disclosures in tax note 4.1.

OTHER COMPREHENSIVE INCOME
During 2020, the hedging of power, currency and interests via SWAP agreements gave an income of EUR 1.7 million (3.5) with a corresponding tax expense of EUR 0.4 million (0.6).
Total other comprehensive income amounted to EUR 1.3 million (3.0).

NON-CONTROLLING INTERESTS
The non-controlling interests (minority shareholders) part of the total comprehensive income was EUR 13.1 million in 2020 (9.5).

The Balance Sheet

PROPERTY, PLANTS & EQUIPMENT

Development, construction and acquisitions are presented in the inventories, since the aim is to divest the majority of energy parks constructed. This is important as the Group needs the capital to invest in new projects. The Group aims to keep projects but must also ensure a reasonable solvency to keep growing.
The value of plants on the balance sheet in Property, Plant & Equipment, PPE, only increases when investments are made with no immediate expectation of a future sale of the project, or when a completed site is not sold for strategic reasons. Acquired land, which is kept for strategic reasons, will also increase the PPE.
In 2020 the PPE amounts to EUR 130.6 million (134.2).

EQUITY-ACCOUNTED INVESTMENTS

Equity-accounted investments (joint ventures and associates) totalled EUR 25.6 million (24.8) in 2020. The equity-accounted investments had a result in the year of EUR -4.9 million (2.5), whereof EUR 1.3 million (2.4) was paid to the Group as dividends.

LOANS TO RELATED PARTIES

Loans to related parties increased to a total of EUR 45.3 million (35.6) in 2020. The increase comes primarily from the loans to investment in joint ventures in Poland and represents the Group's equity part of the construction costs for a number of new wind energy parks.

TRADE RECEIVABLES AND CONTRACT ASSETS

The Group sells turnkey assets, and the recognition of revenue is typically done at the close of the sale of the energy farms, when the major part of the sales price for the shares is paid. This minimizes the trade receivables and contract assets. Trade receivables and contract assets (current and non-current) increased to EUR 30.2 million (21.2). The increase is mainly due to the 41 % increase in power sales.

INVENTORIES

Inventories increased to EUR 325.2 million (227.1). EUR 199.6 million (53.0) of the inventories were energy farms in operation. These energy farms are producing power and are contributing to the power sales of the Group. The farms will eventually be sold, but the Group has concluded that it is more profitable to keep the parks until the full value has been revealed. It requires a certain amount of realised power sales to give a solid proof for performance. The value of the project is expected to increase and the Group earns on the power sales in the meantime.

European Energy evaluates the likelihood of a project's success and the projects are reviewed on an ongoing basis with the aim of making impairments, if needed. A special focus is placed on projects in the early development stages (before construction).

At the end of 2020, the value of projects in the phase before construction increased to EUR 90.1 million (42.1) as a result of the Group's expansion, getting ready for delivering more than 1 GW of clean energy farms each year.

Despite the increase in projects, the impairments led to a EUR 2.7 million of positive adjustment, which relates to the reversal of impairments made previously on several projects which came "in the money". Some of these projects are already in construction.
Write-offs during the year amounted to EUR 0.4 million. In 2019, the Group had a deficit of EUR 7.9 million of impairments of which EUR 1.5 million was write-offs. Please see the disclosure section 2.4 for more information.

DEFERRED TAX

Net deferred taxes in the balance sheet decreased to EUR 7.2 million (7.9). The decrease mainly relates to the divestment of companies with deferred tax of EUR 3.5 million, and the reversal of an impairment made in 2019 of EUR 1.7 million of brought forward tax losses.

The positive adjustments on deferred tax have offset the increase in deferred tax from the power sales.

OTHER RECEIVABLES

Other receivables (current and non-current in total) increased to EUR 34.0 million (23.4). The increase comes primarily from increase in VAT receivables in the ongoing construction projects.

SHARE CAPITAL

The share capital for the parent company increased during the year by EUR 0.1 million (0) all related to the warrant program for employees.
At the end of 2020 the share capital was EUR 40.4 million (40.3).

NON-CONTROLLING INTERESTS

The non-controlling interests increased to EUR 25.2 million (19.5). The increase comes from the minority shareholders part of the result in 2020 of EUR 13.1 million (9.5) and dividends in subsidiaries to the Group paid out to minority shareholders of EUR 5.1 million (3.9). In 2020 the Group divested companies with minority shareholdings of EUR 2.1 million (1.8).

EQUITY

In 2020, the parent company in the Group issued a hybrid bond loan of EUR 75.0 million (0) increasing the equity to EUR 235.3 million (137.6). According to bond terms on the senior bond loan and on the hybrid bond, dividends to shareholders are not permitted, so the total comprehensive income is accumulated in equity each year.

BOND LOAN

The bond loan increased in 2020 to EUR 194,1 million (192.0) solely related to amortisation of debt issue costs.

PROJECT FINANCING

Project financing (short and long-term) increased to EUR 221.4 million (207.5).
The Group is cooperating with several financial institutions for project financing, depending on the geographic area of the construction site, the size of the project and the co-investors, if any. The loans are partly financing the PPE and partly the inventory. These assets have increased during 2020 by EUR 94.5 million (73.2), but the project financing has only increased by EUR 13.9 million (-6.3).
The reason is the issue of the EUR 75.0 million hybrid bond loan. The Group has used the bond proceeds as project financing.

Cash Flow Statement

OPERATING CASH FLOW

The cash flow from operations in 2020 was EUR -35.6 million (19.7). The major difference between the years is that, in 2020, the Group increased the inventory resulting in a change in networking capital of EUR -85.3 million and the increase in inventory in 2019 was considerably less, resulting in a change in networking capital of EUR -14.4 million. The Group expects that the activity increase in the coming years will lead to more increased inventory than the operating cash flow from the results of the year, and thus negative operating cash flow.

PURCHASE/DISPOSAL OF PLANT AND EQUIPMENT

In 2020 the Group bought land to be used for future solar parks. The land is a part of PPE since it is expected that the land will be leased to the solar parks. The total amount of net purchase of PPE equals EUR 3.8 million in negative cash flow.
In 2019, the Group sold 5 Spanish solar parks and the proceeds were the main part of the positive cash flow of EUR 28.3 million from purchase/disposal of plant and equipment.

LOANS TO RELATED PARTIES

In 2020, the company used EUR 17.4 million (11.9) to loan to equity-accounted investments. The increase relates mainly to loans to Polish and Brazilian investments in energy parks.

INVESTING ACTIVITIES

The total cash flow of investing activities ended at EUR -23.0 million (-11.6).

BONDS

In 2020 the Group did not issue any new senior bonds while in 2019, the Group issued new bonds with proceeds of EUR 200.5 million, and repaid the existing bond loans with EUR 88.4 million.

PROJECT FINANCING

The Group added new loans of EUR 206.0 million (88.6) and repaid loans of EUR 201.4 million (160.4) in relation to the divestment of energy parks, and by replacing bridge construction financing with long term project financing.

TOTAL CASH FLOW

In total, the financing activities had a positive cash flow of EUR 67.0 million (36.9) and the cash from acquired companies amounted to EUR 0 million (9.9).
This resulted in a total positive net cash flow for 2020 of EUR 8.4 million (54.9).

Capital Management

The parent company of the Group, European Energy A/S, is financed primarily through the bond market.
European Energy's policy is to maintain a strong capital base that enables it to attract investors and other creditors. European Energy A/S cannot pay out dividends before the bond loans are repaid.
The EUR 200 million bond loan has three covenants related to the Group's equity, total assets, total cash and cash equivalents.
In some subsidiaries with operational assets, there are covenants related to Debt Service Cover Rate (DSCR). No default exists or has existed.

The Group constantly monitor liquidity in order to mitigate any shortage of funds. The Group aims to maintain a balance between funding continuity and flexibility using revolving credit facilities, bank loans and bond issues. The Group currently funds construction costs partly through bank loans,

SHIVA SAFAVI LARSEN
Senior Legal Manager

which are replaced by non-recourse project financing when projects go into operation. The EUR 275 million bonds are used to finance some construction projects as well as investments in projects not yet in the construction phase. The bonds fund a major portion of the Group's activities, and thus represent a concentration of risk.

Given that market conditions for refinancing the bonds are considered positive, Management foresees several possibilities for replacing or repaying the bonds, and assesses the risk that the bonds cannot be refinanced in 2023 (senior bond EUR 200 mill) as low.
The hybrid bond of EUR 75 million is considered equity due to the 1000-year lifecycle. There is a step-up in interest of 5% in case the bond loan is not repaid within 3 years from the issue date in September 2020.
Also for this loan the management assesses the risk that the bonds cannot be refinanced as low.

Management views the non-recourse loans in operating wind and solar farms as low risk. The overdrafts used to finance the construction projects are also low risk for the Group, as the projects are on track and highly likely to be divested at least at cost value.
At the end of 2020, the Group's cash balance was EUR 121.9 (113.5) million, of which EUR 86.8 million (82.3) was free cash.
Management and the Board of Directors evaluate that the Group has sufficient available cash.

Uncertainty with Regard to Recognition and Measurement

REVENUE RECOGNITION AND MEASUREMENT

When selling turn-key projects, revenue is recognised at a point-in-time when control and all material risks and rewards have been transferred to the buyer. Determining the point-in-time require judgment regarding open matters/conditions and whether such, if any, are material or not. Some sales contracts regarding power plants comprise a fixed and a variable consideration. The latter normally relates to an earn-out or production guarantee linked to actual future production. The uncertainty about measurement relates essentially to this variable consideration and allocation of revenue between different performance obligations. This measurement requires management judgement applying assumptions and estimates.

INVENTORY/PROJECTS VALUATION

Evaluating inventory, especially projects still under development, involves a risk relating to the likelihood of a project's success. Management continuously evaluates all projects on the basis of their financial viability and feasibility. In 2020, this led to an income of EUR 2.1 million (-7.9) impairment of inventory (write-off or write-down), as explained in the disclosure note 2.4.

MAJA RASMUSSEN
Deputy Head of Projects - DK

Financial Performance of the Parent Company

Profit and Loss

REVENUE

The revenue of the Group's parent company, European Energy A/S, totalled EUR 15.0 million (150.5) in 2020. EUR 11.0 million (146.5) of the total revenue relates to the sale of power plants and to project management fees for projects within the Group where the company has had the overall management of the construction of power plants. The trend is that the divestment of energy farms is done by subholdings and that the parent company is not the divesting part. Asset management fees totalled EUR 4.2 million (3.1).

EQUITY-ACCOUNTED INVESTMENTS

Profit after tax for equity-accounted investments totalled EUR 21.5 million (25.3).

DIRECTS COSTS AND GROSS PROFIT

With a direct cost for the year of EUR 10.7 million (142.3), the parent company had a gross profit of 27.4 million (33.5).

STAFF COSTS

The staff costs of the parent company closely resemble those of the Group, as 93% of the staff during the year was employed by the parent company.
Staff costs totalled EUR 7.0 million (6.4).
Total costs for salaries and other staff costs in the parent company amounted to EUR 18.4 million (14.8), but EUR 11.4 million (8.5) was classified as indirect product costs and capitalised.
In the balance statement this amount is treated as loans to equity accounted investments. When the parent company issues the project management agreement fees regarding the work done on each project, and when the project has been recognised as sold according to IFRS 15, the proportion of capitalised staff costs for the energy park is expensed as part of direct costs.
During the year, EUR 5.3 million (5.3) was expensed as direct costs.

NET FINANCIAL INCOME

Net financial income was an expense of EUR 1.3 million (profit in 2019 of EUR 4.9 million).
The decrease in financial revenue is related to the recognised modification gain in 2019 of EUR 5.6 million, which is being expensed over the lifecycle of the bond with EUR 1.4 million per year.

PROFIT BEFORE TAX

Profit before tax totalled EUR 15.8 million (26.1).

TAX

The taxes for the year were an income of EUR 0.8 million (0.6). Impairment of brought forward tax losses of EUR 1.7 million in value made in 2019 was recognised as an income on the tax for the year, which is the reason for the total income on the taxes in 2020.
Of the EUR 15.8 million (26.1) in results before tax, the profit from equity-accounted investments equalled EUR 21.5 million (25.3) and this profit is already taxed. This is the major reason for the low effective tax rate in the company.

OTHER COMPREHENSIVE INCOME

In 2020, the company recognised EUR 1.5 million (3.3) in value adjustments of hedging instruments with a tax value of EUR -0.3 million (-0.6). The income came from the market value adjustments on power purchase agreements, adjustments of SWAP-interest agreements, and currency hedging.

The Balance Sheet

Investment in subsidiaries increased during 2020 to EUR 102.3 million (73.2). The increase is mainly due to the result for the year of EUR 28.0 million in the subsidiaries minus the dividend paid of EUR 7.8 million, and the increase in share capital in the Brazilian wind project of Ouro Branco, a total of EUR 12.3 million.

Loans to subsidiaries increased to EUR 220.1 million (157.5). European Energy has used the proceeds from the bond loans to finance the acquisition of new projects as well as the ongoing constructions.

Cash increased to EUR 43.9 million (37.3).

Equity for the Parent company increased to EUR 210.1 million (118.1) mainly due to the issue of the EUR 75.0 million green hybrid bond loan.

The total equity and liabilities increased in 2020 to EUR 444.0 million (333.0).

Cash Flow Statement

Cash flow from operating activities was EUR 5.9 million (1.4) where the major difference between the years was the change in networking capital with EUR 2.1 million in 2020 (-3.3).
Cash flow from investment was again negative due to the financing of the growth in subsidiaries, EUR -73.1 million (-105.4).
The cash flow from financing activities ended at EUR 73.8 million (112.1) due to the issue of the hybrid bond loan.
In total the change in cash for the year was EUR 6.6 million (8.2) and the cash balance at the end of the year was EUR 43.9 million (37.3).

Risk Management

SPROGØ,
DENMARK
Turbine
maintenance

Risk Management

As a global wind and solar developer and asset manager of renewable energy projects, we are exposed to a variety of risks inherent in our daily business operations and value creation. Managing these risks by reducing the likelihood of occurrence, as well as the financial impact to an acceptable level, are a vital part of our managing activities.

European Energy's risk management is intended to continuously identify, assess and manage business and financial risks in order to minimise their level and number. The financial risks consist of liquidity risk, foreign currency risk, interest rate risk and credit risk.

While these risks can take on different forms and dimensions, they can, broadly speaking, be divided into market risks, operational risks, financial risks and political, regulatory and legal risks. The primary risks and the associated risk management measures are addressed below in line with these risk categories.

Market Risks

The sale of electricity and the divestment of wind and solar farms involve exposure to fluctuating electricity prices in the market. In order to mitigate this market risk, European Energy enters into long-term power purchase agreements (PPAs) or secures long-term feed-in tariffs for its projects. Furthermore, geographical diversification of both development and operating projects ensures that the electricity market price risk is spread out across different electricity markets.

Another decisive uncertainty, as well as opportunity, in European Energy's market is the consistent and fast-paced development of both solar and wind energy production technologies requiring constant adaptation and responsive project development. In order to limit its exposure to potential technological changes which favour one technology over the other, European Energy follows a dual development strategy covering both wind and solar technology. In addition, European Energy limits counterparty and technology dependency risk by contracting with varying technology suppliers across different projects.

Operational Risks

European Energy develops greenfield projects, acquires pre-developed renewable energy projects, which are at different stages of their development cycle, and participates in repowering projects.
In order to be able to continuously realise new profitable projects, European Energy relies on a broad worldwide project development pipeline, which ensures cross-border market intelligence and agility and responsiveness in the instance that market conditions change in individual markets. European Energy limits its risk exposure to specific projects or countries by selectively entering partnerships, ensuring that development risks are appropriately shared between European Energy and its partners, which, for example, can be the original project developers.

Development costs usually constitute a minor part of the total project costs, and European Energy is typically able to discontinue a project if circumstances so warrant.

Once development projects enter the construction phase, European Energy faces construction risks such as potential delays due to unfavourable weather conditions, cost overruns or supplier dependencies. European Energy reduces these risks by conservative construction planning, which makes provisions for contingencies, and by conservative construction budgeting, which incorporates an appropriate reserve for unforeseen expenses. Furthermore, it builds on established and proven relationships with only top-tier technology providers.

Financial Risks

LIQUIDITY RISKS

As a developer of large-scale renewable-energy projects, European Energy naturally relies on sufficient and large amounts of liquid capital to finance construction activities. In particular, when projects enter the construction phase, they rely on timely construction financing with both equity capital, which is normally provided by the parent company, European Energy, and debt capital, which is normally provided by a bank through

bridge-financing facilities, which are subsequently refinanced with long-term, non-recourse project loans once the project is operational. If sufficient capital is unavailable, the development and construction of some projects may be delayed or jeopardised altogether.
In order for European Energy to mitigate the underlying liquidity risks, it dedicates considerable efforts in ongoing liquidity monitoring and forecasting of the financing needs at both Group and project level. In addition, particularly at project level, European Energy reduces liquidity risks related to construction activities by spreading and evening out supplier payments over the whole construction cycle and by securing construction financing early with renowned and trusted banks.

FOREIGN CURRENCY RISKS

European Energy's activities abroad expose the company to fluctuations in exchange rates. The majority of European Energy's foreign exchange operations are linked to the Euro. European Energy does not hedge this risk, since the Danish fixed exchange rate policy is considered unlikely to change. Furthermore, to mitigate foreign currency risk, especially at project level, European Energy may partially finance projects in the local currency. European Energy assesses the need for hedging purchase orders from suppliers if the orders have substantial value and are not in local currency. This is to ensure that budgeted construction costs are not exceeded. When projects are being divested, European Energy assesses the need and possibility for hedging the entire enterprise value of the project.

INTEREST RATE RISKS

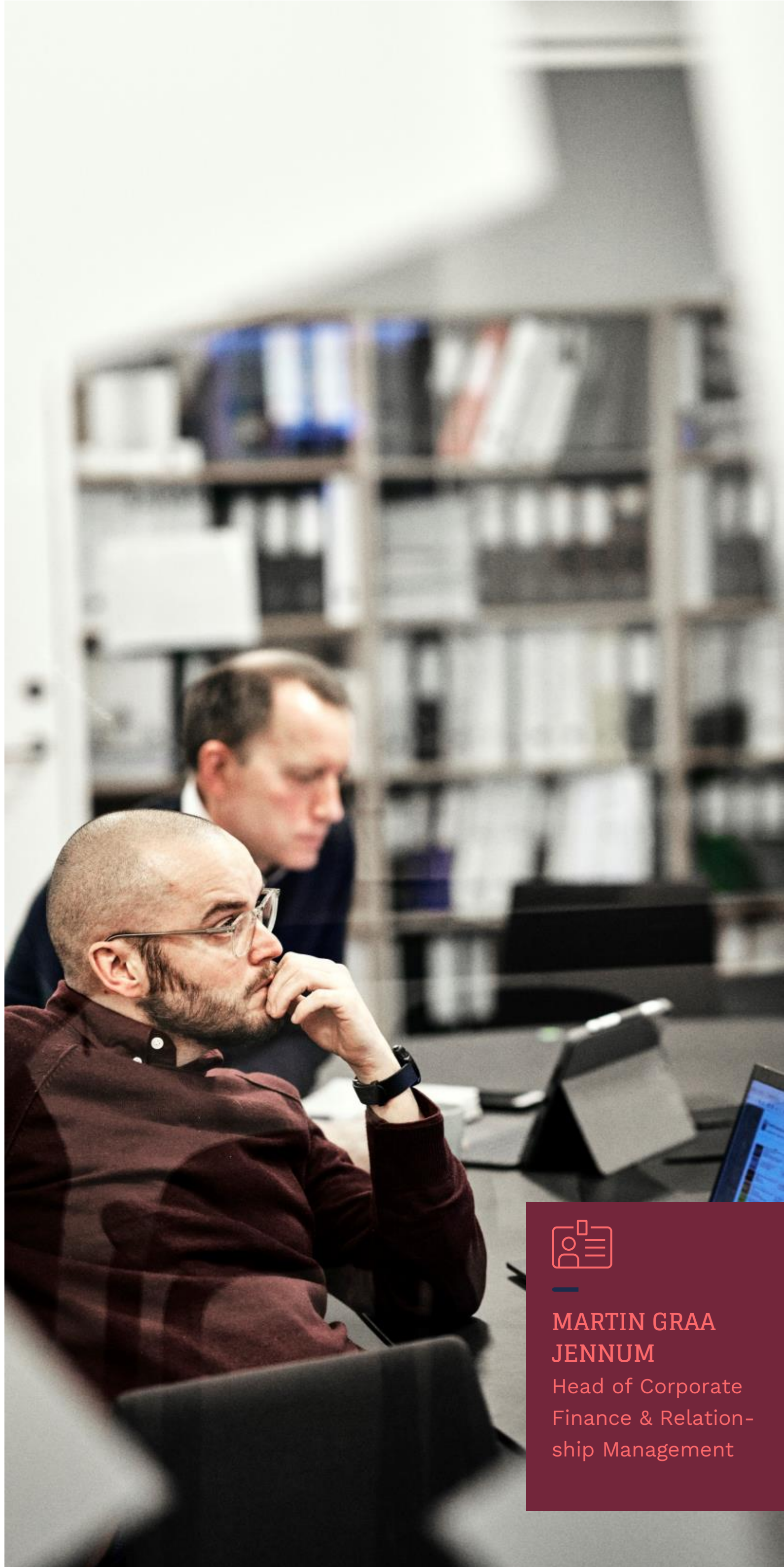
At both Group and individual project level, European Energy relies on interest-bearing debt financing which exposes it to interest rate risks. European Energy counters these risks by balancing its portfolio of fixed and variable rate loans and borrowings. At project level in particular, it often avoids interest rate risks altogether by engaging in interest rate hedges that cover the full maturity of the project-related loans.

CREDIT RISKS

The Group's credit risks mainly relate to trade receivables. The Group is not dependent on particular customer segments or any specific customers, and all customers are subjected to individual credit assessments in accordance with the Group's Financial Risk Policy. As a result, the credit risk of the Group is generally considered insignificant.

Political, Regulatory and Legal Risks

The successful development of renewable energy projects is dependent on the political and regulatory environment. While renewable energy has already reached market price competitiveness with conventional forms of energy production in fa-



MARTIN GRAA JENNUM
Head of Corporate Finance & Relationship Management

vourable climate conditions, it still to some degree relies on state subsidies in many regions and countries. In order to reduce European Energy's exposure to country-specific changes in government policies and subsidy-related regulation, it follows geographic and technological diversification. In 2020, European Energy was active in 16 different countries across the globe. Furthermore, in order to decrease its political risks in relatively higher risk countries outside Europe, European Energy strives for joint venture developments in collaboration with local partners.

Risks Related to Covid-19

The construction activity in 2020 was impacted by the Covid-19 pandemic with delays as a result. Restrictions for travelling between countries could again cause delays for our construction of solar plants in Denmark, and this could lead to less energy plants finalized within the year.
We have also seen that the close down of offices has led to longer lead-times for receiving necessary building permits and permits for grid connections, and this could delay constructions for both wind and solar parks.
The plan for both initiated and finalized construction for 2021 and 2022 is very ambitious, with 750 MW in 2020 and more than 1 GW in 2022. The Management has mandated that extra focus must be given to supplying the necessary information to the authorities for permitting in order to speed up the process. Furthermore, there is focus on securing the labour force needed to build the huge amount of solar parks included in the building programme for the year.

Audit Committee

The Audit Committee assists the Board of Directors in overseeing the financial reporting process, financial-related risks, internal controls and compliance with statutory and other requirements from the public authorities. Moreover, the Audit Committee decides the framework for engaging European Energy's external auditors and evaluates their independence and qualifications.

For the 2020 financial year, the Board of Directors appointed Jesper Helmuth Larsen as chairman of the Audit Committee, and Claus Dyhr and Jens-Peter Zink as members. There have been no changes in the members of the Audit Committee since the committee was established in 2016. The members meet the requirements concerning independence, experience, expertise and accounting skills, as set out in the Danish recommendations on corporate governance, and the committee as a whole therefore possesses the necessary competence.

MOST IMPORTANT TASKS OF THE AUDIT COMMITTEE IN 2020

- Review of the Interim Financial Reports and the Annual Report of the Group
- Initiate and supervise the audit tender process and recommend the best suitable auditor
- Monitoring external auditors' independence
- Monitoring and approval of Non-Audit Services
- Review of the accounting treatment of risk and/or significant areas, which primarily comprise use of judgements/estimates, complex accounting matters, revenue, tax, impairment tests etc.
- Monitoring of the Financial Department's progress, reporting, quality and compliance
- Monitoring the internal controls for the Group

Events

SPROGØ
21.0 MW
DENMARK

Events after balance sheet date

Thor

14 January 2021: Swan Wind, a new company owned by Dutch energy company Eneco and European Energy qualifies by the Danish Energy Agency for the Thor offshore wind farm tender. The combination of the two partners brings well documented experience in building large-scale offshore wind farms with low cost, high quality and deep and acknowledged local market insight into the competition.

Victor

26 February 2021: European Energy moves into green heating industry by taking part in the company Victor Energy Solutions with the aim of supplying heat pump solutions to Danish and European costumers.

Responsibilities and compliance

Responsibility

A review of European Energy's position on corporate social responsibility according to section 99a and section 99b of the Danish Financial Statements Act is available at European Energy's website:
https://europeanenergy.com/en/financial-reports

Management Diversity

A disclosure of European Energy's diversity policy, targets and current performance is available at European Energy's website:
https://europeanenergy.com/en/financial-reports

Corporate Governance
A description of the internal control and risk management system relating to section 107b of the Danish Financial Statements Act is available at European Energy's website:
https://europeanenergy.com/en/financial-reports

Managerial Positions

A complete list of Management positions at Group companies, Equity companies, and other companies is included in note 4.10 of the financial statements.

SISSE HOLLER GADEGAARD
Senior Financial Controller

Board of Directors

Jens-Peter Zink
Chairman

Knud Erik Andersen

Mikael Dystrup Pedersen

Jesper Helmuth Larsen

Claus Dyhr

Management Group

Knud Erik Andersen
Chief Executive Officer

Jens-Peter Zink
Executive Vice President

Jonny Thorsted Jonasson
Chief Financial Officer

Lars Bo Jørgensen
Head of Transaction Services & Project Economy

Thorvald Spanggaard
Project Director

Simon Bjørnholt
Legal Director

Glenn Aagesen
Head of Operations

Ole Fich
Head of Commercial Asset Management & IT

Poul Jacobsen
EPC Director

Statement by Board of Directors and Management

The Board of Directors and the Management Board have discussed and approved the Annual Report of European Energy A/S for the financial year ended 31 December 2020. The Annual Report has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and with further disclosure requirements in the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group and the parent company's financial position on 31 December 2020, and of the results of the Group and the parent company's operations and cash flow for the financial year then ended.

In our opinion, the Management Review includes a true and fair review of the development in the Group and the parent company's operations and financial matters, the results for the year, and the parent company's financial position, and the position as a whole of the entities included in the consolidated financial statements, as well as a review of the more significant risks and uncertainties faced by the Group and the parent company.

We recommend that the Annual Report is approved at the Annual General Meeting.

Søborg, 28 February 2021

Executive Board

Knud Erik Andersen

Board of Directors

Jens-Peter Zink

Knud Erik Andersen

Mikael Dystrup Pedersen

Jesper Helmuth Larsen

Claus Dyhr

Independent Auditor's Report

To the shareholders of European Energy A/S.

Opinion

In our opinion, the consolidated financial statements and the Parent Company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Group's and Parent Company's operations and cash flows for the financial year 1 January – 31 December 2020 in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Board or Directors and the Audit Committee.

AUDITED FINANCIAL STATEMENTS

European Energy A/S' consolidated financial statements and parent company financial statements for the financial year 1 January – 31 December 2020 comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and notes, including summary of significant accounting policies, for the Group as well as for the Parent Company (the financial statements). The financial statements are prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark.

Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to pro-vide a basis for our opinion.

INDEPENDENCE

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

We declare, to the best of our knowledge and belief, that we have not provided any prohibited non-audit services, as referred to in Article 5(1) of the Regulation (EU) 537/2014 and that we remained independent in conducting the audit.

We were appointed auditors of European Energy A/S for the first time on 26 October 2015 for the financial year 2015. We have been re-appointed by resolutions passed by the annual general meeting for a total uninterrupted engagement period of 6 years up to and including the financial year ending 31 December 2020.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the 2020 financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in the forming of our opinion thereon. We do not provide a separate opinion on these matters.

Key Audit Matter

How our Audit Addressed the Key Audit Matter

RECOGNITION OF REVENUE FROM SALE OF ENERGY FARMS

Determining the point in time when the sale of energy farms should be recognised is key to the reported financial performance of European Energy.

Furthermore, sales contracts often comprise multiple performance obligations, variable consideration and different contract conditions that involve judgement when determining the amount of revenue to be recognised.

Due to the significance and complexity associated with the above, revenue recognition from sale of energy farms is considered a Key Audit Matter.

Further reference is made to notes 1.0 and 1.1 in the consolidated financial statements and note 1.1 in the Parent Company financial statements.

Through testing of contracts on a sample basis and by reviewing Management's IFRS 15 analysis, we have verified that:

- variable consideration is based on the most likely consideration that European Energy is entitled to and that it is highly probable that a significant reversal will not be made in subsequent periods
- performance obligations in the sales contracts have been appropriately identified and that the considerations have been fairly allocated in comparison with stand-alone selling prices
- revenue related to the different performance obligations is recognised when control as well as all material risks and rewards as stipulated in the sales contracts have been passed to the buyer.

We have read notes 1.0 and 1.1 in the consolidated financial statements and note 1.1 in the Parent Company financial statements and assessed if the notes are fairly presented.

Key Audit Matter

VALUATION OF RENEWABLE ENERGY PROJECTS AND RELATED INVESTMENTS AND LOAN RECEIVABLES

Projects comprises development projects, projects under construction and completed projects ready for sale in the group and in investments. Projects comprise both greenfield and purchased projects.

The valuation risk associated with development projects is considered high, especially as to whether or not a project will be completed or cancelled. This assessment depends on financial criteria (estimated net realisable value, including estimate of return on invested capital requirements) as well as non-financial criteria (permits, financing, finding a buyer, etc.).

For projects under construction or completed projects ready for sale, the valuation risk is generally considered medium. Furthermore, specific circumstances, e.g. geographical and/or political, can though lead to increased risk. When a sales agreement has been concluded, the risk is considered low.

The valuation of loan receivables from related parties is dependent on the valuation of the risk associated with the underlying renewable energy projects.

Management's assessment of whether development projects should be written off or not and whether projects under construction, or completed projects ready for sale, should be written down to a lower net realisable value is considered a Key Audit Matter.

Further reference is made to notes 1.0, 2.4 and 2.5.1. in the consolidated financial statements and in the Parent Company financial statements.

How our Audit Addressed the Key Audit Matter

We have, on sample basis, obtained an understanding of the risks and stage of completion of the individual projects, Management's expectation of project success, the financial expectations and whether or not a sales agreement has been concluded or is expected to be concluded in the near future.

For material and high-risk projects under development, we have reviewed Management's impairment test and verified Management's assessment of significant financial and non-financial criteria (success expectation).

For projects under construction or completed projects ready for sale, we have reviewed concluded sales agreements. Where no sales agreements have been entered into, we have reviewed Management's impairment test and focused in particular on applied valuation assumptions are reasonable for projects with limited or no head room.

We have read notes 1.0, 2.4 and 2.5.1 in the consolidated financial statements and in the Parent Company financial statements and assessed their fair presentation.

Statement on the Management Review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with government with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determined that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, February 28, 2021

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Lau Bent Baun	Martin Eiler
State Authorised Public Accountant	State Authorised Public Accountant
MNE No. 26708	MNE No. 32271

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Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2020

EUR '000

Note		2020	2019
1.1	Revenue	206,962	238,804
2.5	Net result after tax from equity-accounted investments	-4,878	2,504
1.1	Other income	4,808	6,835
1.1	Direct costs	-132,946	-190,614
	Gross profit	**73,946**	**57,529**
4.2	Staff costs	-7,381	-6,695
4.3	Other external costs	-5,368	-6,529
	EBITDA	**61,197**	**44,305**
2.3	Depreciation	-11,671	-5,894
	Operating profit	**49,526**	**38,411**
3.1	Finance income	2,815	12,148
3.1	Finance expenses	-14,566	-13,117
	Profit before tax	**37,775**	**37,442**
4.1	Tax	-8,109	-1,461
	Profit for the year	**29,666**	**35,981**
	Attributable to:		
	Shareholders of the Company	16,644	26,654
	Non-controlling interests (NCI)	13,022	9,327
	Profit for the year	**29,666**	**35,981**

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

For the year ended 31 December 2020

EUR '000

Profit or loss and OCI	2020	2019
Statement of comprehensive income		
Profit for the year	29,666	35,981
Items that may be reclassified to profit or loss		
Value adjustments of hedging instruments	1,653	3,477
Tax of value adjustments of hedging instruments	-364	-645
Currency differences on translating foreign operations	36	210
Other comprehensive income for the period	**1,325**	**3,042**
Comprehensive income for the year	**30,991**	**39,023**
Attributable to:		
Shareholders of the Company	17,864	29,511
Non-controlling interests (NCI)	13,127	9,512
Comprehensive income for the year	**30,991**	**39,023**
Interim dividends:		
Non-cash distribution to shareholders		
Interim dividends	-	7,400
Total Interim dividends	-	7,400

Consolidated statement of financial position

As of 31 December 2020

Note	Balance Sheet	2020	EUR '000 2019
	ASSETS		
	Non-current assets		
2.3	Property, plant and equipment	130,594	134,213
2.3.1	Lease assets	9,396	9,091
2.5.1	Joint venture investments	10,334	11,112
2.5.2	Associated companies investments	15,239	13,693
2.6	Other investments	7,497	4,394
4.5	Loans to related parties	45,346	35,620
2.7	Trade receivables and contract assets	2,907	4,241
2.7	Other receivables	12,340	15,133
4.1	Deferred tax	4,798	2,292
2.7	Prepayments	-	3,923
	Total non-current assets	**238,451**	**233,712**
	Current assets		
2.4	Inventories	325,211	227,131
2.7	Trade receivables and contract assets	27,298	16,920
2.7	Other receivables	21,664	8,270
2.7	Prepayments	5,301	6,116
3.2	Free cash and cash equivalents	86,771	82,278
3.2	Restricted cash and cash equivalents	35,121	31,244
	Total current assets	**501,366**	**371,959**
	TOTAL ASSETS	**739,817**	**605,671**

Consolidated statement of financial position - continued

As of 31 December 2020

Note	Balance Sheet	2020	EUR '000 2019
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	40,430	40,331
	Retained earnings and reserves	94,650	77,797
	Equity attributable to shareholders of the Company	**135,080**	**118,128**
3.0	Hybrid capital	75,000	-
	Non-controlling interests	25,188	19,475
	Total Equity	**235,268**	**137,603**
	Liabilities		
3.3	Bond loan	194,144	192,017
3.3	Project financing	187,917	140,743
	Other debt	2,139	905
2.3.1	Lease liabilities	8,307	13,037
2.8	Provisions	20,390	6,096
4.1	Deferred tax	11,999	10,241
	Total non-current liabilities	**424,896**	**363,039**
3.3	Project financing	33,504	66,772
2.3.1	Lease liabilities	1,739	1,493
	Trade payables	11,629	8,981
	Payables to related parties	11	2,117
	Corporation tax	6,851	4,777
2.8	Provisions	4,400	2,800
	Deferred income	2,654	-
	Other payables	18,865	18,089
	Total current liabilities	**79,653**	**105,029**
	Total liabilities	**504,549**	**468,068**
	TOTAL EQUITY AND LIABILITIES	**739,817**	**605,671**

Consolidated statement of cash flow

For the year ended 31 December 2020

EUR '000

Note	Cash flow from operating activities	2020	2019
	Profit before tax	37,775	37,442
	Adjustments for:		
	Financial income	-2,815	-12,148
	Financial expenses	14,566	13,117
	Depreciations	11,671	5,894
	Profit/loss from equity-accounted companies	4,878	-2,504
2.9	Change in net working capital excluding inventory	7,044	-14,561
	Change in inventories	-92,446	153
	Interest paid on lease liabilities	-413	-152
	Dividends	1,613	1,556
	Other non-cash items	-4,122	-2,980
	Cash generated from operation before financial items and tax	**-22,249**	**25,817**
	Taxes paid	-3,727	-538
	Interest paid and realised currency losses	-12,000	-11,459
	Interest received and realised currency gains	2,360	5,864
	Cash flow from operating activities	**-35,616**	**19,684**
	Cash flow from investing activities		
	Purchase/sale of property, plant and equipment	-3,822	28,307
	Proceeds from disposal of equity-accounted investments	-	682
	Purchase/disposal of other investments	-224	65
2.1	Acquisition of subsidiaries	-	-27,276
	Investment in equity-accounted investments	-1,549	-1,479
	Loans to related parties	-17,380	-11,893
	Cash flow from investing activities	**-22,975**	**-11,594**

Consolidated statement of cash flow - continued

For the year ended 31 December 2020

EUR '000

Note		2020	2019
	Cash flow from financing activities		
	Proceeds from issue of bonds	-	200,535
	Repayment of bonds	-	-88,400
	Proceeds from borrowings	205,952	88,551
	Repayment of borrowings	-201,371	-160,358
	Repayment of lease liabilities	-2,000	-467
	Changes in payables to associates	-2,106	1,636
	Capital increase through exercise of warrants	404	-
	Cash from issue of hybrid capital	73,391	-
	Transactions with NCI	-7,309	-4,563
	Cash flow from financing activities	**66,961**	**36,934**
	Cash and cash equivalents related to acquired companies	-	9,912
	Change in cash and cash equivalents	**8,370**	**54,936**
	Cash and cash equivalents at beginning of period	113,522	58,586
	Cash and cash equivalents end of period	**121,892**	**113,522**
	Of which restricted cash and cash equivalents	**-35,121**	**-31,244**
3.2	**Non-restricted cash and cash equivalents end of year**	**86,771**	**82,278**

Consolidated statement of changes in equity

As of 31 December 2020

EUR'000

	Share capital	Share premium	Translation reserve	Hedging reserve	Treasury share reserve	Retained earnings	Total	Hybrid capital	Non-controlling interests	Total
Equity at 1 January 2020	**40,331**	**37**	**216**	**900**	-	**76,644**	**118,128**	-	**19,475**	**137,603**
Profit for the period	-	-	-	-	-	16,644	16,644	-	13,022	29,666
Other comprehensive income										
Value adjustments of hedging instruments	-	-	-	1,459	-	-	1,459	-	194	1,653
Tax of value adjustments of hedging instruments	-	-	-	-321	-	-	-321	-	-43	-364
Currency differences on translating foreign operations	-	-	82		-	-	82	-	-46	36
Other comprehensive income	-	-	**82**	**1,138**	-	-	**1,220**	-	**105**	**1,325**
Total comprehensive income	-	-	**82**	**1,138**	-	**16,644**	**17,864**	-	**13,127**	**30,991**
Transactions with owners										
Dividends	-	-	-	-	-	-	-	-	-5,144	-5,144
Transactions with NCI	-	-	-	-	-	-9	-9	-	-	-9
Purchase of treasury shares	-	-	-	-	-18	-	-18	-	-	-18
Exercise of warrants	99	305	-	-	-	-	404	-	-	404
Expenses related to capital increases	-	-2	-	-	-	-	-2	-	-	-2
Share-based compensation expenses	-	-	-	-	-	322	322	-	-	322
Issue of Hybrid Capital	-	-	-	-	-	-1,609	-1,609	75,000	-	73,391
Additions	-	-	-	-		-	-	-	-182	-182
Disposals	-	-	-	-	-	-	-	-	-2,088	-2,088
Total transactions with owners	**99**	**303**	-	-	**-18**	**-1,296**	**-912**	**75,000**	**-7,414**	**66,674**
Equity at 31 December 2020	**40,430**	**340**	**298**	**2,038**	**-18**	**91,992**	**135,080**	**75,000**	**25,188**	**235,268**

The share capital consists of nom. 300,885,469 shares of DKK 1 each, corresponding to EUR 40,430 thousand. The share capital is fully paid in. The Equity Treasury share reserve comprises the cost of the parent company's shares held by the Group, and is recognised as retained earnings and reserves in the equity. At 31 December 2020, the Group held nom. 25,722 shares of DKK 1 each corresponding to EUR 3 thousand of the parent company's shares. The shares have been bought back under the warrant program, where the parent company has a right, but not an obligation, to buy back shares from resigned employees.

Consolidated statement of changes in equity - continued

As of 31 December 2019

EUR '000

	Share capital	Share premium	Translation reserve	Hedging reserve	Retained earnings	Total	Non-controlling interest	Total
Equity at 1 January 2019	**40,316**	**-5**	**5**	**-1,257**	**57,029**	**96,088**	**11,597**	**107,685**
Profit for the period	-	-	-	-	26,654	26,654	9,327	35,981
Other comprehensive income								
Value adjustments of hedging instruments	-	-	-	2,802	485	3,287	190	3,477
Tax of value adjustments of hedging instruments	-	-	-	-645	-	-645	-	-645
Currency differences on translating foreign operations	-	-	211	-	4	215	-5	210
Other comprehensive income	**-**	**-**	**211**	**2,157**	**489**	**2,857**	**185**	**3,042**
Total comprehensive income	**-**	**-**	**211**	**2,157**	**27,143**	**29,511**	**9,512**	**39,023**
Transactions with owners								
Dividends *)	-	-	-	-	-7,400	-7,400	-	-7,400
Transactions with NCI	-	-	-	-	-572	-572	-3,931	-4,503
Exercise of warrants	15	42	-	-	-	57	-	57
Share-based compensation expenses	-	-	-	-	444	444	-	444
Additions	-	-	-	-	-	-	4.130	4.130
Disposals	-	-	-	-	-	-	-1,833	-1,833
Total transactions with owners	**15**	**42**	**-**	**-**	**-7,528**	**-7,471**	**-1,634**	**-9,105**
Equity at 31 December 2019	**40,331**	**37**	**216**	**900**	**76,644**	**118,128**	**19,475**	**137,603**

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

*) Non-cash dividends has been settled against receivables against shareholders. Non-cash dividend is EUR 0.0246 per share.

Notes

COREMAS
BRAZIL
Transformer
station

1.0 Basis for preparation

General information

The annual consolidated financial statements comprise the parent company European Energy A/S and its subsidiaries (the Group) for the year ended 31 December 2020. The Group's main operations consist of project development, financing, sales and acquisitions, construction, supervision and management of wind and solar farms. Geographically, the Group focuses on European markets.

The parent company is a limited liability company incorporated and domiciled in Denmark. The company's registered office address is Gyngemose Parkvej 50, DK-2860 Søborg.

Corporate bonds in total of EUR 200 million issued by the parent company are listed on NASDAQ Copenhagen. In September 2020 European Energy A/S has issued a hybrid bond of EUR 75 million. On 28 February 2021, the Board of Directors approved the 2020 Annual Report. The Annual Report is presented at the Annual General Meeting 18 March 2021.

Basis for preparation

The annual report for the year ended 31 December 2020 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and additional requirements in EU. The annual report has been prepared in accordance with the provisions applying to reporting class D enterprises under the Danish Financial Statements Act.

The European Energy Group has adopted all new, amended or revised accounting standards and interpretations (IFRS) as published by the IASB effective as of 1 January 2020, as well as those endorsed by the EU.

The annual report is presented in EUR, and all values are rounded to the nearest thousand (EUR '000), except when otherwise indicated.

Changes in accounting policies and disclosures

The accounting policies remain unchanged compared to the annual report for the year ended 31 December 2019, to which reference is made.

New accounting standards not yet adopted

The IASB has issued a number of new or amended accounting standards and interpretations, effective after 31 December 2020. The approved, though not yet effective, standards and IFRICs will be applied as they become mandatory for the Group company.

Management does not expect the remaining new or amended standards and IFRICs to materially affect the coming financial years.

Basis of consolidation

The consolidated financial statements comprise the parent company, European Energy A/S, and subsidiaries over which European Energy A/S exercises control. European Energy A/S is considered to exercise control over another entity when the company has the voting power in the subsidiary, the possibility or right to receive dividends from the subsidiary and possibility to use the voting power to influence the rate of dividends.

Entities acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Entities disposed of are recognised in the consolidated statement of profit or loss until the date of disposal.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent company and to non-controlling interests even if this means that the non-controlling interests have a negative balance. When necessary, the financial statements of subsidiaries are adjusted to align their accounting policies with those of Group. All intra-group assets and liabilities, equity, income, expenses and cash flows arising from transactions between group entities are fully eliminated on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to the parent company.

The non-controlling interests' proportionate share of the subsidiaries' profit and of equity is included as part of the Group's profit and equity, respectively.

Foreign currency translation

FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The Group determines a functional currency for each reporting entity in the Group. Group entities that are special purpose vehicles, established with the limited purpose to hold all activities related to a specific development project, are considered integrated entities in European Energy. Such special purpose vehicles have the same functional currency as the ultimate parent company, European Energy. Where entities are not considered integrated entities in European Energy the functional currency is the currency used in the primary financial environment in which the individual reporting entity operates. Transactions in currencies other than the functional currency are foreign currency transactions. The functional currency of the parent company is Euro (EUR), and the financial statements are presented in Euro (EUR).

On initial recognition, transactions denominated in foreign currencies are translated into the functional currency at the exchange rate at the transaction date. Foreign currency translation adjustments arising from the settlement of such transactions and the translation of monetary items denominated in foreign currencies at year-end exchange rates are recognised in profit or loss under finance income and finance costs.

TRANSLATION INTO PRESENTATION CURRENCY

For entities with a functional currency other than EUR, all assets and liabilities are translated into the presentation currency based on the EUR exchange rate at the date of the statement of financial position. Income and costs and other comprehensive income are translated at the rate at the transaction date or an approximate average rate. All resulting exchange rate differences are recognised as other comprehensive income.

Presentation of cash flow statement

The consolidated cash flow statement shows the Group's cash flows from operating, investment and financing activities.

Cash flows from operating activities are determined using the indirect method and stated as the consolidated profit before tax adjusted for non-cash operating items, including depreciations and impairment losses, provisions and changes in working capital, interest received and paid and corporate tax paid.

Other non-cash items primarily comprise reversal of gain from disposing non-current assets, reversal of value adjustments made in relation to other investment assets and reversal of recognised income from bargain purchase related to acquisition of companies and reversal of share of profit (loss) from equity-accounted investments.

When the Group sell a company (SPV which owns an energy park), the balance of the SPV is not netted out in the cash flow. The Group recognises the sale of an SPV as if it was a sale of an asset. The inventory, receivables and payables sold are thus included in the working capital changes of the year.

Cash flow from investment activities comprises payments connected with the purchase and sale of non-current assets, including energy farms classified as property, plant and equipment and equity-accounted investments.

Cash flows from financing activities include proceeds from bond issues, drawdowns, new project loans, payments from non-controlling interests and repayments on borrowings from credit institutions.

Loans in disposed companies within the group are recognised as repaid loans in the cash flow statement.

Cash and cash equivalents consist of cash and short-term deposits with a maturity of three months or less and an insignificant risk of changing value.

Covenants

In respect of the testing period ending of December 2020 for covenants, Management confirms that no default exists.

Use of judgements and estimates

In preparing the consolidated and separate financial statement, Management has made judgements, estimates and assumptions that affect how the Group's accounting policies are applied and the amount of assets, liabilities, income and expenses reported. The actual results may deviate from these estimates.

In accounting for lease contracts various judgements are applied in determining right-of-use assets and lease liabilities. Judgements include assessment of lease periods, utilisation of extension options and applicable discount rates, cf. in note 2.3.1.

Judgements

The following provides information about judgements made in applying those accounting policies that most significantly impact the amounts recognised in the consolidated and separate financial statements:

REVENUE RECOGNITION (NOTE 1.1)

When selling turn-key projects revenue is recognised at a point-in-time when control and all material risks and rewards have been transferred to the buyer. Determining the point-in-time require judgement regarding open matters/conditions and whether such if any are material or not.

ASSESSMENT OF CLASSIFICATION – WHETHER THE GROUP HAS CONTROL, SIGNIFICANT INFLUENCE OR JOINT CONTROL (NOTE 2.5.1 AND 2.5.2)

To have control over an investee, European Energy A/S must have all of the following:

a. Power over the investee;
b. Exposure, or rights, to variable returns from its involvement with the investee; and
c. The ability to use its power to affect the amount of its returns. The assessment of control is based on European Energy's actual ability to direct the activities of the project rather than on the legal form of the ability. Consequently, the determination of whether European Energy has substantive rights over the project does not distinguish between rights arising from European Energy as a shareholder of the project or as an operator.

In certain circumstances, the decision-making rights over the investee are delegated to a general partner. Particular emphasis is put on assessing control over an investee. When European Energy acts as commercial manager under a commercial management agreement (CMA), European Energy assesses whether it is using the power provided under the CMA for its own benefit (European Energy has control); or merely using this power for the benefit of other investors (European Energy is acting as an agent).

The classification of a joint arrangement under IFRS 11 depends on the parties' rights and obligations arising from the arrangement in the normal course of business. Key factors considered relate to whether the investors have the direct rights to the output (assets) and obligation as to the liabilities of the wind or solar farm. The following critical factors are included in the analysis of other facts and circumstances that could affect classification: whether co-investors are allocating their share of the output to the utility company or only entitled to a net cash flow, and whether the wind or solar farm relies solely on the partners for financing.

ACCOUNTING JUDGEMENT UPON INITIAL CLASSIFICATION OF HYBRID CAPITAL (NOTE 3.0)

Classification of the hybrid capital is subject to significant accounting judgement.

The issued EUR 75 million callable subordinated green capital securities due 3020 are accounted for as a hybrid capital reserve in equity. The classification is based on the special characteristics of the hybrid bond, where the bond holders are subordinate to other creditors and European Energy A/S may defer and ultimately decide not to pay the coupons.
As the principal of the securities ultimately falls due in 3020, its discounted fair value at initial recognition is nil due to the terms of the hybrid bond, and therefore a liability of nil has been recognised in the balance sheet, and the full amount of the proceeds have been recognised as equity. Coupon payments are recognised in the statement of cash flows in the same way as dividend payments within financing activities.

Assumptions and estimation uncertainties

When preparing the consolidated financial statements of the Group, Management makes a number of accounting estimates and assumptions on which the recognition and measurement of the Group's assets and liabilities are based.

The following provides information about assumptions and estimation uncertainties with a significant risk of resulting in a material adjustment in the year ending 31 December 2020:

REVENUE MEASUREMENT (NOTE 1.1)

Some sales contracts regarding power plants comprise a fixed and variable consideration. The latter normally relates to an earn-out or production guarantee linked to an actual future production.

The uncertainty about measurement relates essentially to this variable consideration and allocation of revenue between different performance obligations. This measurement requires Management judgement applying assumptions and estimates.

BUSINESS COMBINATION (NOTE 2.1)

In applying the acquisition method of accounting, estimates are an integral part of assessing fair values of identifiable assets acquired and liabilities assumed, as observable market prices are typically not available.

The purchase price of property, plant and equipment includes estimates on future capacity of generating cash flow by the wind and solar farms.

Valuation techniques where estimates are applied typically relate to determining the present value of future uncertain cash flows or assessing other events in which the outcome is uncertain at the date of acquisition.

More significant estimates are typically applied in accounting for property, plant and equipment, customer relationships, trade receivables, deferred tax, debt and contingent liabilities. As a result of the uncertainties inherent in fair value estimation, measurement period adjustments may be applied.

IMPAIRMENT TEST OF PROPERTY, PLANT AND EQUIPMENT (NOTE 2.3)
The key assumptions supporting recoverable amounts mainly comprise discount rate (WACC) and expectations regarding future production and unit prices. Please refer to note 2.3 for more details related to the impairment test.

INVENTORIES (NOTE 2.4)
Inventories, comprising projects under development, under construction and completed projects are initially measured at cost.

An impairment test is performed on the carrying amount.

The impairment test is based on assumptions regarding strategy, market conditions, discount rates and budgets etc., after the project has been completed and production commenced. If market-related assumptions etc. are changed, projects may have to be written down. Management examines and assesses the underlying assumptions when determining whether the carrying amount should be written down.

PROVISIONS (NOTE 2.8)
Management continually assesses provisions, including contingencies and the likely outcome of pending and potential legal proceedings. The outcome of such proceedings depends on future events, which are, by nature, uncertain.

When considering provisions involving significant estimates, opinions and estimates by external legal experts and existing case law are applied in assessing the probable outcome of material legal proceedings, etc.

TAX (NOTE 4.1)
Uncertainties exist with respect to the interpretation of tax regulations in the different countries in which the Group operates, to changes in tax law and to the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could potentially cause adjustments to tax income and expense already accounted for. Management reviews deferred tax assets quarterly, which are recognised only to the extent considered sustainable in the future, taking the timing and the level of future taxable profits into account, together with the Group's future tax planning strategies.

SHARE-BASED PAYMENT (NOTE 4.2.1)
The fair value of warrants granted is calculated using the Binomial model. The Binomial pricing model requires the input of subjective assumptions such as:

a. The estimated share price of European Energy A/S (unlisted shares).
b. Volatility, based on historical volatility for a peer group.
c. Risk-free rate, based on Danish government bond.
d. Expected life of warrants, which is based on vesting terms, exercise price and exercise periods.

These assumptions can vary over time and can change the fair value of future warrants granted.

1.1 Segment information

Accounting policy

REVENUE RECOGNITION

Revenue is recognised when the Group has fulfilled its contractual performance obligations towards the buyer.

Revenue from sale of solar and wind power generating assets is recognised at a point in time.

Revenue from sale of electricity and asset management is recognised over time.

The following further explains revenue recognition for the Group's revenue streams:

REVENUE FROM SALE OF SOLAR AND WIND POWER GENERATING ASSETS

The group develops and sells power generating assets mainly as turnkey projects. The solar and wind power generating assets are developed, but their construction does not commence until all relevant permits have been obtained. Special purpose vehicles (SPVs) organised as subsidiaries, Joint Ventures or Associates in the Group carry out development and construction.

The Group's performance obligations in turnkey projects include an agreement for the development and construction of a grid-connected power generating asset and an agreement for the transfer of the shares in the SPV, which holds all relevant permits. These two agreements are connected and are accounted for as one performance obligation.

Revenue from turnkey projects is recognised when control has been transferred to the buyer and European Energy has an enforceable right to payment. This occurs at the point in time when the buyer accepts the takeover.

The revenue from sale of power generating assets in fully controlled subsidiaries is measured as total construction costs in the SPV *plus* net profit from sale of the shares (a gross transaction).

The revenue from sale of power generating assets in Joint Ventures or Associates is measured as the net profit from the sale of the shares in the SPVs, and no direct costs related (a net transaction).

The transaction price normally includes a fixed and a variable consideration, determined by the project's expected future cash flow based on buyer's and seller's agreement on expected return on invested capital (ROIC).

The estimated amount of variable consideration will be included in the transaction price only to the extent that a significant reversal in the revenue recognised is highly unlikely to occur when the uncertainty associated with the variable consideration is subsequently resolved.

Payments deferred more than 12 months are adjusted for the time value of money.

In projects where the Group does not act as a turnkey project developer e.g. when the Group establishes transformer stations and building foundations, the revenue is recognised when control of the project has been transferred to the buyer, European Energy's performance obligations has been satisfied and European Energy is entitled to receive payment.

SALE OF ELECTRICITY

Revenue from sale of produced electricity is recognised when supplied to the purchaser's network.

ASSET MANAGEMENT

Revenue from Asset management is recognised when the services are delivered. The service includes commercial management and operational facility supervision on behalf of a third party.

OTHER INCOME

Other income comprises items secondary to the activities of the group.

DIRECT COSTS

Direct costs comprise costs incurred in generating the revenue for the year.

On disposal of energy projects placed in fully controlled subsidiaries, direct costs comprise capital expenditures directly related to the constructed power generating assets that are disposed of and other costs directly related to the disposal.

Direct costs related to sale of electricity comprise operating costs related to constructed and operating energy farms.

CHIEF OPERATING DECISION MAKER

Operating segments are recognised in the manner that corresponds to the internal reporting to the chief operating decision-maker (CODM).

The CODM is the function responsible for allocating the Group's resources and assessing the performance of the operating segments. The Group's CODM has been identified as the Board of Directors. European Energy's segments are:

a. Wind
b. Solar

Segment information has been prepared in accordance with the Group accounting policies. Segment income and segment costs as well as segment assets and liabilities comprise those items that can be directly attributed to each individual segment on a reliable basis.

1.1 Segment information - continued

EUR '000

Segment information (2020)	Wind	Solar	Total before elimination	Eliminations	2020 Group
Sale of energy farms and projects	109,018	50,973	159,991		159,991
Sale of electricity	31,088	11,777	42,865		42,865
Asset management	2,637	1,246	3,883		3,883
Other fees	118	105	223		223
Revenue to external customers	**142,861**	**64,101**	**206,962**	**-**	**206,962**
Inter-segment revenue	**29,958**	**103**	**30,061**	**-30,061**	-
Revenue	**172,819**	**64,204**	**237,023**	**-30,061**	**206,962**
Net result after tax from shares in equity accounted investments	2,938	-7,816	-4,878	-	-4,878
Other income	3,147	1,661	4,808	-	4,808
Direct costs	-86,377	-46,569	-132,946	-	-132,946
Staff costs	-4,920	-2,461	-7,381	-	-7,381
Other external costs	-2,921	-2,447	-5,368	-	-5,368
Depreciation	-11,367	-304	-11,671	-	-11,671
Inter-group costs	-29,958	-103	-30,061	30,061	-
Segment profit (Operating profit)	**43,361**	**6,165**	**49,526**	**-**	**49,526**
Finance income	1,855	960	2,815		2,815
Finance expenses	-10,049	-4,517	-14,566		-14,566
Profit/loss before tax	**35,167**	**2,608**	**37,775**	**-**	**37,775**
Tax	-7,323	-786	-8,109		-8,109
Profit/loss for the year	**27,844**	**1,822**	**29,666**	**-**	**29,666**
Total assets	**495,803**	**244,014**	**739,817**		**739,817**
Total liabilities	**316,116**	**188,433**	**504,549**		**504,549**

1.1 Segment information - continued

EUR '000

Segment information (2019)	Wind	Solar	Total before elimination	Eliminations	2019 Group
Sale of energy farms and projects	205,274	-108	205,166		205,166
Sale of electricity	27,241	3,253	30,494		30,494
Asset management	1,937	780	2,717		2,717
Other fees	207	220	427		427
Revenue to external customers	**234,659**	**4,145**	**238,804**	**-**	**238,804**
Inter-segment revenue	**1,175**	**2,651**	**3,826**	**-3,826**	**-**
Revenue	**235,834**	**6,796**	**242,630**	**-3,826**	**238,804**
Net result after tax from shares in equity accounted investments	4,532	-2,028	2,504	-	2,504
Other income	6,724	111	6,835	-	6,835
Direct costs	-183,878	-6,736	-190,614	-	-190,614
Staff costs	-4,682	-2,013	-6,695	-	-6,695
Other external costs	-5,131	-1,398	-6,529	-	-6,529
Depreciation	-5,238	-656	-5,894	-	-5,894
Inter-group costs	-1,175	-2,651	-3,826	3,826	-
Segment profit (Operating profit)	**46,986**	**-8,575**	**38,411**	**-**	**38,411**
Finance income	7,333	4,815	12,148		12,148
Finance expenses	-11,540	-1,577	-13,117		-13,117
Profit/loss before tax	**42,779**	**-5,337**	**37,442**	**-**	**37,442**
Tax	-2,473	1,012	-1,461		-1,461
Profit/loss for the year	**40,306**	**-4,325**	**35,981**	**-**	**35,981**
Total assets	**426,068**	**179,603**	**605,671**		**605,671**
Total liabilities	**322,216**	**145,852**	**468,068**		**468,068**

1.1 Segment information - continued

Information about sale to customers more than 10% of revenue:

Revenue from material customers			2020	2019
				EUR '000
Customer #1 (Wind)			66,456	61,241
Customer #2 (Solar)			30,933	-
Customer #3 (Wind)			30,737	-
Customer #4 (Wind)			-	71,350
Customer #5 (Wind)			-	69,033
Total revenue from material customers			**128,126**	**201,624**

	Revenue from external customers		Non-current assets	EUR '000
Geographic information	**2020**	**2019**	**2020**	**2019**
Denmark	77,897	87,550	63,112	64,839
Northern/Central Europe	119,675	74,992	130,017	114,259
South America	-	34	23,296	30,142
Southern Europe	9,390	76,228	22,026	24,472
Total	**206,962**	**238,804**	**238,451**	**233,712**

2020:

Secured revenue regarding signed contracts	2021	2022-2040	Total
			EUR '000
Share purchase agreements (SPAs)	-	18,680	18,680
Commercial management agreements (CMAs)	1,399	791	2,190
Electricity sale	21,194	90,232	111,426
Total secured revenue to be recognised in 2021-2040	**22,593**	**109,703**	**132,296**

2019:

Secured revenue regarding signed contracts	2020	2021-2039	Total
Share purchase agreements (SPAs)	-	-	-
Commercial management agreements (CMAs)	1,247	802	2,049
Electricity sale	23,157	98,908	122,065
Total secured revenue to be recognised in 2020-2039	**24,404**	**99,710**	**124,114**

The geographic information is based on the physical location of the projects sold.

UNSATISFIED PERFORMANCE OBLIGATIONS

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting date equals EUR 113.5 million (2019: EUR 124.1 million).

CONTRACT LIABILITIES

Revenue recognised in 2020 that was included in the Contract liability balance at the beginning of the period amounts to EUR 0 (2019: EUR 5.9 million).

1.2 Government grants

Accounting policy

Government grants comprise grants for sale of electricity.
Grants for sale of electricity are intended as a compensation for the price of power and recognized under revenue in step with the power generation and the related revenue. Government grants are recognized when there is reasonable assurance that the grants will be received. Government grants in 2020 mainly relate to sale of electricity in Germany, Italy and Denmark. Government grants account for 50% (2019: 33%) of total electricity revenues. The increase in the share of electricity revenues compared to 2019 is due to growth in revenue in the German and Italian markets, where the share of subsidies is higher than in Denmark.

EUR '000

Government grants	2020	2019
Government grants recognised in Profit or Loss for the year under revenue	21,417	10,161

2.1 Business combination

Accounting policy

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

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

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

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

Acquisition of the AEZ Group in 2019:

In July 2019 the Group concluded a strategic investment in AEZ Group located in Leipzig, Germany.

The transaction generated a gain from a bargain purchase of EUR 4.6 million in 2019. The preliminary fair values are adjusted within the measurement period of one year with EUR 2.6 million related to repowering projects, EUR 1.0 million related to project financing, deferred tax EUR -0.5 million and EUR -0.6 million related to cash consideration (purchase price) in 2020. The effect of the adjustment is recognised as other income with EUR 2.5 million in 2020.

2.2 Stepwise acquisition of controlling interest

Accounting policy

When acquiring a controlling interest in stages, European Energy assesses the fair value of the acquired net assets at the time control is obtained. At such time, interests acquired previously are also adjusted to fair value. The difference between the fair value and the carrying amount is recognised in the statement of profit and loss as net result after tax from equity-accounted investments.

Nearshore windparks Jammerland and Omø acquired in 2020:

European Energy Offshore A/S has obtained control of two Joint Venture nearshore wind parks: Jammerland on 9 January 2020 and Omø on 31 January 2019, through acquisition of the remaining 50% of the shares, both accounted for in 2020.

The carrying amount of the investments in the Joint Ventures before the date of acquisition was EUR 1.8 million.

The purchase price of 50% of the shares amounted to EUR 3.2 million. The purchase price comprises a contingent consideration of EUR 2.8 million of which EUR 1.3 million is related to receipt of approvals and EUR 1.5 million is related to a variable earn-out depending on sale of the projects.

The non-controlling equity interests in the acquirees, held immediately before obtaining control (50%), is remeasured at fair value, which results in a gain of EUR 1.5 million in European Energy Offshore A/S.

The companies are in the process of obtaining approvals and licenses from the authorities. The companies expect to obtain the necessary approvals and licenses, hence the valuations of the acquisitions are based on this expectation. The gain from remeasurement is linked to the projects under development.

Revenue and profit or loss in the acquirees is EUR 0 million in 2020 due to the companies are in the developing phase.

The figures are based on the initial recognition of the preliminary fair values that can be adjusted up until 12 months after the acquisition.

The Nearshore windparks Jammerland and Omø acquisitions will strengthen European Energy's position in the Danish market and is complementary to the business of the Group. Management believes that the acquisition includes synergies that the Group can benefit from on both a short and long-term basis.

European Energy got the opportunity to acquire back 50% and used it in order to get full control of the future direction for development of the wind farms. This puts the Group in a position where development can be accelerated further. Management sees the nearshore projects as a stepstone towards expanding in that area outside of Denmark.

Driftsselskabet Heidelberg A/S acquired in 2019:

On 1 December 2019, European Energy A/S obtained control of Driftsselskabet Heidelberg A/S through the acquisition of further 1% of the shares and a changed agreement with the financing bank of the company.

European Energy A/S held a non-controlling equity interest in the company of 49.5% before the date of acquisition and before the changed agreement with the financing bank.

The carrying amount of the investment in the Associate before the date of acquisition was EUR 0 thousand. The purchase price of 1% of the shares amounted to EUR 50 thousand.

The non-controlling equity interest in the acquiree, held immediately before obtaining control (49.5%) is remeasured at fair value, which results in a gain of EUR 2.5 million. In the consolidated financial statement for the Group, the gain, recognised as net result after tax from equity-accounted investments in the statement of profit or loss, is EUR 2.5 million.

European Energy Group have acquired property, plant and equipment in Driftsselskabet Heidelberg A/S of EUR 85 thousand minus total liabilities of EUR 35 thousand equals the fair value of identified net assets in the acquire recognised in profit or loss statement of EUR 50 thousand. Cash consideration paid is EUR 50 thousand.

The Heidelberg acquisition will strengthen European Energy's position in the German market and is complementary to the business of European Energy Group and Management sees synergies that can benefitted from on both a short and long-term basis.

The preliminary fair values are adjusted within the measurement period of one year with net EUR -0.8 million (loss) which is recognised as net result after tax from equity-accounted investments in 2020.

2.3 Property, plant and equipment

Accounting policy

Property, plant and equipment comprises wind power generating plants and solar power generating plants.

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price any costs directly attributable to the acquisition until the date on which the assets is available for use.

The present value of the expected costs of dismantling an asset after the end of its useful life is included in the cost of the energy farm if the criteria for the recognition of a provision are met, and projected costs are material. All other repair and maintenance costs are recognised in profit or loss as incurred. Furthermore, costs of restoring the assets are capitalised and provided for. The basis of depreciation is cost less any projected residual value after the end of the useful life.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

a) Wind power generating plant (Wind farms) - 25-30 years
b) Solar power generating plant (Solar farms) - 40 years
c) Tools and equipment - 3-5 years
d) Land - no depreciation
e) Buildings - 25-50 years

The useful life is reassessed annually and adjusted as necessary. The residual value of an asset is considered when the depreciable amount of the asset is determined.

The basis of depreciation is calculated considering the asset's residual value less any impairment losses. The residual value is determined at the date of acquisition and reassessed annually. When the residual value exceeds the carrying amount of the assets, depreciation is discontinued.

If the depreciation period or the residual value is changed, the changes are accounted for as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price and the carrying amount at the date of disposal.
Gains and losses are recognised in the consolidated statement of profit or loss as other operating income or operating costs in the period of disposal.

Impairment of non-current assets

The carrying amount of non-current assets is tested for impairment when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount. The recoverable amount is the higher of an asset's fair value less selling costs and its value in use. For the purpose of the impairment testing, assets are grouped at the lowest level at which cash flows are separately identifiable (cash-generating units).

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, less depreciation, has no impairment loss been recognised.

Impairment test on property, plant and equipment and sensitivity analysis

During 2020, Management performed impairment assessments on the carrying amount of property, plant and equipment. The Group assesses at each reporting date whether there is an indication that an asset in operation should be impaired. The impairment test performed in 2020 shows excess value for the Danish and German wind farms.

The book value of the solar farms amounts to 2% (2019: 2%) of the total book value of property, plant and equipment. The book value of wind farms in Germany and Denmark amounts to 90% (2019: 93%) of the total value.

For the purpose of impairment testing of the wind farms, Management has made the following key assumptions in estimating the value in use, with its comments regarding WACC below:

Discount rate after tax (WACC) used for Danish and German wind farms is 4.0-5.0% (2019: 4.5-5.0%).

The impairment tests are based on budgets for the remaining life of wind farms.

The discount rate for the DCF model is the post-tax weighted average cost of capital (WACC). Country-specific risk (tariff stability, interest-rate levels, average risk-free interest rate applied to reduce the volatility, etc.) are taken into consideration.

For 2020 (and 2019), the impairment tests show that the estimated recoverable amount exceeds the carrying amount.

Sensitivity analysis

Management performed sensitivity analysis on the result of the impairment tests made for the individual wind farms, based on the main assumptions.

The wind farms in AEZ Group and Driftsselskabet Heidelberg are all recognised at fair value after being consolidated for the first time in 2019 and reassessed in 2020. At year end there are no excess value and any increase in WACC will result in impairment regarding these wind farms.

For the remaining Danish wind farms the first impairment indication shows at a WACC of 11.5% at an individual level.

2.3 Property, plant and equipment - continued

EUR '000

Assets in operation 2020	Wind power generating assets	Solar power generating assets	Tools and equipment	Land and Buildings	Total
Cost					
Balance at 1 January 2020	131,091	4,025	1,812	5,325	142,253
Reclassification	3	-	-	-	3
Exchange rate adjustments	76	-	-	14	90
Additions	36	-	295	3,500	3,831
Disposals	-902	-	-	-	-902
Transfer from Inventory	-	-	-	21	21
Consolidated acquired entities	3,239	-	-	-	3,239
Cost at 31 December 2020	**133,543**	**4,025**	**2,107**	**8,860**	**148,535**
Accumulated depreciation and impairment losses					
Balance at 1 January 2020	-6,132	-767	-1,141	-	-8,040
Reclassification	-3	-	-	-	-3
Exchange rate adjustments	-8	-1	-	-	-9
Disposals	408	-	-	-	408
Impairment/reversal of impairment	320	-	-	-	320
Depreciation	-10,079	-187	-341	-10	-10,617
Accumulated depreciation and impairment losses at 31 December 2020	**-15,494**	**-955**	**-1,482**	**-10**	**-17,941**
Carrying amount at 31 December 2020	**118,049**	**3,070**	**625**	**8,850**	**130,594**

2.3 Property, plant and equipment - continued

Assets in operation 2019	Wind power generating assets	Solar power generating assets	Tools and equipment	Land and Buildings	Total
Cost					
Balance at 1 January 2019	41,453	58,039	1,327	1,921	102,740
Exchange rate adjustments	-5	-	-	-	-5
Additions	50	79	443	758	1,330
Disposals	-35	-54,093	-11	-618	-54,757
Transfer from Inventory	2,677	-	-	2,496	5,173
Consolidated acquired entities	86,951	-	53	768	87,772
Cost at 31 December 2019	**131,091**	**4,025**	**1,812**	**5,325**	**142,253**
Accumulated depreciation and impairment losses					
Balance at 1 January 2019	-1,463	-14,443	-887	-	-16,793
Disposals	-	14,034	2	-	14,036
Depreciation	-4,669	-358	-256	-	-5,283
Accumulated depreciation and impairment losses at 31 December 2019	**-6,132**	**-767**	**-1,141**	**-**	**-8,040**
Carrying amount at 31 December 2019	**124,959**	**3,258**	**671**	**5,325**	**134,213**

2.3.1 Lease assets and liabilities

Accounting policy

Whether a contract contains a lease is assessed at contract inception. If an asset is identified and the customer have the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use and have the right to operate the asset without having the right to change those operating instructions, the contract contains a lease.

For identified leases, a right-of-use asset and corresponding lease liability are recognised on the lease commencement date. Upon initial recognition, the right-of-use asset is measured at cost corresponding to the lease liability recognised, adjusted for any lease prepayments or directly related costs, including dismantling and restoration costs.

The lease liability is measured at the present value of lease payments of the leasing period discounted using the interest rate implicit in the lease contract. In cases where the implicit interest rate cannot be determined, an appropriate incremental European Energy borrowing rate is used from 1.7%-6.0% depending on the borrowing rate used in the country specific project.

In determining the lease period extension, options are only included if it is reasonably certain they will be utilised.

At subsequent measurement, the right-of-use asset is measured less accumulated depreciations and impairment losses and adjusted for any remeasurements of the lease liability. Depreciations are done following the straight-line method over the lease term or the useful life of the right-of-use asset, whichever is shortest.

The lease liability is measured at amortised cost using the effective interest method and adjusted for any remeasurements or modifications made to the contract. Right-of-use assets and lease liabilities are not recognised for low value lease assets or leases with a term of 12 months or less. These are recognised as an expense on a straight-line basis over the term of the lease. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

LEASE 2020

Operating leases have been recognised in the income statement for 2020 at the amount of EUR 2.2 million (2019: 0.8 million), with contingent rents constituting EUR 0.5 million (2019: EUR 0.3 million), land lease EUR 1.5 million and land lease with variable payments of EUR 0.2 million. The interest expenses paid on lease liabilities have been recognised in the statement of profit or loss with EUR 0.5 million. The terms for land lease contracts are typically 25 years and may be extended 6 months before the original lease ends.

			EURm
	Lease assets as part of Inventory	Lease assets Property, plant and equipment	FY 2020
1 January 2020	6.2	8.1	14.3
Depreciations	-	-1.3	-1.3
Additions	-	1.6	1.6
Disposals, divestments	-4.6	-	-4.6
Lease assets 31 December 2020	1.6	8.4	10.0
Lease assets reclassified from prepayments	2.8	1.0	3.8
Lease assets recognised in the balance sheet 31 December 2020	4.4	9.4	13.8

			EURm
	Lease liabilities, Inventory	Lease liabilities, Property, plant and equipment	FY 2020
1 January 2020	6.0	8.5	14.5
Additions	-	1.7	1.7
Disposals, divestments	-4.6	-0.1	-4.7
Lease payments	-0.4	-1.6	-2.0
Interests	0.2	0.3	0.5
Lease liabilities 31 December 2020	1.2	8.8	10.0
Lease liabilities recognised in the balance sheet:			
Non-current lease liabilities	1.1	7.2	8.3
Current lease liabilities	0.1	1.6	1.7
Lease liabilities recognised in the balance sheet 31 December 2020	1.2	8.8	10.0

Please refer to note 3.3.3 Liquidity risk for the analysis of lease liabilities showing the remaining contractual maturities.

2.3.1 Lease assets and liabilities – continued

LEASE 2019

The European Energy Group transitioned to IFRS 16 as per 1 January 2019 in accordance with the modified retrospective approach. The prior-year figures were not adjusted. In the context of the transition to IFRS 16, right-of-use assets of EUR 7.2 million (property, plant and equipment EUR 2.2 million and Inventory EUR 5.0 million) and lease liabilities of EUR 7.2 million were recognised as at 1 January 2019. The Group also elected to apply the practical expedient for short-term leases to leases for which the lease term ends within 12 months of the date of initial application. Operating leases have been recognised in the income statement for 2019 at the amount of EUR 0.8 million, with contingent rents constituting EUR 0.3 million, land lease EUR 0.3 million and land lease with variable payments of EUR 0.2 million. The interest expenses paid on lease liabilities have been recognised in the statement of profit or loss with EUR 0.2 million. The terms for land lease contracts are typically 25 years and have to be extended 6 months before the original lease ends.

Please refer to note 3.3.3 Liquidity risk for the analysis of lease liabilities showing the remaining contractual maturities.

EURm

	Lease assets as part of Inventory	Lease assets Property, plant and equipment	FY 2019
1 January 2019	5.0	2.2	7.2
Depreciations	-	-0.2	-0.2
Additions	4.9	8.3	13.2
Disposals, divestments	-3.7	-2.2	-5.9
Lease assets 31 December 2019	6.2	8.1	14.3
Lease assets, property, plant and equipment			
Lease assets reclassified from prepayments	3.3	1.0	4.3
Lease assets recognised in the balance sheet 31 December 2019	9.5	9.1	18.6

EURm

	Lease liabilities, Inventory	Lease liabilities, Property, plant and equipment	FY 2019
1 January 2019	5.0	2.2	7.2
Additions	4.8	8.3	13.1
Disposals, divestments	-3.7	-1.6	-5.3
Lease payments	-0.1	-0.4	-0.5
Lease liabilities 31 December 2019	6.0	8.5	14.5
Lease liabilities recognised in the balance sheet:			
Non-current lease liabilities	5.6	7.4	13.0
Current lease liabilities	0.4	1.1	1.5
Lease liabilities recognised in the balance sheet 31 December 2019	6.0	8.5	14.5

2.4 Inventories

Accounting policy

Inventories comprise energy farm projects under development and construction and as well as energy farms that have been developed for the purpose of sale and not for revenue generation from the sale of electricity production.

Borrowing costs, salaries and other external expenses directly attributable to the acquisition or construction of an energy farm are capitalised as part of the cost of the assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest expenses and other expenses that the Group incurs in borrowing funds.

Inventories also comprise contingent consideration on acquired projects, where the consideration to the seller is depending on certain future events (earn-out). The purchase liabilities (earn-out) are recognised as provision when it is probable that the projects will be realised.

Purchase liabilities are measured at fair value at cost accumulation method based on the size of the acquired project (MW) and an estimated standard price per MW for comparable projects. When future events that trigger payment of purchase liabilities (earn-out) occur, the fair value is adjusted. Subsequent adjustments of purchase liabilities (fair value adjustments) are considered part of the cost of the acquired projects and is recognised as part of the purchase price.

EUR '000

Inventories	2020	2019
Operating		
Solar farms	143,192	26,130
Wind farms	56,386	26,841
Under construction		
Solar farms	14,053	86,266
Wind farms	21,406	45,754
Under development		
Solar farms	29,913	8,464
Wind farms	60,261	33,676
Total inventory	**325,211**	**227,131**
Total solar farms	187,158	120,860
Total wind farms	138,053	106,271
Total inventory	**325,211**	**227,131**
Change in inventory write-downs		
Inventory write-downs at 1 January	-14,261	-7,927
Write-down for the year, addition	2,412	-7,875
Disposal of the year	-	1,541
Total inventory write-downs	**-11,849**	**-14,261**
Amount of inventory recognised in profit or loss		
Disposals	-125,742	-173,315
Write-offs for the year	-262	-1,541
Write-downs for the year	2,412	-6,334
Total	**-123,592**	**-181,190**
Inventory in local currencies		
EUR (incl. currencies fixed with EUR)	295,509	207,756
SEK	16,878	11,367
PLN	201	4,181
BRL	12,326	3,533
Other currencies	297	294
Total	**325,211**	**227,131**

2.4 Inventories - continued

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price less estimated costs of completion and estimated selling costs. Changes in inventory write-downs are recognised in direct costs.

The inventory is reviewed quarterly for the purpose of assessing any impairment. When an impairment test is performed, the percentage of completion of the project is assessed, including the risk of budget overruns, delays, etc. If the project is close to completion and commissioning and the risk of budget overruns is very limited, a WACC similar to that for other projects operating in the same country is applied. Management has looked at the total portfolio of projects under development and diversified it according to project maturity and the time elapsed since the project was started and assessed the need for portfolio write-down.

The impairment analysis for 2020 has led to an additional impairment of EUR 1.1 million (2019: EUR 7.9 million). Impairment write-downs from earlier years of EUR 3.5 million have been reversed, resulting in a net write-down for the year of EUR -2.4 million. Management finds the impairment to reflect the risk of the total portfolio comfortable.

EUR '000

Specification of movement on the inventory	2020	2019
Cost at 1 January	241,392	210,120
Lease assets at 1 January	-	4,936
Additions for the year	220,081	172,773
Consolidated acquired entities	10,896	37,282
Disposal of the year (transferred to PP&E)	-21	-5,173
Disposal of the year (recognised as direct cost)	-125,742	-173,315
Disposal of year (lease assets)	-5,387	-3,690
Deconsolidated entities	-3,897	-
Write offs of the year	-262	-1,541
Cost at 31 December	**337,060**	**241,392**
Write-downs at 1 January	-14,261	-7,927
Disposal of the year	-	1,541
Reversed write-downs	3,490	-
Write-downs for the year	-1,078	-7,875
Write-downs at 31 December	**-11,849**	**-14,261**
Carrying amount at 31 December	**325,211**	**227,131**

2.4.1 Contractual obligations related to Inventory

Our contractual obligations related to Inventory at 31 December 2020 mainly relates to turbine supply agreements and solar panels supply agreements to use for construction of our energy parks. The Company have also signed development – and consultancy contracts up to a maximum of EUR 57 million depending on future events which are uncertain by nature and can result in possible milestone payments through the development phase when milestones are fulfilled. If the Company exit the main part of these development – and consultancy contracts the Company can be met by penalties up to approximately EUR 2 million. Lease liabilities are not part of the contractual obligations. See note 2.3.1 Lease assets and liabilities for more information.

EUR million	2020	2019
Turbine - and solar panel supply agreements and other orders in progress	163	40
Total	**163**	**40**

2.5 Investments

Accounting policy

Equity-accounted investments comprise the Group's equity investments in Associates and Joint Ventures. Equity investments in Associates and Joint Ventures relate to investments in wind and solar energy farms and are part of the Group's core business.

An Associate is an entity over which the Group exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions but not control them.

A Joint Venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have the right to the net assets of the Joint Venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

To determine significant influence or joint control, Management considers factors similar to those necessary to determine control over subsidiaries. The most important considerations and judgements made by Management for classification purposes are described under critical choices and judgements in the accounting policies and critical accounting estimates. Under the equity method, the investment is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the Associate or the Joint Venture since the acquisition date.

The consolidated statement of profit or loss reflects the Group's share of the results of the Associate's or Joint Venture's operations. Any change in other comprehensive income of these investees is presented as part of the Group's other comprehensive income. In addition, when a change has been recognised directly in the equity of the Associate or the Joint Venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses on transactions between the Group and the Joint Venture are eliminated to the extent of the Group's interest in the Associate or Joint Venture. Associates and Joint Ventures with negative net asset values are offset in the loans to the related party to the extent possible, and if not, they are measured at nil. If the Group has a legal or constructive obligation to cover the negative balance of the Associate or Joint Venture, and the negative balance cannot be offset in the shareholders' loans to the entity, the obligation is recognised as a liability.

The material Associated companies and Joint Venture companies are shown on the following pages. The companies have been chosen according to their contribution to the current and future revenue of the Group.

EUR '000

Note	Results in equity-accounted investments	2020	2019
2.5.1	Results in Joint Ventures	-6,396	-1,464
2.5.2	Results in Associated companies	1,518	3,968
	Total	**-4,878**	**2,504**
	Investments in equity-accounted investments		
2.5.1	Investments in Joint Ventures	10,334	11,112
2.5.2	investments in Associated companies	15,239	13,693
	Total	**25,573**	**24,805**

2.5.1 Investments in Joint Ventures

Disclosures about material Joint Ventures

The following is summarised financial information for each of the Group's Joint Ventures that are material to the Group and equity accounted. The Joint Ventures listed account for more than 1% of total revenue for the Group or more than 1% of total asset value for the Group. Joint Ventures that Management assess are material to the Group, but do not meet the criteria, are also listed. The figures are corrected in respect of accounting policy differences.

Joint Ventures are financed with share capital and shareholder loans. The companies allocate funds to the owners through loan repayment, and, subsequently, dividends. Repayments and dividends are restricted to free cash and can only be paid out if the covenants for the project loans are not in breach. There are no other restrictions regarding withdrawal of the companies' free cash.

Overall financial information for all Joint Ventures that are not individually material and are recognised according to the equity method:

EUR '000

	2020	2019
Cost at 1 January	11,116	8,794
Additions for the year	123	2,355
Disposal for the year	-1,008	-
Transfer	-1,858	-33
Cost at 31 December	**8,373**	**11,116**
Value adjustments at 1 January	-2,083	1,025
Share of net result for the year	-6,396	-1,464
Reversed value adjustments on disposals and transfers	829	20
Dividend and other value adjustments	-207	-1,664
Value adjustments at 31 December	**-7,857**	**-2,083**
Carrying amount at 31 December	**516**	**9,033**

Investments in joint ventures at 31 December	10,334	11,112
Set-off against receivables from joint ventures	-9,818	-2,079
Total	**516**	**9,033**

2.5.1 Investments in Joint Ventures – continued

	2020					
	NPP Brazil I K/S *)	NPP Brazil II K/S *)	Nordic Power Partners P/S (Group)	EEA Stormy A/S **)	EEA Renewables A/S **)	EE Sieben Zwei GmbH & Co KG (Group) **)
EUR '000	Denmark	Denmark	Denmark	Denmark	Denmark	Germany
Ownership %	51%	51%	51%	50%	50%	50%
Comprehensive income statement						
Revenue	-	-	109	-	794	1,338
Depreciation	-	-	-15	-	-113	-296
Interest income	-	-	532	-	1	-
Interest expenses	-1,040	-1,038	-274	-1	-47	-65
Income tax	-	-	-	1	-55	-80
Net result for the year (continuing operations)	-8,263	-8,263	-355	551	332	567
Total comprehensive income	**-8,263**	**-8,263**	**-355**	**551**	**319**	**567**
The groups share of comprehensive income	**-4,214**	**-4,214**	**-181**	**276**	**160**	**284**
Balance sheet						
Non-current assets	18,458	18,458	9,599	4,337	3,513	1,921
Current-assets	262	262	6,182	125	2,588	264
Non-current liabilities	24,867	24,867	12,817	-	1,718	742
Current liabilities	1,943	1,943	84	5	461	82
Cash and cash equivalents	262	262	706	120	1,552	196
Non-current liabilities (excluding trade and other payables and provisions)	24,867	24,867	12,799	-	1,252	500
Equity	-8,091	-8,091	2,880	4,457	3,922	1,362
Share of equity	-4,126	-4,126	1,469	2,228	1,961	681
Set-off against receivables from Joint Ventures	4,126	4,126	-	-	-	-
Carrying amount of interest in investee end of period	**-**	**-**	**1,469**	**2,228**	**1,961**	**681**

*) NPP Brazil I K/S and NPP Brazil II K/S each hold non-controlling equity interests in a Brazilian holding company, which holds controlling interests in Coremas I-III. Coremas I-III are Brazilian project companies with total 93 MW solar farms. Project portfolio in Coremas I-III amounts total EUR 92 million at 31 December 2020.

The non-current liabilities in NPP Brazil I and II and NPP are shareholders loans. As a shareholder of 51 % European Energy's part of this comprises EUR 32 million, which all relates to the funding of the project portfolio in Coremas I-III. The project is divided in 3 phases, where phase 1 and 2 in total is 60 MW were completed in 2019 and phase 3 was completed in 2020. The solar farms are operating, and delivers electricity according to budget. As per 31.12.2020 an impairment test of the solar farm has been carried out, and an expense of EUR 6.2 million (2019: EUR 2.5 million) has been recognised in the profit and loss statement. The impairment is a result of the decrease of the Brazilian Real (BRL) in 2020 and its impact on cash from operation.

**) Joint ventures that management assess are material to the Group, but do not meet the criteria of 1% of total revenue for the Group or 1% of total asset value for the Group.

2.5.1 Investments in Joint Ventures - continued

	2019					
EUR '000	NPP Brazil I K/S *) Denmark	NPP Brazil II K/S *) Denmark	Nordic Power Partners P/S (Group) Denmark	EEA Stormy A/S **) Denmark	EEA Renewables A/S **) Denmark	Jammerland Bay Nearshore A/S **) Denmark
Ownership %	51%	51%	51%	50%	50%	50%
Comprehensive income statement						
Revenue	-	-	270	-	793	-
Depreciation	-	-	-21	-	-314	-
Interest income	-	-	5,800	-	3	-
Interest expenses	-530	-530	-5,409	-2	-67	-
Income tax	-	-	-16	2	-505	5
Net result for the year (continuing operations)	-617	-617	-596	694	-320	-19
Total comprehensive income	**-617**	**-617**	**-593**	**694**	**-343**	**-19**
The Group's share of comprehensive income	**-315**	**-315**	**-302**	**347**	**-172**	**-9**
Balance sheet						
Non-current assets	22,650	22,650	9,311	4,456	3,650	3,596
Current assets	2,027	2,038	6,772	70	2,069	139
Non-current liabilities	22,980	22,980	12,602	-	1,809	186
Current liabilities	1,510	1,521	228	516	307	20
Cash and cash equivalents	1,855	1,877	2,389	67	1,262	76
Non-current liabilities (excluding trade and other payables and provisions)	22,980	22,980	12,588	-	1,398	186
Equity	187	187	3,252	4,009	3,603	3,530
Carrying amount of interest in investee end of period	**95**	**95**	**1,659**	**2,004**	**1,802**	**1,765**

*) NPP Brazil I K/S and NPP Brazil II K/S each hold non-controlling equity interests in a Brazilian holding company, which holds controlling interests in Coremas I-III. Coremas I-III are Brazilian project companies with total 93 MW solar farms. Project portfolio in Coremas I-III amounts total EUR 87 million at 31 December 2019.

The non-current liabilities in NPP Brazil I and II and NPP are shareholders loans. As a shareholder of 51 % European Energy's part of this comprises EUR 28 million, which all relates to the funding of the project portfolio in Coremas I-III.
As per 31.12.2019 there has been made impairment test of the project value, and an expense of EUR 2.5 million has been recognised in the profit and loss statement.

**) Joint ventures that management assess are material to the Group, but do not meet the criteria of 1% of total revenue for the Group or 1% of total asset value for the Group.

2.5.1 Investments in Joint Ventures - continued

EUR '000

Carrying amount of interest in joint ventures	2020	2019
The Group's share of:		
Profit/loss of material joint ventures	-7,889	-766
Profit/loss for the year of other joint ventures	1,493	-698
Total comprehensive income	**-6,396**	**-1,464**
Investments in joint ventures:		
Investments in material joint ventures	6,339	7,420
Other joint ventures	3,995	3,692
Total Investments in joint ventures	**10,334**	**11,112**

2.5.2 Investments in Associates

	2020	2019
		EUR ´000
Cost at 1 January	9,508	7,259
Additions for the year	1,386	315
Transferred from/to subsidiaries/other investment	-	2,401
Disposal for the year	-	-467
Cost at 31 December	**10,894**	**9,508**
Value adjustments at 1 January	4,047	1,074
Share of profit for the year	1,518	3,968
Reversed value adjustments on disposals and transfers	-	-2,688
Transferred from subsidiaries/other investment	-	2,184
Dividend and other value adjustments	-1,273	-491
Value adjustments at 31 December	**4,292**	**4,047**
Carrying amount at 31 December	**15,186**	**13,555**
Investments in associates at 31 December	15,239	13,693
Set-off against receivables from associates	-53	-138
Total	**15,186**	**13,555**

2.5.2 Investments in Associates - continued

Disclosures about material Associates

The following is summarised financial information for each of European Energy's Associated investments that are material to the Group and equity accounted. The Associated investments listed account for more than 1% of total revenue for the Group or more than 1% of total asset value for the Group. There are no associated investments in 2020 or 2019 that Management find material to the Group that do not meet the criteria. The figures are corrected in respect of differences in accounting policies.

Associated companies are financed with share capital and shareholder loans. The companies allocate funds to the owners through loan repayment, and, subsequently, dividends. Repayments and dividends are restricted to free cash and can only be paid out if the covenants for the project loans are not in breach. There are no other restrictions regarding withdrawal of the companies' free cash.

			EUR '000
		2020	
	WK Gommern GmbH & Co. KG	**Ottenhausen GmbH & Co.KG**	**Parco Eolico Carpinaccio Srl.**
	Germany	Germany	Italy
Ownership %	33.4%	39.4%	26.3%
Comprehensive income statement			
Revenue	4,382	2,273	2,800
Depreciation	-1,940	-908	-1,037
Profit for the year (continuing operations)	1,075	485	1,011
Total comprehensive income	**1,075**	**485**	**1,011**
The groups share of comprehensive income	**359**	**191**	**266**
Balance sheet			
Non-current assets	24,467	11,671	17,672
Current-assets	3,482	1,763	1,800
Non-current liabilities	7,075	4,841	4,800
Current liabilities	2,265	1,617	1,898
Equity	16,184	5,987	11,664
Carrying amount of interest in investee end of period	**5,409**	**2,360**	**3,065**

2.5.2 Investments in Associates - continued

	2019		
	WK Gommern GmbH & Co. KG	**Ottenhausen GmbH & Co.KG**	**Parco Eolico Carpinaccio Srl.**
	Germany	Germany	Italy
Ownership %	33.4%	39.4%	26.3%
Comprehensive income statement			
Revenue	2,711	2,609	2,994
Depreciation	-1,455	-924	-1,037
Profit for the year (continuing operations)	253	662	1,171
Total comprehensive income	**253**	**662**	**1,171**
The groups share of comprehensive income	**84**	**261**	**308**
Balance sheet			
Non-current assets	26,313	12,504	18,709
Current-assets	3,163	2,907	1,342
Non-current liabilities	8,827	5,986	6,442
Current liabilities	2,338	1,628	1,788
Equity	15,908	6,902	11,104
Carrying amount of interest in investee end of period	**5,317**	**2,721**	**2,918**

Overall financial information for all associates that are not individually material and that are recognised according to the equity method:

		EUR '000
Carrying amount of interest in associates	**2020**	**2019**
The Group's share of:		
Profit/loss for the year material investments	816	653
Profit/loss for the year of other associates	702	840
Gain from remeasurement of previous held equity interest in associate	-	2,475
Total comprehensive income	**1,518**	**3,968**
Investments in associates:		
Investments in individually material associates	10,835	10,956
Other associates	4,404	2,737
Total Investments in associated	**15,239**	**13,693**

2.5.3 Material Non-Controlling Interests (NCIs)

Financial information related to each of European Energy's subsidiaries that has material non-controlling interests:

EUR '000

	2020				
	Driftsselskabet Heidelberg ApS (Group)	**Holmen II Vind-kraft I/S**	**Sprogø OWF K/S**	**Rødby Fjord Vindkraft Mølle 3 I/S**	**Holmen II Holding ApS (Group)**
	Denmark	Denmark	Denmark	Denmark	Denmark
NCI Ownership %	49.50%	44.36%	55.25%	49.89%	33.00%
Comprehensive income statement (100%)					
Revenue	115,678	701	2,602	750	31
Depreciation and amortisation	-2,890	-	-727	-168	-175
Interest income	28	1	0	-0	16
Profit for the year (continuing operations)	16,672	563	997	450	-442
NCI's share of profit for the year	8,253	250	551	225	-146
Balance sheet					
Non-current assets	35,347	4,866	10,117	3,451	7,372
Current-assets	23,333	543	1,144	91	652
Non-current liabilities	14,834	-	4,029	-	3,399
Current liabilities	17,137	5	679	45	427
Equity (incl non-controlling interests)	25,507	5,404	4,268	3,468	4,171
Carrying amount of NCI	12,626	2,397	2,358	1,730	1,376
Contingent liability	8,200	-	-	-	13,252

Carrying amount of Material non-controlling interests	**2020**	**2019**
Income attributable to NCI		
Profit/loss attributable to Material NCI specified above	9,132	9,265
Profit/loss attributable to other NCI	3,890	62
Total Profit/loss attributable to NCI	**13,022**	**9,327**
Material non-controlling interests		
Material NCI specified above	20,488	13,629
Other NCI	4,700	5,846
Total non-controlling interests	**25,188**	**19,475**

2.5.3 Material Non-Controlling Interests (NCIs) - continued

Financial information related to each of European Energy's subsidiaries that has material non-controlling interests:

					EUR '000
	2019				
	Driftsselskabet Heidelberg ApS (Group)	**Svindbæk Holding ApS (Group)**	**Sprogø OWF K/S**	**Holmen II Vindkraft I/S**	**Holmen II Holding ApS (Group)**
	Denmark	Denmark	Denmark	Denmark	Denmark
NCI Ownership %	49.50%	33.00%	55.25%	44.35%	33.00%
Comprehensive income statement (100%)					
Revenue	1,497	34,506	2,072	804	41,021
Depreciation and amortisation	-244	-	-715	-	-44
Interest income	147	19	0	1	4
Profit for the year (continuing operations)	3,135	7,619	939	689	13,256
NCI's share of profit for the year	1,552	2,514	519	306	4,375
Balance sheet					
Non-current assets	72,662	8,788	10,801	4,845	7,514
Current assets	11,919	11,828	1,161	550	2,733
Non-current liabilities	51,636	4,304	4,488	-	3,717
Current liabilities	22,177	8,334	604	9	904
Equity (incl non-controlling interests)	8,531	7,978	4,594	5,385	5,598
Carrying amount of NCI	4,223	2,633	2,538	2,389	1,847
Contingent liability	**-**	**11,477**	**-**	**-**	**478**

On 1 December 2019, European Energy A/S obtained control of Driftsselskabet Heidelberg A/S through the acquisition of further 1% of the shares and a changed agreement with the financing bank of the company. Therefore, the company is now classified as a subsidiary and fully consolidated in the Group. The consolidation is adjusted in the consolidated cash flow statement and has no impact on the cash flows. At the date of gain of control the fair value of the Heidelberg Groups net assets (equity) was EUR 5 million.

2.6 Other investments in wind and solar farms

Accounting policy

Other investments comprise a range of non-controlling interests in wind and solar farms. The investments typically arise when a major stake in an SPV is sold to an investor, and an immaterial part of the shares is retained.

Other investments are measured at fair value with value adjustments recognised in Profit or loss (FVTPL) as other income.

The fair value of Other investments is measured on the basis of level 3 within the fair value hierarchy.

The fair value is determined by discounting estimated future cash flows. The key assumptions comprise discount rate and expectations regarding future production and unit prices.

In 2019 the Group increased the ownership of a German wind park, which resulted in a shift in classification from other investments to Associated companies. Fair value of the wind park transferred to the Associated company is EUR 4.6 million.

EUR '000

	2020	**2019**
Cost at 1 January	**2,175**	**4,544**
Additions for the year	920	239
Transferred to/from subsidiaries/associated companies	-	-2,262
Disposal of year	-26	-346
Cost at 31 December	**3,069**	**2,175**
Value adjustment at 1 January	2,219	2,220
Value adjustments during the year, unrealised	2,209	2,183
Transferred to/from subsidiaries/associated companies	-	-2,184
Value adjustments at 31 December	**4,428**	**2,219**
Total Fair Value through Profit & Loss (FVTPL)	**7,497**	**4,394**
The investments relates to:		
Investments related to solar power generating assets	107	-
Investments related to wind power generating assets	7,390	4,394
Other investments at 31 December	**7,497**	**4,394**
Dividend received from other investments	-	-

2.7 Trade receivables, contract assets, prepayments and other receivables

Receivables are measured at amortised cost less expected credit losses.

Contract assets comprise the value of earn-outs measured based on contract terms agreed with the buyers of power plants. Given the nature of earn-outs, the consideration is based on estimates and thereby variable.

The measurement of variable consideration from sale of power plants is based on the most likely consideration that European Energy will be entitled to and where it is highly likely that a significant reversal will not be made in subsequent periods. The estimated value is discounted where relevant.

The Group's track record of actual received variable consideration generally shows positive subsequent adjustments. Earn-outs are described in more detail below.

Credit risk and expected credit loss

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its obligations, and arises principally from the Group's trade receivables, contract assets and other receivables.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, Management also considers the default risk associated with the industry and country in which the customer operates.

The Group considers its credit risks as rather low, both with regard to its customers and with regard to the development of renewable energy projects.

There are two major groups of customers: off-takers for the electricity produced by the Group's wind and solar projects and buyers acquiring such projects from the Group. The first category mainly consists of public bodies or publicly regulated entities implementing public tariff schemes (such as grid operators). The second category mainly consists of financially sound entities, such as pension or investment funds. The structure of such transactions usually further mitigates the credit risk related to project sales, as assets are only transferred against the payment of the relevant purchase price on closing. No formal credit rating of customers is made.

The Group does not require collateral in respect of trade and other receivables.

With regard to credit risks associated with project development, projects are generally not carried out unless project financing is in place.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The Group assesses the risk of loss mainly based on (but not limited to) external ratings, audited financial statements, management accounts and cash flow projections, geographic region, available press information and applying Management's experienced credit judgement. The assessments take actual incurred historical data into consideration together with Management's assessment of effect from the political situation in the region, e.g. political elections.

		EUR '000
	2020	**2019**
Trade receivables and contract assets	30,205	21,161
Other receivables (non-interest bearing)	34,004	23,403
Total non-interest bearing receivable	**64,209**	**44,564**
Total receivables	**64,209**	**44,564**
No impairment losses are recognised relating to doubtful receivables.		
Exposure:		
Receivables not due	63,977	44,526
Receivable past due, but not impaired:		
1-30 days	30	11
31-90 days	8	-
>90 days	194	27
Total Receivables	**64,209**	**44,564**

2.7 Trade receivables, contract assets, prepayments and other receivables - continued

The Group monitors changes in credit risk by following the political situation in the geographic regions where the Group is involved, tracking changed external ratings and reviewing updated financial information.

An impairment analysis is performed at each reporting date on an individual basis for major clients. Expected credit loss rates are based on actual credit loss experiences over the past three years.

Contract assets – earn-out

When renewable energy projects are sold, some of the sale proceeds can be governed by an earn-out model. The Group generally only agrees to earn-out models that provide for an increase of the proceeds. Earn-out models link the sales proceeds to updated values of certain budgeted parameters, in most cases either the actual production data of the relevant project or the revenue generated by the project company.

At the end of 2020 a total of EUR 3.1 million (2019: EUR 7.5 million) of the receivables were part of an earn-out agreement. Of this EUR 2.6 million (2019: EUR 3.9 million) are due after more than one year. None of the amounts are due more than five years after the sale.

At the end of 2020 the Group has earn-out agreements valued at nil relating to six (6) project sales. Valuation of the earn-outs has been reassessed at year-end and maintained at nil. Settlement will be from 2021 to 2026. The earn-outs can be both an upside and a downside, but are expected to have immaterial effect.

Receivables

Of EUR 64,209 thousand (2019: EUR 44,564 thousand) an amount of EUR 1,837 thousand (2019: EUR 2,001 thousand) is expected to be recovered more than 5 years after the balance sheet date.

Prepayments

Prepayments recognised as assets comprise primarily prepaid expenses for wind turbines and prepayments related to land lease agreements and are measured at cost.

		EUR '000
Contract assets	**2020**	**2019**
Contract assets at 1 January	11,105	7,181
Movements during the year:		
Received during the year	-3,661	-4,934
Addition new contract assets	11,313	5,546
Consolidated acquired entities	-	3,089
Other changes	-1,961	223
Contract assets end of year	16,796	11,105
Non-current contract assets	2,907	4,241
Current contract assets	13,889	6,864
Total contract assets	**16,796**	**11,105**

				EUR '000
Credit Loss 2020	**Loss (%)**	**Receivables**	**Expected Loss**	**Total**
Receivables not due	0.0%	63,977	-	63,977
Receivable past due:				
1-30 days	0.0%	30	-	30
31-90 days	0.0%	8	-	8
>90 days	0.0%	194	-	194
Total receivables		**64,209**	**-**	**64,209**

				EUR '000
Credit Loss 2019	**Loss (%)**	**Receivables**	**Expected Loss**	**Total**
Receivables not due	0.0%	44,526	-	44,526
Receivable past due:				
1-30 days	0.0%	11	-	11
31-90 days	0.0%	-	-	-
>90 days	0.0%	27	-	27
Total receivables		**44,564**	**-**	**44,564**

2.8 Provisions

Accounting policy

Provisions are recognised when, as a result of past events, the Group has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are determined by discounting expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as a financial cost.

Demolition costs liabilities

The provision relates to earn-out related to inventory and expected demolition costs to dismantle and remove wind and solar farms. These provisions are recognised when the Group has a legal and constructive obligation at the date of the statement of financial position and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions that are expected to be settled more than a year from the date of the statement of financial position are measured at net realisable value. The value of the dismantling costs is recognised in the value of non-current assets and is depreciated together with the relevant assets. The financial statements include a provision for future costs arising from the demolition costs and removal of wind and solar farms. Based upon Management's expectations for the maturity of the provisions, the provision is recognised as a non-current liability.

Contingent consideration on acquired projects

The provision relates to contingent consideration regarding projects acquired from developers, where the consideration to the seller is depending on certain future events (earn-out). The fair value of purchase liabilities (earn-out) is recognised as provision when it is probable that the projects will be realised.

The contingent consideration transfers from provision to other payables when the future events that trigger payment of purchase liabilities (earn-out) occur.

EUR '000

	2020	2019
Provision at 1 January	**8,896**	**5,051**
Additions	16,939	3,393
Consolidated acquired entities	-	3,077
Disposals	-1,045	-2,625
Provisions end of year	**24,790**	**8,896**
Hereof current liabilities	**4,400**	**2,800**
Hereof non-current liabilities	**20,390**	**6,096**

Provision is specified as follows:	2020	2019
Demolition costs	6,298	6,096
Contingent consideration on acquired companies	14,093	-
Other provisions	4,400	2,800
Provisions end of year	**24,790**	**8,896**

Other provisions

The Danish Authorities have assessed that the parent company does not have the right to fully deduct VAT on external costs, as VAT related to expenses from sale of shares are not deductable. There is a provision for VAT adjustment from previous years included in Other provisions.

In addition, provision is made for a warranty claim regarding a sale of a power generating asset. Management has no reason to believe that the final payment will exceed the provision. Based upon Management's expectations for the maturity of the provisions, the provisions are recognised as current liabilities.

2.9 Change in net working capital excluding inventory

The overall changes in working capital were EUR 7.0 million in 2020, and EUR -14.6 million in 2019.

In 2020 the most significant change in working capital was related to Other payables with EUR 14.6 million (2019: EUR 8.8 million) and with -9.8 million related to Other receivables (2019: -9.6 million).

EUR '000

	2020	2019
Trade receivables and contract assets	-9,044	-7,713
Other receivables	-9,785	-9,568
Prepayments from goods and services	4,738	925
Trade payables	3,882	-999
Contract liabilities	2,654	-5,960
Other payables	14,599	8,754
Total change in working capital	**7,044**	**-14,561**

3.0 Hybrid capital

Accounting policy

Hybrid capital is treated in accordance with the rules on compound financial instruments based on the special characteristics of the bonds. The notional amount, which constitutes a liability, is initially recognised at present value, and equity has been increased by the difference between the net proceeds received and the present value of the discounted liability (fair value). The part of the hybrid capital that is accounted for as a liability is measured at amortised cost. The carrying amount of the liability component amount to nil on initial recognition and due to the 1,000-year term of the hybrid capital, amortisation charges will only have an impact on profit or loss for the years towards the end of the 1,000-year term.

Coupon payments are accounted for as dividends and are recognized directly in equity when the obligation to pay arises. The obligation to pay coupon payments is at the discretion of European Energy A/S and any outstanding deferred coupon payments will be automatically cancelled upon maturity of the hybrid capital. Coupon payments are recognised in the statement of cash flows in the same way as dividend payments within financing activities.

Payments of interest on the hybrid bond (treated as dividend) is according to current tax legislation deductible for income tax purposes. The tax effect is recorded in the income statement as this is considered distribution of earnings and not in equity where the effect of the dividends paid is recorded.

On redemption of the hybrid capital, the payment will be distributed between liability and equity, applying the same principles as used when the hybrid capital was issued. The difference between the payment on redemption and the net proceeds received on issue is recognized directly in equity as the debt portion of the existing hybrid issues will be nil during the first part of the life of the hybrid capital.

On the date when European Energy A/S decides to exercise an option to redeem the hybrid capital, the part of the hybrid capital that will be redeemed will be reclassified from equity to bond loans. The reclassification will be made at market value of the hybrid capital at the date the decision is made. Following the reclassification, coupon payments will be recognised in profit or loss as financial expenses.

Terms and conditions

Hybrid capital comprise issued green bonds from 22 September 2020 of EUR 75 million, which is subordinated to other creditors but preceded by the share capital. The hybrid capital rank in priority only to any loans made after the first issue date by any major shareholder (Subordinated Shareholder Funding).

The hybrid security bears an initial coupon of 6.125% until the first call date on 22 September 2023, after which the coupon resets to the 3-year EUR swap rate prevailing at that time plus margin of 11.585%, which is the sum of initial margin 6.585% and step-up margin 5.0%. It has a final maturity on 22 September 3020.

European Energy has the option for early redemption at par (100%) on or after the first call date.

Coupon payments may be deferred at the discretion of European Energy A/S and ultimately any deferred coupons outstanding in 3020 will be cancelled. However, deferred coupon payments become payable if European Energy A/S decides to pay dividends to shareholders or makes payment in respect of any Subordinated Shareholder Funding.

As a consequence of the terms of the hybrid security the net proceed is initially recognised directly in equity. Coupon payments are also recognised in equity.

Fair value disclosures

As the principal of the hybrid bond ultimately falls due in 3020, its discounted fair value is nil due to the terms of the securities, and therefore a liability of nil has been recognised in the balance sheet.

Subsequently, the liability part is measured at amortised costs and will only impact profit or loss for the year towards the end of the 1,000-year term of the hybrid capital.

When a formal decision on redemption has been made European Energy has a contractual obligation to repay the principal, and thus the hybrid bond is reclassified from equity to financial liability.

On the date of reclassification, the financial liability is measured at market value of the hybrid capital. The hybrid bond is listed at NASDAQ, Copenhagen, and traded at market value.

3.1 Finance income and expenses

Accounting policy

Finance income and expenses comprise interest income and expense, gains and losses on other investments, payables and transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme, etc.

Capitalised interests on inventories are calculated at a rate of 3-8%.

The interest is a weighted share of the EUR 200 million (2019: EUR 200 million) bond loan, and the equity used for financing of the inventories.

EUR '000

Finance income	2020	2019
Interest income, on financial assets measured at amortised costs	1,869	3,094
Modification gain	-	5,573
Dividends	225	802
Currency gains realised	487	961
Currency gains unrealised	234	1,718
Finance income	**2,815**	**12,148**

Finance expenses	2020	2019
Interest on bonds	10,908	7,869
Finance expenses from project financing and overdrafts measured at amortised costs	5,372	4,083
Financial expenses that have been capitalised on inventories	-6,924	-5,682
Amortisation of debt issue costs	851	865
Amortisation of modification gain	1,309	655
Early redemption fee	-	908
Other financial expenses	1,925	1,877
Currency losses realised	555	984
Currency losses unrealised	570	1,558
Finance expenses	**14,566**	**13,117**

Modification gain in 2019

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

The interest rate of the new bond is 5.35% compared to 7.0% on the old bond. 78% of the proceeds were from current bond investors investing in the new bond and 22% was from new investors. The Group has calculated the net financial impact from the modification of the loan to be a gain of EUR 5.6 million, which will be expensed over the life cycle of the bond to reflect an unchanged effective interest on the modified bond loan.

The gain is recognised in 2019 as finance income in the statement of profit or loss. Capital loss and cost related to the 22% of the redemption of the EUR 85m loan, EUR 0.9 million, is recognised as finance expenses in 2019.

Lease

The interest expenses paid on lease liabilities have been recognised in the statement of profit or loss with EUR 0.6 million and is included in Other financial expenses of EUR 4.9 million in the above specification.

3.2 Capital management

European Energy has a bond loan of EUR 200 million. The Bond loan has 3 covenants related to maintaining a minimum equity of EUR 80 million, ensuring the Group's total assets do not fall below EUR 230 million and securing that the Group's total cash is, as a minimum, equal to an amount of interest payable for three consecutive interest periods by reference to the interest payable in the latest interest period.

The parent company, European Energy A/S, is financed primarily through the bond market in Denmark. The company's policy is to maintain a strong capital base that enables it to maintain investors and other creditors. Due to the covenants of the bond loan dividends cannot be paid out until the EUR 200 million in bonds is repaid.

The Group and the parent company are generally not governed by any external requirements concerning the capital, except concerning minimum paid in share capital according to the rules for limited companies under Danish jurisdiction. At the end of 2020 the free cash in the Group was EUR 94.9 million (2019: EUR 90.4 million). The Management and the Board of Directors evaluate that the Group has sufficient available cash to meet the Group's short-term liabilities.

At 22 September 2020 European Energy A/S has issued hybrid capital with a notional amount totalling EUR 75 million with contractual maturity in 3020. The hybrid bond is listed on the Copenhagen stock exchange, NASDAQ. The interest rate of the bond is 6.125 %. For more descriptions concerning terms and conditions and classifications of the hybrid capital, please refer to note 3.0.

3.3 Financial risks and financial instruments

Accounting policy

FINANCIAL ASSETS AND FINANCIAL LIABILITIES

At initial recognition, financial assets are stated at amortised cost, fair value through profit or loss or at fair value through other comprehensive income (hedging instruments).

Financial assets held to maturity are initially recognised at amortised costs. The Group's financial assets held to maturity include cash and cash equivalents, trade receivables and contract assets, loans and other receivables.

Other investments are measured at fair value with value adjustments recognised in profit or loss. Other investments comprise non-controlling interests.

At initial recognition, financial liabilities are stated at amortised costs. Financial liabilities, except derivatives, are initially recognised at amortised costs and net of directly attributable transaction costs. In subsequent periods, any difference between cost and redemption value is recognised in the consolidated statement of profit or loss over the term of the loan by means of the effective interest method (EIR).

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is stated by taking into account any discount or premium on acquisition and fees or costs integral to the EIR. EIR amortisation is recognised as finance costs in the consolidated statement of profit or loss.

The Group's financial liabilities include trade and other payables, loans and borrowings, including bank overdrafts and derivative financial instruments.

DERIVATIVES AND HEDGE ACCOUNTING

Derivative financial instruments are measured at fair value. Derivative financial instruments are carried as financial assets when the fair value is positive, and as financial liabilities when the fair value is negative.

An economic relationship between the hedged item and the hedging instrument exists when it is expected that the values of the hedged item and hedging instrument will typically move in opposite directions in response to movements in the same risk (hedged risk).

Effectiveness is monitored by comparing the change in the value of the future flow hedged to the change in the value of the derivative.

Changes in the fair value of derivative financial instruments designated as a hedge of a recognised asset or liability are recognised in other comprehensive income.

Changes in the fair value of derivative financial instruments that are not designated as a hedge are recognised as finance income or finance costs in the consolidated statement of profit or loss.

The effective portion of the change in fair value of derivative financial instruments, accounted for as hedging of projected future transactions is recognised in other comprehensive income and presented in the cash flow hedge reserve in equity. Any amounts deferred in equity are transferred to the consolidated statement of profit of loss in the period when the hedged item affects the consolidated statement of profit or loss. Any ineffective portion of the fair value change is recognised immediately in the consolidated statement of profit or loss as finance costs. If the hedging instrument expires, is sold or revoked, any cumulative gain or loss previously recognised in other comprehensive income remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Changes in fair value of derivative financial instruments that do not meet the criteria for hedge accounting are recognised as finance income or finance costs in the consolidated statement of profit or loss.

The Group’s risk policy is described in more detail in note 3.3.1 to 3.3.4.

3.3.1 Financial risk management

The Group's objectives and policies are unchanged from last year.

The main purpose of the Group's financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group also enters into derivative transactions.

The Group is exposed to financial risk, consisting of liquidity risk, foreign currency risk, interest rate risk and credit risk that affect its earnings. Group Management oversees the management of these risks, including overseeing that the Group's financial risk activities are governed by the policies and procedures outlined by Management and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees on policies for managing each of these risks.

Credit risks are described in note 2.7, financial risks in note 3.3, foreign currency risks in note 3.3.2, liquidity risk in note 3.3.3, interest rate risk in note 3.3.4 and finally political risk described in note 3.3.6.

3.3.2 Foreign currency risks

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of variations in foreign currency rates.

The Group is exposed to currency risk to the extent that transactions are denominated in a currency other than the functional currency. Group entities that are special purpose vehicles, established with the limited purpose to hold all activities related to a specific development project are considered integrated entities in European Energy. Such special purpose vehicles have the same functional currency as the ultimate parent company, European Energy.

The Group's risk policy is to hedge up to 75% of foreign currency exposure in respect of forecast sales and purchase orders of substantial value. The hedge rate in % is determined based on (i) EUR zone and countries that have a fixed rate policy against EUR, (ii) other advanced economies and (iii) growth and developing economies. The Group uses forward exchange contracts to hedge currency risks, most with a maturity of less than one year.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. An economic relationship exists when the value of the hedged item and hedging instrument typically will move in opposite directions in response to movements in currency rate fluctuations.

Main sources of ineffectiveness in these hedge relationships are (i) changes in the timing of the hedged transactions and (ii) there is no effective market for pricing the derivative.

The Group is exposed to translation risk from translating the results and financial position of foreign entities with functional currency other than EUR into the Group's presentation currency. Currency rate adjustments related to the translation into the Group's presentation currency are recognised in other comprehensive income.

The Group's foreign entities are exposed to currency risk to the extent that income and costs are not settled in the functional currency of the individual entity. The foreign entities are primarily exposed to fluctuations in USD, SEK and BRL.

The table shows currency exposure to each currency as at the balance sheet date. A corresponding reduction in the cross rate would have an equivalent opposite effect on profit before tax and equity. The sensitivity analysis was prepared at the balance sheet date on the basis of the exposure to the listed currencies at the balance sheet date including hedges, without taking into account potential effects on interest rate levels, effect on other currencies, etc.

EUR '000

2020 Nominal position	Cash/equivalents	Receivables	Debt
USD/EUR	2,282	-	-
SEK/EUR	610	2,859	-931
BRL/EUR	11,780	7	-7,991

Sensitivity	Increase in currency rate	Impact on profit before tax	Impact on equity
USD/EUR	1%	23	18
SEK/EUR	1%	25	20
BRL/EUR	1%	38	30

2019 Nominal position	Cash/equivalents	Receivables	Debt
USD/EUR	9,231	-	-
GBP/EUR	1,254	809	-48
SEK/EUR	460	1,574	-222
BRL/EUR	178	-	-76

Sensitivity	Increase in currency rate	Impact on profit before tax	Impact on equity
USD/EUR	1%	92	72
GBP/EUR	1%	20	16
SEK/EUR	1%	18	14
BRL/EUR	1%	1	1

2020 Forward currency exchange contracts			Total
Nominal value EUR	25,000	8,955	33,955
Average hedged rate	6.4 BRL/1 EUR	1.2 USD/1 EUR	
Maturity less than 1 year	25,000	8,955	33,955
Fair value liability, included in Other payables			558
Fair value assets, included in Other receivables			389
Change in fair value recognised in OCI			-30
Change in fair value recognised in profit or loss			-139

European Energy A/S has hedged currency risk related to Brazilian investments in Joint Ventures and subsidiaries and has hedged purchase orders from suppliers.

European Energy has a shareholders’ loan of EUR 31.6 million to the jointly controlled solar farms of Coremas in Brazil. The Group has made impairment write-downs for the value of the investment of EUR 6.2 million in 2020. A future loss on the BRL to EUR would mean that the Group will have to impair the receivable further. The receivable is in EUR and the solar farm investments of Coremas are in BRL. As a consequence there is a currency risk towards BRL. A drop of 1 % in BRL would therefore mean a loss of EUR 0.3 million. The Group has made a hedge to cover most of the above currency risk between BRL and EUR.

3.3.3 Liquidity risk

The Group's objective is to maintain a balance between funding continuity and flexibility through the use of bank overdrafts, bank loans and bonds issue. The Management assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available.

European Energy A/S has in 2019 listed a EUR 200 million green bond on NASDAQ Copenhagen. The green bond carry variable interest based upon a fixed spread and a variable part related to the Euribor. The green bond has a four-year and 3 months life cycle and are traded at NASDAQ, Copenhagen. The interest rate on European Energy A/S's green bond is 5.35% in 2020.

The Group finances a large part of its activities through non-recourse financing with financial institutions. Typically, the loans are serial loans with a fixed interest rate for the first 10 years of the financing period. The loans are governed by covenants that the Group closely monitors to ensure compliance with the loan agreements.

The maturity profiles of bond loans, project financing and credit facilities as well as derivatives are provided in the table.

The Group monitors its risk of shortage of funds by means of a liquidity planning tool.

The maturity analysis does not include the financial liability component of hybrid capital. At 22 September 2020 European Energy A/S has issued hybrid capital with a notional amount totalling EUR 75 million with contractual maturity in 3020.

When a formal decision on redemption has been made the company has a contractual obligation to repay the principal, and thus the value of financial liability component of hybrid bond is reclassified from equity to financial liability.

As from the reclassification date, the amount recognised as financial liability shall be included in the maturity note in a separate line. See note 3.0 for more information.

EUR '000

2020	Contractual cash flow	Maturity within 1 year	Maturity between 1 and 3 year	Maturity between 3 and 5 year	Maturity after 5 years
Issued bonds	229,128	10,700	218,428	-	-
Project financing	257,909	43,207	73,700	34,444	106,559
Lease liabilities	11,742	1,731	2,517	2,428	5,066
Interest rate swap (cash flow hedge)	72	72	-	-	-

The maturity profiles are based on undiscounted cash flows including estimated interest payments.

2019	Contractual cash flow	Maturity within 1 year	Maturity between 1 and 3 year	Maturity between 3 and 5 year	Maturity after 5 years
Issued bonds	239,828	10,700	21,400	207,728	-
Project financing	226,085	72,044	32,807	68,829	52,406
Lease liabilities	19,422	1,469	2,969	2,950	12,034
Interest rate swap (cash flow hedge)	363	290	73	-	-

The maturity profiles are based on undiscounted cash flows including estimated interest payments.

3.3.3 Liquidity risk - continued

EUR'000

Development in financing activities in 2020	Lease liabilities	Financing liabilities	In total
Liabilities from financing activities at 1 January 2020	14,530	399,532	414,062
Proceeds from borrowings	-	205,952	205,952
Borrowings and lease liabilities in disposed subsidiaries	-4,681	-99,845	-104,527
Adjustment to consolidated acquired entities	-	7,943	7,943
New leases	1,656	-	1,656
Repayment of borrowings and leasing	-2,000	-101,526	-103,526
Subtotal	9,505	412,056	421,561
Non-cash changes in financing liabilities	541	3,509	4,050
Liabilities from financing activities at 31 December 2020	10,046	415,565	425,611
Hereof non-current financing	8,307	382,061	390,368
Hereof current financing	1,739	33,504	35,243
Liabilities from financing activities at 31 December 2020	10,046	415,565	425,611

Development in financing activities in 2019	Lease liabilities	Financing liabilities	In total
Liabilities from financing activities at 1 January 2019	-	297,447	297,447
Lease liabilities 1 January 2019	7,216	-	7,216
Proceeds from issue of bonds	-	200,535	200,535
Repayment of bonds	-	-88,400	-88,400
Proceeds from borrowings	-	88,551	88,551
Borrowings and lease liabilities in disposed subsidiaries	-5,625	-157,851	-163,476
Consolidated acquired entities	12,626	81,793	94,419
New leases	604	-	604
Repayment of borrowings and leasing	-291	-18,755	-19,046
Subtotal	14,530	403,320	417,850
Non-cash changes in financing liabilities	-	-3,788	-3,788
Liabilities from financing activities at 31 December 2019	14,530	399,532	414,062
Hereof non-current financing	13,037	332,760	345,797
Hereof current financing	1,493	66,772	68,265
Liabilities from financing activities at 31 December 2019	14,530	399,532	414,062

3.3.4 Interest rate risks

Interest rate risk is the risk that interest rates increase which may harm the profitability of individual projects because most of the project sum is debt-funded. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group's risk policy is to ensure that at least 75% of long-term project financing is at a fixed interest rate and at least 75% of short-term bridge financing is at floating rates. This is managed mainly in the raising of loans, and additionally through interest rate swaps.

For interest rate swaps, the Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, repricing dates, maturities and the notional amounts. An economic relationship exists when changes in fair value of the hedging instrument will move in opposite directions in response to movements in cash flows of the hedged item due to movements in interest rate fluctuations.

Main sources of ineffectiveness in these hedge relationships are (i) differences in repricing dates between the swaps and the borrowings and (ii) there is no effective market for pricing the derivative. The Group do not have any new sources of hedge ineffectiveness in hedging relationships compared to 2019.

Bond loans

In September 2020, European Energy A/S launched a hybrid green bond of EUR 75.0 million, which is listed on the Copenhagen stock exchange, NASDAQ. The initial coupon of the hybrid bond is 6,125 % until the first call date on 22 September 2023, after which the coupon resets to the 3-year EUR swap rate prevailing at that time plus margin of 11.585%, which is the sum of initial margin 6.585% and step-up margin 5.0%.

Coupon payments may be deferred at the discretion of European Energy A/S and the hybrid capital is not included in NIBD. Therefore coupon payments on Hybrid capital are not included in the sensitivity analysis below. The interest rate of the bond is 6,125 %. For more information related to hybrid capital, please refer to note 3.0.

European Energy A/S has listed a EUR 200 million green bond on NASDAQ Copenhagen. The bond carry variable interest based upon a fixed spread and a variable part related to the Euribor.
According to bond terms on the senior bond loan, dividends to shareholders are not permitted.

The bond have a four-year and 3 months lifecycle ending September 2023 and is traded at NASDAQ, Copenhagen.

Other loans and credit facilities

Other loans and credit facilities consist of project financing in different credit institutions.

Interest rate swaps

At year-end, an interest rate swap with fair value liability of EUR 0.2 million (2019: EUR 0.6 million) is included in Project financing. The interest rate swap is maturing in 2021. The change in fair value is recognised in OCI.

The fair value of interest rate swaps is measured on the basis of Level 2 within the fair value hierarchy.

Sensitivity analysis

An interest increase of 1% would have the following impact on the results for the year and the equity:

EUR '000

	2020		**2019**	
	Impact on profit before tax	**Impact on equity**	**Impact on profit before tax**	**Impact on equity**
Bonds	-908	-708	-1,242	-969
Project financing	-2,214	-1,727	-2,075	-1,619
Interest rate swap	-	14	-	69

The impact on equity is net of tax 22% in Denmark.
The interest rate swaps will be affected by a general interest rate increase. The impact on equity is the estimated value decrease on the swap value.

3.3.5 Other financial instruments

Other financial instruments with fair value assets of EUR 2.8 million as of 31 December 2020 have been recognised in 2020. Other financial instruments are included in non-current other receivables. Value adjustment is included in other comprehensive income, as the relevant criteria for hedge accounting are met.

Other financial instruments comprise contract for difference derivatives (CFD) related to long-term power purchase agreements. Power purchase agreements have a duration of up to 15 years.

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

The main inputs used are:

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

SIGNIFICANT NON-OBSERVABLE INPUTS

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

VALUATION PRINCIPLES

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

SENSITIVITY ON NON-OBSERVABLE INPUTS

The most significant non-observable input is non-contracted long-term prices, where market prices are no longer available.

The table shows the impact on the fair value of other financial instruments if the non-observable inputs increase by 1% per year, which is considered reasonable probable alternatives.

EUR '000

Other financial instruments	2020	2019
Fair value at 1 January	**2,269**	**-**
Value adjustments of hedging instruments through OCI during the year, unrealised	**2,671**	**2,269**
Value adjustments of hedging instruments through OCI during the year, realised	-2,127	-
Total Fair Value at 31 December	**2,812**	**2,269**

The fair value of other financial instruments is included in non-current other receivables.

EUR '000

Sensitivity analysis of significant non-observable inputs 2020	Last known observation held for further tenors EUR/MWh	+1% increase per year	Impact on fair value
Nasdaq Commodities Nordic System price, 2031-2035	31.21	31.52 - 32.80	-237
Difference between Nordic System Price and Local Zone price (EPAD), 2024-2035	14.75	14.90 - 16.62	-604
Sensitivity analysis of significant non-observable inputs 2019			
Nasdaq Commodities Nordic System price, 2030-2034	32.91	33.24 - 34.59	-246
Difference between Nordic System Price and Local Zone price (EPAD), 2023-2034	5.40	5.45 - 6.08	-219

3.4 Financial instruments by category

Classification, recognition and measurement of financial assets and liabilities are specified below:

EUR '000

	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets measured at FVTPL	7,497	7,497	4,394	4,394
Financial assets measured at FVTOCI *)	2,812	2,812	2,269	2,269
Loans and receivables	106,743	106,743	77,915	77,915
Financial liabilities measured at amortised cost	417,715	424,715	402,554	413,054
Trade payables	11,629	11,629	8,981	8,981
Hybrid capital	75,000	75,938	-	-

*) Included in non-current other receivables

3.5 Determination of fair value

The Group uses fair value for certain disclosures and measurement of financial instruments and other investments. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, presuming that they are acting in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, thus maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed are categorised within the fair value hierarchy, described as follows, on the basis of the lowest level input that is significant to the fair value measurement as a whole.

LEVEL 1
Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

LEVEL 2
Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

LEVEL 3
Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value of interest rate swaps is determined by discounting estimated future cash flows. Discounting takes place on the basis of yield curves based in turn on market rates prevailing at the closing date. Fair value of the issued bonds is equal to the listed bond price at the balance sheet date.

4.1 Tax

Accounting policy

INCOME TAX

Tax expense for the year includes current and deferred tax. Tax is recognised in the consolidated statement of profit or loss, except when the tax relates to items recognised in other comprehensive income or directly in equity, in which case the tax is recognised in other comprehensive income or directly in equity, respectively.

CURRENT INCOME TAX

The parent company and its Danish subsidiaries are subject to the Danish rules on joint taxation.

Current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. Companies with tax loss carry forwards receive joint taxation contributions from companies that have used these losses to reduce their own taxable profits (full absorption). Current tax assets and tax liabilities arising from current or prior periods are recognised at the amounts expected to be received from or paid to the relevant tax authority.

Tax for the period is recognised in the income statement including the effect of coupon payments on the hybrid capital.

The tax rates applied are those in force at the date of the statement of financial position.

DEFERRED TAX

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognised to the extent that future taxable income is likely to be available against which the differences can be used – either as a set-off against tax on future income or as a set-off against deferred tax liabilities.

Deferred tax assets are examined at each reporting date and are recognised only to the extent that future taxable profits are likely to allow the recovery of the deferred tax asset.

Deferred tax assets and deferred tax liabilities are measured at the tax rates expected to apply in the year when the asset is realised, or the liability is settled on the basis of the tax rates (and tax legislation) in force at the date of the statement of financial position. Deferred tax assets and deferred tax liabilities are set off if a legal right to do so exists, and the deferred tax is attributable to the same legal tax entity.

EUR ´000

Consolidated statement of profit or loss		
Current income tax	**2020**	**2019**
Current income tax charge	6,198	2,530
Adjustments previous years' foreign tax	312	61
Total current income tax for the year	**6,510**	**2,591**
Deferred tax		
Relating to origination and reversal of temporary differences	995	1,313
Adjustment previous years *)	604	-2,443
Total adjustments to deferred tax during the year	**1,599**	**-1,130**
Income tax expense recognised in the statement of profit or loss	**8,109**	**1,461**
Effective tax rate	21%	4%
Consolidated statement of other comprehensive income		
Deferred tax related to items recognised in other comprehensive income during the year	364	645
Tax rate used	22%	23%

The hedging instruments are power purchase agreements structured as Contract for Difference's (CFD's), SWAP agreements regarding loans to operating projects and Non Deliverable Forwards (NDF's) regarding hedging of currency risks.

*) Adjustment previous years for 2019 in deferred tax relates to the recognition of a tax income of EUR 2.2 million in the wind park Westerberg in Germany, the authorities had in connection with the acquisition of the wind park in 2013 announced that the tax losses brought forward could no longer be accepted due to change of control. Fortunately, the Group has now, after a long appeal process, received an announcement, that the tax losses are intact.

4.1 Tax - continued

EFFECTIVE TAX RATE FOR THE GROUP

The effective tax rate stated is the income tax expense recognised in the profit and loss statement divided by profit before tax.

The effective tax rate is affected by the country mix in income, corrections in taxes from previous years, non-taxable income or expenses, and impairment of brought forward tax losses or the reversal of those.

In 2020 the effective tax rate landed on 21% compared to 4% in 2019.

The recognition of deferred tax assets is based on an analysis of future income in the next three to five years. The analysis is based on an expectation of steady development and reasonable assumptions. Deferred tax assets are substantially attributable to tax losses carried forward.

Deferred tax liabilities are substantially attributable to temporary differences on wind and solar power generating assets.

The Group is taxed not only through its companies but also through the many tax-transparent vehicles that are either recognised as Joint Ventures, Associates or other investments.

EUR ´000

Deferred tax specification	**2020**	**2019**
Deferred tax start of period	7,949	1,402
Deferred tax for the year recognised in the income statement	1,599	-1,130
Deferred tax for the year recognised in other comprehensive income	364	645
Adjustment relating to the divestment/purchase of consolidated companies	-3,530	6,712
Other equity regulations / Joint taxation	819	320
Deferred tax end of period	**7,201**	**7,949**
Deferred tax is recognised as follows:		
Deferred tax assets	-4,798	-2,292
Deferred tax liability	11,999	10,241
Total recognised deferred tax in the balance	**7,201**	**7,949**
Deferred tax assets not recognised in the balance sheet:		
Total value of temporary differences and tax losses	-7,104	-5,896
Net Deferred Tax Assets recognised in the balance sheet	7,201	7,949
Deferred tax assets not recognised in the balance sheet	**97**	**2,053**
Split of various temporary differences recognised in the balance sheet		
Tax loss carried forward	-11,318	-9,223
Differences of plant & equipment	19,945	17,809
Dismantling provisions	83	-146
Differences related to other assets or liabilities	-1,509	-491
Total	**7,201**	**7,949**

4.1 Tax - continued

Split of tax losses carried forward on countries	2020	EUR ´000 2019
Denmark	-4,573	-
Germany	-5,257	-6,877
Spain	-344	-1,289
Italy	-1,077	-1,056
Other countries	-67	-1
Total	**-11,318**	**-9,223**

Split of payable tax on countries		
Denmark	818	807
Germany	4,815	3,219
Spain	503	573
Italy	666	76
Other countries	49	102
Total	**6,851**	**4,777**

Country split of paid tax during the year		
Denmark	873	412
Germany	2,811	126
Spain	11	-
Other countries	32	-
Total	**3,727**	**538**

COUNTRY BY COUNTRY SPECIFICATION

The European Energy Group aims at transparency in the tax reporting and voluntarily disclose country-specific information about tax position in the annual report. The Group aim to comply not only with the letter of the law, but also the underlying intent to ensure that the right amount of tax is paid, in the countries where the Group operates. In line with the results presented in the sustainability report, country by country specifications are presented to comply with the responsible tax practice of the Group.

4.2 Staff costs

Staff costs comprise wages and salaries, remuneration, pensions and other costs regarding the employees, including members of the Executive Board and the Board of Directors. Bonus agreements for key Management personnel are included in the total remuneration and depend on the profit for the period.

	2020	EUR '000 2019
Wages, salaries and remuneration	18,295	13,848
Share-based compensation	322	444
Contributions to defined contribution plans	26	12
Other social security costs	306	167
Other staff costs	721	713
Capitalised salaries on inventories	-12,289	-8,489
Total staff costs	**7,381**	**6,695**
Average number of full-time employees	168	117
Number of full-time employees end of year	184	138
Number of employees end of year	203	148

Management Remuneration:

2020	Salary	Bonus	Share-based compensation	Pension	Benefits	Total
Board of Directors	32	-	-	-	-	31
Executive Board	370	179	21	-	-	571
Other key Management personnel	2,129	552	119	-	1	2,802

2019	Salary	Bonus	Share-based compensation	Pension	Benefits	Total
Board of Directors	31	-	-	-	-	31
Executive Board	218	504	31	-	-	753
Other key Management personnel	1,330	1,383	181	-	-	2,894

4.2.1 Share-based payment

Accounting policy

The parent company has granted warrants to Management, board members and individual selected staff members based on years of employment and profession. The incentive scheme is based on issuance of warrants that give the right to apply for new shares in European Energy in the future. Fair value of the warrants at grant date is recognised as an expense in the income statement over the vesting period. Subsequently, the fair value is not re-measured. Such compensation expenses represent calculated values of warrants granted and do not represent actual cash expenditures. A corresponding amount is recognized in shareholders' equity as the warrant program is designated as equity-settled share-based payment transaction.

Valuation assumptions for warrants granted

Based on a weighted average fair value per warrant of DKK 0.82 (2019: DKK 1.37) the total fair value of warrants granted in 2020 amounted to EUR 0.3 million (2019: EUR 0.5 million), of which EUR 0.2 million is recognised in the income statement at 31 December 2020 (2019: EUR 0.4 million).

The fair value of warrants granted is calculated using the Binomial model with the following assumptions at the time of grant:

Year of grant	**2020**	**2019**	**2018**
Estimated Share price	DKK 4.32	DKK 5.29	DKK 3.20
Volatility, based on two years historical volatility for the peer group *)	25.1%	28.8%	28.8%
Risk free rate, based on Danish government bonds	-0.1%	0.5%	0.5%
Vesting schedule	36 months	36 months	36 months
Exercise price	DKK 4.32 increased 5 % per year from 1 January 2021	DKK 5.29 increased 5 % per year from 1 January 2020	DKK 3.10 increased 5 % per year from 1 January 2019
Exercise price of outstanding warrants at the end of 2020	DKK 4.54 - 6.05	DKK 5.62 - 7.40	DKK 3.35 - 4.37
Exercise period: One annual exercise period following the ordinary general meeting where the annual report is adopted **)	May 2020 - May 2028	May 2019 - May 2028	May 2018 - May 2028
Expected dividends ***)	-	-	-
Expected life of warrants	Up to 8 years	Up to 9 years	Up to 10 years
Fair value per warrant on grant date	DKK 0.82	DKK 1.37	DKK 0.89

*) Peer Group: EDP Renováveis, S.A., Terna Energy Societe Anonyme Commercial Technical Company S.A., Falck Renewables S.p.A., Voltalia SA, Eolus Vind AB, Audax Renovables, S.A., Arise AB (publ), Energiekontor AG, PNE Wind AG, Scatec Solar ASA, Photon Energy N.V., Alerion Clean Power S.p.A., Encavis AG.
Athena Investments A/S and Global EcoPower Société Anonyme are excluded from the peer group from 2020.

**) Until 2019 there was also an exercise period following the publication of the six-month interim report.

***) Due to the covenants of the senior bond loan dividends cannot be paid out until the bond is repaid.
In 2019 non cash dividends has been settled against a receivables against shareholders, which has been adjusted in the exercise price.

4.2.1 Share-based payment - continued

Warrant program

The warrant program runs up to 5 years, and the total number of shares in the program equals up to 5 % of the company share capital or DKK 15 million (EUR 2 million). The scheme is based on issuance of warrants that give the right to apply for new shares in European Energy in the future.

Subscription for new shares by exercise of issued warrants must be made by paying cash contribution to European Energy A/S. Vested warrants may be exercised in one annual exercise period that run for 21 days from and including the day after the ordinary general meeting where the annual report is adopted. Until 2019 there was also an exercise period following the publication of the six-month interim report.

In case more than 50% of the share capital in European Energy is sold (not subscribed or issued) or is part of a share swap European Energy may choose one of the following possibilities:

- The warrant holder may exercise all non-exercised warrants (inclusive of warrants not yet vested).
- Share instruments in the acquiring company of a corresponding value shall replace the issued warrants.
- All warrants continue unchanged.

For 2020, the third year of the program, the board has approved issuance of warrants equal to 2.4 million shares.

Weighted average remaining contractual life for outstanding warrants at year end is 7 years.

The warrant activity is outlined below:

					Number of warrants held by		
2020	**Board of directors**	**Executive board**	**Other key Management personnel**	**Other employees**	**Former employees**	**Total outstanding warrants**	**Weighted average exercise price DKK**
Outstanding warrants at 1 January	-	400,000	2,269,278	2,487,080	58,890	5,215,248	4.42
Granted	-	140,000	440,000	858,000	1,005,000	2,443,000	4.32
Exercised	-	-	-124,834	-43,172	-572,388	-740,394	4.07
Cancelled	-	-	-	-	-342,724	-342,724	4.53
Outstanding warrants at 31 December	-	540,000	2,584,444	3,301,908	148,778	6,575,130	4.56
Exercisable at year end	-	380,000	1,657,776	2,080,455	148,778	4,267,009	4.43

					Number of warrants held by		
2019	**Board of directors**	**Executive board**	**Other key Management personnel**	**Other employees**	**Former employees**	**Total outstanding warrants**	**Weighted average exercise price DKK**
Outstanding warrants at 1 January	-	200,000	1,000,000	1,092,354	65,001	2,357,355	3.35
Granted	-	200,000	1,300,000	1,460,000	20,000	2,980,000	5.29
Exercised	-	-	-30,722	-65,274	-8,889	-104,885	3.77
Cancelled	-	-	-	-	-17,222	-17,222	5.29
Outstanding warrants at 31 December	-	400,000	2,269,278	2,487,080	58,890	5,215,248	4.42
Exercisable at year end	-	200,000	1,069,278	1,137,713	58,890	2,465,881	4.05

4.3 Audit fees

Other external costs include the total fees paid to the auditors appointed at the Annual General Meeting for auditing the financial statements for the financial year under review and for services rendered.

EUR'000

	2020	2019
Statutory audit	234	239
Assurance other than audit	10	5
Tax advice	32	18
Other non-audit services*	50	68
Total to the auditors appointed by the Annual General Meeting	**326**	**330**

*Other non-audit services are primarily related to assistance related to existing IFRS standards, hybrid bond and other financing activity.

4.5 Related parties

Ownership

The shareholder Knud Erik Andersen has the controlling interest of the company through European Energy Holding ApS, Gyngemose Parkvej 50, 2860 Søborg. MDP Invest ApS and JPZ Assistance ApS are classified as related parties with significant influence on the company. The Group is included in the consolidated financial statements of European Energy Holding ApS and KEA Holding I ApS.

Related parties include subsidiaries, Joint Ventures and Associates in which European Energy has controlling or significant interest as well as the Executive Board, other key Management, the Board of Directors and companies owned by these.

Except as set out above, no transactions were made during the period with members of the Board of Directors, Management or any other related parties. Reference is made to note 4.10 for an overview of the Group's Joint Ventures and Associates. Remuneration to the Board of Directors and Management is disclosed in note 4.2. Related party transactions are made on arm's length terms.

EUR '000

Related party transactions	2020	2019
Sale of services to Joint Ventures	744	369
Sale of services to Associates	91	370
Sale of services to Owners	3	1,000
Cost of services from Owners	124	-2,470
Interest, income from Joint Ventures	1,151	2,843
Interest, income from Associates	549	94
Interest, income from Owners	86	242
Interest, expenses to Joint Ventures	-100	-109
Loans to related parties		
Loans to Associates and Joint Ventures	59,842	41,785
Investments set-off against loans	-9,871	-2,217
Loans to related parties at 31 December	49,971	39,568
Provision for impairment at 1 January	-3,948	-3,005
Provision for impairment for the year	-2,623	68
Disposals	1,946	-1,011
Provision for impairment at 31 December	**-4,625**	**-3,948**
Carrying amount at 31 December	**45,346**	**35,620**
Loans from related parties		
Loans from European Energy Holding ApS	-	1,647
Loans from Associates and Joint Ventures	11	470
Total loans from related parties	**11**	**2,117**

4.5 Related parties - continued

Share of ownership to related parties

The table below shows the share of ownership/voting rights for Executive Board members and key personnel in companies within the European Energy Group structure. Ownership is either directly by the person, or through a holding company. The companies listed could have additional subsidiaries, Joint Ventures, Associated companies or other investments as investments. These indirect ownerships are not listed.

EUR '000

2020	Knud Erik Andersen	Mikael Dystrup Pedersen	Jens-Peter Zink
European Energy A/S (voting rights)	75.8%	14.0%	10.0%
Komplementarselskabet Heidelberg ApS	34.5%	0.0%	15.0%
Driftsselskabet Heidelberg ApS	34.5%	0.0%	15.0%
Vindpark Straldja ApS	30.0%	0.0%	20.0%
European Wind Farms Invest No.2 A/S	5.7%	0.0%	0.0%

2019	Knud Erik Andersen	Mikael Dystrup Pedersen	Jens-Peter Zink
European Energy A/S (voting rights)	76.0%	14.0%	10.0%
Komplementarselskabet Heidelberg ApS	34.5%	0.0%	15.0%
Driftsselskabet Heidelberg ApS	34.5%	0.0%	15.0%
Vindpark Straldja ApS	30.0%	0.0%	20.0%
European Wind Farms Invest No.2 A/S	5.7%	0.0%	0.0%

4.6 Contingent liabilities and assets

Accounting policy

Contingent liabilities comprise obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not fully within the control of the entity; or present obligations that arise from past events but are not recognised because the outflow of resources embodying economic benefits will probably not be required to settle the obligation or because the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities

GUARANTEES, WARRANTIES AND OTHER LIABILITIES RELATED TO DIVESTMENTS

When selling directly owned subsidiaries, the company provides customary warranties and guarantees to the purchaser, including warranties and guarantees related to the corporate status of the subsidiary, taxes, environmental matters, rights and permits of the project concerned etc. The warranties and guarantees are often provided for a period of two to five years. Furthermore, the company has in some instances provided similar customary warranties and guarantees in favour of the purchaser when indirect subsidiaries have been sold. In these cases, the warranties and guarantees are provided in addition to similar warranties and guarantees provided by the selling subsidiary itself.

In some cases, in addition to customary warranties and guarantees the company may also provide a buyer with specific indemnities that relate to specific issues that cannot be resolved until the sale is completed. This could, for instance, be related to the company's ensuring that certain project-related contracts are amended.

Guarantees, warranties and specific indemnities are only included with an amount below to the extent they relate to circumstances that the company either cannot control or is unaware of or where the company knows that an obligation exists, but its amount is unknown.

European Energy A/S has in 2017 entered a contract obligating the company for a 15-year period to deliver green certificates and guarantee the counterparty's fixed price for buying electricity (financial instrument). The Company has provided the counterparty with guarantees of EUR 4.3 million in cover of the Company's performance obligations.

Earn-outs included in sales agreements that relate, e.g., to the performance of a park are not treated as contingent liabilities but affect the valuation of the corresponding receivables; see note 2.7.

CONTRACTUAL OBLIGATIONS

The parent company is jointly taxed with the Danish subsidiaries. The companies included in the joint taxation have joint and unlimited liability for Danish corporation taxes, etc. The corporation tax payable including taxes to other jurisdictions by the parent company is EUR 0.3 million in 2020 (2019: EUR 0.3 million).

WARRANTIES REGARDING POTENTIAL ACQUISITION OF NEW PROJECTS

Contingent liabilities arising from potential acquisition of new projects are related to the purchase of Brownfield projects for solar or wind energy, for which it is not probable that an outflow of resources will be required to settle the obligation. The amounts are not recognised but disclosed with indication of uncertainties relating to amounts and timing involved.

GRID CONNECTION GUARANTEES

European Energy is often required to provide guarantees in connection with accomplishing necessary grid connection permits. If the company does not get the grid connection permits the guarantees will be released without any further payment commitments for the company. The guarantees will only be payable if the Group receives the grid connection, and decides not to build the project. This is thus very unlikely, since one of the major success factors in establishing new projects in Europe is the possibility to get grid connection. The main part of the grid connection guarantees is related to projects in Spain.

WARRANTIES REGARDING POWER PURCHASE AGREMENTS

Most projects planned to be divested are already constructed, and the sale of electricity has been secured with long-term power purchase agreements. As long as the company delivers the agreed electricity there will be no payment commitments for the company.

WARRANTIES REGARDING DIVESTMENT OF ENERGY PARKS

Most projects planned to be divested are regulated in the share purchase agreements. The company does not see any material costs and actual payment commitments related to our divestment of energy parks.

CLAIMS REGARDING PENDING DISPUTES IN DIVESTED ENERGY PARKS

The Group is a party in minor pending disputes and lawsuits with claims up to EUR 12 million (2019: EUR 4 million) regarding the Group's current operations. In Management's opinion, the outcome of these disputes will not affect the Group's financial position to any significant extent other than that already recognised in the assets and liabilities in the Group's balance sheet at the end of the period.

CONTINGENT ASSETS

On 5 December 2018, European Solar Farms A/S ("ESF"), a company within the Group, filed a request for arbitration against the Kingdom of Spain. The procedure is still pending. This concerns 101 solar farms located in Spain, with a combined capacity of 9.7 MW. ESF invested more than EUR 57 million in these projects in reliance on Spain´s express guarantees that the plants would receive a feed-in tariff for the entire operating lives of the plants. However, these feed-in tariffs were discontinued due to certain changes to the relevant Spanish energy regulations starting 2010. ESF has made claims for compensation against the Kingdom of Spain based on these changes to the incentive scheme regimes. If ESF succeed, this would have a net positive impact on the Group in the range of EUR 20 - 30 million in total.

Contingent liabilities

EUR million	2020	2019
Financing Agreements	-	11
Warranties regarding potential acquisition of new projects	25	1
Grid connection guarantees	78	61
Warranties regarding Power Purchase Agreements	22	4
Warranties regarding divestment of energy parks	43	12
Claims regarding divested energy parks	8	4
Total	**177**	**93**

4.6 Contingent liabilities and assets - continued

Security for debt

PLEDGES AND GUARANTEES RELATED TO FINANCING AGREEMENTS

The company has provided security (in the form of parent company guarantees and share pledges) up to EUR 60 million in order to secure certain subsidiaries' financial obligations towards third parties during the construction of facilities related to renewable energy projects. Additionally, the company has also guaranteed other loans obtained by certain subsidiaries to the extent permitted by the terms and conditions governing the bonds issued by the company.

ASSETS PROVIDED AS SECURITY

Wind and solar farms with a carrying amount of EUR 79 million (2019: EUR 82 million) are pledged as security for the Group's debt to Credit Institutions, etc., a total of EUR 52 million (2019: EUR 73 million).

The parent company and certain subsidiaries have provided ordinary declarations of subordination to lenders to the subsidiaries with the effect that intra-group loans granted to certain group companies are subordinated to the external debt. In addition, dividends from certain German limited partnerships are contingent on adequate account balances in collateral accounts in accordance with agreements concluded with German credit institutions financing first mortgages. Furthermore, the parent company has provided some of the subsidiaries with a letter of subordination.

4.7 Events after the balance sheet date

Thor

Jan. 14th: Swan Wind, a new company owned by Dutch energy company Eneco and European Energy qualifies by the Danish Energy Agency for the Thor offshore wind farm tender. The combination of the two partners bring well documented experience in building large scale offshore wind farms with low cost, high quality and deep and acknowledged local market insight into the competition.

Victor

Feb. 26th: European Energy moves into green heating industry by taking part in the company Victor Energy Solutions with the aim of supplying heat pump solutions to Danish and European costumers.

Parent Company

TROIA
103.0 MW
ITALY

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2020

EUR '000

Note	Parent Company	2020	2019
1.1	Revenue	14,955	150,467
2.5.0	Profit after tax from subsidiaries	28,018	23,693
2.5.3	Net result after tax from associates and JV's	-6,518	1,648
	Other income	1,641	-
	Direct costs	-10,717	-142,308
	Gross profit	**27,379**	**33,500**
4.2	Staff costs	-7,000	-6,352
	Other external costs	-2,831	-5,586
	EBITDA	**17,548**	**21,562**
2.3	Depreciation	-405	-346
	Operating profit	**17,143**	**21,216**
3.1	Finance income	13,044	16,854
3.1	Finance expenses	-14,346	-11,997
	Profit before tax	**15,841**	**26,073**
4.1	Tax	803	581
	Profit for the year	**16,644**	**26,654**
	Statement of comprehensive income		
	Profit for the year	16,644	26,654
	Items that may be reclassified to profit or loss		
	Value adjustments of hedging instruments	1,459	3,287
4.1	Tax of value adjustments of hedging instruments	-321	-645
	Currency differences on translating foreign operations	82	215
	Other comprehensive income for the period	**1,220**	**2,857**
	Comprehensive income for the year	**17,864**	**29,511**

Statement of financial position

As of 31 December 2020

EUR '000

Note	Parent Company	2020	2019
	ASSETS		
	Non-current assets		
2.3	Property, plant and equipment	1,822	897
2.5.0	Investment in subsidiaries	102,341	73,189
2.5.1	Joint Venture investments	9,473	9,129
2.5.2	Associated companies investments	4,765	4,402
2.6	Other investments	4,127	2,471
4.5	Loans to subsidiaries	220,097	157,534
4.5	Loans to related parties	43,451	34,358
2.7	Trade receivables and contract assets	138	1,269
2.7	Other receivables	3,456	2,867
4.1	Deferred tax	1,341	968
	Total non-current assets	**391,011**	**287,084**
	Current assets		
2.4	Inventories	1,986	708
2.7	Trade receivables and contract assets	3,903	6,053
2.7	Other receivables	1,592	1,041
	Prepayments from goods and services	1,645	877
3.2	Free cash and cash equivalents	32,530	21,564
3.2	Restricted cash and cash equivalents	11,382	15,755
	Total current assets	**53,038**	**45,998**
	TOTAL ASSETS	**444,049**	**333,082**

Statement of financial position - continued

Note	Parent Company	2020	2019
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	40,430	40,331
	Reserves (equity methods)	49,764	34,080
	Hedging reserve	2,171	1,187
	Retained earnings and reserves	42,715	42,530
	Equity attributable to shareholders of the Company	135,080	118,128
3.0	Hybrid capital	75,000	-
	Total Equity	**210,080**	**118,128**
	Liabilities		
3.3	Bond loan	194,144	192,017
4.1	Deferred tax	2,122	1,439
	Other liabilities	1,382	421
	Total non-current liabilities	**197,648**	**193,877**
	Trade payables	895	504
4.5	Payables to subsidiaries	23,563	6,043
4.5	Payables to related parties	229	1,649
	Corporation tax	250	322
2.8	Provisions	4,400	2,800
	Other payables	6,984	9,759
	Total current liabilities	**36,321**	**21,077**
	Total liabilities	**233,969**	**214,954**
	TOTAL EQUITY AND LIABILITIES	**444,049**	**333,082**

Statement of cash flow

As of 31 December 2020

Note	Parent Company	2020	EUR '000 2019
	Cash flow from operating activities		
	Profit before tax	15,841	26,073
	Adjustments for:		
	Financial income	-13,044	-16,854
	Financial expenses	14,346	11,997
	Depreciations	405	346
	Other non-cash movements	-22,429	-24,753
2.9	Change in net working capital	2,107	-3,285
	Dividends received	7,999	6,382
	Cash generated from operation before financial items and tax	**5,225**	**-94**
	Taxes paid	-764	-109
	Interest paid and realised currency losses	-14,366	-12,005
	Interest received and realised currency gains	15,797	13,632
	Cash flow from operating activities	**5,892**	**1,424**
	Purchase of Property, plant and equipment	-1,330	-337
	Purchase of other investments	-	2
	Investment/loans in equity-accounted investments	-16,208	-15,854
	Loans to subsidiaries	-45,043	-79,052
	Loans to related parties	-10,513	-10,164
	Cash flow from investing activities	**-73,094**	**-105,405**
	Proceeds from issue of bonds	-	200,535
	Repayment of bonds	-	-88,400
	Capital increase through exercise of warrants	404	-
	Cash from issue of hybrid capital	73,391	-
	Cash flow from financing activities	**73,795**	**112,135**
	Change in cash and cash equivalents	**6,593**	**8,154**
	Cash and cash equivalents at beginning of period	37,319	29,165
	Cash and cash equivalents end of period	**43,912**	**37,319**
	Of which restricted cash and cash equivalents	-11,382	-15,755
3.2	**Non-restricted cash and cash equivalents end of year**	**32,530**	**21,564**

Statement of changes in equity

As of 31 December 2020

EUR '000

Parent Company	Share capital	Reserves (equity methods)	Hedging reserve	Treasury share reserve	Retained earnings	Total	Hybrid capital	Total
Equity at 1 January 2020	**40,331**	**34,080**	**1,187**	**-**	**42,530**	**118,128**	**-**	**118,128**
Profit for the year	-	21,500	-	-	-4,856	16,644	-	16,644
Value adjustments of hedging instruments	-	197	1,262	-	-	1,459	-	1,459
Tax of value adjustments of hedging instruments	-	-43	-278	-	-	-321	-	-321
Currency differences on translating foreign operations	-	82	-	-	-	82	-	82
Other comprehensive income	**-**	**236**	**984**	**-**	**-**	**1,220**	**-**	**1,220**
Total comprehensive income	**-**	**21,736**	**984**	**-**	**-4,856**	**17,864**	**-**	**17,864**
Regulation on disposal of companies	-	1,209	-	-	-1,209	-	-	-
Transactions with NCI	-	-9	-	-	-	-9	-	-9
Purchase of treasury shares	-	-	-	-18	-	-18	-	-18
Exercise of warrants	99	-	-	-	305	404	-	404
Expenses related to capital increases	-	-	-	-	-2	-2	-	-2
Share-based compensation expenses	-	-	-	-	322	322	-	322
Issue of Hybrid capital	-	-	-	-	-1,609	-1,609	75,000	73,391
Dividends received	-	-7,252	-	-	7,252	-	-	-
Total other regulation on equity	**99**	**-6,052**	**-**	**-18**	**5,059**	**-912**	**75,000**	**74,088**
Equity at 31 December 2020	**40,430**	**49,764**	**2,171**	**-18**	**42,732**	**135,080**	**75,000**	**210,080**

The share capital consists of nom. 300,885,469 shares of DKK 1 each, corresponding to EUR 40,430 thousand. The share capital is fully paid in. . The Equity Treasury share reserve comprises the cost of the parent company's shares held by the Group, and is recognised as retained earnings and reserves in the equity. At 31 December 2020, the Group held nom. 25,722 shares of DKK 1 each corresponding to EUR 3 thousand of the parent company's shares. The shares have been bought back under the warrant program, where the parent company has a right, but not an obligation, to buy back shares from resigned employees.

Statement of changes in equity - continued

As of 31 December 2019

EUR '000

Parent Company	Share capital	Reserves (equity methods)	Hedging reserve	Retained earnings	Total
Equity at 1 January 2019	**40,316**	**21,379**	**-70**	**34,463**	**96,088**
Profit for the year	-	25,341	-	1,313	26,654
Value adjustments of hedging instruments	-	1,191	1,611	485	3,287
Tax of value adjustments of hedging instruments	-	-291	-354	-	-645
Currency differences on translating foreign operations	-	303	-	-88	215
Other comprehensive income	**-**	**1,203**	**1,257**	**397**	**2,857**
Total comprehensive income	**-**	**26,544**	**1,257**	**1,710**	**29,511**
Regulation on disposal of companies	-	-3,416	-	3,416	-
Increase in share capital	15	-	-	-15	-
Other including intergroup profit regulations	-	-	-	-572	-572
Exercise of warrants	-	-	-	57	57
Share-based compensation expenses	-	-	-	444	444
Dividends received	-	-10,427	-	3,027	-7,400
Total other regulation on equity	**15**	**-13,843**	**-**	**6,357**	**-7,471**
Equity at 31 December 2019	**40,331**	**34,080**	**1,187**	**42,530**	**118,128**

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

1.0 Basis for preparation

General information

The annual report for the year ended 31 December 2020 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and with additional Danish disclosure requirements for annual reports.

Compared to the accounting policies applied in the consolidated financial statement (see Note 1.0 to the consolidated financial statements), the parent company's accounting policies only deviate in the following items:

Investment in subsidiaries

Subsidiaries are measured at the proportionate share of the entities' net asset value calculated according to the Group's accounting policies plus or minus unrealised intra-group gains or losses and plus or minus the residual value of positive and negative goodwill calculated according to the acquisition method. The proportionate share of the individual subsidiaries' profit or loss after tax is recognised in the parent company's income statement after the full elimination of intra-group gains/losses.

Dividends are recognised as a reduction from the carrying amount of the investment in the entity.

Equity investments in group entities with negative net asset values are measured at nil, and any receivables from these entities are written down by an amount equivalent to the negative net asset value. To the extent that the negative net asset value exceeds the receivable, the residual amount is recognised under provisions.

1.1 Segment information

Accounting Policy

Please refer to note 1.1 for the Group.

EUR '000

2020:	**Wind**	**Solar**	**Total**
Sale of energy farms and projects	8,269	2,691	10,961
Asset management	2,201	1,876	4,076
Other fees	-178	95	-83
Revenue	**10,292**	**4,663**	**14,955**

2019:	**Wind**	**Solar**	**Total**
Sale of energy farms and projects	146,659	-168	146,491
Asset management	2,021	808	2,829
Other fees	947	200	1,147
Revenue	**149,627**	**840**	**150,467**

2020:

Secured revenue regarding signed contracts	**2021**	**2022-2040**	**Total**
Commercial management agreements (CMAs)	2,050	748	2,798
Total secured revenue	**2,050**	**748**	**2,798**

2019:

Secured revenue regarding signed contracts	**2020**	**2021-2039**	**Total**
Commercial management agreements (CMAs)	1,597	758	2,355
Total secured revenue	**1,597**	**758**	**2,355**

2.3 Property, plant and equipment

Accounting Policy

Please refer to note 2.3 for the Group.

				EUR ´000
	Solar power generating assets	Tools and equipment	Land and Buildings	Total
Cost				
Balance at 1 January 2020	511	1,639	-	2,150
Additions	-	192	1,139	1,331
Disposals	-	-	-	-
Cost at 31 December 2020	**511**	**1,831**	**1,139**	**3,480**
Accumulated depreciation and impairment losses				
Balance at 1 January 2020	-127	-1,126	-	-1,253
Depreciation	-99	-305	-1	-405
Disposals	-	-	-	-
Accumulated depreciation and impairment losses at 31 December 2020	**-226**	**-1,431**	**-1**	**-1,658**
Carrying amount at 31 December 2020	**285**	**400**	**1,138**	**1,822**
Cost				
Balance at 1 January 2019	490	1,327	-	1,817
Additions	21	324	-	344
Disposals	-	-11	-	-11
Cost at 31 December 2019	**511**	**1,639**	**-**	**2,150**
Accumulated depreciation and impairment losses				
Balance at 1 January 2019	-24	-887	-	-911
Depreciation	-103	-243	-	-346
Disposals	-	4	-	4
Accumulated depreciation and impairment losses at 31 December 2019	**-127**	**-1,126**	**-**	**-1,253**
Carrying amount at 31 December 2019	**384**	**513**	**-**	**897**

2.4 Inventories

Accounting Policy

Please refer to note 2.4 for the Group.

EUR ´000

Inventories	2020	2019
Operating		
Solar farms for sale	4	-
Wind farms for sale	93	-
Under construction		
Solar farms for sale	193	-
Under development		
Solar farms	1,408	27
Wind farms	288	681
Total inventory	**1,986**	**708**

The management has looked at the total portfolio of projects under development and diversified this into segments depending upon maturity of the project and the time elapsed since the project was started. This segment analysis has led to no impairment in 2020. The management finds the impairment to reflect the risk of the total portfolio well.

2.4 Inventories - continued

Specification of movement on the inventory	2020	2019
		EUR ´000
Cost at 1 January	708	225
Additions for the year	1,754	544
Disposals for the year	-454	-61
Transfer/reclassification	-22	-
Cost at 31 December	**1,986**	**708**
Carrying amount at 31 December	**1,986**	**708**

2.4.1 Contractual obligations related to Inventory

Our contractual obligations related to Inventory at 31 December 2020 mainly relates to turbine supply agreements and solar panels supply agreements to use for construction of our energy parks.

EUR million	2020	2019
Turbine - and solar panels supply agreements and other orders in progress	163	-
Total	**163**	**-**

2.5.0 Investment in subsidiaries

Accounting policy

Initially, investments in subsidiaries are recognised at cost.
They are subsequently measured according to the equity method.

EUR'000

	2020	2019
Cost at 1 January	40,307	36,597
Additions for the year	16,267	15,952
Transferred	-735	-1
Disposal of year	-12,895	-12,241
Cost at 31 December	**42,944**	**40,307**
Value adjustments at 1 January	32,882	17,533
Share of profit for the year	28,018	23,693
Hedges net of tax	154	1,387
Dividends received from subsidiaries	-7,798	-8,323
Reversed value adjustments on disposals	102	-2,869
Transfers	1,198	2,475
Other value adjustments	617	-1,014
Value adjustments at 31 December	**55,173**	**32,882**
Carrying amount at 31 December	**98,117**	**73,189**
Investments in subsidiaries at 31 December	102,341	73,189
Set-off against receivables from subsidiaries	-4,224	-
Total	**98,117**	**73,189**

2.5.0 Investment in subsidiaries - continued

Ownership shares in subsidiaries can be specified as follows:

Name	31 Dec 2020	31 Dec 2019
AEZ Dienstleistungs GmbH, Germany	100.0%	0.0%
AEZ Verwaltung GmbH, Germany	100.0%	0.0%
Björnasen Vind AB, Sweden	0.0%	100.0%
Blue Viking Solar S.L., Spain	100.0%	100.0%
Boa Hora Solar ApS, Denmark	0.0%	100.0%
Branco Vind ApS, Denmark	100.0%	0.0%
Driftsselskabet Heidelberg ApS, Germany	50.5%	50.5%
EE Bonde GmbH & Co. KG, Germany	100.0%	0.0%
EE Cocamba ApS, Denmark	100.0%	100.0%
EE Construction DK ApS, Denmark	100.0%	0.0%
EE Construction Germany GmbH & Co. KG, Germany	100.0%	100.0%
EE Dupp ApS, Denmark	100.0%	100.0%
EE Fanais SAS, France	0.0%	100.0%
EE Finland OY, Finland	100.0%	100.0%
EE Giga Storage A/S, Denmark	100.0%	100.0%
EE Keiko ApS & Co. KG, Denmark	100.0%	100.0%
EE MSF ApS, Denmark	100.0%	0.0%
EE Nordic Holding 1 ApS, Denmark	100.0%	0.0%
EE Offshore A/S, Denmark	72.0%	72.0%
EE Polska ApS, Poland	100.0%	0.0%
EE Projekte Teuchern GmbH, Germany	100.0%	100.0%

2.5.0 Investment in subsidiaries - continued

Ownership shares in subsidiaries can be specified as follows (continued):

Name	31 Dec 2020	31 Dec 2019
EE PV 2 Aps, Denmark	0.0%	100.0%
EE PV Holding ApS, Denmark	100.0%	100.0%
EE Romania ApS, Denmark	100.0%	0.0%
EE Sarna ApS & CO. KG, Denmark	0.0%	100.0%
EE Schönelinde ApS & Co. KG, Germany	0.0%	100.0%
EE Sprogø OWF ApS, Denmark	100.0%	100.0%
EE Sweden AB, Sweden	100.0%	100.0%
EE Urja ApS & Co. KG, Germany	100.0%	100.0%
EE Verwaltung ApS, Denmark	100.0%	100.0%
Ejendomsselskabet Kappel ApS, Denmark	67.0%	67.0%
Enerteq ApS, Denmark	55.7%	55.7%
Eolica Ouro Branco 1 S.A., Brazil	98.8%	80.0%
Eolica Ouro Branco 2 S.A., Brazil	98.8%	80.0%
Eolica Quatro Ventos S.A., Brazil	98.7%	80.0%
European Energy Bond Buy Back ApS, Denmark	0.0%	100.0%
European Energy Byg ApS, Denmark	100.0%	100.0%
European Energy Development Limited, UK	100.0%	0.0%
European Energy Global Offshore ApS, Denmark	100.0%	0.0%
European Energy Hamburg GmbH, Germany	100.0%	0.0%
European Energy Italia S.r.l., Italy	100.0%	0.0%

2.5.0 Investment in subsidiaries - continued

Ownership shares in subsidiaries can be specified as follows (continued):

Name	31 Dec 2020	31 Dec 2019
European Energy Italy PV Holding S.r.l., Italy	100.0%	100.0%
European Energy Lithuania UAB, Lithuania	100.0%	100.0%
European Energy Norge AS, Norway	100.0%	0.0%
European Energy Systems II ApS, Denmark	100.0%	100.0%
European Solar Farms A/S, Denmark	100.0%	100.0%
European Wind Farm Denmark A/S, Denmark	100.0%	100.0%
European Wind Farms A/S, Denmark	100.0%	100.0%
EWF Deutschland GmbH, Germany	100.0%	100.0%
EWF Kåre 1 AB, Sweden	0.0%	100.0%
EWF Verwaltung GmbH, Germany	100.0%	100.0%
EWF Vier Sechs GmbH & Co. KG, Germany	100.0%	100.0%
Farma Wiatrowa Drawsko II sp.z.o.o., Poland	0.0%	100.0%
Farma Wiatrowa Kolobrzeg sp. z o.o., Poland	0.0%	100.0%
Farma Wiatrowa SIEMYŚL sp. z o.o., Poland	0.0%	100.0%
Fimmerstad Vindpark AB, Sweden	0.0%	100.0%
Frederikshavn OWF ApS, Denmark	85.0%	85.0%
Hanstholmvej Holding ApS, Denmark	100.0%	100.0%

2.5.0 Investment in subsidiaries - continued

Ownership shares in subsidiaries can be specified as follows (continued):

Name	31 Dec 2020	31 Dec 2019
Holmen II Holding ApS, Denmark	67.0%	67.0%
Italy Energy Holding S.r.l. , Italy	100.0%	100.0%
K/S Solkraftværket GPI Mando 29, Denmark	80.0%	80.0%
Komplementarselskabet EE PV Denmark ApS, Denmark	0.0%	100.0%
Komplementarselskabet Heidelberg ApS, Denmark	50.5%	50.5%
Komplementarselskabet Solkraftværket GPI Mando 29 ApS, Denmark	80.0%	80.0%
Næssundvej Holding ApS, Denmark	100.0%	100.0%
North America Holding ApS, Denmark	100.0%	0.0%
Omnia Vind, Denmark, Denmark	67.0%	67.0%
Puglia Holding S.r.l., Italy	100.0%	0.0%
Renewables Insight ApS, Denmark	100.0%	100.0%
Ringo JV S.r.l., Italy	100.0%	0.0%
Sicily Green Power S.R.L., Italy	100.0%	100.0%
Skåramålar Vind AB, Sweden	0.0%	100.0%
Solar Park Evetofte ApS, Denmark	100.0%	100.0%
Solar Park Freerslev ApS, Denmark	100.0%	0.0%
Solar Park Rødby Fjord ApS, Denmark	73.5%	73.5%
Svindbæk Holding ApS, Denmark	67.0%	67.0%
Våstanby Vindbruksgrupp i Fjelie 2 AB, Sweden	100.0%	100.0%
Vindkraft I Grevekulla AB, Sweden	0.0%	100.0%
Vinge Wind Park ApS, Denmark	73.5%	73.5%
Vores Sol Ejendomsselskab IVS, Denmark	100.0%	100.0%
Windpark Tornitz GmbH & CO. KG, Germany	100.0%	100.0%

2.5.1 Investments in Joint Ventures

EUR '000

		2020	2019
Cost at 1 January		8,399	6,405
Additions for the year		53	1,993
Disposals for the year		-1,008	-
Transferred to subsidiaries/other investment		-	1
Cost at 31 December		**7,444**	**8,399**
Value adjustments at 1 January		648	3,893
Share of net result for the year		-7,240	-1,590
Dividends received from Joint Ventures		-50	-1,952
Reversed value adjustments on disposals		1,002	-
Transfer		-630	-
Other value adjustments		9	297
Value adjustments at 31 December		**-6,261**	**648**
Carrying amount at 31 December		**1,183**	**9,047**
Investments in Joint Ventures at 31 December		9,473	9,129
Set-off against receivables from Joint Ventures		-8,290	-82
Total		**1,183**	**9,047**

2.5.1 Investments in Joint Ventures - continued

Ownership shares in Joint Ventures can be specified as follows:		31 December 2020	31 December 2019
EE Haseloff Aps & Co. KG, Denmark		50.0%	50.0%
EE Pommerania ApS, Denmark		50.0%	0.0%
EE Sieben Drei GmbH & Co. KG, Germany		50.0%	50.0%
EE Sieben Null GmbH & Co. KG, Germany		50.0%	50.0%
EE Sieben Zwei GmbH & Co. KG, Germany		50.0%	50.0%
EE Süstedt ApS & Co. KG, Denmark		50.0%	50.0%
EEA Renewables A/S, Denmark		50.0%	50.0%
EEA Stormy ApS, Denmark		50.0%	50.0%
EEA SWEPOL A/S, Denmark		50.0%	50.0%
EEA Verwaltungs GmbH, Germany		50.0%	50.0%
EEGW Persano ApS, Denmark		50.0%	50.0%
EWF Fünf Vier GmbH & Co. KG, Germany		50.0%	50.0%
GWE Contractors K/S, Denmark		50.0%	50.0%
Komp. GWE Contractors ApS, Denmark		50.0%	50.0%
Mexico Partnership P/S, Denmark		0.0%	50.0%
Mexico Ventures ApS, Denmark		0.0%	50.0%
Nordic Power Partners P/S, Denmark		51.0%	51.0%
NPP Brazil I K/S, Brazil		51.0%	51.0%
NPP Brazil II K/S, Brazil		51.0%	51.0%
NPP Komplementar ApS, Denmark		51.0%	51.0%
Solarpark Vandel Services ApS, Denmark		50.0%	50.0%
Süstedt Komplementar ApS, Denmark		50.0%	50.0%
Vergil ApS & Co KG, Denmark		50.0%	50.0%
Windpark Hellberge GmbH & Co. KG, Germany		50.0%	50.0%

2.5.2 Investments in Associates

EUR'000

		2020	2019
Cost at 1 January		3,850	3,849
Additions for the year		63	1
Cost at 31 December		**3,913**	**3,850**
Value adjustments at 1 January		552	-47
Net result after tax from associates		721	3,238
Reversed value adjustments on disposals and transfers		-	-2,475
Dividend and other value adjustments		-421	-164
Value adjustments at 31 December		**852**	**552**
Carrying amount at 31 December		**4,765**	**4,402**

Ownership shares in associates can be specified as follows:		**31 Dec 2020**	**31 Dec 2019**
EWF Fünf Eins GmbH & Co. KG, Germany		25.0%	25.0%
EWF Invest No. 2 A/S, Denmark		36.6%	36.6%
UW Gilmerdingen GmbH & C KG, Germany		40.0%	40.0%
UW Lohkamp ApS & Co KG, Germany		40.0%	40.0%
Wind Energy EOOD, Bulgaria		49.0%	49.0%
Wind Power 2 EOOD, Bulgaria		49.0%	49.0%
Wind Stream EOOD, Bulgaria		49.0%	49.0%
Wind Systems EOOD, Bulgaria		49.0%	49.0%
WK Gommern GmbH & Co. KG, Germany		6.1%	6.1%
WK Ottenhausen GmbH & Co. KG, Germany		14.4%	14.4%

2.5.3 Investments in Joint Ventures and Associated companies

EUR ´000

	Note	2020	2019
Net results in Joint Ventures	2.5.1	-7,240	-1,590
Net results in Associates	2.5.2	721	3,238
Total		**-6,519**	**1,648**

2.6 Other investments in wind and solar farms

EUR ´000

	2020	2019
Cost at 1 January	1,150	1,151
Disposals for the year	-	-1
Cost at 31 December	**1,150**	**1,150**
Value adjustments at 1 January	1,321	1,322
Other value adjustments, unrealised	1,656	-1
Value adjustments at 31 December	**2,977**	**1,321**
Total Fair Value at 31 December	**4,127**	**2,471**
Investments related to:		
Wind power generating assets	4,127	2,471
Total	**4,127**	**2,471**

2.7 Trade receivables, contract assets and other receivables

EUR ´000

	2020	2019
Trade receivables and contract assets	4,041	7,322
Other receivables (non-interest bearing)	5,048	3,908
Total receivables	**9,089**	**11,230**

No impairment losses are recognised relating to doubtful receivables.

Exposure:		
Receivables not due	8,857	11,192
Receivables past due, but not impaired:		
1-30 days	30	11
31-90 days	8	-
>90 days	194	27
Total Receivables	**9,089**	**11,230**

No receivables are due more than 5 years after the balance sheet date.

Contract assets	2020	2019
Contract assets at 1 January	3,729	4,392
Movements during the year:		
Received during the year	-782	-3,321
Addition new contract assets	227	2,657
Other changes	-1,238	1
Contract assets end of year	**1,936**	**3,729**
Non-current contract assets	138	1,270
Current contract assets	1,798	2,459
Total contract assets	**1,936**	**3,729**

2.8 Provisions

Accounting Policy

Please refer to note 2.8 for the Group.

The Danish Authorities have assessed that the parent company does not have the right to fully deduct VAT on external costs, as VAT related to expenses from sale of shares are not deductable. There is a provision for VAT adjustment from previous years included in Other provisions.

In addition, provision is made for a warranty claim regarding a sale of a power generating asset. Management has no reason to believe that the final payment will exceed the provision. Based upon Management's expectations for the maturity of the provisions, the provisions are recognised as current liabilities.

EUR '000

	2020	2019
Provision at 1 January	**2,800**	**-**
Additions	1,600	2,800
Provisions end of year	**4,400**	**2,800**
Part of current liabilities	4,400	2,800

2.9 Change in net working capital

Accounting Policy

Please refer to note 2.9 for the Group.

EUR ´000

	2020	2019
Trade receivables and contract assets	3,281	1,344
Other receivable	1,301	-2,740
Inventories/project portfolio	-1,884	-1,026
Prepayments	-768	-499
Trade payables	391	69
Other payables	-214	-433
Total change in working capital	**2,107**	**-3,285**

3.0 Hybrid capital

Please refer to note 3.0 for the Group.

3.1 Finance income and expenses

Accounting Policy

Please refer to note 3.1 for the Group.

EUR ´000

Finance income - Parent Company	2020	2019
Interest income, on financial assets measured at amortised costs	12,650	10,883
Modification gain	-	5,573
Dividends, other investments	150	120
Other financial income	52	100
Currency gains realised	172	170
Currency gains unrealised	20	8
Finance income	**13,044**	**16,854**

Finance expenses - Parent Company		
Interest on bonds	10,908	7,835
Finance expenses from project financing and overdrafts measured at amortised costs	374	756
Amortisation of debt issue costs	818	797
Amortisation of modification gain	1,309	655
Early redemption fee	-	908
Other financial expenses	268	465
Currency losses realised	42	14
Currency losses unrealised	626	567
Finance expenses	**14,346**	**11,997**

3.2 Capital management

Please refer to note 3.2 for the Group.

3.3 Financial risks and financial instruments

Please refer to note 3.3 for the Group.

3.3.1 Financial risk management

Please refer to note 3.3 for the Group.

3.3.2 Foreign currency risks

Please refer to note 3.3.2 for the Group.

EUR '000

2020 Nominal position	Cash/equivalents	Receivables	Debt
USD/EUR	2,282	-	-
SEK/EUR	126	-	-

Sensitivity	Increase in currency rate	Impact on profit before tax	Impact on equity
USD/EUR	1%	23	18
SEK/EUR	1%	1	1

2019 Nominal position	Cash/equivalents	Receivables	Debt
USD/EUR	9,152	-	-
GBP/EUR	1,242	-	-
SEK/EUR	-	1,049	-

Sensitivity	Increase in currency rate	Impact on profit before tax	Impact on equity
USD/EUR	1%	92	71
GBP/EUR	1%	12	10
SEK/EUR	1%	10	8

2020 Forward currency exchange contracts			Total
Nominal value EUR	25,000	8,955	33,955
Average hedged rate	6.4 BRL/1 EUR	1.2 USD/1 EUR	
Maturity less than 1 year	25,000	8,955	33,955
Fair value liability, included in Other payables			558
Fair value assets, included in Other receivables			389
Change in fair value recognised in OCI			-30
Change in fair value recognised in profit or loss			-139

European Energy A/S has hedged currency risk related to Brazilian investments in Joint Ventures and subsidiaries and has hedged purchase orders from suppliers.

3.3.3 Liquidity risks

Please refer to note 3.3.3 for the Group.

EUR ´000

2020	Contractual cash flow	Maturity within 1 year	Maturity between 1 and 3 year	Maturity between 3 and 5 year	Maturity after 5 years
Issued bonds	229,128	10,700	218,428	-	-

2019	Contractual cash flow	Maturity within 1 year	Maturity between 1 and 3 year	Maturity between 3 and 5 year	Maturity after 5 years
Issued bonds	239,828	10,700	21,400	207,728	-

EUR ’000

Development in financing activities in 2020	Financing liabilities
Liabilities from financing activities at 1 January 2020	192,017
Non-cash changes in financing activities	2,127
Liabilities from financing activities at 31 December 2020	194,144
Hereof non-current financing	194,144
Development in financing activities in 2019	**Financing liabilities**
Liabilities from financing activities at 1 January 2019	83,670
Proceeds from issue of bonds	200,535
Repayment of bonds	-88,400
Subtotal	195,805
Non-cash changes in financing activities	-3,788
Liabilities from financing activities at 31 December 2019	192,017
Hereof non-current financing	192,017

3.3.4 Interest rate risks

Sensitivity analyses

An interest increase of 1% would have the following impact on the results for the year and the equity:

				EUR '000
	2020		2019	
	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
Bonds	-908	-708	-1,242	-969

The impact on equity is net of tax 22% in Denmark.

3.3.5 Other financial instruments

Please refer to note 3.3.5 for the Group.

3.4 Financial instruments by category

				EUR ´000
	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets measured at FVTPL	4,127	4,127	2,471	2,471
Financial assets measured at FVTOCI *)	2,812	2,812	2,269	2,269
Loans and receivables	270,593	270,593	197,986	197,986
Financial liabilities measured at amortised cost	217,936	224,936	199,709	210,209
Trade payables	895	895	504	504
Hybrid capital	75,000	75,938	-	-

*) Included in non-current other receivables

4.1 Tax

Accounting Policy

Please refer to note 4.1 for the Group.

Parent company EUR ´000

Statement of profit or loss	2020	2019
Current income tax:		
Current income tax charge	171	24
Adjustments in respect of current tax in previous year	-1,007	-353
Total current income tax for the year	**-836**	**-329**

Deferred tax:		
Relating to origination and reversal of temporary differences	33	-252
Total adjustments to deferred tax during the year	**33**	**-252**

Tax on profit or loss can be explained as follows:		
Income tax expense reported in the statement of profit or loss	-803	-581
Effective tax rate	-5%	-2%

The parent company has interests in numerous subsidiaries and associated companies. The profit or loss is taxed in each company. Profit before tax for the parent company is EUR 15.8 million (2019: EUR 26.1 million), of which EUR 21.5 million (2019: EUR 25.3 million) is profit which is taxed in the subsidiaries and associated companies.

Tax reported in Statement of changes in equity:		
Fair value adjustments of hedging instruments	278	645
Total	**278**	**645**

4.1 Tax - continued

Deferred tax is recognised as follows:	2020	2019
Deferred tax start of period	471	317
Deferred tax for the year recognised in the income statement	33	-252
Deferred tax for the year recognised in other comprehensive income	278	645
Other equity regulations / Joint taxation	-1	-239
Total recognised deferred tax in the balance sheet	**781**	**471**
Deferred tax is recognised as follows:		
Deferred tax assets	-1,341	-968
Deferred tax liability	2,122	1,439
Total recognised deferred tax in the balance sheet	**781**	**471**
Temporary differences recognised in the balance sheet		
Tax loss carried forward	-1,809	-245
Differences of plant & equipment	2,064	1,166
Dismantling provisions (Germany)	44	41
Other differences	482	-491
Deferred tax at 31 December	**781**	**471**
Deferred tax assets not recognised in the balance sheet		
Value of tax losses not recognised in the balance sheet	-	1,721
Specification of temporary differences recognised in the balance sheet		
Tax loss carried forward	-1,809	-245
Differences of plant & equipment	2,064	1,166
Dismantling provisions (Germany)	44	41
Other differences	482	-491
Total	**781**	**471**

Regarding the Danish activities deferred tax assets of EUR 1.7 million which was impaired in 2019 has been recognized due to the high taxable income in the Group in 2020 and the budgets for the next years, which indicates that the brought forward Danish tax losses will be utilized within 2 years, either directly by the company, or indirectly by other companies within the joint taxation.

4.2 Staff costs

Accounting Policy

Please refer to note 4.2 for the Group.

EUR '000

	2020	2019
Wages, salaries and remuneration	17,274	13,569
Share-based compensation	322	444
Contributions to defined contribution plans	23	12
Other social security costs	135	113
Other staff costs	671	703
Part of salaries recognised in direct cost (Indirect product costs)	-5,270	-5,251
Part of salaries recognised as loans to subsidiaries (Indirect product costs capitalized)	-6,154	-3,238
Total staff costs	**7,000**	**6,352**
Average number of full-time employees	150	112
Number of full-time employees at end of period	161	127

2020	Salary	Bonus	Share-based compensation	Pension	Benefits	Total
Board of Directors	32	-	-	-	-	32
Executive Board	370	179	21	-	-	571
Other key Management personel	2,129	552	119	-	1	2,802

2019	Salary	Bonus	Share-based compensation	Pension	Benefits	Total
Board of Directors	31	-	-	-	-	31
Executive Board	218	504	31	-	-	753
Other key Management personel	1,330	1,383	181	-	-	2,894

4.2.1 Share-based payment

Please refer to note 4.2.1 for the Group.

4.3 Audit fees

Other external costs include the total fees paid to the auditors appointed at the Annual General Meeting for auditing the financial statements for the financial year under review and for services rendered.

EUR '000

	2020	2019
Statutory audit	92	94
Assurance other than audit	1	5
Tax advice	20	18
Non-audit services*	30	68
Total to the auditors appointed by the Annual General Meeting	**143**	**185**

*Other non-audit services are primarily related to assistance related to existing IFRS standards and hybrid bond.

4.5 Related parties

Accounting Policy

Please refer to note 4.5 for the Group.

EUR ´000

Related party transactions	2020	2019
Sale of services to Joint Ventures	704	325
Sale of services to Associates	93	314
Sale of services to Owners	45	53
Guarantee provision invoiced to subsidiaries	350	23
Cost of services from Owners	124	-2,470
Interest, income from subsidiaries	11,001	7,726
Interest, income from Joint Ventures	1,129	2,829
Interest, income from Associates	475	66
Interest, income from Owners	44	242
Interest, expenses to subsidiaries	-79	-419
Interest, expenses to Joint Ventures	-100	-

Loans to subsidiaries	224,321	157,534

Loans to related parties		
Loans to other related parties	54,492	36,521
Investments set-off against loans	-8,290	-82
Loans to related parties at 31 December	46,202	36,439
Provision for impairment at 1 January	-2,081	-1,176
Provision for impairment for the year	-2,616	68
Disposals	1,946	-973
Provision for impairment at 31 December	**-2,751**	**-2,081**
Carrying amount at 31 December	**43,451**	**34,358**

The loans to subsidiaries are established as a part of the financing of wind and solar farms. They are typically repaid when external financing is established or when the project is sold.

Loans from related parties	2020	2019
Loans from subsidiaries - current	23,543	6,043
Loans from European Energy Holding ApS	-	1,647
Loans from Associates and Joint Ventures	229	2
Total loans from related parties	**23,772**	**7,692**

4.6 Contingent liabilities

Accounting policy

Please refer to note 4.6 for the Group.

EUR million	2020	2019
Financing Agreements	-	10
Warranties regarding divestment of energy parks	7	1
Claims regarding divested energy parks	8	-
Total	**15**	**11**

PLEDGES AND GUARANTEES

The company has provided security in the form of parent company guarantees and share pledges up to EUR 60 million in order to secure certain subsidiaries' financial obligations towards third parties during the construction of facilities related to renewable energy projects.

4.7 Events after the balance sheet date

Please refer to note 4.7 for the Group.

4.10 Group structure and executive functions of the Board members

Of the 385 companies (2019: 307) within the Group, 259 (2019: 206) are controlled subsidiaries and 113 (2019: 89) are partnerships in the form of Joint Ventures, Associated companies or companies owned by these entities. These partnerships enable the Group to maintain a diversified portfolio while also reducing risk. In addition, the Group has 12 investments (2019: 11 investments) in companies where its ownership is below 20%, none of which are material investments for the Group.

At the end of 2020, the total number of subsidiaries directly or indirectly owned by the parent company was 259 (2019: 206), all of which were consolidated line by line in the consolidated income statement.

The 113 Joint Ventures (2019: 89 Joint Ventures), Associated companies and companies owned by these entities are recognised in one line as “equity-accounted investments” in the gross profit section of the consolidated income statement. In the balance sheet, they are recognised in the line for Joint Venture investments or in the line for the Associated companies investment, both under non-current assets. As regards to the 12 companies (2019: 11 companies) where the Group has no material ownership, the investments are recognised at fair value and are stated in the balance sheet as other investments.

S = Subsidiaries

A = Associates

JV = Joint Ventures

NC = Non-consolidated

KEA = Knud Erik Andersen

JPZ = Jens-Peter Zink

MDP = Mikael Dystrup Pedersen

CDY = Claus Dyhr

JHE = Jesper Helmuth

Parent company and subsidiaries, joint ventures or associates owned by parent either directly or indirectly

No.	Group Structure	Name	Country of place of business	Principal activity	Ownership 2020	Ownership 2019	Chairman	Other boardmember	Director-ships
1	Parent	European Energy A/S	DK	Parent company			JPZ	KEA, MDP, CDY, JHE	KEA
2	S	AEZ Dienstleistungs GmbH	DE	Wind Power	100.00%	100.00%			
3	S	AEZ Planungs GmbH & Co KG	DE	Wind Power	100.00%	100.00%			
4	S	AEZ Verwaltung GmbH	DE	Wind Power	100.00%	100.00%			
5	S	Blue Viking Alexandra S.L	ES	Solar Power	100.00%	100.00%			
6	S	Blue Viking Beatrice S.L.	ES	Solar Power	100.00%	100.00%			
7	S	Blue Viking Solar S.L.	ES	Solar Power	100.00%	100.00%			
8	S	Blue Viking Ayora S.L.	ES	Solar Power	70.00%	70.00%			
9	S	Blue Viking Cristina S.L.	ES	Solar Power	100.00%	100.00%			
10	S	Blue Viking Gabriela S.L.	ES	Solar Power	100.00%	100.00%			
11	S	Blue Viking Matilda S.L.	ES	Solar Power	100.00%	100.00%			
12	S	Blue Viking Hildur S.L.	ES	Solar Power	100.00%	100.00%			
13	S	Blue Viking Violeta S.L.	ES	Solar Power	100.00%	100.00%			
14	S	Blue Viking Raquel S.L.	ES	Solar Power	100.00%	100.00%			
15	S	Blue Viking Linea S.L.	ES	Solar Power	100.00%	100.00%			
16	S	Blue Viking Fernanda S.L.U.	ES	Solar Power	100.00%	100.00%			
17	S	Blue Viking Diana S.L.U.	ES	Solar Power	100.00%	100.00%			
18	S	Blue Viking Ventures S.L.U.	ES	Solar Power	100.00%	100.00%			
19	S	Solcon Terrenos 2006 S.L.U.	ES	Solar Power	100.00%	100.00%			
20	S	Blue Viking Emilia S.L.	ES	Solar Power	100.00%	100.00%			
21	S	Blue Viking Lindsey S.L.	ES	Solar Power	100.00%	100.00%			
22	S	Blue Viking Lisa S.L.	ES	Solar Power	100.00%	100.00%			
23	S	Blue Viking Lya S.L.	ES	Solar Power	100.00%	100.00%			
24	S	Blue Viking Maria S.L.	ES	Solar Power	100.00%	100.00%			
25	S	Blue Viking Nieves S.L.	ES	Solar Power	100.00%	100.00%			
26	S	Blue Viking Pili S.L.	ES	Solar Power	100.00%	100.00%			
27	S	Blue Viking Rosa S.L.	ES	Solar Power	100.00%	100.00%			
28	S	Blue Viking Samara S.L.	ES	Solar Power	100.00%	100.00%			
29	S	Blue Viking Sandra S.L.	ES	Solar Power	100.00%	100.00%			
30	S	Blue Viking Sarah S.L.	ES	Solar Power	100.00%	100.00%			
31	S	Blue Viking Sofia S.L.	ES	Solar Power	100.00%	100.00%			
32	S	Blue Viking Tara S.L.	ES	Solar Power	100.00%	100.00%			

No.	Group Structure	Name	Country of place of business	Principal activity	Ownership 2020	Ownership 2019	Chairman	Other boardmember	Director-ships
33	S	Blue Viking Elena S.L.U.	ES	Solar Power	100.00%	100.00%			
34	S	Blue Viking Elizabeth S.L.	ES	Solar Power	100.00%	100.00%			
35	S	Blue Viking Esther S.L.	ES	Solar Power	100.00%	100.00%			
36	S	Blue Viking Glenda S.L.	ES	Solar Power	100.00%	100.00%			
37	S	Blue Viking Gretchen S.L.	ES	Solar Power	100.00%	100.00%			
38	S	Blue Viking Isabella S.L.	ES	Solar Power	100.00%	100.00%			
39	S	Blue Viking Julia S.L.	ES	Solar Power	100.00%	100.00%			
40	S	Blue Viking Kira S.L.	ES	Solar Power	100.00%	100.00%			
41	S	Blue Viking Laura S.L.	ES	Solar Power	100.00%	100.00%			
42	S	Blue Viking Linda S.L.	ES	Solar Power	100.00%	100.00%			
43	S	Blue Viking Indira S.L.	ES	Solar Power	100.00%	100.00%			
44	S	Blue Viking Matias S.L.	ES	Solar Power	100.00%	100.00%			
45	S	Blue Viking Mikael S.L.	ES	Solar Power	100.00%	100.00%			
46	S	Blue Viking Santiago S.L.	ES	Solar Power	100.00%	100.00%			
47	S	Blue Viking Barbara S.L.	ES	Solar Power	100.00%	100.00%			
48	S	Blue Viking Clara S.L.	ES	Solar Power	100.00%	100.00%			
49	S	Blue Viking Eden S.L.	ES	Solar Power	100.00%	100.00%			
50	S	EE Boleszkowice sp. z o.o.	PL	Wind Power	100.00%				JPZ
51	S	Blåhøj Wind Park ApS	DK	Wind Power	73.50%	73.50%		JPZ	KEA
52	S	Branco Vind ApS	DK	Wind Power	100.00%				JPZ
53	S	Cerano Energreen S.r.l.	IT	Solar Power	51.00%	51.00%			
54	S	Cocamba Stage One Holding Pty Ltd	AU	Solar Power	84.00%	84.00%			KEA
55	S	Cocamba Stage One Project Pty Ltd	AU	Solar Power	84.00%	84.00%			KEA
56	S	Doras Production EPE	GR	Solar Power	97.00%	97.00%			KEA
57	S	Driftsselskabet Heidelberg ApS	DK	Wind Power	50.50%	50.50%			KEA
58	S	e.n.o. Kabeltrasse GbR Grosstreben	DE	Wind Power	37.88%	37.88%			KEA
59	S	EE Beesem GmbH & Co. KG	DE	Wind Power	100.00%				
60	S	EE Bloosballich GmbH & Co. KG	DE	Wind Power	50.50%				
61	S	EE Bonde GmbH & Co. KG	DE	Wind Power	100.00%				
62	S	EE Brod sp. z o.o.	PL	Solar Power	100.00%			JPZ	JPZ
63	S	EE Construction DK ApS	DK	Solar Power	100.00%				KEA, JPZ

No.	Group Structure	Name	Country of place of business	Principal activity	Ownership 2020	Ownership 2019	Chairman	Other boardmember	Director-ships
64	S	EE Oderwald GmbH & Co. KG	DE	Wind Power	35.35%	35.35%			
65	S	EE Oderwald Verwaltungs GmbH	DE	Wind Power	35.35%	35.35%			
66	S	EE Cocamba ApS	DK	Solar Power	100.00%	100.00%			
67	S	EE Projekte Teuchern Gmbh	DE	Wind Power	100.00%	100.00%			KEA
68	S	EE Construction Germany GmbH & Co. KG	DE	Wind Power	100.00%	100.00%			KEA
69	S	EE Drei Hugel GmbH & Co. KG	DE	Wind Power	100.00%				
70	S	EE Dupp ApS	DK	Wind Power	100.00%	100.00%			KEA, JPZ
71	S	EE Ejendomme ApS	DK	Solar Power	100.00%				KEA
72	S	EE Finland Holding ApS	DK	Wind Power	100.00%				KEA, JPZ
73	S	EE France ApS	DK	Wind Power	100.00%	100.00%			KEA
74	S	EE Fanais SAS	FR	Solar Power	100.00%	100.00%			KEA
75	S	EE Finland OY	FI	Wind Power	100.00%	100.00%	JPZ	KEA	
76	S	EE Gornsee ApS & Co. KG	DE	Wind Power	100.00%				
77	S	EE Italy Greenfield PV S.r.l.	IT	Solar Power	100.00%	100.00%			
78	S	EE Keiko ApS & Co. KG	DE	Wind Power	100.00%	100.00%			KEA, JPZ
79	S	EE Lithuania Holding ApS	DK	Wind Power	100.00%				KEA, JPZ
80	S	EE Lieberose ApS & Co. KG	DE	Wind Power	100.00%				
81	S	EE Nordic Holding 1 ApS	DK	Wind Power	100.00%				KEA, JPZ
82	S	EE Nordic Holding 2 ApS	DK	Wind Power	100.00%				KEA, JPZ
83	S	EE Nordic Holding 3 ApS	DK	Wind Power	100.00%				KEA, JPZ
84	S	European Energy Norge AS	NO	Wind Power	100.00%				JPZ
85	S	EE MSF ApS	DK	Solar Power	100.00%			KEA	
86	S	EE Polska ApS	DK	Solar Power	100.00%				JPZ
87	S	EE Ronica sp. z o.o.	PL	Solar Power	100.00%		JPZ		JPZ
88	S	EE PV Holding ApS	DK	Solar Power	100.00%	100.00%			KEA
89	S	EE Romania ApS	DK	Wind Power	100.00%				KEA, JPZ
90	S	EE Sweden AB	SE	Wind Power	100.00%	100.00%	JPZ	KEA	JPZ
91	S	EE Schönelinde ApS & Co. KG	DE	Wind Power	100.00%	100.00%			KEA
92	S	EE Schelm GmbH & Co. KG	DE	Wind Power	100.00%				
93	S	EE Sommersdorf ApS & Co. KG	DE	Wind Power	100.00%				
94	S	EE Sprogø OWF ApS	DK	Wind Power	100.00%	100.00%			KEA
95	S	EE Sweden Holding ApS	DK	Wind Power	100.00%				KEA, JPZ
96	S	EE Solenergia Sp. z.o.o.	PL	Solar Power	100.00%		JPZ		JPZ

No.	Group Structure	Name	Country of place of business	Principal activity	Ownership 2020	Ownership 2019	Chairman	Other boardmember	Director-ships
97	S	EE Tucze sp. z o.o.	PL	Solar Power	100.00%		JPZ		JPZ
98	S	EE Teuchern GmbH & Co KG	DE	Wind Power	100.00%	100.00%			
99	S	EE Urja ApS & Co. KG	DE	Wind Power	100.00%	100.00%			KEA, JPZ
100	S	EE Verwaltung ApS	DK	Wind Power	100.00%	100.00%			KEA, JPZ
101	S	EE Waabs GmbH & Co. KG	DE	Wind Power	100.00%				
102	S	EE Wuggelmühle ApS & Co. KG	DE	Wind Power	100.00%				
103	S	EE Zwei Gipfel GmbH & Co. KG	DE	Wind Power	100.00%				
104	S	Ejendomsselskabet Kappel ApS	DK	Wind Power	67.00%	67.00%	JPZ	KEA	KEA
105	S	Energetica Campidano S.r.l	IT	Solar Power	100.00%				
106	S	Energetica Iglesiente S.r.l	IT	Solar Power	100.00%				
107	S	Enerteq ApS	DK	Wind Power	100.00%	100.00%			KEA
108	S	Eolica Ouro Branco 1 S.A	BR	Wind Power	98.77%	80.00%			
109	S	Eolica Ouro Branco 2 S.A	BR	Wind Power	98.76%	80.00%			
110	S	Eolica Quatro Ventos S.A	BR	Wind Power	98.74%	80.00%			
111	S	ESF Spanien 01 GmbH	DE	Solar Power	100.00%	100.00%			KEA
112	S	ESF Spanien 0423 S.L.U.	ES	Solar Power	100.00%	100.00%			KEA, JPZ
113	S	ESF Spanien 0428 S.L.U.	ES	Solar Power	100.00%	100.00%			KEA, JPZ
114	S	ESF Spanien 05 S.L.U.	ES	Solar Power	100.00%	100.00%			KEA, JPZ
115	S	ESF Spanien 09 GmbH	DE	Solar Power	100.00%	100.00%			KEA
116	S	European Energy Byg ApS	DK	Administration	100.00%	100.00%			KEA
117	S	European Energy Giga Storage A/S	DK	Administration	100.00%	100.00%	JPZ	KEA	KEA
118	S	European Energy Italy PV Holding S.r.l.	IT	Solar Power	100.00%	100.00%			
119	S	EE Sarna ApS & CO. KG	DE	Wind Power	100.00%	100.00%			
120	S	European Energy Lithauania UAB	LT	Wind Power	100.00%	100.00%			KEA
121	S	UAB Degaiciy Vejas	LT	Wind Power	100.00%	100.00%			KEA
122	S	UAB Geotyrimy Centras	LT	Wind Power	100.00%	100.00%			
123	S	UAB Rasveja	LT	Wind Power	100.00%	100.00%			KEA
124	S	UAB Anyksciy vejas	LT	Wind Power	100.00%	100.00%			KEA
125	S	UAB Rokveja	LT	Wind Power	100.00%	100.00%			KEA
126	S	European Energy Development Limited	UK	Solar Power	100.00%				KEA
127	S	European Energy Global Offshore ApS	DK	Wind Power	100.00%				KEA
128	S	European Energy Hamburg GmbH	DE	Wind Power	100.00%				

No.	Group Structure	Name	Country of place of business	Principal activity	Ownership 2020	Ownership 2019	Chairman	Other boardmember	Director-ships
129	S	European Energy Italia S.r.l.	IT	Solar Power	100.00%				
130	S	EE Jelonki sp. z o.o..	PL	Solar Power	100.00%		JPZ		JPZ
131	S	European Energy Offshore A/S	DK	Wind Power	72.00%	72.00%	JPZ	KEA	KEA
132	S	European Energy Photovoltaics Limited	UK	Solar Power	100.00%	100.00%			KEA, JPZ
133	S	European Energy Systems II ApS	DK	Administration	100.00%	100.00%			KEA, JPZ
134	S	European Solar Farms A/S	DK	Administration	100.00%	100.00%	KEA	KEA, MDP	JPZ
135	S	European Solar Farms Greece ApS	DK	Solar Power	100.00%	100.00%			KEA, JPZ
136	S	European Solar Farms Italy ApS	DK	Solar Power	100.00%	100.00%			KEA, JPZ
137	S	European Solar Farms Spain ApS	DK	Solar Power	100.00%	100.00%			KEA, JPZ
138	S	E&U GmbH & Co. KabelZeitz KG	DE	Wind Power	50.63%	50.63%			
139	S	European Wind Farms A/S	DK	Administration	100.00%	100.00%	JPZ	KEA, MDP	KEA
140	S	European Wind Farms Bulgaria ApS	DK	Wind Power	100.00%	100.00%			KEA, JPZ
141	S	European Wind Farms Denmark A/S	DK	Wind Power	100.00%	100.00%	JPZ	KEA	KEA
142	S	European Wind Farms Deutschland GmbH	DE	Wind Power	100.00%	100.00%			KEA
143	S	European Wind Farms DOO	HR	Wind Power	70.00%	70.00%			
144	S	European Wind Farms Greece ApS	DK	Wind Power	100.00%	100.00%			KEA, JPZ
145	S	European Wind Farms Italy ApS	DK	Wind Power	100.00%	100.00%			KEA, JPZ
146	S	European Wind Farms Komp GmbH	DE	Wind Power	100.00%	100.00%			KEA
147	S	European Wind Farms Kåre 1 AB	SE	Wind Power	100.00%	100.00%		KEA, JPZ	JPZ
148	S	European Wind Farms Verwaltungsgesellschaft mbH	DE	Wind Power	100.00%	100.00%			KEA
149	S	EWF Energy Hellas Epe	GR	Wind Power	97.00%	97.00%			JPZ
150	S	EWF Vier Sechs GmbH & Co. KG, Güstow	DE	Wind Power	100.00%	100.00%			KEA
151	S	Fimmerstad Vindpark AB	SE	Wind Power	100.00%	100.00%	JPZ	KEA	
152	S	Floating PV Solutions ApS	DK	Solar Power	100.00%			KEA, JPZ, MDP	
153	S	Frederikshavn OWF ApS	DK	Wind Power	85.00%	85.00%			KEA
154	S	FWE Windpark TIS K/S	DK	Wind Power	50.50%	50.50%		KEA, JPZ	KEA
155	S	FWE Windpark Wittstedt K/S	DK	Wind Power	50.50%	50.50%		KEA, JPZ	KEA
156	S	FWE Windpark Wulfshagen K/S	DK	Wind Power	50.50%	50.50%		KEA, JPZ	KEA
157	S	FWE Windpark 3 Standorte K/S	DK	Wind Power	50.50%	50.50%		KEA, JPZ	KEA
158	S	FWE Windpark Kranenburg K/S	DK	Wind Power	50.50%	50.50%		KEA, JPZ	KEA
159	S	FWE Windpark Scheddebrock K/S	DK	Wind Power	50.50%	50.50%		KEA, JPZ	KEA
160	S	FWE Windpark Westerberg K/S	DK	Wind Power	50.50%	50.50%		KEA, JPZ	KEA

No.	Group Structure	Name	Country of place of business	Principal activity	Ownership 2020	Ownership 2019	Chairman	Other boardmember	Director-ships
161	S	Gadir Energiaki MEPE	GR	Wind Power	100.00%				
162	S	Gatton Solar Farm Holding Pty Ltd	AU	Solar Power	100.00%				KEA
163	S	Gatton Solar Farm Pty Ltd	AU	Solar Power	100.00%				KEA
164	S	Greenwatt Koiramäki Oy AB	FI	Wind Power	100.00%	100.00%	JPZ	KEA, JPZ	
165	S	Greenwatt Mustalamminmäki Oy AB	FI	Wind Power	100.00%	100.00%	JPZ	KEA, JPZ	
166	S	Grevekulla Vindpark AB	SE	Wind Power	100.00%	100.00%	JPZ	KEA	
167	S	Hanstholmvej Ejendomsselskab ApS	DK	Solar Power	100.00%	100.00%			KEA
168	S	Hanstholmvej Holding ApS	DK	Solar Power	100.00%	100.00%			KEA
169	S	Holmen II Holding ApS	DK	Wind Power	67.00%	67.00%			KEA, JPZ
170	S	Holmen II Vindkraft I/S	DK	Wind Power	37.28%	37.28%	KEA	JPZ	
171	S	Holmen II V90 ApS	DK	Wind Power	67.00%	67.00%			KEA, JPZ
172	S	Horskær Wind Park ApS	DK	Wind Power	67.00%	67.00%			KEA
173	S	Infrastrukturgesellschaft Windfeld 19/24 GmbH & Co. KG	DE	Wind Power	82.40%	82.40%			
174	S	Infrastrukturgesellschaft Windfeld 19/24 Verwal-tungs-GmbH	DE	Wind Power	82.40%	82.40%			
175	S	Inchclett Wind Farm Limited	UK	Solar Power	100.00%				KEA, JPZ
176	S	Iridanos Production EPE	GR	Solar Power	97.00%	97.00%			KEA
177	S	Is Concias Energetica S.r.l	IT	Solar Power	100.00%				
178	S	Italy Energy Holding S.r.l.	IT	Solar Power	100.00%	100.00%			
179	S	K/S Solkraftværket GPI Mando 29	DK	Solar Power	80.00%	80.00%			JPZ
180	S	Kallinikis Single Member P C	GR	Solar Power	100.00%				
181	S	Kipheus Production EPE	GR	Solar Power	97.00%	97.00%			KEA
182	S	Komp. Sprogø OWF ApS	DK	Wind Power	44.75%	44.75%			KEA
183	S	Komplementarselskabet Heidelberg ApS	DK	Wind Power	50.50%	50.50%			KEA
184	S	Komplementarselskabet Solkraftværket GPI Mando 29 ApS	DK	Solar Power	80.00%	80.00%			KEA, JPZ
185	S	Komplementarselskabet Vindtestcenter Måde ApS	DK	Wind Power	100.00%	100.00%			KEA
186	S	Lakkikeidas PV Oy	FI	Solar Power	100.00%			KEA, JPZ	
187	S	Licodia Energia S.r.l.	IT	Solar Power	100.00%	100.00%			
188	S	Lidegaard ApS	DK	Solar Power	100.00%	100.00%			KEA, JPZ
189	S	Mando Solarkraftwerke Nr. 29 GmbH & Co. KG	DE	Solar Power	76.00%	76.00%			
190	S	Mineo Energia S.r.l.	IT	Solar Power	100.00%	100.00%			
191	S	Måde Wind Park ApS	DK	Wind Power	100.00%	100.00%			KEA
192	S	Måde WTG 1-2 K/S	DK	Wind Power	98.00%	98.00%			KEA

No.	Group Structure	Name	Country of place of business	Principal activity	Ownership 2020	Ownership 2019	Chairman	Other boardmember	Director-ships
193	S	Nafsinikos Single Member P C	GR	Solar Power	100.00%				
194	S	Netzanbindung Tewel OHG	DE	Wind Power	38.01%	38.01%			
195	S	Niritis Single Member P C	GR	Solar Power	100.00%				
196	S	North America Holding ApS	DK	Solar Power	100.00%				KEA
197	S	Næssundvej Ejendomsselskab ApS	DK	Solar Power	100.00%	100.00%			KEA
198	S	Næssundvej Holding ApS	DK	Solar Power	100.00%	100.00%			KEA
199	S	Omnia Vind ApS	DK	Wind Power	67.00%	67.00%			KEA
200	S	Omø South Nearshore A/S	DK	Wind Power	72.00%	72.00%	JPZ	MDP	KEA
201	S	Palo Holding S.r.l.	IT	Solar Power	100.00%	100.00%			
202	S	Palo Energia s.r.l.	IT	Solar Power	100.00%	100.00%			
203	S	Piano Energia s.r.l.	IT	Solar Power	100.00%	100.00%			
204	S	Piscinas Energetica S.r.l	IT	Solar Power	100.00%				
205	S	Puglia Holding S.r.l.	IT	Solar Power	100.00%				
206	S	QSF Holding Pty Ltd	AU	Solar Power	80.00%				KEA, JPZ
207	S	Quandong Solar Farm Pty Ltd	AU	Solar Power	80.00%				KEA, JPZ
208	S	Reese Solar S.L.U.	ES	Solar Power	100.00%	100.00%			KEA, JPZ
209	S	Renewables Insight ApS (prev. European Energy Systems I ApS)	DK	Administration	100.00%	100.00%			KEA, JPZ
210	S	Ramacca Energia S.r.l.	IT	Solar Power	100.00%	100.00%			
211	S	Ringo JV S.r.l.	IT	Solar Power	100.00%				
212	S	Rødby Fjord Vindkraft Mølle 3 I/S	DK	Wind Power	33.58%	33.58%			KEA, JPZ
213	S	Rødkilde PV Holding ApS	DK	Solar Power	100.00%				KEA
214	S	SF Ibiza ApS	DK	Solar Power	100.00%	100.00%			KEA, JPZ
215	S	SF La Pobla ApS	DK	Solar Power	100.00%	100.00%			KEA, JPZ
216	S	Shardana Energetica S.r.l	IT	Solar Power	100.00%				
217	S	Sicily Green Power S.R.L.	IT	Solar Power	100.00%	100.00%			
218	S	Solar Park Ålbæk ApS	DK	Solar Power	94.00%	100.00%			KEA, JPZ
219	S	Solar Park Agersted ApS	DK	Solar Power	94.00%	100.00%			KEA, JPZ
220	S	Solar Park Barmosen ApS	DK	Solar Power	100.00%				KEA, JPZ
221	S	Solar Park DK 1 ApS	DK	Solar Power	100.00%				KEA
222	S	Solar Park DK 2 ApS	DK	Solar Power	100.00%				KEA
223	S	Solar Park DK 3 ApS	DK	Solar Power	100.00%				KEA
224	S	Solar Park DK 4 ApS	DK	Solar Power	100.00%				KEA

No.	Group Structure	Name	Country of place of business	Principal activity	Ownership 2020	Ownership 2019	Chairman	Other boardmember	Director-ships
225	S	Solar Park DK 5 ApS	DK	Solar Power	100.00%				KEA
226	S	Solar Park Evetofte ApS	DK	Solar Power	100.00%	100.00%			KEA, JPZ
227	S	Solar Park Freerslev ApS	DK	Solar Power	100.00%				KEA, JPZ
228	S	Solar Park Harre ApS	DK	Solar Power	84.00%	100.00%			KEA, JPZ
229	S	Solar Park Holmen ApS	DK	Solar Power	84.00%	100.00%			KEA
230	S	Solar Park Kassø ApS	DK	Solar Power	100.00%			KEA, JPZ , MDP	KEA
231	S	Solar Park Rødby Fjord ApS	DK	Solar Power	73.50%	73.50%			KEA, JPZ
232	S	Solar Park Svinningegården ApS	DK	Solar Power	100.00%				KEA
233	S	Solar Power 7 Islas S.L.U.	ES	Solar Power	100.00%	100.00%			
234	S	Solleone Energia S.r.l.	IT	Solar Power	100.00%				
235	S	Sprogø OWF K/S	DK	Wind Power	44.75%	44.75%			KEA
236	S	Sulcis Energetica S.r.l	IT	Solar Power	100.00%				
237	S	Sun Project S.r.l.	IT	Solar Power	51.00%	51.00%			
238	S	Svedberga PV AB	SE	Solar Power	100.00%			KEA, JPZ	JPZ
239	S	Svindbæk Holding ApS	DK	Wind Power	67.00%	67.00%			KEA
240	S	Thor Holding P/S	DK	Wind Power	100.00%		JPZ	KEA, MDP	
241	S	Thor Holding 1 ApS	DK	Wind Power	100.00%	67.00%			KEA
242	S	Thor Holding Komplementar ApS	DK	Wind Power	100.00%				KEA
243	S	Tjele Wind park ApS	DK	Wind Power	73.50%	73.50%			KEA
244	S	Tolstrup Wind Park ApS	DK	Wind Power	73.50%		JPZ	KEA, JPZ	KEA
245	S	Traversa Energia s.r.l.	IT	Solar Power	100.00%	100.00%			
246	S	ASI Troia FV 1 S.r.l.	IT	Solar Power	100.00%	100.00%			
247	S	Vindtestcenter Måde K/S	DK	Wind Power	100.00%	100.00%			KEA
248	S	Vores Sol Ejendomsselskab IVS	DK	Solar Power	100.00%	100.00%	KEA	JPZ	JPZ
249	S	Västanby Vindbruksgrupp i Fjelie 2 AB	SE	Wind Power	100.00%	100.00%	JPZ	KEA	
250	S	Vizzini Holding S.r.l.	IT	Solar Power	100.00%	100.00%			
251	S	Windpark Prittitz GmbH & Co KG	DE	Wind Power	50.50%	50.50%			KEA
252	S	Windpark Prittitz Verwaltungsgesellschaft mbH	DE	Wind Power	50.50%	50.50%			KEA
253	S	Windpark Tornitz GmbH & CO. KG	DE	Wind Power	100.00%	100.00%			KEA
254	S	WP SA Sud 6 GmbH & Co KG	DE	Wind Power	100.00%	100.00%			
255	S	WP SA Sud 12 GmbH & Co KG	DE	Wind Power	100.00%	100.00%			
256	S	WP SA Sud 13 GmbH & Co KG	DE	Wind Power	100.00%	100.00%			

No.	Group Structure	Name	Country of place of business	Principal activity	Ownership 2020	Ownership 2019	Chairman	Other boardmember	Director-ships
257	S	WP SA Sud 23 GmbH & Co KG	DE	Wind Power	100.00%	100.00%			
258	S	WP SA Sud 24 GmbH & Co KG	DE	Wind Power	100.00%	100.00%			
259	S	Yellow Viking Development One, LLC	US	Solar Power	100.00%				KEA
260	S	Zinkgruvan Vind AB	SE	Wind Power	100.00%	100.00%		KEA, JPZ	JPZ

Joint Ventures, Associated companies and Other Investments not owned directly by the parent

No.	Group Structure	Name	Country of place of business	Principal activity	Ownership 2020	Ownership 2019	Chairman	Other boardmember	Director-ships
1	A	ASPI Energy EOOD	BG	Wind Power	12.50%	12.50%			
2	JV	Bubney Energy Centre Limited	UK	Solar Power	50.00%				
3	JV	Chads Farm Energy Centre Limited	UK	Solar Power	50.00%				
4	A	Coremas I Geracao de Energia SPE LTDA.	BR	Solar Power	39.99%	39.99%		KEA	
5	A	Coremas II Geracao de Energia SPE LTDA.	BR	Solar Power	39.99%	39.99%		KEA	
6	A	Coremas III Geracao de Energia SPE LTDA.	BR	Solar Power	39.99%	39.99%		KEA	
7	JV	EE Haseloff Aps & Co. KG	DE	Wind Power	50.00%	50.00%			
8	JV	EE Pommerania ApS	DK	Wind Power	50.00%		JPZ	KEA	KEA, JPZ
9	JV	EE Pommern GmbH	DE	Wind Power	50.00%				KEA
10	JV	EE Pomorze Sp. z o.o.	PL	Wind Power	50.00%		JPZ		JPZ
11	JV	EE Sieben Drei GmbH & Co. KG	DE	Wind Power	50.00%	50.00%			KEA
12	JV	EE Sieben Null GmbH & Co. KG	DE	Wind Power	50.00%	50.00%			KEA
13	JV	EE Sieben Zwei GmbH & Co. KG	DE	Wind Power	50.00%	50.00%			KEA
14	JV	EE Süstedt ApS & Co. KG	DE	Wind Power	50.00%	50.00%		JPZ	
15	JV	EEA Renewables A/S	DK	Administration	50.00%	50.00%		JPZ, KEA	KEA
16	JV	EEA Stormy ApS	DK	Administration	50.00%	50.00%			KEA
17	JV	EEA Swepol A/S	DK	Administration	50.00%	50.00%		KEA	KEA
18	JV	EEA Verwaltungs GmbH	DE	Wind Power	50.00%	50.00%			KEA
19	A	EEAR Olleria II ApS*)	DK	Solar Power	45.00%	45.00%		KEA	
20	JV	EEGW Persano ApS	DK	Administration	50.00%	50.00%		KEA, JPZ	KEA
21	JV	Elios 102 Srl Soleto	IT	Solar Power	50.00%	50.00%			
22	A	Elisa ApS	DK	Wind Power	20.00%				KEA
23	A	Energy 3 DOO	BA	Wind Power	10.20%	10.20%			
24	A	ESF Spanien 0427 S.L.	ES	Solar Power	45.00%	45.00%			KEA, JPZ
25	JV	European Energy Italy Holding Srl	IT	Wind Power	50.00%	50.00%			
26	A	European Wind Farms Invest No.2 A/S	DK	Wind Power	36.55%	36.55%	JPZ	KEA	KEA
27	JV	European Wind Farms Polen ApS	DK	Wind Power	50.00%	50.00%			KEA, JPZ
28	JV	European Wind Farms Polska Sp. z o.o.	PL	Wind Power	50.00%	50.00%	JPZ	KEA, MDP	JPZ
29	JV	European Wind Farms Polska Sp. z o.o. Bialogard Sp. k	PL	Wind Power	50.00%	50.00%	JPZ	KEA, MDP	JPZ
30	JV	European Wind Farms Polska Sp. z o.o. Grzmiaca Sp. k	PL	Wind Power	50.00%	50.00%	JPZ	KEA, MDP	JPZ
31	JV	European Wind Farms Polska Sp. z o.o. Rabino Sp. k	PL	Wind Power	50.00%	50.00%	JPZ	KEA, MDP	JPZ

No.	Group Structure	Name	Country of place of business	Principal activity	Ownership 2020	Ownership 2019	Chairman	Other boardmember	Director-ships
32	JV	European Wind Farms Sverige AB	SE	Wind Power	50.00%	50.00%		KEA, JPZ	JPZ
33	JV	EWF Eins Sieben GmbH & Co. KG, UW Eichow GmbH & Co. KG	DE	Wind Power	50.00%	50.00%			KEA
34	A	EWF Fünf Eins ApS & Co. KG	DE	Wind Power	25.00%	25.00%			KEA, JPZ
35	JV	EWF Fünf Vier GmbH & Co. KG, Wittstock	DE	Wind Power	50.00%	50.00%			KEA
36	JV	Farma Wiatrowa Drawsko II sp.z.o.o.	PL	Wind Power	50.00%	100.00%		JPZ	JPZ
37	JV	Farma Wiatrowa Kolobrzeg sp. z o.o	PL	Wind Power	50.00%	100.00%			JPZ
38	JV	Farma Wiatrowa SIEMYŚL sp. z o.o.	PL	Wind Power	50.00%	100.00%			JPZ
39	A	Fundo de Investimento em participacoes conjunto Coremas - Multiestrategia	DK	Solar Power	39.99%	39.99%			
40	JV	Greenwatt Ahvenneva Oy AB	FI	Wind Power	50.00%	50.00%			
41	JV	Greenwatt Honkakangas Oy AB	FI	Wind Power	50.00%	50.00%			
42	JV	Great House Energy Centre Limited	UK	Solar Power	50.00%				
43	A	GW Energi A/S *)	DK	Wind Power	25.00%	25.00%	KEA	JPZ	
44	JV	GWE Contractors K/S*)	DK	Wind Power	50.00%	50.00%			KEA
45	A	GWE Holding af 14. November 2011 ApS *)	DK	Wind Power	25.00%	25.00%		KEA	
46	A	GWE Verwaltungs GmbH	DE	Wind Power	25.00%	25.00%			
47	JV	Halesfield Energy Centre Limited	UK	Solar Power	50.00%				
48	A	Jammerland Bay Nearshore A/S	DK	Wind Power	72.00%	36.00%	JPZ		KEA
49	JV	Limes 1 S.r.l	IT	Solar Power	50.00%	50.00%			
50	JV	Limes 2 S.r.l	IT	Solar Power	50.00%	50.00%			
51	JV	Limes 20 S.r.l	IT	Solar Power	50.00%	50.00%			
52	JV	Limes 24 S.r.l	IT	Solar Power	50.00%	50.00%			
53	JV	Limes 25 S.r.l	IT	Solar Power	50.00%	50.00%			
54	A	K/S Losheim *)	DK	Wind Power	25.00%	25.00%		KEA	
55	JV	Komplementarselskabet EEAR ApS	DK	Administration	50.00%	50.00%			KEA
56	JV	Komplementarselskabet GWE Contractors ApS	DK	Wind Power	50.00%	50.00%			KEA
57	A	Komplementarselskabet Losheim ApS	DK	Wind Power	25.00%	25.00%			
58	JV	Maisemore Court Farm Energy Centre Limited	UK	Solar Power	50.00%				
59	JV	Marden Energy Centre Limited	UK	Solar Power	50.00%				
60	JV	Mannington Energy Centre Limited	UK	Solar Power	50.00%				
61	JV	Marksbury Energy Centre Limited	UK	Solar Power	50.00%				
62	JV	Melksham Energy Centre One Limited	UK	Solar Power	50.00%				
63	JV	Melksham Energy Centre Two Limited	UK	Solar Power	50.00%				

No.	Group Structure	Name	Country of place of business	Principal activity	Ownership 2020	Ownership 2019	Chairman	Other boardmember	Director-ships
64	JV	IQ Energy Centre Limited	UK	Solar Power	50.00%				
65	JV	Nordic Power Partners P/S	DK	Administration	51.00%	51.00%	KEA	JPZ	JPZ
66	JV	North Crawley Energy Centre Limited	UK	Solar Power	50.00%				JPZ
67	JV	Northington Energy Centre Limited	UK	Solar Power	50.00%				
68	JV	NPP Brazil I K/S	DK	Solar Power	51.00%	51.00%	KEA	JPZ	JPZ
69	JV	NPP Brazil II K/S	DK	Solar Power	51.00%	51.00%	KEA	JPZ	JPZ
70	JV	NPP Komplementar ApS	DK	Administration	51.00%	51.00%	KEA	JPZ	JPZ
71	JV	NPP Maldives Private Ltd.	MV	Solar Power	51.49%	51.49%		JPZ	JPZ
72	A	Nøjsomheds Odde WTG 2-3 ApS	DK	Wind Power	33.50%	33.50%			KEA
73	A	Parco Eolico Carpinaccio Srl	IT	Wind Power	14.63%	14.63%		KEA	
74	JV	Parco Fotovoltaico Fauglia SRL	IT	Solar Power	50.00%	50.00%			
75	A	REintegrate ApS	DK	Power to X	23.86%				KEA
76	A	REintegrate Skive ApS	DK	Power to X	23.86%				KEA
77	JV	Rødkilde Komplementarselskab ApS	DK	Solar Power	50.00%			KEA, JPZ	KEA
78	JV	Solarpark Vandel Services ApS	DK	Solar Power	50.00%	50.00%			KEA
79	JV	Solar Park Rødkilde 1 P/S	DK	Solar Power	50.00%			KEA, JPZ	KEA
80	JV	South Park Energy Centre Limited	UK	Solar Power	50.00%				
81	JV	Stocking Pelham Energy Centre Limited	UK	Solar Power	50.00%				
82	JV	Süstedt Komplementar ApS	DK	Wind Power	50.00%	50.00%		JPZ	
83	A	Swan Wind P/S	DK	Wind Power	20.00%			KEA	
84	JV	Trinity Solar Farm Limited	UK	Solar Power	50.00%				KEA
85	JV	Tryggevælde Solar Park ApS	DK	Solar Power	73.50%				KEA
86	A	UAB Potentia Industriae	LT	Wind Power	100.00%	30.00%			
87	A	UAB VEVP	LT	Wind Power	40.00%				KEA
88	A	Umspannwerk Westerberg GmbH & Co OHG	DE	Wind Power	22.73%	22.73%			
89	A	UW Gilmerdingen GmbH & C. KG	DE	Wind Power	40.00%	40.00%			KEA
90	A	UW Lohkamp ApS & Co. KG	DE	Wind Power	40.00%	40.00%			KEA, JPZ
91	A	UW Nessa GmbH & Co KG	DE	Wind Power	45.72%	45.72%			
92	A	UW Nessa Verwaltungs-GmbH	DE	Wind Power	45.72%	45.72%			
93	A	Vento Erste Windparkbeteiligungsgesellschaft mbH & Co. KG	DE	Wind Power	47.37%	36.84%			KEA
94	JV	Vergil ApS & Co. KG	DE	Wind Power	50.00%	50.00%			
95	JV	Vicarage Drove Energy Centre Limited	UK	Solar Power	50.00%				

No.	Group Structure	Name	Country of place of business	Principal activity	Ownership 2020	Ownership 2019	Chairman	Other boardmember	Director-ships
96	JV	Windcom Sp. z o.o.	PL	Wind Power	50.00%	50.00%	KEA		KEA
97	A	Vindpark Straldja ApS	DK	Wind Power	25.00%	25.00%			KEA
98	A	Wind Energy OOD	BG	Wind Power	49.00%	49.00%			JPZ
99	A	Wind Power 2 OOD	BG	Wind Power	49.00%	49.00%			JPZ
100	A	Wind Stream OOD	BG	Wind Power	49.00%	49.00%			JPZ
101	A	Wind Systems OOD	BG	Wind Power	49.00%	49.00%			JPZ
102	A	Windkraft Gommern GmbH & Co. KG	DE	Wind Power	33.42%	6.09%			
103	A	Windkraft Ottenhausen GmbH & Co. KG	DE	Wind Power	39.42%	39.40%			
104	A	Windpark Emskirchen GmbH & Co KG	DE	Wind Power	25.00%	25.00%			
105	JV	Windpark Hellberge GmbH & CO KG	DE	Wind Power	50.00%	50.00%			KEA
106	JV	Windpark Losheim Nr. 30 ApS & Co. KG	DE	Wind Power	25.00%	25.00%			
107	A	Windpark Prignitz GmbH & Co. KG	DE	Wind Power	25.00%	25.00%			
108	A	WP Vormark Generalunternehmer GmbH & Co. KG	DE	Wind Power	12.50%	12.50%			
109	A	WP Vormark GmbH	DE	Wind Power	12.50%	12.50%			
110	A	WP Vormark Infrastruktur GbR	DE	Wind Power	12.50%	12.50%			
111	A	WP Vormark UW GmbH & Co. KG	DE	Wind Power	5.60%	5.60%			
112	A	WP Vormark WEA 1 GmbH & Co. KG	DE	Wind Power	12.50%	12.50%			
113	A	WP Vormark WEA 2 GmbH & Co. KG	DE	Wind Power	25.00%	25.00%			

Other Investments with ownership below 20%

No.	Group Structure	Name	Country of place of business	Principal activity	Ownership 2020	Ownership 2019	Chairman	Other boardmember	Director-ships
114	NC	Einspeisegemeinschaft Klein Mutz-Timpberg GmbH &Co. OHG	DE	Wind Power	5.00%	5.00%			
115	NC	EWF Fünf Fünf GmbH & Co. KG, Wittstock	DE	Wind Power	10.00%	10.00%			KEA
116	NC	Green Wind Energy GmbH & Co. Umspannwerk Altlandsberg KG	DE	Wind Power	8.40%	8.40%			
117	NC	Netzanschluss Badingen GbR	DE	Wind Power	3.32%	3.32%			
118	NC	Parco Eolico Riparbella Srl	IT	Wind Power	6.18%	6.18%		KEA	
119	NC	TEN Verwaltungs GmbH	DE	Wind Power	15.00%	15.00%			KEA
120	NC	UAB Alytus Vejas	LT	Wind Power	10.00%				
121	NC	UW Eichow GmbH & Co. KG	DE	Wind Power	10.00%	10.00%			KEA
122	NC	UW Schäcksdorf GmbH & Co. KG	DE	Wind Power	6.25%	6.25%			KEA
123	NC	Windpark Mildenberg GbR	DE	Wind Power	8.76%	8.76%			
124	NC	Windpark Wittstock-Papenbruch GbR	DE	Wind Power	20.00%	20.00%			
125	NC	Windpark Wriezener Höhe GmbH & Co. KG	DE	Wind Power	15.00%	15.00%			KEA

No.	Group Structure	Name of companies outside European Energy Group (administrative entities)	Country of place of business	Principal activity	Ownership 2020	Ownership 2019	Chairman	Other boardmember	Directorships
1		AJ Vaccines	DK					JHE	JHE
2		Autohuset Frederikssund A/S	DK					CDY	
3		Autohuset Glostrup A/S	DK					CDY	
4		Autohuset Glostrup-Valby A/S	DK					CDY	
5		Autohuset Ringsted A/S	DK					CDY	
6		Car Holding A/S	DK					CDY	
7		Kronborg Auto A/S	DK					CDY	
8		Helsingør Bilhus af 2009 ApS	DK					CDY	
9		Grænse Auto ApS	DK					CDY	
10		Dikman Invest ApS	DK						JHE
11		EE Primus OY	FI				JPZ	KEA	
12		EE Sieben Vier GmbH & Co. KG	DE						KEA
13		Ejendomsselskabet Læsø K/S	DK						KEA
14		Ejendomsselskabet Stubbekøbing K/S	DK						KEA
15		Ejendomsselskabet Øster Toreby K/S	DK						KEA
16		ESF Spanien 0426 S.L.U.	ES						KEA, JPZ
17		European Energy Holding ApS	DK						KEA
18		EWF Eins Acht GmbH & Co. KG	DE						KEA
19		EWF Eins Fünf GmbH & Co. KG	DE						KEA
20		EWF Eins Neun GmbH & Co. KG	DE						KEA
21		EWF Eins Sechs GmbH & Co. KG	DE						KEA
22		EWF Fünf Acht GmbH & Co. KG	DE						KEA
23		EWF Fünf Zwei GmbH & Co. KG	DE						KEA
24		EWF Sechs Sieben GmbH & Co. KG	DE						KEA
25		EWF Vier Sieben GmbH & Co. KG	DE						KEA
26		EWF Zwei Fünf GmbH & Co. KG	DE						KEA
27		EWF Zwei Null GmbH & Co. KG	DE						KEA
28		EWF Zwei Vier GmbH & Co. KG	DE						KEA
29		Flensbjergvej Infrastrukturselskab ApS	DK						KEA, JPZ
30		innoVent Windkraft Brake GmbH & Co. KG	DE						KEA
31		JPZ Assistance ApS	DK						JPZ
32		JPZ Assistance II ApS	DK						JPZ
33		KEA Holding I ApS	DK						KEA
34		KEA II Holding ApS	DK						KEA

No.	Group Structure	Name of companies outside European Energy Group (administrative entities)	Country of place of business	Principal activity	Ownership 2020	Ownership 2019	Chairman	Other boardmember	Directorships
35		Komplementarselskabet Sydlolland Vindmøllelaug ApS	DK						KEA
36		Komplementarselskabet Vores Sol ApS	DK						KEA
37		Kronborg Auto A/S	DK					CDY	
38		Malmøvej Infrastrukturselskab ApS	DK						KEA, JPZ
39		MDP Invest	DK				MDP	MDP	MDP
40		MDP Verwaltungsgesellschaft mbH	DE						MDP
41		Meldgaard Architechts & Development A/S	DK					KEA, JPZ	KEA
42		Nor Power ApS	DK				KEA	JPZ, MDP	JPZ
43		Plasticueros ApS *)	DK						KEA
44		Repræsentantskabet for Nykredit	DK					CDY	
45		Solarpark Vandel ApS	DK						KEA
46		ToTec Holding ApS	DK					JHE	
47		Tønder PV K/S	DK						KEA
48		UW Nielitz GmbH & Co. KG	DE						KEA
49		Vihreässaari Wind OY	FI				JPZ	KEA	
50		Vores Sol A/S	DK				KEA	JPZ	JPZ
51		Vores Sol A1 K/S	DK				JPZ	KEA	KEA
52		Vores Sol A10 K/S	DK				JPZ	KEA	KEA
53		Vores Sol A2 K/S	DK				JPZ	KEA	KEA
54		Vores Sol A3 K/S	DK				JPZ	KEA	KEA
55		Vores Sol A4 K/S	DK				JPZ	KEA	KEA
56		Vores Sol A5 K/S	DK				JPZ	KEA	KEA
57		Vores Sol A6 K/S	DK				JPZ	KEA	KEA
58		Vores Sol A7 K/S	DK				JPZ	KEA	KEA
59		Vores Sol A8 K/S	DK				JPZ	KEA	KEA
60		Vores Sol A9 K/S	DK				JPZ	KEA	KEA
61		Vores Sol Nakskov I K/S	DK				JPZ	KEA	KEA
62		Vores Sol Nakskov II K/S	DK				JPZ	KEA	KEA
63		Vores Sol Nakskov III K/S	DK				JPZ	KEA	KEA
64		Vores Sol Nakskov IV K/S	DK				JPZ	KEA	KEA
65		Vores Sol Nakskov V K/S	DK				JPZ	KEA	KEA
66		Vores Sol Nakskov VI K/S	DK				JPZ	KEA	KEA
67		Vores Sol Nakskov XIV K/S	DK				JPZ	KEA	KEA

No.	Group Structure	Name of companies outside European Energy Group (administrative entities)	Country of place of business	Principal activity	Ownership 2020	Ownership 2019	Chairman	Other boardmember	Directorships
68		Vores Sol Nakskov XV K/S	DK				JPZ	KEA	KEA
69		Vores Sol Nakskov XVI K/S	DK				JPZ	KEA	KEA
70		Vores Sol Nakskov XVII K/S	DK				JPZ	KEA	KEA
71		Vores Sol Nakskov XVIII K/S	DK				JPZ	KEA	KEA
72		Windenergie Erik Andersen Verwaltungsgesellschaft mbH	DE						KEA
73		Bondön Wind ApS	DK						JPZ
74		Niedernstöcken (haftungsbeschrankt) & Co. KG	DE						JPZ
75		Gaurettersheim Windenergieanlagen GmbH & Co. KG	DE						JPZ
76		Hohne-Schmarloh Windenergieanlagen GmbH & Co. KG	DE						JPZ
77		Windpark Balkum-Thiene GmbH & Co. KG	DE						JPZ
78		Wulfelade Windenergieanlagen GmbH & Co. KG	DE						JPZ
79		Wulfelade Windenergieanlagen GmbH & Co. KG	DE						JPZ
80		Windpark Kall GmbH & Co. WP Ka KG	DE						JPZ
81		Windpark Leislau II GmbH & Co. KG	DE						JPZ
82		Windpark Briesensee GmbH	DE						JPZ
83		Windpark Märkische Heide GmbH	DE						JPZ
84		Windpark Nowa Niwa GmbH	DE						JPZ
85		Umspannwerk Liibben-Süd GmbH & Co. KG	DE						JPZ
86		NER Capital (Germany) Management GmbH	DE						JPZ
87		German Wind Holdings GmbH & Co. KG	DE						JPZ
88		Briesensee Verwaltung GmbH	DE						JPZ
89		Niedernstöcken Verwaltungs UG	DE						JPZ
90		Gaurettersheim Verwaltung GmbH	DE						JPZ
91		Hohne-Schmarloh Verwaltung GmbH	DE						JPZ
92		Balkum-Thiene Verwaltung GmbH	DE						JPZ
93		Wulfelade Verwaltung GmbH	DE						JPZ
94		Kall Verwaltung GmbH	DE						JPZ
95		Leislau II Verwaltung GmbH	DE						JPZ
96		Sampension Renewables P/S	DK						JPZ
97		Sampension Renewables GP ApS	DK						JPZ
98		A&M Landbrug ApS	DK						KEA
99		Snertingegård ApS	DK						KEA
100		SEF Wind Niemegk Verwaltungsgesellschaft mbH	DE						JPZ
101		SEF Wind Verwaltungsgesellschaft mbH	DE						JPZ

*) According to Section 105,1 in Danish Financial Statement Act we can inform that 5 of the company's in European Energy Group have been audited by a local Danish auditing company named Christensen Kjærulff Statsautoriseret Revisionsaktieselskab.

Disclaimer and cautionary statement

This document contains forward-looking statements concerning European Energy's financial condition, results of operations and business.

All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on Management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements.

Forward-looking statements include, among other things, statements concerning new potential accounting standards and policies, and European Energy's potential exposure to market risks and statements expressing Management's expectations, beliefs, estimates, forecasts, projections,

and assumptions. There are a number of factors that could affect European Energy's future operations and could cause European Energy's results to differ materially from those expressed in the forward-looking statements included in this document, including (without limitation):

c. changes in demand for European Energy's products;

d. currency and interest rate fluctuations;

e. loss of market share and industry competition;

f. environmental and physical risks;

g. legislative, fiscal and regulatory developments, including changes in tax or accounting policies;

h. economic and financial market conditions in various countries and regions;

i. political risks, including the risks of expropriation and renegotiation of the terms of contracts with governmental entities, and delays or advancements in the approval of projects;

j. ability to enforce patents;

k. project development risks;

l. cost of commodities;

m. customer credit risks;

n. supply of components from suppliers and vendors; and

o. customer readiness and ability to accept delivery and installation of products and transfer of risk.

All forward-looking statements contained in this document are expressly qualified by the cautionary statements contained or referenced to in this statement. Undue reliance should not be placed on forward-looking statements. Each forward-looking statement speaks only as of the date of this document. European Energy does not undertake any obligation to publicly update or revise any forward-looking statement as a result of new information or future events others than as required by Danish law. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this document.

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