



INTERIM FINANCIAL REPORT H1-2021

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Summary

Under Construction

1129 MW across
26 projects

At the end of H1 2020 EE had 282
MW under construction

Electricity Sale

+14% in Q2 21

Compared to Q2 20

Employees

+53% employees
since Q2 2020

61 new colleagues have joined the
company since 1 January 2021

EU Electricity Prices end of H1 2021

82.2 EUR/MWH*

The price has increased with 104%
compared to the price in 2020.

This summer, we have seen significant climate catastrophes across the globe. Catastrophes in countries such as Japan, Canada, Finland, Greece, Germany and many other underpin that 2021 is poised to set a new standard for catastrophes as a result of man-made climate changes.

This discouraging fact is echoed in the report by IPCC, the UN's international panel on climate change published this August, which states a 50%-plus probability that by the early 2030s, global temperatures will have increased by 1.5°C since pre-industrial times.

In European Energy we are focused on transitioning the global energy sector to a truly renewable infrastructure, a shift that will reduce the risks and adverse impacts of future weather-related catastrophes. It is a race for all of humanity and a race we must win.

The need for the electrification of society is no longer up for debate – it is demanded by members of the public and policy-makers alike. And we are

*DEBYC1 as of August 24th

pleased to see this mirrored in significant demands for change across all societal sectors – from housing, cars and heavy transportation to the industry.

An increasing demand for electricity is accelerating this transition and helping us realise more projects at greater speed. Likewise, global concern for climate goals is amplifying the call for green power to new volumes – as evidenced by increasing electricity prices during H1 2021, which have returned to levels unseen since September 2008.

The Evolution of Electrification

Last year, European Energy took further steps into the revolutionary Power-to-X field by becoming a shareholder in the Danish e-methanol producer, REintegrate. Right now, Denmark's premier Power-to-X facility is producing its first batches of e-methanol in Denmark.

One vital element of general electrification is the need to secure real, durable solutions for overland transportation, shipping and aviation. We are already experiencing interest from the transportation sector, have closed purchase agreements with Circle K and Maersk and, in the months ahead, expect to share more news of further partnerships.

The growing demand for green electricity is also reflected in the growth of our projects under construction. Indeed, throughout European Energy's history, construction activities have never been higher. By the end of H1 2021, we will be constructing wind and solar projects capable of producing a combined

“Indeed, throughout European Energy’s history, construction activities have never been higher.

effect of 1129 MW. Most of these projects will be ready for grid connection by the end of the year.

A Team in Transformation

We are undergoing a massive organisational expansion in terms of headcounts and range of in-house competences across our value chain – from development to operations. This will help underpin the construction of projects offering 4 times greater capacity than H1 2020,. The expansion has seen employee headcount rise by 30% in H1 2021 alone with 264 employees currently on board.

Together with a middle management development programme we have developed a new and integrated project management tool to support the development of our renewable energy assets from initial screening through construction and operation until decommissioning.

This has upgraded our way of working by creating a common work platform to more easily share and create transparency on data and tasks across the

project organisation throughout the entire life cycle of the projects.

The World is Waking Up

We are encouraged by the high level of interest from market operators, which have substantially increased interest in European Energy as Denmark's leading developer in pure green energy. We continue to confidently tackle whatever challenges there might be ahead and draw on each new tool and passionate employee to keep setting new records in construction capacity. These are factors inside our business to control.

What is not in our control are the reactions to this increasing interest by entities along our supply chain.



Floods in North Germany,
July 2021

We are currently experiencing increasing supply chain pressures including challenges in transportation, which could result in the slowing down of our ongoing construction activities. However, our analysts closely monitor closely the market developments and stay focused on solving potential bottlenecks together with our partners and contractors.

We regard higher electricity prices and increasing green energy demand (due to growing electrification and construction) as natural developments within a disrupted industry. The players involved are working tirelessly to anchor the fundamentals throughout this change, while demand only continues to grow.

We are recording a rise in enquiries from old and new partners alike to acquire existing and future wind and solar power plants – and see no shortage of potential partners for all stages of our projects.

Looking Ahead

The first half of 2021 has reconfirmed our founders' vision that electrification is the way forward in our fight against climate change. This is no small change but will require a reversion of practices that have existed for decades.

We are observing the significant wind of change that is changing the world as we know it, and we are supporting every partner in the supply chain to help their transition run smoothly.

The transition from fossil fuels to renewable energy will not occur without friction, yet the stage is set.

Through the darkness of 2021, light is visible – powered not by coal, oil or gas but by green energy.

Main events Q2 2021

The Group signed a Sales and Purchase Agreement concerning the Danish solar farm Solar Park Holmen (20.7 MW) located in Jutland. The sale is closed and recognised in 2nd quarter of the year.

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.

Mid-April European Energy and Eesti Energia signed the largest PPA in the Baltics. The PPA spans for 10 years for 3.8 TWh and will start in 2023.

— Key financials



TURBINE COMPONENTS
ARRIVING IN LITHUANIA
FOR OUR WIND POWER
PROJECT, ANYKSCIAI

Key information

REVENUE

Total revenue has decreased by 30% from Q2 20 to Q2 21 due to less profit related to divestment of energy parks within the quarter.

EUR MILLION



EBITDA

EBITDA decreased 26% from Q2 20 to Q2 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 by 20% from Q2 20 to Q2 21 and by 129% when including the hybrid capital of EUR 150 million raised in Q3 20 and Q2 21.

EUR MILLION



SALE OF ELECTRICITY - CONSOLIDATED

Sale of electricity increased in Q2 21 by 14% from EUR 9.0 million in Q2 20 by EUR 10.3 million in Q2 21.

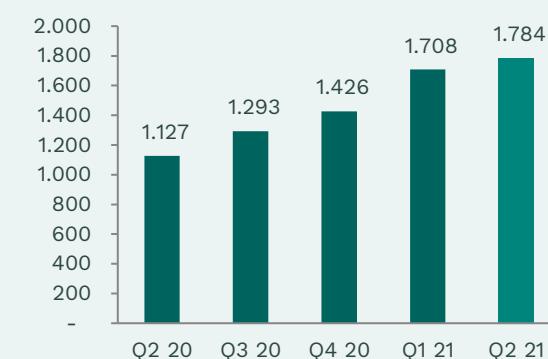
EUR MILLION



UNDER CONSTRUCTION AND READY TO BUILD

Of the 1,784 MW under construction or ready to build at the end of Q2 21, 708 MW relates to wind projects and 1.076 MW relates to solar projects.

MW



EMPLOYEES

The number of employees has increased 53% from Q2 20 to Q2 21, which reflects an increased level of activity and the need to strengthen the organisation to meet expected growth in the future.

NUMBER OF EMPLOYEES



Key financials

Key figures EUR '000	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
Revenue	26,048	37,226	38,123	65,907	206,962
Direct costs	-17,311	-22,718	-19,485	-33,865	-132,946
Gross profit	11,968	13,518	21,763	27,325	73,946
EBITDA	7,013	9,422	12,579	19,704	61,197
Operating profit (EBIT)	3,773	6,525	6,117	13,911	49,526
Financial income and expense, net	-2,849	-2,869	-5,178	-6,054	-11,751
Profit/loss before tax	924	3,656	939	7,857	37,775
Tax	464	-1,325	-6	-3,369	-8,109
The Group's share of profit or loss for the period	1,388	2,331	933	4,488	29,666
Investments in Property, plant and equipment	384	1,005	704	3,565	3,831
Inventory	493,775	263,726	493,775	263,726	325,211
Total assets	910,684	651,020	910,684	651,020	739,817
Hybrid capital	150,000	-	150,000	-	75,000
Equity	315,898	137,880	315,898	137,880	235,268
Cash flow from operating activities	-54,755	16,466	-140,689	-79	-35,616
Cash flow from investing activities	-7,556	-8,421	-10,105	-13,263	-22,975
Cash flow from financing activities	81,117	-14,883	139,896	20,913	66,961
Change in cash and cash equivalents	18,806	-6,838	-10,898	7,571	8,370
Financial ratios					
Gross margin	45.9%	36.3%	57.1%	41.5%	35.7%
EBITDA margin	26.9%	25.3%	33.0%	29.9%	29.6%
EBIT margin	14.5%	17.5%	16.0%	21.1%	23.9%
Solvency ratio	34.7%	21.2%	34.7%	21.2%	31.8%
Net interest-bearing debt (NIBD) *)	377,727	318,430	377,727	318,430	303,730
Net interest-bearing debt/EBITDA, LTM	7.8	8.5	7.8	8.5	5.0
Return on equity (average, LTM)	11.5%	15.7%	11.5%	15.7%	15.9%
Share Ratios and other ratios					
Earnings per share (EPS Basic)	0.004	-0.001	-0.001	-0.001	0.06
Earnings per share (EPS diluted)	0.004	-0.001	-0.001	-0.001	0.06
Number of shares at the end of the period '000	301,071	300,885	301,071	300,885	300,885
Non-Financials					
Average number of full-time employees	250	160	232	157	168
Number of employees end of period	264	173	264	173	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



—
CEO, Knud Erik Andersen visiting our AGRI-PV plant in Harre, Denmark

Management review

Development in financials in the second quarter of 2021

STATEMENT OF PROFIT

REVENUE

In Q2 2021, revenue totalled EUR 26.0 million, a decline of 30% compared to Q2 2020.

The decline is mainly related to the sale of energy farms in Q2 2021 that totalled EUR 14.4 million, a decline of 48% compared to Q2 2020. During Q2 2021, the solar park Holmen located in Jutland, Denmark was sold to an investor.

The sale of electricity was EUR 10.3 million in Q2 2021, an increase of 14% compared to Q2 2020. The increase relates to additional operating parks, since the wind resources have been considerably lower in this quarter compared to last year. The increasing electricity prices experienced throughout H1 21 has low impact on revenues as most prices are secured through Feed-in-Tariffs, Power Purchase Agreements's and more.

Asset management revenue was EUR 1.3 million in Q2 2021, an increase of 83% compared to Q2 2020, due to new assets becoming operational with new service contracts in place.

NET RESULT FROM EQUITY-ACCOUNTED INVESTMENTS

The result of equity-accounted investments was EUR 2.2 million, an increase from EUR -1.0 million in Q2 2020.

European Energy's investments in joint ventures and associated companies generally performed well and made positive contributions to the net result, but lower than expected due to the lack of wind. The many investments in projects under development had running costs and delivered expected negative results.

The solar parks in Brazil received a correction on the unrealised currency losses of EUR 2.6 million.

GROSS PROFIT

Gross profit for the quarter ended at EUR 12.0 million compared to EUR 13.5 million in 2020, a decline of 11%.

Including EUR 2.0 million of impairment losses on project development, the gross profit on sale of energy parks equalled EUR -0.4 million versus EUR 7.5 million in the same period last year, providing the main reason for the decline in gross profit.

Gross profit on power sales contributed with EUR 7.9 million in the quarter, compared to 6.4 million in 2020, an increase of 22%.

Gross Profit	Q2 2021	Q2 2020	H1 2021	H1 2020	EUR'000 FY 2020
Sale of electricity	7,854	6,425	16,568	19,780	34,789
Sale of energy parks	-408	7,470	-235	10,620	35,121
Asset management	1,290	612	2,304	1,640	4,105
Equity-accounted investments	2,238	-973	2,132	-5,115	-4,878
Other income	994	-16	994	400	4,809
Total Gross Profit	11,968	13,518	21,763	27,325	73,946

EBITDA

EBITDA in Q2 2021 totalled EUR 7.0 million, a decline of 26% primarily caused by the decline in gross profit and an increase in Other external costs from EUR 1.3 million to EUR 2.3 million.

Staff costs for the quarter ended at EUR 2.7 million versus EUR 2.8 million in 2020.

NET PROFIT

The net result before tax for the quarter was EUR 0.9 million compared to EUR 3.7 million in 2020.

The main difference in results relates to the reduction in gross profit from divestment of energy parks.

Depreciation and impairment for the quarter amounted to EUR 3.2 million compared to EUR 2.9 million in 2020, while the net financial expenses were EUR 2.8 million compared to EUR 2.9 million last year.

The tax for the quarter was an income of EUR 0.5 million, last year the tax was an expense of EUR 1.3 million.

ASSETS

The property, plant and equipment decreased with depreciation from EUR 132.9 million end of Q2 2020 to EUR 122.7 million this year, with almost no additions within the 12 months period.

Loans to related parties was EUR 58.0 million at the end of Q2 2021, an increase of EUR 22 million compared to Q2 2020. The addition to loans to related parties relates primarily to loans to finance multiple Joint Ventures in Poland in the process of constructing wind energy parks. Apart from this, a major part of the loans relates to three 40% owned Brazilian solar parks.

Inventories increased to EUR 493.8 million at the end of Q2 2021, compared to EUR 263.8 million at the end of Q2 2020. The management expects the inventory to increase further in 2021 due to ongoing construction of energy parks. Inventories are measured at the lower of cost and net realisable value i.e. the book values of parks under construction do not include the expected ~25% development profit to European Energy.

The cash position ended the quarter with a total of EUR 111.0 million, of which EUR 40.1 million is restricted. At the end of Q2 2020 the total cash position was EUR 121.1 million, of which 33.3 million was restricted.

LIABILITIES

In April 2021, the Group raised EUR 75 million of hybrid capital at favourable terms. As a result, the equity landed at EUR 315.9 million compared to last year of EUR 137.9 million.

Project financing increased in total (short and long-term) from EUR 228.1 million at end of Q2 last year

to EUR 283.5 million end of Q2 2021 due to the increasing construction activities. All in all, the increase in liabilities has led to an increase of the total balance of the Group from EUR 651.0 million in Q2 2020 to 910.7 million end of Q2 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 second quarter ended at EUR -54.8 million. The major driver for the negative operating cash flow was the increase in Inventories of EUR 82.8 million, due to the increasing construction activities. In Q2 2020, the operating cash flow was EUR 16.5 million, in a quarter where the increase in inventories was only EUR 14.0 million.

Investing activities during the second quarter were negative with EUR -7.6 million compared to last year with EUR -8.4 million. In both years the major driver for the negative position was the increase in loans to related parties (associated and JV companies).

The financing activities in the quarter ended with a surplus of EUR 81.1 million, which primarily relates to new hybrid bond financing. Last year the number was EUR -14.9 million in a quarter where the repayment of loans due to divestment of energy parks was higher than the addition of new loans.

Capital management

The total new project-related loans obtained were EUR 16.0 million in Q2 2021. For last year, the comparable number was EUR 62.3 million.

The net change in cash during Q2 2021 was EUR 18.8 million compared to EUR –6.8 million for the same quarter in 2020.

In the beginning of April 2021, the Group issued green hybrid bonds on the Copenhagen Nasdaq stock exchange totalling EUR 75 million, which has had a positive impact on the cash position.

Outlook

The Group announced the financial outlook for 2021 in a corporate announcement on the 17th of January 2021, and this outlook is maintained. Consequently, EBITDA for 2021 is expected to be EUR 80 million and the profit before tax 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 which could postpone revenue recognition in coming years. Restrictions for travelling between countries could cause delays for our construction of solar plants in Denmark, and this could lead to fewer energy plants finalised.

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 in the coming years.

Other factors which could have negative impacts on the Group's capability of meeting its goals is 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 is 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 for 2021.

Sale of electricity

In Q2 21 the revenue from power sales was EUR 10.3 million (EUR 21.1 million for H1 21) with 44% from solar PV plants and 56% from onshore and nearshore wind. Power sales in Q2 21 was negatively impacted by low wind speeds in Denmark and Germany especially in May and June.

The revenue is up 14% compared to Q2 2020 primarily due to new assets becoming operational (included under inventories on the balance sheet) most importantly the second phase of the Troia PV plant in Italy and the Harre PV plant in Denmark.

Sale of electricity in European Energy Group (EUR million)

	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
Wind	5.8	5.2	14.2	18.5	31.1
Solar	4.5	3.8	6.9	5.9	11.8
Total	10.3	9.0	21.1	24.4	42.9

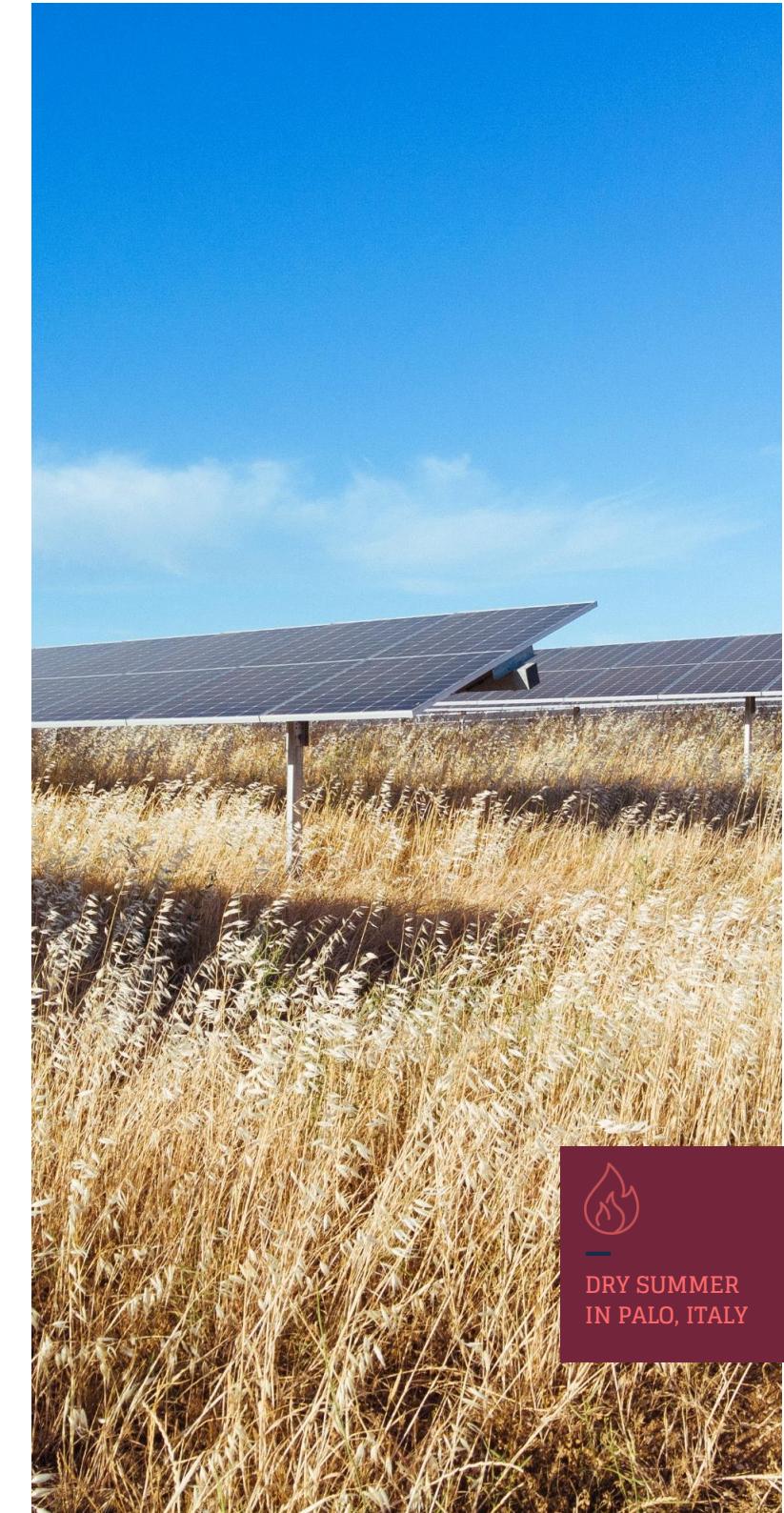
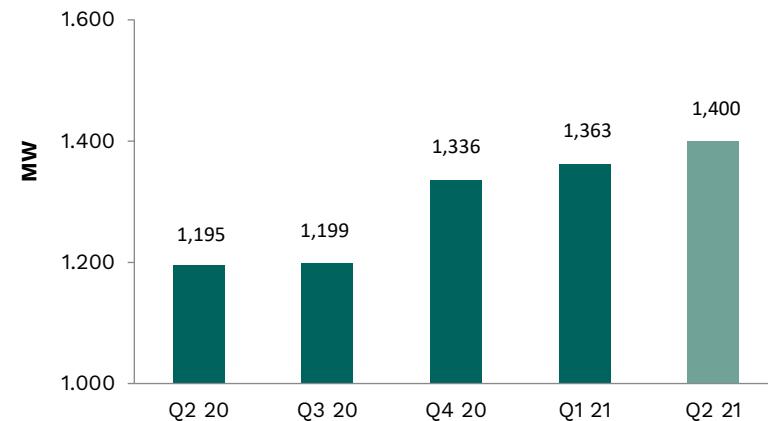
Asset management

European Energy's operational assets under management, including 3rd party equity interests, was 1,400 MW by the end of Q2 21, which is an increase of 17% compared to Q2 20. The increase is due to new assets becoming operational with new service contracts in place. Our services include technical and commercial asset management for wind and

solar PV assets as well as Operations & Maintenance (O&M) of solar PV plants.

The total fees for our services for operational assets were 1.3 EUR million in Q2 21 compared with EUR 0.6 million in Q2 20 and for H1 21 the asset management fees was EUR 2.3 million compared with EUR 1.6 million a year before.

Total portfolio under asset management



Net Production

The net production of electricity (GWh) from solar and wind, increased by 7% in Q2 2021 compared to Q2 2020.

Net production (GWh) EE share

GWh	Q2 2021	Q2 2020	YTD Q2 2021	YTD Q2 2020	FY 2020
Wind	86	85	203	245	419
Solar	80	70	131	111	213
Total	166	155	334	356	632

Construction and Development

CONSTRUCTION

WIND

At the end of Q2 21, European Energy had 18 wind projects with a total capacity of 587 MW under construction which is a significant increase compared to the four wind projects with a total capacity of 52 MW under construction in the same period of 2020. During Q2 2021, European Energy initiated construction of Vierberge II, Barbassee, Rokiskis, Telsiai I, and Telsiai II. No wind projects finished construction and were taken into operation during Q2 21.

SOLAR

By the end of Q2 21, European Energy more than doubled the capacity under construction to eight PV

projects with a total capacity of 542 MW, from six PV projects with a total capacity of 230 MW at the end of Q2 2020. During Q2 2021, the Holmen (DK) (21 MW) PV projects finished construction and was placed into operation.

In total, 1.129 MW was under construction at the end of Q2 2021, which is a four times increase compared to the end of Q2 20. In line with our plans, the construction activity has made a significant step-up in 2021 and we are well underway to grid connect a significant amount of MWs during 2021. The portfolio of projects under construction to reach commercial operation date in 2022 together with our increasing portfolio of ready-to-build projects, leads us to believe in a continued step-up in construction activity also in 2022.

READY-TO-BUILD AND DEVELOPMENT PIPELINE

By the end of Q2 21, European Energy had 655 MW of ready to build capacity, of which 121 MW is wind and 534 MW is solar. By the end of Q2 21, European Energy had a development pipeline of solar and wind projects of more than 17 GW. The pipeline is under active development and is distributed over 17 countries. Around 75% of the pipeline (in expected MW capacity) is solar.

Sales activity

We experienced an increasing interest in purchasing our assets and the desire to acquire assets before they become operational.

In Q2 2021 the company closed a Sales and Purchase Agreement concerning the Danish solar farm Solar Park Holmen (21 MW) located in Jutland. The sale is recognised in the Q2 accounts.

The sales activities for the year follow our expectations and during the second quarter we have entered into exclusivity agreements with a number of investors. The timeline for reaching closing with investors is always difficult to predict and thus in which quarter a divestment can be recognised. Like the trend we have seen in recent years, we expect the majority of this year's sales to be closed at the end of the year.

Technology	Total activity level	H1 2021 (MW)	EE net capacity (MW)
Wind	Under construction	587	504
Wind	Ready to build	121	104
Solar	Under construction	542	481
Solar	Ready to build	534	470
Total activity level		1,784	1,559
Wind/solar	Under construction	1,129	985
Wind/solar	Ready to build	655	574

Financial statements



KOŁOBRZEG,
POLAND

Consolidated statement of profit or loss and other comprehensive income

	Q2 2021	Q2 2020	H1 2021	H1 2020	EUR'000 FY 2020
Revenue	26,048	37,226	38,123	65,907	206,962
Net result after tax from equity-accounted investments	2,238	-973	2,132	-5,115	-4,878
Other income	993	-17	993	398	4,808
Direct costs	-17,311	-22,718	-19,485	-33,865	-132,946
Gross profit	11,968	13,518	21,763	27,325	73,946
Staff costs	-2,740	-2,815	-5,188	-5,038	-7,381
Other external costs	-2,215	-1,281	-3,996	-2,583	-5,368
EBITDA	7,013	9,422	12,579	19,704	61,197
Depreciation and impairment	-3,240	-2,897	-6,462	-5,793	-11,671
Operating profit	3,773	6,525	6,117	13,911	49,526
Finance income	784	355	1,813	1,611	2,815
Finance expenses	-3,633	-3,224	-6,991	-7,665	-14,566
Profit before tax	924	3,656	939	7,857	37,775
Tax	464	-1,325	-6	-3,369	-8,109
Profit or loss for the period	1,388	2,331	933	4,488	29,666
Attributable to:					
Shareholders of the company	1,126	-400	220	-1,246	16,644
Non-controlling interests (NCI)	262	2,731	713	5,734	13,022
Profit or loss for the period	1,388	2,331	933	4,488	29,666
Earnings per share:					
Earnings per share (EPS Basic)	0.004	-0.001	-0.001	-0.001	0.06
Earnings per share (EPS diluted)	0.004	-0.001	-0.001	-0.001	0.06

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

	EUR'000				
Profit and OCI	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
Statement of comprehensive income					
Profit or loss for the period	1,388	2,331	933	4,488	29,666
Items that may be reclassified to profit or loss:					
Value adjustments of hedging instruments	-3,858	-2,454	1,994	704	1,653
Tax of value adjustments of hedging instruments	822	627	-428	-45	-364
Currency differences on translating foreign operations	-213	-182	-248	-1,045	36
Other comprehensive income for the period	-3,249	-2,009	1,318	-386	1,325
Comprehensive income for the period	-1,861	322	2,251	4,102	30,991
Attributable to:					
Shareholders of the company	-2,120	-2,763	1,493	-1,896	17,864
Non-controlling interests (NCI)	259	3,085	758	5,998	13,127
Comprehensive income for the period	-1,861	322	2,251	4,102	30,991

Consolidated statement of financial position

	EUR'000		
	30 June 2021	30 June 2020	31 Decem- ber 2020
ASSETS			
Non-current assets			
Property, plant and equipment	122,738	132,854	130,594
Lease assets	8,670	8,918	9,396
Joint venture investments	10,560	10,107	10,334
Associated companies investments	15,797	14,755	15,239
Other investments	8,558	4,416	7,497
Loans to related parties	57,953	36,043	45,346
Trade receivables and contract assets	3,169	3,700	2,907
Other receivables	12,127	17,519	12,340
Deferred tax	6,237	2,499	4,798
Prepayments	-	3,923	-
Total non-current assets	245,809	234,734	238,451
Current assets			
Inventories	493,775	263,726	325,211
Trade receivables and contract assets	24,729	16,554	27,298
Other receivables	26,435	8,085	21,664
Prepayments	8,942	6,828	5,301
Free cash and cash equivalents	70,914	87,748	86,771
Restricted cash and cash equivalents	40,080	33,345	35,121
Total current assets	664,875	416,286	501,366
TOTAL ASSETS	910,684	651,020	739,817

Consolidated statement of financial position – continued

		EUR'000		
		30 June 2021	30 June 2020	31 Decem- ber 2020
EQUITY AND LIABILITIES				
Equity				
Share capital		40,455	40,430	40,430
Retained earnings and reserves		100,878	76,388	94,650
Equity attributable to shareholders of the Company		141,333	116,818	135,080
Hybrid capital		150,000	-	75,000
Non-controlling interests		24,565	21,062	25,188
Total Equity		315,898	137,880	235,268
Liabilities				
Bond loan		195,207	193,080	194,144
Project financing		233,091	152,506	187,917
Other debt		2,982	899	2,139
Lease liabilities		7,242	9,996	8,307
Provisions		20,771	6,551	20,390
Deferred tax		11,736	12,184	11,999
Total non-current liabilities		471,029	375,216	424,896
Project financing		50,361	75,572	33,504
Lease liabilities		1,591	1,792	1,739
Trade payables		29,842	13,878	11,629
Payables to related parties		1,229	6,577	11
Corporation tax		7,552	5,310	6,851
Provisions		4,090	3,800	4,400
Deferred income		3,058	11,636	2,654
Other payables		26,034	19,359	18,865
Total current liabilities		123,757	137,924	79,653
Total liabilities		594,786	513,140	504,549
TOTAL EQUITY AND LIABILITIES		910,684	651,020	739,817

Consolidated statement of cash flow

	EUR'000				
Cash flow from operating activities	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
Profit before tax	924	3,656	939	7,857	37,775
Adjustments for:					
Financial income	-784	-355	-1,813	-1,611	-2,815
Financial expenses	3,633	3,224	6,991	7,665	14,566
Depreciations	3,240	2,897	6,462	5,793	11,671
Profit/Loss from equity-accounted companies	-2,238	973	-2,132	5,115	4,878
Change in net working capital	26,089	20,572	21,411	14,020	7,044
Change in inventories	-82,834	-14,019	-167,933	-36,364	-92,446
Interest paid on lease liabilities	-85	-292	-178	-292	-413
Dividends	-113	1,213	354	1,213	1,613
Other non-cash items	-2,743	1,606	-2,040	1,955	-4,122
Cash generated from operation before financial items and tax	-54,911	19,475	-137,939	5,351	-22,249
Taxes paid	-146	-160	-1,249	-323	-3,727
Interest paid and realised currency losses	-365	-2,962	-2,862	-6,450	-12,000
Interest received and realised currency gains	667	113	1,361	1,343	2,360
Cash flow from operating activities	-54,755	16,466	-140,689	-79	-35,616
Cash flow from investing activities					
Purchase/sale of property, plant and equipment	149	-1,171	-129	-3,717	-3,822
Purchase/disposal of other investments	-27	-57	-29	-22	-224
Investment in equity-accounted investments	-161	-622	-183	-827	-1,549
Loans to related parties	-7,517	-6,571	-9,764	-8,697	-17,380
Cash flow from investing activities	-7,556	-8,421	-10,105	-13,263	-22,975

Consolidated statement of cash flow – continued

	EUR'000				
	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
Cash flow from financing activities					
Proceeds from borrowings	15,967	62,306	78,263	106,677	205,952
Repayment of borrowings	-11,761	-79,515	-16,232	-86,114	-201,371
Repayment of lease liabilities	-421	-	-860	-	-2,000
Changes in payables to associates	-247	5,782	975	4,093	-2,106
Capital increase through exercise of warrants	128	404	128	404	404
Cash from issue of hybrid capital	78,547	-	78,547	-	73,391
Transactions with NCI	-1,096	-3,860	-925	-4,147	-7,309
Cash flow from financing activities	81,117	-14,883	139,896	20,913	66,961
Change in cash and cash equivalents	18,806	-6,838	-10,898	7,571	8,370
Cash and cash equivalents at beginning of period	92,188	127,931	121,892	113,522	113,522
Cash and cash equivalents end of period	110,994	121,093	110,994	121,093	121,892
Of which restricted cash and cash equivalents	-40,080	-33,345	-40,080	-33,345	-35,121
Non-restricted cash and cash equivalents end of period	70,914	87,748	70,914	87,748	86,771

Consolidated statement of changes in equity

EUR'000

	Share capital	Share premium	Trans-lation reserve	Hedging reserve	Treas-ury share reserve	Re-tained earnings	Total	Hybrid Capital	Non-control-ling inter-ests	Total
Equity at 1 January 2021	40,430	340	298	2,038	-18	91,992	135,080	75,000	25,188	235,268
Profit/loss for the period	-	-	-	-	-	220	220	-	713	933
Other comprehensive income										
Value adjustments of hedging instruments	-	-	-	1,951	-	-	1,951	-	43	1,994
Tax of value adj. of hedging instruments	-	-	-	-428	-	-	-428	-	-	-428
Currency diff. on translating foreign operations	-	-	-250	-	-	-	-250	-	2	-248
Other comprehensive income	-	-	-250	1,523	-	-	1,273	-	45	1,318
Total comprehensive income	-	-	-250	1,523	-	220	1,493	-	758	2,251
Transactions with owners										
Dividends	-	-	-	-	-	-	-	-	-996	-996
Transactions with NCI	-	-	-	-	-	411	411	-	-732	-321
Purchase of treasury shares	-	-	-	-	-13	-	-13	-	-	-13
Exercise of warrants	25	103	-	-	-	-	128	-	-	128
Share-based compensation expenses	-	-	-	-	-	687	687	-	-	687
Tap issue of Hybrid Capital	-	-	-	-	-	3,547	3,547	75,000	-	78,547
Additions	-	-	-	-	-	-	-	-	347	347
Total transactions with owners	25	103	-	-	-13	4,645	4,760	75,000	-1,381	78,379
Equity at 30 June 2021	40,455	443	48	3,561	-30	96,857	141,333	150,000	24,565	315,898

The share capital consists of nom. 301,071,373 shares of DKK 1 each, corresponding to EUR 40,455 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 30/6 2021 amounts to EUR 7.1 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 30 June 2020

EUR '000

	Share capital	Share premium	Trans-lation reserve	Hedging reserve	Treas-ury share reserve	Re-tained earnings	Total	Non-control-ling inter-ests	Total
Equity at 1 January 2020	40,331	37	216	900	-	76,644	118,128	19,475	137,603
Profit/loss for the period	-	-	-	-	-	-1,246	-1,246	5,734	4,488
Other comprehensive income									
Value adjustments of hedging instruments	-	-	-	284	-	-	284	420	704
Tax of value adj. of hedging instruments	-	-	-	-45	-	-	-45	-	-45
Currency diff. on translating foreign operations	-	-	-889	-	-	-	-889	-156	-1,045
Other comprehensive income	-	-	-889	239	-	-	-650	264	-386
Total comprehensive income	-	-	-889	239	-	-1,246	-1,896	5,998	4,102
Transactions with owners									
Dividends	-	-	-	-	-	-3	-3	-4,805	-4,808
Transactions with NCI	-	-	-	-	-	-9	-9	-	-9
Purchase of treasury shares	-	-	-	-	-18	-	-18	-	-18
Exercise of warrants	99	305	-	-	-	-	404	-	404
Share-based compensation expenses	-	-	-	-	-	212	212	-	212
Additions	-	-	-	-	-	-	-	22	22
Disposals	-	-	-	-	-	-	-	372	372
Total transactions with owners	99	305	-	-	-18	200	586	-4,411	-3,825
Equity at 30 June 2020	40,430	342	-673	1,139	-18	75,598	116,818	21,062	137,880

The share capital consists of nom. 300,145,075 shares of DKK 1 each, corresponding to EUR 40,330 thousand. The share capital is fully paid in.

Notes



CONSTRUCTION
OF KINGEBOL
IN SWEDEN

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 half 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 27 August 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

	Wind	Solar	Total before elimination	Eliminations	EUR '000 H1 2021
Sale of energy farms and projects	899	13,786	14,685	-	14,685
Sale of electricity	14,243	6,890	21,133	-	21,133
Asset management & other fees	1,727	578	2,305	-	2,305
Revenue to external customers	16,869	21,254	38,123	-	38,123
Intra-group revenue	412	870	1,282	-1,282	-
Revenue	17,281	22,124	39,405	-1,282	38,123
Profit/loss before tax	634	305	939	-	939
Total assets	587,102	323,582	910,684	-	910,684
Total liabilities	349,688	245,098	594,786	-	594,786

	Wind	Solar	Total before elimination	Eliminations	EUR '000 H1 2020
Sale of energy farms and projects	39,824	39	39,863	-	39,863
Sale of electricity	18,517	5,886	24,403	-	24,403
Asset management & other fees	1,355	286	1,641	-	1,641
Revenue to external customers	59,696	6,211	65,907	-	65,907
Intra-group revenue	8,109	-77	8,032	-8,032	-
Revenue	67,805	6,134	73,939	-8,032	65,907
Profit/loss before tax	13,276	-5,419	7,857	-	7,857
Total assets	442,476	208,544	651,020	-	651,020
Total liabilities	324,158	188,982	513,140	-	513,140

Notes

Write-down of inventories

The impairment analysis in the second quarter of 2021 has led to an additional impairment of EUR 2.0 million, recognised as direct costs. The impairment mainly relates to Spanish projects.

Impairment write-downs of EUR 1.0 million from previous periods have been reversed and finally written off.

At the beginning of 2021, the Group had write-down of inventories of EUR 11.8 million. At the end of H1 2021, the total write-down amounts to EUR 12.8 million. The management has evaluated that the write-down is sufficient.

In the second quarter of 2020 there was a reversal of EUR -1.5 million.

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 3.3 million as of 30 June 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 30 June 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.

Hybrid capital

In the second quarter of 2021 the company has issued EUR 75 million in a new hybrid tap as a capital reserve in equity.

The hybrid tap issue of new denominated callable subordinated green capital securities form a single series with the company's existing EUR 75 million callable subordinated green capital securities due 2020.

The subsequent capital securities have an issue price of 101.75% (plus accrued interest) settled on 15 April 2021.

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 30 June 2021 amounts to EUR 7.1 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.

Events after the balance sheet date

STEP-WISE ACQUISITION OF REINTEGRATE

In November 2020 European Energy acquired 24% of the ownership interests in REintegrate. In August 2021, European Energy entered into an agreement to acquire additional 16% and 18%, respectively of the ownership interests. It has determined that European Energy is the controlling party after the acquisition, due to an agreement related to voting rights.

REintegrate is a Danish e-methanol company located in Jutland and the acquisition underpins our strong focus on Power-to-X. The business of REintegrate is complementary to the business of European Energy and we see great market potential.

Due to the late timing of the acquisition, the preliminary purchase price allocation has yet not been completed. The identifiable assets acquired, liabilities transferred will be based on the initial recognition of the preliminary fair values that can be adjusted up until 12 months after the acquisition.

In August European Energy and the leading institutional investor EIG Global Energy Partners raised EUR 130 million for green energy construction. The Portfolio Construction Facility will start financing wind projects in European Energy's renewables business in Lithuania.

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, 27 August 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

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