



EUROPEAN  
ENERGY

# INTERIM FINANCIAL REPORT Q1-2021

# Table of Contents

3

Summary

11

Management  
review

25

Notes

7

Key  
financials

16

Financial  
statements

# Summary

## Under Construction

—  
**947 MW** across  
22 projects

In Q1 2020 EE had 144 MW under construction

## Employees

—  
**+40%** more full  
time employees

60 new colleagues has joined the company since Q1 2020

—  
**18% more**  
assets under  
management

since Q1 2020

## EU Carbon Price May 2021

—  
**EUR 50 a tonne**

The price has doubled compared to the average price in 2019-2020

In our annual report 2020 we stated that we by the end of 2021 would have 750 MW new capacity connected to the grid. In Q1 of 2021 we have 947 MW under construction.

In European Energy we have high expectations to the future of renewable energy, but what we are experiencing right now is a global disruption of our energy system. Wind and solar technologies are experiencing an exponential growth never seen before. What happened in the world of bits with the invention of the Internet is now about to happen in the world of electrons with the exponential development of renewable energy.

Being a part of European Energy is being on the front row in this disruption: We experience that the old fossil technologies are no longer a rational choice and is passed in new added capacity by new renewable technologies. And our interim report shows the interest from investors are moving rapidly toward new and more future-proofed alternatives.

We are not facing a slow incremental energy transition but a disruption that has already begun. Therefore we end the first quarter with a tripling of construction activity compared to the same period last year. Consequently, the total balance of the Group has risen to 800.4 million end of the first

quarter in 2021 and the milestone of EUR 1 billion is within reach during the year of 2021.

The high level of construction activity (13 wind projects and 9 PV projects) is followed by a considerable intake of new employees to support the roll-out of European Energy's activities in our European markets. Consequently, the number of average full-time employees has within the last year increased by nearly 40%. Never before in the history of European Energy has such an enormous growth in employees been added to the company.

The huge investment in new employees to carry out the many construction initiatives going on around the world is at the same time an investment in reaching our overall goal of adding more than 750 MW new renewable energy to the grid by the end of the year.

No doubt that the need of renewable energy capacity is huge. For many years the focus has been on direct electricity to our phones, stoves and washing machines. Then came the focus on the demand for green electricity to our electrical cars. But to ensure a world 100% based on renewable energy we also need to produce green power to areas where direct electricity is not the answer. Though battery technology also develops we are still far from solutions where electricity is the answer for aviation, shipping and cargo.

The same issues occur when looking into domestic heating, plastic production and other industrial production where fossil fuels or biomass still are essential resources. The Power-to-X technologies have

“ We are proud to be a part of the innovation and development of Power-to-X and consider it to be a part of our DNA always to push our industry and develop new business areas.

today the prior focus in political and financial debates across the world and are regarded as the wonder when it comes to the indirect electrification of the modern world.

European Energy is a part of the 1<sup>st</sup> generation of the Power-to-X technologies and invested in autumn 2020 in the Danish e-methanol company, RE-integrate. In January 2021 we also invested in the district heating pump company, Victor Energy Solutions, that constructs large scale heating pump that can replace traditional district heating systems by utilising waste heat from e-methanol production or other sources. As an example Victor Energy Solutions has developed a heating pump to Facebooks datacentre in Odense, Denmark that utilise the waste heat from the cooling process.

We are proud to be a part of the innovation and development of Power-to-X and consider it to be a part of our DNA always to push our industry and develop new business areas.

So to receive the acknowledgement from Entrepreneur of the Year where we in March were announced the national winner of the main contest is also a clear proof of the surrounding world's view upon European Energy as an innovating and business developing company.





EE NAMED  
ENTREPRE-  
NEUR OF  
THE YEAR IN  
DENMARK

## Extract Q1 2021

At the end of the first quarter of 2021, 13 wind projects with a total capacity of 384 MW were under construction while at the same time 9 solar PV projects were under construction with a total of 563 MW.

At the same time, European Energy pursues a strategy to increasingly keep more wind and solar farms on own books before they are sold.

A sign of this was the increase in inventory by more than 60% year-on-year to EUR 410.3 million at the end of the first quarter of 2021, of which EUR 201.7 million is operational parks.

The management expects inventory to increase further in 2021 due to ongoing construction of 947 MW of energy parks.

European Energy's operational assets under management increased by 18% (208 MW), from 1.155 MW to 1,363 MW during the first quarter of 2021 compared to the first quarter of 2020.

At the same time, the level of electricity production from managed assets was considerably lower compared to the same period of last year, which primarily was due to a significant reduction in wind at the wind farm sites.

The increase in the carbon price in EU is reflected in the increase in the price of electricity. This shows that we still are far from having a carbon free elec-

tricity in Europe. But it also indicates that the demand for clean green energy is rising as a result of a more competitive price.

Compared to the end of the first quarter in 2020, the cash position at end of first quarter 2021 ended lower, with a total cash of EUR 92.2 million.

To secure capital for ongoing constructions, the Group has raised another EUR 75 million of hybrid bond loan on the NASDAQ stock exchange. This was done in early April and brings the total equity for the Group up to more than EUR 300 million.

## Main events Q1 2021

**January 14:** Dutch energy company Eneco and European Energy join forces for Thor tender, the largest Offshore project ever in Denmark.

**January 27:** Financing of USD 21 mill. secured for wind farm project in Brazil.

**February 26:** European Energy takes part in heating company Victor Energy Solutions.

**March 19:** European Energy wins EY's Entrepreneur Of The Year in Denmark

## Other Events (April 2021)

**April 6:** Novo Holdings, Sampension and European Energy establish a new partnership to boost green transition in Denmark and Sweden with a starting capital of EUR 87 million.

**April 9:** European Energy completes EUR 75 million tap issuance on its hybrid green bond listed on Nasdaq's sustainable exchange.

**April 14:** European Energy and Eesti Energia sign largest PPA in the Baltics and secure Lithuanian projects constructed in 2021.



# Key financials



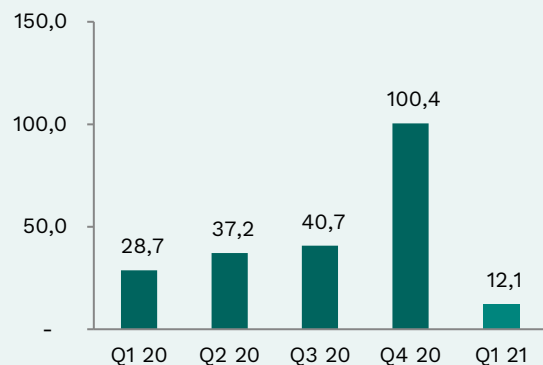
CONVERTERS,  
SOLAR FARM,  
ITALY

# Key information

## REVENUE

Total revenue has decreased by 58% from Q1 20 to Q1 21 due to no divestment of energy parks within the quarter.

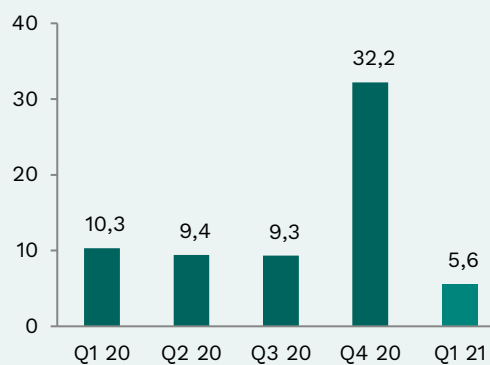
### EUR MILLION



## EBITDA

EBITDA decreased 46% from Q1 20 to Q1 21 primarily due to less divestments of energy parks. The management maintains the outlook of EBITDA for the year of EUR 80 million.

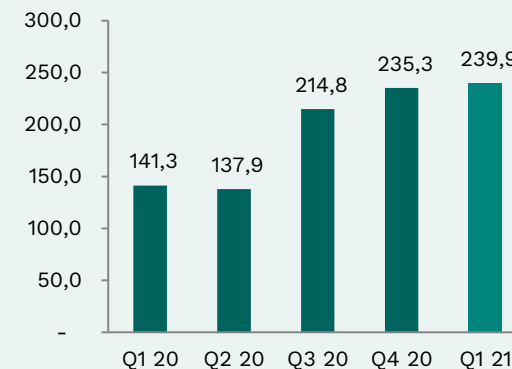
### EUR MILLION



## EQUITY

Equity has increased 70% from Q1 20 to Q1 21. Hybrid capital has increased the equity by EUR 75 million in Q3 20.

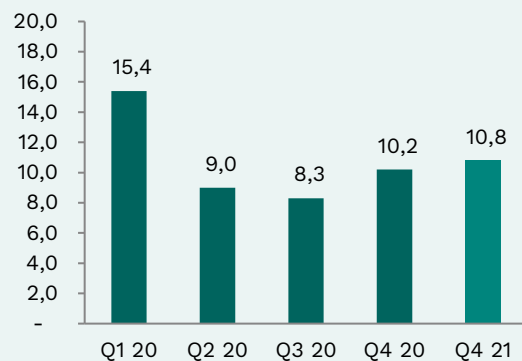
### EUR MILLION



## SALE OF ELECTRICITY - CONSOLIDATED

Sale of electricity decreased in Q1 21 by 30% from EUR 15.4 million in Q1 20 to EUR 10.8 million in Q1 21 due to a quarter with low wind resources.

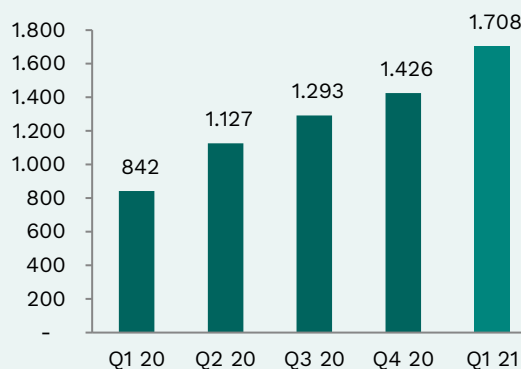
### EUR MILLION



## UNDER CONSTRUCTION AND READY TO BUILD

The 1,708 MW is related to wind projects for 39% (668 MW) and solar projects for 61% (1.040 MW). 947 MW is projects under construction and 761 MW is ready to build projects at end of Q1 21.

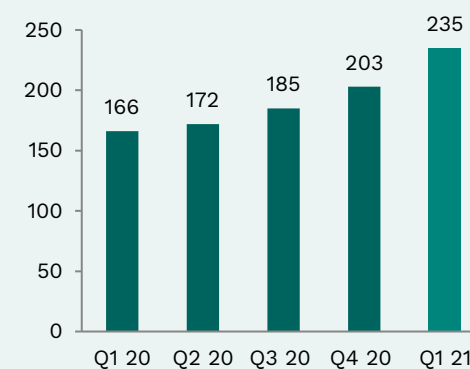
### MW



## EMPLOYEES

The number of employees (Head Count) has increased 42% from Q1 20 to Q1 21, which reflects an increased level of activity and the need to strengthen the organisation to meet expected growth in the future.

### EMPLOYEES





# Key financials for European Energy Group

Key figures EUR '000	Q1 2021	Q1 2020	FY 2020
Revenue	12.075	28.681	206.962
Direct costs	-2.174	-11.147	-132.946
Gross profit	9.795	13.807	73.946
EBITDA	5.566	10.282	61.197
Operating profit (EBIT)	2.344	7.386	49.526
Financial income and expense, net	-2.329	-3.185	-11.751
Profit/loss before tax	15	4.201	37.775
Tax	-470	-2.044	-8.109
<b>The Group's share of profit or loss for the period</b>	<b>-455</b>	<b>2.157</b>	<b>29.666</b>
Investments in Property, plant and equipment	320	2.560	3.831
Total assets	800.354	645.608	739.817
Hybrid capital	75.000	-	75.000
<b>Equity</b>	<b>239.934</b>	<b>141.277</b>	<b>235.268</b>
Cash flow from operating activities	-85.934	-16.545	-35.616
Cash flow from investing activities	-2.549	-4.842	-22.975
Cash flow from financing activities	58.779	35.796	66.961
Change in cash and cash equivalents	-29.704	14.409	8.370
<b>Financial ratios</b>			
Gross margin	81,1%	48,1%	35,7%
EBITDA margin	46,1%	35,8%	29,6%
EBIT margin	19,4%	25,8%	23,9%
Solvency ratio	30,0%	21,9%	31,8%
Net interest-bearing debt (NIBD) *)	391.882	324.368	303.730
Net interest-bearing debt/EBITDA, LTM	6,9	10,5	5,0
Return on equity (average, LTM)	14,2%	14,9%	15,9%
<b>Share Ratios and other ratios</b>			
Earnings per share (EPS Basic)	-0,003	-0,003	0,06
Earnings per share (EPS diluted)	-0,003	-0,003	0,06
Number of shares at the end of the period '000	300.885	300.145	300.885
<b>Non-Financials</b>			
Average number of full-time employees	213	153	168
Number of employees end of period	235	166	203

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.

\*) Hybrid capital is not included in NIBD.

## 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.

### 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.



# Management Review



JENS-PETER  
ZINK

# Management review

## Development in financials in the first quarter of 2021

### STATEMENT OF PROFIT

The sale of electricity was EUR 10.8 million in the first quarter compared to EUR 15.4 million in the same period last year. The wind resources have been considerably lower in this quarter compared to last year, which explains the drop in revenue.

In the quarter there has been no divestment of energy parks. The divestments planned for the year will, as in 2020, be in the 2nd half of the year.

Asset management revenue was EUR 1.0 million equalling the Q1 2020 revenue.

			EUR'000
Gross Profit	Q1 2021	Q1 2020	FY 2020
Sale of electricity	8.714	13.355	34.789
Sale of energy parks	173	3.150	35.121
Asset management	1.014	1.028	4.105
Equity-accounted investments	-106	-4.142	-4.878
Other income	-	416	4.809
Total Gross Profit	9.795	13.807	73.946

European Energy's investments in joint ventures and associated companies generally performed and made positive contributions to the net result, though lower than expected due to the lack of wind. The solar parks in Brazil suffered a correction on the unrealised currency losses, and in total the quarter came out with a loss of EUR 0.1 million. In Q1 2020, the result from equity accounted investments was EUR -4.1 million mainly due to an impairment based on the weak Brazilian Real.

Gross profit in the quarter ended at EUR 9.8 million compared to EUR 13.8 million in 2020.

Gross profit on power sales contributed with EUR 8.7 million for the quarter, compared to 13.4 million in 2020.

Staff costs for the quarter ended at EUR 2.4 million versus EUR 2.2 million in 2020. The Group is still increasing the number of employees, and the number of average full-time employees is up from 153 in 2020 to 213 at the end of the first quarter. The reason for the increase in staff costs not exceeding 9% whilst there has been a 39% increase in staff numbers, is that a bigger part of the staff costs has been capitalised, due to more projects being either under development or under construction.

The other external costs were EUR 1.8 million compared to EUR 1.3 million in 2020. The increase relates to more consultancy costs than last year, as well as IT cost increases with more employees in the Group.

Depreciation & impairment for the quarter stood at EUR 3.2 million compared to EUR 2.9 million in 2020.

The net financial expenses for the Group were EUR 2.3 million compared to EUR 3.2 million last year. In the quarter the Group had less idle cash, and when cash is used for construction purposes instead, the interests are capitalised as inventory, which is the major reason for the improved net financial expenses.

The net result before tax for the quarter was EUR 15 thousand compared to EUR 4.2 million in 2020. The main difference in results relates to the reduction in gross profit from power sales and divestment of energy parks.

The tax for the quarter was an expense of EUR 0.5 million, last year the tax was an expense of EUR 2.0 million.

### ASSETS

The property, plant and equipment decreased with depreciation from EUR 134.2 million last year to EUR 128.2 million, with almost no additions within the 12 month period.

Loans to related parties stood at EUR 46.1 million, where a major part constitutes loans to the Brazilian solar parks. In the first quarter of 2020, the loans totalled EUR 32.7 million. The addition comes from loans of EUR 13.5 million as part of the Groups financing of multiple Joint Ventures in Poland,



which are in the process of constructing wind energy parks.

Inventories increased to EUR 410.3 million with high momentum on construction activities on energy parks, of which EUR 201.7 million is from operational energy parks. In the first quarter of 2020, the inventory amounted to EUR 249.2 million, of which EUR 138.8 million were fully operating parks. The management expects the inventory to increase further in 2021 due to ongoing construction of 947 MW of energy parks end of Q1 2021.

The cash position ended the quarter with a total of EUR 92.2 million, of which EUR 24.7 million is restricted. At the end of the first quarter in 2020 the total cash position were EUR 127.9 million, of which 31.8 million were restricted.

#### LIABILITIES

Equity landed at EUR 239.9 million compared to last year of EUR 141.3 million, with the hybrid bond loan of EUR 75.0 million as the major difference, and EUR 23.7 million in additions from results during the last 12 months.

Project financing increased in total (short and long-term) from EUR 245.3 million last year to EUR 279.2 million in Q1 2021. Together, the increase in liabilities have led to an increase of the total balance of the Group from EUR 645.6 million in Q1 2020 to 800.4 million end of first quarter in 2021. The Group is aiming for a milestone of EUR 1 billion, which is expected to be within reach this year.

#### CASH FLOW

Operating cash flow for the first quarter ended at EUR -85.9 million. The major driver for the negative operating cash flow is the increase in Inventories of EUR 85.1 million. In Q1 2020, the operating cash flow was EUR -16.5 million.

Investing activities during the first quarter were negative with EUR -2.5 million compared to last year with EUR -4.8 million.

The financing activities in the quarter ended with a plus of EUR 58.8 million, which primarily relates to new project financing. Last year the number was EUR 35.8 million.

### Capital management

The total new project-related loans obtained were EUR 62.3 million in the first quarter of 2021. For last year, the number was EUR 44.4 million. The increased inflow of project loans comes from almost a tripling of construction activity compared to last year. The further increase in inventory will eventually lead to further draw downs on project financing and thus an increase in loans.

The net change in cash during the first quarter was EUR -29.7 million compared to EUR 14.4 million for the same quarter in 2020.

In the beginning of April 2021, the Group sold hybrid green bonds on the Nasdaq stock exchange for EUR

75 million, which has boosted the cash position in order to accommodate the growth in constructions.

### 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. Restrictions for travelling between countries could again cause delays for our construction of solar plants in Denmark, and this could lead to fewer 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. Finally, the overall shortage of containers on the world market has led to delays in delivery of goods, and this could lead to delays in the construction progress on the construction sites. The

expectation in this phase of the process is that the projects influenced by the shortage of containers will not have any effect on the estimated revenue.

## Sale of electricity

Sale of electricity decreased in the first quarter of 2021 by 30% from EUR 15.4 million in Q1 2020 to EUR 10.8 million in Q1 2021. The sales decreased by EUR 1.3 million due to divestment of assets, but increased by slightly more (EUR 1.4 million) due to new assets being commissioned. The entire decrease in sales was due to wind resources in Q1 2021 being significantly lower than Q1 2020.

### SALE OF ELECTRICITY IN EUROPEAN ENERGY GROUP (EURM)

	Q1 2021	Q1 2020	FY 2020
<b>Wind</b>	8.4	13.3	31.1
<b>Solar</b>	2.4	2.1	11.8
<b>Total</b>	10.8	15.4	42.9



## Asset management

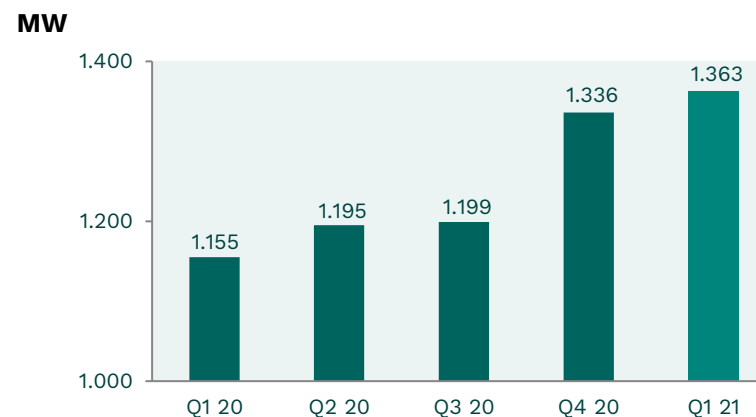
European Energy's operational assets under management, including 3<sup>rd</sup> party equity interests, increased by 18% (208 MW), from 1,155 MW to 1,363 MW during the first quarter of 2021 compared to the first quarter of 2020. The development is due to the net difference between commissioning, acquisition and divestment of new wind and solar farms. European Energy receives commercial management fees in exchange for asset management services.

The Asset management fees were stable at EUR 1.0 million for Q1 2020 and EUR 1.0 million for Q1 2021.

## Net Production

The net production of electricity (GWh) from solar and wind in European Energy Group, including 3<sup>rd</sup> party equity interests, decreased by 18% in Q1 2021 compared to Q1 2020. The production decreased due to changes in the portfolio and low wind resources.

### TOTAL PORTFOLIO UNDER ASSET MANAGEMENT INCLUDING 3<sup>RD</sup> PARTY EQUITY INTERESTS



### NET PRODUCTION (GWH) FOR EUROPEAN ENERGY GROUP INCLUDING 3<sup>RD</sup> PARTY EQUITY INTERESTS

	Q1 2021	Q1 2020	FY 2020
<b>Wind</b>	115	160	419
<b>Solar</b>	50	41	213
<b>Total</b>	165	201	632



## Development and constructions

### WIND

At the end of the first quarter of 2021, thirteen wind projects with a total capacity of 383.8 MW were under construction compared, to four wind projects with a total of 38.9 MW the company had in construction at the end of Q1 2020. During Q1, the German project Tornitz (3.6 MW) finished construction and was placed into operation, while the construction of the Brazilian projects Ouro Branco I and II and Quatro Ventos, and the Polish projects Bi-alogard, Drawsko, Kolobreg and Siemsyl, continued. During Q1 two new Swedish wind projects entered the construction phase, being Skåramåla of 49.2 MW and Vindkraft i Grevekulla AB of 36 MW.

### SOLAR

By the end of Q1 2021, European Energy had nine PV projects under construction with a total of 562.7 MW, compared to three PV projects with a total of 105 MW under construction at the end of Q1 2020. During Q1 2021, the Brazilian PV project Coremas III of 31.0 MW finished construction, while the construction of the Danish projects Harre, Holmen, Ag-ersted, Kassø, Rødkilde I, Svinningegården and Ålbæk, as well as the Italian project Palo, continued. During Q1, one new Danish PV project entered the

construction phase, being the Tryggevælde project of 54.8 MW.

In total, 1,708.2 MW was either under construction or ready-to-build at the end of the first quarter.

See Table 1 in Appendix 1 for further specifications.

## Sales activity

Traditionally, the number of transactions in Q1 is very limited. This pattern is unchanged this year despite a very large interest from investors in new projects.

We are currently in advanced dialogue with investors regarding divestment of more than 500 MW. The timeline for reaching closing with investors is always difficult to predict and thus in which quarter a divestment can be recognised.

## Significant events after the end of the period

The Group signed a Sales and Purchase Agreement concerning a Danish solar farm Holmen PV (20.7 MW) located in Jutland. The sale is expected to be closed and recognised in 2<sup>nd</sup> half of the year subject to fulfilment of sales conditions.

In the beginning of April, the Group sold hybrid green bonds on the Nasdaq stock exchange for EUR 75 million which has boosted the cash position to accommodate the growth in constructions.

In the beginning of April, a new partnership between Novo Holdings, Sampension and European Energy was established with the intention to invest up to EUR 200 million in land for the construction of solar and wind farms in Denmark and Sweden.

At the end of April, the biggest building permit in the history of European Energy was obtained, as the 300 MW solar PV project at Kassø in Southern Denmark was permitted.

No other significant events other than the above mentioned occurred after the end of the period.

# Financial statements

An aerial photograph of a large-scale construction site for a power plant. The foreground and middle ground are dominated by a cleared, brownish-yellow area of earth. Several large, grey, rectangular metal structures, likely transformers or switchgear, are positioned across the site. Some are already partially assembled, while others are just foundations. In the lower center, there is a large, grey, rectangular building with a corrugated metal roof. To the left, a dark-colored SUV is parked on a dirt path. In the background, a line of trees separates the construction area from a green field. The sky is overcast and grey.

ANYKSCIAI,  
49.5 MW,  
LITHUANIA

# Consolidated statement of profit or loss and other comprehensive income

For the quarter ended 31 March 2021

	EUR'000		
	Q1 2021	Q1 2020	FY 2020
Revenue	12.075	28.681	206.962
Net result after tax from equity-accounted investments	-106	-4.142	-4.878
Other income	-	415	4.808
Direct costs	-2.174	-11.147	-132.946
<b>Gross profit</b>	<b>9.795</b>	<b>13.807</b>	<b>73.946</b>
Staff costs	-2.448	-2.223	-7.381
Other external costs	-1.781	-1.302	-5.368
<b>EBITDA</b>	<b>5.566</b>	<b>10.282</b>	<b>61.197</b>
Depreciation and impairment	-3.222	-2.896	-11.671
<b>Operating profit</b>	<b>2.344</b>	<b>7.386</b>	<b>49.526</b>
Finance income	1.029	1.256	2.815
Finance expenses	-3.358	-4.441	-14.566
<b>Profit before tax</b>	<b>15</b>	<b>4.201</b>	<b>37.775</b>
Tax	-470	-2.044	-8.109
<b>Profit or loss for the period</b>	<b>-455</b>	<b>2.157</b>	<b>29.666</b>
<b>Attributable to:</b>			
Shareholders of the company	-923	-846	16.644
Non-controlling interests (NCI)	468	3.003	13.022
<b>Profit or loss for the period</b>	<b>-455</b>	<b>2.157</b>	<b>29.666</b>



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

For the quarter ended 31 March 2021

EUR'000

Profit and OCI	Q1 2021	Q1 2020	FY 2020
<b>Statement of comprehensive income</b>			
<b>Profit or loss for the period</b>	<b>-455</b>	<b>2.157</b>	<b>29.666</b>
Items that may be reclassified to profit or loss:			
Value adjustments of hedging instruments	5.852	3.158	1.653
Tax of value adjustments of hedging instruments	-1.250	-672	-364
Currency differences on translating foreign operations	-35	-863	36
<b>Other comprehensive income for the period</b>	<b>4.567</b>	<b>1.623</b>	<b>1.325</b>
<b>Comprehensive income for the period</b>	<b>4.112</b>	<b>3.780</b>	<b>30.991</b>
<b>Attributable to:</b>			
Shareholders of the company	3.613	867	17.864
Non-controlling interests (NCI)	499	2.913	13.127
<b>Comprehensive income for the period</b>	<b>4.112</b>	<b>3.780</b>	<b>30.991</b>

# Consolidated statement of financial position

As of 31 March 2021

EUR'000

	31 March 2021	31 March 2020	31 Decem- ber 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	128.184	134.215	130.594
Lease assets	9.364	9.246	9.396
Joint venture investments	10.847	9.593	10.334
Associated companies investments	15.610	14.613	15.239
Other investments	7.540	4.359	7.497
Loans to related parties	46.149	32.662	45.346
Trade receivables and contract assets	2.785	4.221	2.907
Other receivables	15.260	18.349	12.340
Deferred tax	3.451	2.284	4.798
Prepayments	-	3.923	-
<b>Total non-current assets</b>	<b>239.190</b>	<b>233.465</b>	<b>238.451</b>
<b>Current assets</b>			
Inventories	410.316	249.202	325.211
Trade receivables and contract assets	25.821	17.589	27.298
Other receivables	22.557	8.202	21.664
Prepayments	10.282	9.219	5.301
Free cash and cash equivalents	67.505	96.157	86.771
Restricted cash and cash equivalents	24.683	31.774	35.121
<b>Total current assets</b>	<b>561.164</b>	<b>412.143</b>	<b>501.366</b>
<b>TOTAL ASSETS</b>	<b>800.354</b>	<b>645.608</b>	<b>739.817</b>

# Consolidated statement of financial position – continued

As of 31 March 2021

EUR'000

	31 March 2021	31 March 2020	31 Decem- ber 2020
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	40.430	40.331	40.430
Retained earnings and reserves	99.089	78.755	94.650
<b>Equity attributable to shareholders of the Company</b>	<b>139.519</b>	<b>119.086</b>	<b>135.080</b>
Hybrid capital	75.000	-	75.000
Non-controlling interests	25.415	22.191	25.188
<b>Total Equity</b>	<b>239.934</b>	<b>141.277</b>	<b>235.268</b>
<b>Liabilities</b>			
Bond loan	194.676	192.549	194.144
Project financing	236.309	149.645	187.917
Other debt	2.385	902	2.139
Lease liabilities	7.325	12.058	8.307
Provisions	20.736	7.729	20.390
Deferred tax	12.350	12.831	11.999
<b>Total non-current liabilities</b>	<b>473.781</b>	<b>375.714</b>	<b>424.896</b>
Project financing	42.937	95.642	33.504
Lease liabilities	1.590	1.977	1.739
Trade payables	15.615	9.357	11.629
Payables to related parties	1.233	428	11
Corporation tax	5.878	4.096	6.851
Provisions	4.400	2.300	4.400
Deferred income	2.494	-	2.654
Other payables	12.492	14.817	18.865
<b>Total current liabilities</b>	<b>86.639</b>	<b>128.617</b>	<b>79.653</b>
<b>Total liabilities</b>	<b>560.420</b>	<b>504.331</b>	<b>504.549</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>800.354</b>	<b>645.608</b>	<b>739.817</b>



# Consolidated statement of cash flow

For the quarter ended 31 March 2021

EUR'000

Cash flow from operating activities	Q1 2021	Q1 2020	FY 2020
Profit before tax	15	4.201	37.775
Adjustments for:			
Financial income	-1.029	-1.256	-2.815
Financial expenses	3.358	4.441	14.566
Depreciations	3.222	2.896	11.671
Profit from equity-accounted companies	106	4.142	4.878
Change in net working capital	-4.678	-6.552	7.044
Change in inventories	-85.099	-22.345	-92.446
Interest paid on lease liabilities	-93	-	-413
Dividends	467	-	1.613
Other non-cash items	703	349	-4.122
<b>Cash generated from operation before financial items and tax</b>	<b>-83.028</b>	<b>-14.124</b>	<b>-22.249</b>
Taxes paid	-1.103	-163	-3.727
Interest paid and realised currency losses	-2.497	-3.488	-12.000
Interest received and realised currency gains	694	1.230	2.360
<b>Cash flow from operating activities</b>	<b>-85.934</b>	<b>-16.545</b>	<b>-35.616</b>
<b>Cash flow from investing activities</b>			
Purchase/sale of property, plant and equipment	-278	-2.546	-3.822
Purchase/disposal of other investments	-2	35	-224
Investment in equity-accounted investments	-22	-205	-1.549
Loans to related parties	-2.247	-2.126	-17.380
<b>Cash flow from investing activities</b>	<b>-2.549</b>	<b>-4.842</b>	<b>-22.975</b>

# Consolidated statement of cash flow – continued

For the quarter ended 31 March 2021

EUR'000

	Q1 2021	Q1 2020	FY 2020
<b>Cash flow from financing activities</b>			
Proceeds from borrowings	62.296	44.371	205.952
Repayment of borrowings	-4.471	-6.599	-201.371
Repayment of lease liabilities	-439	-	-2.000
Changes in payables to associates	1.222	-1.689	-2.106
Capital increase through exercise of warrants	-	-	404
Cash from issue of hybrid capital	-	-	73.391
Transactions with NCI	171	-287	-7.309
<b>Cash flow from financing activities</b>	<b>58.779</b>	<b>35.796</b>	<b>66.961</b>
<b>Change in cash and cash equivalents</b>	<b>-29.704</b>	<b>14.409</b>	<b>8.370</b>
Cash and cash equivalents at beginning of period	121.892	113.522	113.522
<b>Cash and cash equivalents end of period</b>	<b>92.188</b>	<b>127.931</b>	<b>121.892</b>
Of which restricted cash and cash equivalents	-24.683	-31.774	-35.121
<b>Non-restricted cash and cash equivalents end of period</b>	<b>67.505</b>	<b>96.157</b>	<b>86.771</b>

# Consolidated statement of changes in equity

As of 31 March 2021

EUR'000

	Share capital	Share Pre-premium	Trans-lation reserve	Hedging reserve	Treas-ury share reserve	Re-tained earn-ings	Total	Hybrid Capital	Non-control-ling inter-ests	Total
<b>Equity at 1 January 2021</b>	<b>40.430</b>	<b>340</b>	<b>298</b>	<b>2.038</b>	<b>-18</b>	<b>91.992</b>	<b>135.080</b>	<b>75.000</b>	<b>25.188</b>	<b>235.268</b>
Profit/loss for the period	-	-	-	-	-	-923	-923	-	468	-455
<b>Other comprehensive income</b>										
Value adjustments of hedging instruments	-	-	-	5.815	-	-	5.815	-	37	5.852
Tax of value adj. of hedging instruments	-	-	-	-1.242	-	-	-1.242	-	-8	-1.250
Currency diff. on translating foreign operations	-	-	-37	-	-	-	-37	-	2	-35
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-37</b>	<b>4.573</b>	<b>-</b>	<b>-</b>	<b>4.536</b>	<b>-</b>	<b>31</b>	<b>4.567</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-37</b>	<b>4.573</b>	<b>-</b>	<b>-923</b>	<b>3.613</b>	<b>-</b>	<b>499</b>	<b>4.112</b>
<b>Transactions with owners</b>										
Dividends	-	-	-	-	-	-	-	-	-205	-205
Transactions with NCI	-	-	-	-	-	411	411	-	-411	-
Purchase of treasury shares	-	-	-	-	-13	-	-13	-	-	-13
Share-based compensation expenses	-	-	-	-	-	428	428	-	-	428
Additions	-	-	-	-	-	-	-	-	346	346
Disposals	-	-	-	-	-	-	-	-	-2	-2
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-13</b>	<b>839</b>	<b>826</b>	<b>-</b>	<b>-272</b>	<b>554</b>
<b>Equity at 31 March 2021</b>	<b>40.430</b>	<b>340</b>	<b>261</b>	<b>6.611</b>	<b>-30</b>	<b>91.908</b>	<b>139.519</b>	<b>75.000</b>	<b>25.415</b>	<b>239.934</b>

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 obligation to pay coupon payments on hybrid capital is at the discretion of European Energy A/S, and treated as dividend. Accumulated coupon payments as per 31/3 2021 amounts to EUR 2.4 million, which amount will reduce retained earnings (equity) if European Energy A/S does not resolve to defer coupon payment on the next interest payment date in September 2021.

# Consolidated statement of changes in equity - continued

As of 31 March 2020

EUR '000

	Share capital	Share Premium	Translation reserve	Hedging reserve	Treasury share reserve	Retained earnings	Total	Non-controlling interests	Total
<b>Equity at 1 January 2020</b>	<b>40.331</b>	<b>37</b>	<b>216</b>	<b>900</b>	<b>-</b>	<b>76.644</b>	<b>118.128</b>	<b>19.475</b>	<b>137.603</b>
Profit/loss for the period	-	-	-	-	-	-846	-846	3.003	2.157
<b>Other comprehensive income</b>									
Value adjustments of hedging instruments	-	-	-	3.107	-	-	3.107	51	3.158
Tax of value adj. of hedging instruments	-	-	-	-672	-	-	-672	-	-672
Currency diff. on translating foreign operations	-	-	-722	-	-	-	-722	-141	-863
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-722</b>	<b>2.435</b>	<b>-</b>	<b>-</b>	<b>1.713</b>	<b>-90</b>	<b>1.623</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-722</b>	<b>2.435</b>	<b>-</b>	<b>-846</b>	<b>867</b>	<b>2.913</b>	<b>3.780</b>
<b>Transactions with owners</b>									
Dividends	-	-	-	-	-	-	-	-178	-178
Transactions with NCI	-	-	-	-	-	-24	-24	-	-24
Purchase of treasury shares	-	-	-	-	-15	-	-15	-	-15
Share-based compensation expenses	-	-	-	-	-	130	130	-	130
Disposals	-	-	-	-	-	-	-	-19	-19
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-15</b>	<b>106</b>	<b>91</b>	<b>-197</b>	<b>-106</b>
<b>Equity at 31 March 2020</b>	<b>40.331</b>	<b>37</b>	<b>-506</b>	<b>3.335</b>	<b>-15</b>	<b>75.904</b>	<b>119.086</b>	<b>22.191</b>	<b>141.277</b>

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.



# Notes



TRANSMISSION LINES,  
GERMANY

# Basis for preparation

## General information

The interim financial report of European Energy comprises a summary of the unaudited consolidated financial statements of European Energy A/S and its subsidiaries.

These unaudited consolidated financial statements for the first quarter of 2021 have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies.

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 31 December 2020 and public announcements made during the interim reporting period.

## Key accounting estimates and judgements

When preparing the interim financial reporting of European Energy, management makes a number of accounting estimates and assumptions, which form the basis of the recognition and measurement of European Energy's assets and liabilities. The estimates and assumptions made are based on experience and other factors that management considers reasonable in the circumstances. Reference is made to the consolidated financial statements in the annual report for the year ended 31 December 2020, Note 1.0.

## Accounting policies

Accounting policies remain unchanged compared to the annual report for the year ended 31 December 2020, to which reference is made.

## Accounting policies established in 2021

European Energy Group has adopted all new, amended or revised accounting standards and interpretations ('IFRS') as published by the IASB, and endorsed by the EU effective for the accounting period beginning on 1 January 2021.

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

## Other information

The Group's main operations comprise project development, financing, construction, sales and acquisition as well as management of wind and solar energy farms. Our main geographical focus is on European markets.

The parent company is a limited-liability company incorporated and domiciled in Denmark.

The address of its registered office is Gyngemose Parkvej 50, DK-2860 Søborg.

On 31 May 2021, the Board of Directors approved these interim consolidated financial statements. The interim consolidated financial statements are presented in EUR, and all values are rounded to the nearest thousand (EUR'000), except when otherwise indicated.

## Segment information

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

The CODM is the function responsible for allocating the Group's resources and assessing the performance of the

operating segments. The Group's CODM has been identified as the Board of Directors. European Energy's segments are:

- Wind
- Solar

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

# Segment information

As of 31 March 2021

EUR '000

	Wind	Solar	Total be- fore elim- ination	Elimina- tions	Q1 2021
Sale of energy farms and projects	236	-	236	-	236
Sale of electricity	8.458	2.367	10.825	-	10.825
Asset management & other fees	844	170	1.014	-	1.014
<b>Revenue to external customers</b>	<b>9.538</b>	<b>2.537</b>	<b>12.075</b>	<b>-</b>	<b>12.075</b>
Intra-group revenue	336	341	677	-677	-
<b>Revenue</b>	<b>9.874</b>	<b>2.878</b>	<b>12.752</b>	<b>-677</b>	<b>12.075</b>
<b>Profit/loss before tax</b>	<b>2.018</b>	<b>-2.003</b>	<b>15</b>	<b>-</b>	<b>15</b>
<b>Total assets</b>	<b>530.356</b>	<b>269.998</b>	<b>800.354</b>	<b>-</b>	<b>800.354</b>
<b>Total liabilities</b>	<b>339.943</b>	<b>220.477</b>	<b>560.420</b>	<b>-</b>	<b>560.420</b>

As of 31 March 2020

EUR '000

	Wind	Solar	Total be- fore elim- ination	Elimina- tions	Q1 2020
Sale of energy farms and projects	12.270	-3	12.267	-	12.267
Sale of electricity	13.276	2.109	15.385	-	15.385
Asset management & other fees	836	193	1.029	-	1.029
<b>Revenue to external customers</b>	<b>26.382</b>	<b>2.299</b>	<b>28.681</b>	<b>-</b>	<b>28.681</b>
Intra-group revenue	19	39	58	-58	-
<b>Revenue</b>	<b>26.401</b>	<b>2.338</b>	<b>28.739</b>	<b>-58</b>	<b>28.681</b>
<b>Profit/loss before tax</b>	<b>8.667</b>	<b>-4.466</b>	<b>4.201</b>	<b>-</b>	<b>4.201</b>
<b>Total assets</b>	<b>449.728</b>	<b>195.880</b>	<b>645.608</b>	<b>-</b>	<b>645.608</b>
<b>Total liabilities</b>	<b>354.889</b>	<b>149.442</b>	<b>504.331</b>	<b>-</b>	<b>504.331</b>

# Notes

## Write-down of inventories

At the beginning of 2021, the Group had write-down of inventories of EUR 11.8 million. At the end of Q1 2021, the total write-down amounts to EUR 11.9 million. There have been no significant write-downs in Q1 2021. The management has evaluated that the write-down is sufficient.

The management acknowledges that not all projects will mature and end as a gain for the Group. Some will fail, and there will be sunk costs. The management finds the provisions made to reflect the probability of this.

## Other financial instruments

Other financial instruments with fair value assets of EUR 6.4 million as of 31 March 2021 are included in non-current other receivables.

Value adjustment is included in other comprehensive income, as the relevant criteria for hedge accounting are met.

## Treasury shares

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. On 31 March 2021, the Group held nom. 34,610 shares of DKK 1 each corresponding to EUR 5 thousand of the parent company's share capital.

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.

## Coupon payments on hybrid capital

The obligation to pay coupon payments on hybrid capital is at the discretion of European Energy A/S and treated as dividend. Accumulated coupon payments as per 31/3 2021 amounts to EUR 2.4 million, which amount will reduce retained earnings (equity) if European Energy A/S does not resolve to defer coupon payment on the next interest payment date in September 2021.



# Statement by the Board of Directors and the Management

The Board of Directors and the Management have considered and adopted the Interim Report of European Energy A/S for the period 1 January - 31 March 2021. The Interim Report is presented in accordance with the International Accounting Standard IAS 34 on Interim Financial Reporting.

The accounting policies applied in the Interim Report are consistent from those applied in the Group's Annual Report 2020.

We consider the accounting policies appropriate, the accounting estimates reasonable and the overall presentation of the Interim Report adequate. Accordingly, we believe that the Interim Report gives a true and fair view of the Group's financial position, results of operations and cash flows for the period.

In our opinion, the Interim Report includes a true and fair account of the matters addressed and describes the most significant risks and elements of uncertainty facing the Group.

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

Søborg, 31 May 2021

## MANAGEMENT:

Knud Erik Andersen  
**CEO**

Jonny Jonasson  
**CFO**

## BOARD OF DIRECTORS:

Jens-Peter Zink  
**Chairman**

Knud Erik Andersen

Mikael Dystrup Pedersen

Claus Dyhr

Jesper Helmuth Larsen

# Appendix 1 – Project development and construction activity

Table 1

Technology	Total activity level	Status end of Q1 2021 (MW)	EE net capacity (MW)
Wind	Under construction	384	359
Wind	Ready to build	284	257
Solar	Under construction	563	517
Solar	Ready to build	477	432
<b>Total activity level</b>		<b>1,708</b>	<b>1,565</b>
Technology	Total activity level	Status end of Q1 2020 (MW)	EE net capacity (MW)
Wind	Under construction	39	23
Wind	Ready to build	386	300
Solar	Under construction	105	86
Solar	Ready to build	258	231
<b>Total activity level</b>		<b>788</b>	<b>640</b>

# Disclaimer and cautionary statement

This document contains forward-looking statements concerning European Energy's financial condition, results of operations and business.

All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on Management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements.

Forward-looking statements include, among other things, statements concerning new potential accounting standards and policies, and European Energy's potential exposure to market risks and statements expressing Management's expectations, beliefs, estimates, forecasts, projections, and assumptions. There are a number of factors that could affect European Energy's future operations and could cause European Energy's results to differ materially from those expressed in the forward-looking statements included in this document, including (without limitation):

- a. changes in demand for European Energy's products;
- b. currency and interest rate fluctuations;
- c. loss of market share and industry competition;
- d. environmental and physical risks;
- e. legislative, fiscal and regulatory developments, including changes in tax or accounting policies;
- f. economic and financial market conditions in various countries and regions;
- g. political risks, including the risks of expropriation and renegotiation of the terms of contracts with governmental entities, and delays or advancements in the approval of projects;
- h. ability to enforce patents;
- i. project development risks;
- j. cost of commodities;
- k. customer credit risks;
- l. supply of components from suppliers and vendors; and
- m. customer readiness and ability to accept delivery and installation of products and transfer of risk.

All forward-looking statements contained in this document are expressly qualified by the cautionary statements contained or referenced to in this statement. Undue reliance should not be placed on forward-looking statements. Each forward-looking statement speaks only as of the date of this document. European Energy do not undertake any obligation to publicly update or revise any forward-looking statement as a result of new information or future events others than as required by Danish law. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this document.

# We are green energy