

# Interim financial report fourth quarter of 2020

European Energy A/S – Gyngemose Parkvej 50 – 2860 Søborg – Denmark – Company Reg. no. 18351331

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## Interim financial report fourth quarter of 2020 (unaudited)

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# Summary

Please refer to the Annual Report for 2020 for European Energy A/S published 28 February 2021.

## European Energy ends fourth quarter of 2020 in strong growth

European Energy completes the last quarter of 2020 in strong growth. European Energy recorded revenue of EUR 100.4 million, an EBITDA of EUR 32.2 million and profit before tax of EUR 26,7 million in the fourth quarter.

### **Knud Erik Andersen, CEO of European Energy, said:**

“We are pleased to report that European Energy completes the fourth quarter of 2020 in strong growth, exceeding the expected guideline for the annual targets of 2020. EBITDA saw a rise of 132% compared to Q4 2019 due to the profitable divestment of several power generating assets. Although the wind in the fourth quarter of 2020 was relatively modest, the total annual output for the group ended at a record high level.

At the end of the fourth quarter, construction activities are ongoing across five countries at 13 different project sites at a total of 613 MW of green power capacity to be grid connected during 2021. In total, 1426 MW are currently under construction or ready-to-build across all our solar and wind power projects.

During the fourth quarter of 2020, we closed the divestment of our 30 MW solar farm Næssundvej situated in the northern part of Jutland, Denmark to the Conquest Group. The electricity from the solar park has been sold on a long-term Power Purchase Agreement (PPA) to an international tech company. In Germany we successfully divested the 26.0 MW wind power park Vier Berge.

At the end of the year, European Energy employed 203 persons – an additional 55 new colleagues since the end of 2019. This increase is a clear sign of our company’s strong growth and we expect to further increase the intake of new international colleagues as we continue to develop our project pipeline while delivering renewable energy projects in order to fight the adverse effects of climate change.”

56 MW divested in  
Q4 2020

EBITDA rises 132%  
in Q420 compared  
to Q419

Number of  
employees rises  
37% in Q420  
compared to Q419



JENS-PETER  
ZINK

KNUD ERIK  
ANDERSEN

# Key information

## REVENUE

Total revenue has decreased by 5% from Q4 2019 to Q4 2020 but is still as expected and at a satisfying level.

EUR million



## EBITDA

EBITDA increased 132% from Q4 2019 to Q4 2020 primarily due to profitable divestments of energy parks.

EUR million



## EQUITY

Equity has increased 71% from Q4 2019 to Q4 2020. Hybrid capital has increased the equity by EUR 75 million in Q3 2020.

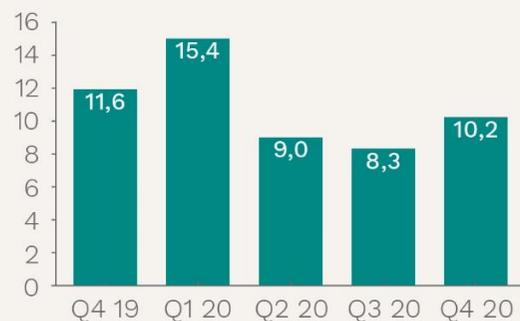
EUR million



## SALE OF ELECTRICITY - CONSOLIDATED

Sale of electricity decreased in the fourth quarter of 2020 by 12% from EUR 11.6 million in Q4 2019 to EUR 10.2 million in Q4 2020 due to bad weather conditions in the last quarter of 2020. The power sales for the Group for 2020 is record breaking.

EUR million



## UNDER CONSTRUCTION AND READY TO BUILD

The 1.426 MW is related to wind projects for 48% and solar projects for 52%. 613MW is projects under construction and 814 MW is ready to build projects at year end 2020.

MW



## EMPLOYEES

The number of employees (Head Count) has increased 37% from Q4 19 to Q4 20, 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

<b>Key figures EUR '000</b>	<b>Q4 2020</b>	<b>Q4 2019</b>	<b>FY 2020</b>	<b>FY 2019</b>
Revenue	100,363	105,324	206,962	238,804
Direct costs	-68,059	-91,192	-132,946	-190,614
Gross profit	34,216	18,178	73,946	57,529
EBITDA	32,162	13,973	61,197	44,305
Operating profit (EBIT)	29,219	11,649	49,526	38,411
Financial income and expense, net	-2,540	-2,151	-11,751	-969
Profit/loss before tax	26,679	9,498	37,775	37,442
Tax	-3,673	2,552	-8,109	-1,461
<b>The Group's share of profit for the period</b>	<b>23,006</b>	<b>12,050</b>	<b>29,666</b>	<b>35,981</b>
Investments in Property, plant and equipment	3,831	1,330	3,831	1,330
Total assets	739,817	605,671	739,817	605,671
Hybrid capital	75,000	-	75,000	-
<b>Equity</b>	<b>235,268</b>	<b>137,603</b>	<b>235,268</b>	<b>137,603</b>
Cash flow from operating activities	-5,630	6,397	-35,616	19,684
Cash flow from investing activities	-9,392	14,188	-22,975	-11,594
Cash flow from financing activities	-37,823	-65,438	66,961	36,934
Change in cash and cash equivalents	-52,845	-34,941	8,370	54,936
<b>Financial ratios</b>				
Gross margin	34.1%	17.3%	35.7%	24.1%
EBITDA margin	32.0%	13.3%	29.6%	18.6%
EBIT margin	29.1%	11.1%	23.9%	16.1%
Solvency ratio	31.8%	22.7%	31.8%	22.7%
Net interest-bearing debt (NIBD) *)	303,730	302,657	303,730	302,657
Net interest-bearing debt/EBITDA, LTM	5.0	6.8	5.0	6.8
Return on equity (average, LTM)	15.9%	29.3%	15.9%	29.3%
<b>Share Ratios and other ratios</b>				
Earnings per share (EPS Basic)	0.05	0.03	0.06	0.09
Earnings per share (EPS diluted)	0.05	0.03	0.06	0.09
Number of shares at the end of the period '000	300,885	300,145	300,885	300,145
<b>Non-Financials</b>				
Average number of full-time employees	184	138	168	117
Number of employees end of period	203	148	203	148

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.



HARRE  
44.0 MW  
DENMARK

# Management review

## Development in financials in the fourth quarter of 2020

### Statement of profit

2019 figures are shown in ( ) below.

The sale of electricity decreased by 12% to EUR 10.2 million (11.6), due to a quarter with relatively little wind. For the year 2020 in total it was though another record in power sales of EUR 42.9 million (30.5) an increase of 41%, so indeed a good year.

In the fourth quarter of 2020, the Group completed the divestment of the wind park Vier Berge, Germany, and the solar park Næssundvej in Denmark was also sold. Divestment of energy parks in total for the quarter landed at EUR 89.1 million (92.6) with a gross profit of EUR 22.3 million (3.4).

Asset management and other fees revenue decreased to EUR 1.0 million (1.2) but with a YTD revenue of EUR 4.0 million (3.1) which is a 31% increase compared to YTD in 2019.

European Energy's investments in joint ventures and associated companies generally performed and delivered positive results from the companies with operating assets. All the holding companies jointly owned and the SPV's with projects not in the operational phase had the expected negative results which is a part of the structure for developing of new energy farms. The solar parks in Brazil finally had a positive result, due to no foreign exchange losses this quarter, and reduced the loss for the year a little. In total the result in equity accounted investments was acceptable at EUR 0.5 million (2.3).

Gross profit in the quarter ended at EUR 34.2 million (18.2), split below:

	EUR'000				
Gross Profit	Q4 2020	Q4 2019	Q4 YTD 2020	Q4 YTD 2019	FY 2019
Sale of electricity	8,992	9,537	34,789	25,926	25,926
Sale of energy parks	22,276	3,416	35,121	19,120	19,120
Asset management	1,037	1,180	4,105	3,143	3,143
Equity-accounted investments	464	2,257	-4,878	2,504	2,504
Other income	1,447	1,788	4,809	6,836	6,836
Total Gross Profit	34,216	18,178	73,946	57,529	57,529

Depreciation and impairment for the quarter stood at EUR 2.9 million (2.3).

The net financial expenses for the Group were EUR 2.5 million (2.2).

The net result before tax for the quarter was EUR 26.7 million (9.5) as a result of two very profitable divestments of energy parks and a solid quarter with good gross profit from power sales.

#### **Assets**

The loans to related parties increased with EUR 10.2 million (2.2) during the quarter to EUR 45.3 million (35.6) where the major part constitutes loans to associated companies in Poland. The Group has started construction of several energy parks in Poland, and the amount transferred to the SPV's represents down-payment to turbine suppliers.

Inventories has increased with EUR 32.7 million (9.6) in the quarter to EUR 325.2 million (227.1), of which EUR 199.6 (53.0) million is from energy parks already in operation.

Free cash dropped from EUR 163.1 million (129.9) end of the third quarter to EUR 86.8 (90.4) million.

#### **Liabilities**

The hybrid bonds are considered equity due to the structure of the bond terms. The bond holders are standing back for all other debt and due date for the bonds is in 999 years. Together with the earnings, this has increased the equity to EUR 235.3 million (137.6) at the end of fourth quarter, with a solvency ratio of 31.8 %.

Project financing decreased in total (short and long-term) with EUR 18.0 (0.6) million in the fourth quarter to EUR 221.4 million (207.5). This despite the inventories has increased with EUR 32.7 million. The Group has used the proceeds from the Hybrid bond launch as project loans and will during the next quarters again focus on taking normal bridge and project loans in order to fuel the expansion.

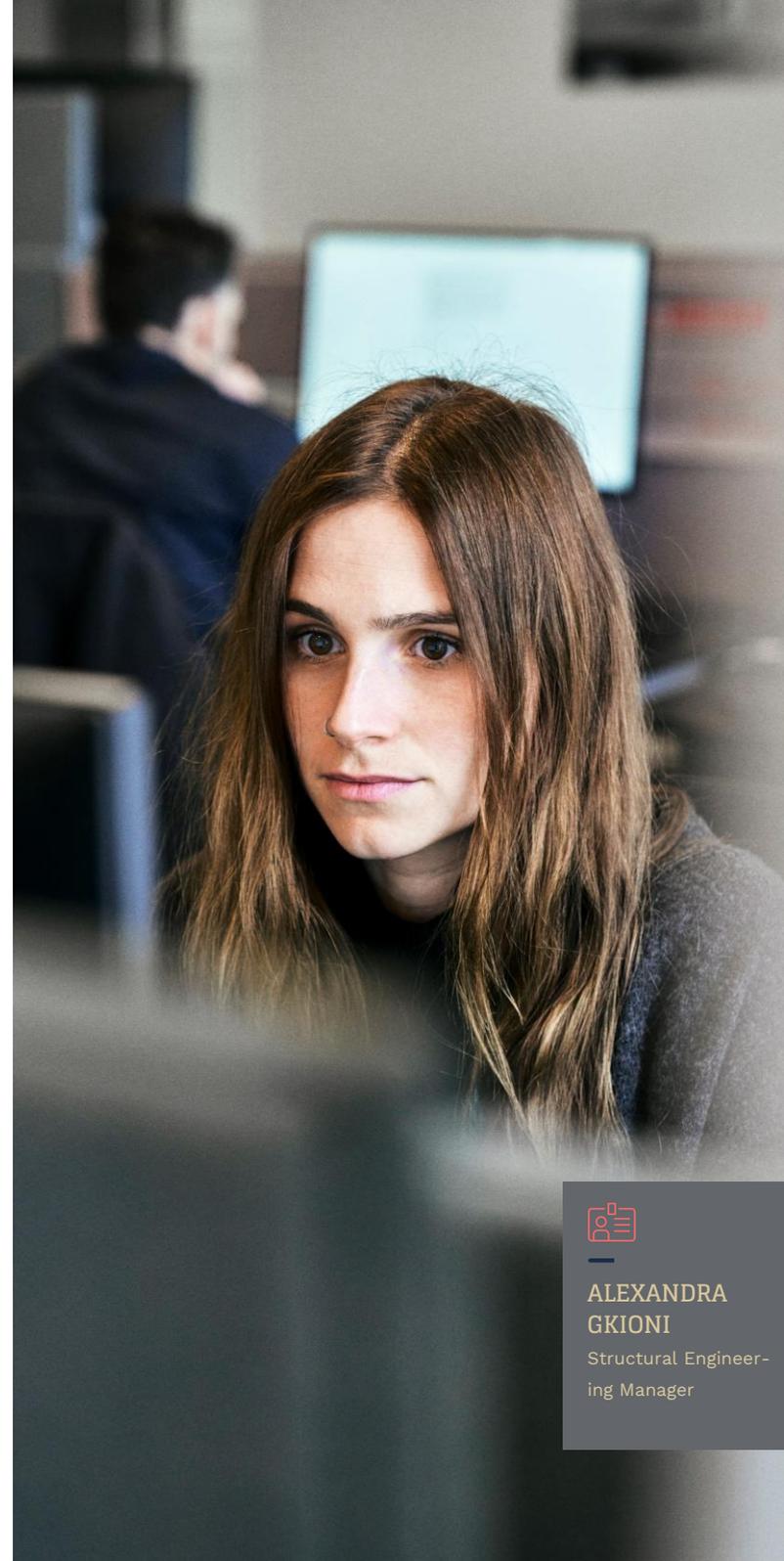
Together, the increase in liabilities have led to an increase of the total balance of the Group to EUR 739.8 million (605.7).

#### **Cash flow**

Operating cash flow for the fourth quarter ended at EUR -5.6 million (6.4). The major driver for the negative operating cash flow was the increase in Inventories.

Investing activities during the third quarter were negative with EUR -9.4 million (14.2), mainly due to the issue of loans to associated companies and Joint Ventures.

The financing activities in the quarter ended with an outflow of cash of EUR 37.8 million (65.4), which primarily relates to a net repayment of loans of EUR 27.4 million (66,1) due to the divestment of the two energy farms, Vier Berge and Næssundvej.



**ALEXANDRA  
GKIONI**

Structural Engineer-  
ing Manager

Total change in cash landed at EUR -52.8 million (34.9) for the quarter with total cash end of the year of EUR 121.9 million (113.5).

## Capital management

The net change in cash during 2020 was EUR 8.4 million and the management is satisfied with the strong level of liquidity, which will enable the Group to make further investments in the market. For more specification on capital management please see the annual report for 2020.

## Outlook for 2020

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

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



VÄSTANBY  
10.0 MW  
SWEDEN

## Sale of electricity

The revenue in sale of electricity dropped 12% in the fourth quarter compared to last year with EUR 10.2 million (11.6) but for the year European Energy noted a record high sale of electricity of EUR 42.9 million compared to 2019 showing EUR 30.5 million (+41%), following an increase in the electricity production capacity. The development continues the trend from the previous quarters of the year and clearly substantiates that the year of 2020 has been a record- breaking year.

Please refer to the Annual Report for 2020 for European Energy A/S published 28 February 2021.

### Sale of electricity (EURm)

	Q4 2020	Q4 2019	FY 2020	FY 2019
Wind	8.2	11.1	31.1	27.2
Solar	2.0	0,5	11.8	3.3
Total	10.2	11.6	42.9	30.5

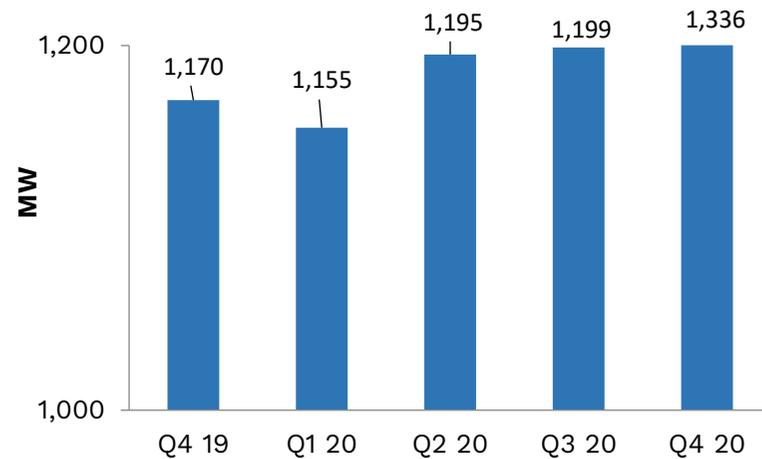
## Asset management

European Energy's operational assets under management increased by 14% (166 MW) from 1,170 MW to 1,336 MW during the fourth quarter of 2020 compared to the fourth quarter of 2019. 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 increased by 32% from EUR 3.1 million for Q4YTD 2019 to EUR 4.1 million for Q4YTD 2020.

European Energy is moving in the direction of becoming an Independent Power Producer and has consequently strengthened its Asset Management department by hiring two experienced leaders. Ole Fich, former Vice President of Ørsted Offshore Wind, has taken on the role of Head of Commercial Asset Management with the goal of strengthening the relation to investors while also optimizing the value of European Energy's own assets. Glenn Aagesen, founder and former General Manager at Fair-Wind, has taken on the role of Head of Operations while focusing on the optimisation of asset operations through data mining and new intelligent service concepts.

### Total portfolio under asset management



## Development and construction

### WIND

At the end of the fourth quarter of 2020, European Energy had seven wind projects under construction with a total capacity of 196.0 MW compared to the four projects with a total of 122.2 MW the company had in construction at the end of the previous quarter. Two projects are in Lithuania with a total of 120.0 MW, four in Poland with a total of 38.8 MW and one in Sweden with 37.2 MW. Earlier this year (third quarter), European Energy notified the Danish Energy Agency that the company will pursue the two nearshore wind power projects Omø South and Jammerland Bay of combined 560 MW.

### SOLAR

By the end of fourth quarter, six PV projects with a total of 416.9 MW were under construction. Five projects are in Denmark with a total of 398.4 MW and one project in Italy with 18.5 MW.

In total, 1,426.4 MW was either under construction or ready-to-build at the end of the fourth quarter.

## Sales activity

The Group continued a solid sales activity in the fourth quarter and has financially closed the sales of two wind farms Vier Berge of 26 MW in Germany and Næssundvej of 30 MW located in Jutland, Denmark resulting in a total sales activity of 129 MW for the year.

See Table 1 in Appendix 1 for further specifications.

## Significant events after the end of the period

### Thor

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

### Victor

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

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



VIER BERGE  
26.0 MW  
GERMANY

# Consolidated statement of profit or loss and other comprehensive income

For the quarter ended 31 December 2020

	EUR'000			
	Q4 2020	Q4 2019	FY 2020	FY 2019
Revenue	100,363	105,324	206,962	238,804
Net result after tax from equity-accounted investments	464	2,257	-4,878	2,504
Other income	1,448	1,789	4,808	6,835
Direct costs	-68,059	-91,192	-132,946	-190,614
<b>Gross profit</b>	<b>34,216</b>	<b>18,178</b>	<b>73,946</b>	<b>57,529</b>
Staff costs	-864	-2,159	-7,381	-6,695
Other external costs	-1,190	-2,046	-5,368	-6,529
<b>EBITDA</b>	<b>32,162</b>	<b>13,973</b>	<b>61,197</b>	<b>44,305</b>
Depreciation	-2,943	-2,324	-11,671	-5,894
<b>Operating profit</b>	<b>29,219</b>	<b>11,649</b>	<b>49,526</b>	<b>38,411</b>
Finance income	973	2,435	2,815	12,148
Finance expenses	-3,513	-4,586	-14,566	-13,117
<b>Profit before tax</b>	<b>26,679</b>	<b>9,498</b>	<b>37,775</b>	<b>37,442</b>
Tax	-3,673	2,552	-8,109	-1,461
<b>Profit for the period</b>	<b>23,006</b>	<b>12,050</b>	<b>29,666</b>	<b>35,981</b>
<b>Attributable to:</b>				
Shareholders of the company	16,188	8,230	16,644	26,654
Non-controlling interests (NCI)	6,818	3,820	13,022	9,327
<b>Profit for the period</b>	<b>23,006</b>	<b>12,050</b>	<b>29,666</b>	<b>35,981</b>

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

For the quarter ended 31 December 2020

	EUR'000			
Profit and OCI	Q4 2020	Q4 2019	FY 2020	FY 2019
<b>Statement of comprehensive income</b>				
<b>Profit for the period</b>	<b>23,006</b>	<b>4,045</b>	<b>29,666</b>	<b>35,981</b>
Items that may be reclassified to profit or loss:				
Value adjustments of hedging instruments	418	973	1,653	3,477
Tax of value adjustments of hedging instruments	-203	-263	-364	-645
Currency differences on translating foreign operations	637	224	36	210
<b>Other comprehensive income for the period</b>	<b>852</b>	<b>934</b>	<b>1,325</b>	<b>3,042</b>
<b>Comprehensive income for the period</b>	<b>23,858</b>	<b>4,979</b>	<b>30,991</b>	<b>39,023</b>
<b>Attributable to:</b>				
Shareholders of the company	2,306	4,810	17,864	29,511
Non-controlling interests (NCI)	718	169	13,127	9,512
<b>Comprehensive income for the period</b>	<b>3,024</b>	<b>4,979</b>	<b>30,991</b>	<b>39,023</b>
<b>Interim dividends:</b>				
<b>Non-cash distribution to shareholders</b>				
Interim dividends	-	7,400	-	7,400
<b>Total Interim dividends</b>	<b>-</b>	<b>7,400</b>	<b>-</b>	<b>7,400</b>

# Consolidated statement of financial position

As of 31 December 2020

EUR'000

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

# Consolidated statement of financial position – continued

As of 31 December 2020

EUR'000

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

# Consolidated statement of cash flow

For the quarter ended 30 December 2020

EUR'000

	Q4 2020	Q4 2019	FY 2020	FY 2019
<b>Cash flow from operating activities</b>				
Profit before tax	26,679	9,498	37,775	37,442
Adjustments for:				
Financial income	-973	-2,435	-2,815	-12,148
Financial expenses	3,513	4,586	14,566	13,117
Depreciations	2,943	2,709	11,671	5,894
Profit/Loss from equity-accounted companies	-464	-4,555	4,878	-2,504
Change in net working capital	65,715	1,564	7,044	-14,561
Change in inventories	-92,446	153	-92,446	153
Interest paid on lease liabilities	-	-152	-413	-152
Dividends	205	874	1,613	1,556
Other non-cash items	-6,246	-3,387	-4,122	-2,980
<b>Cash generated from operation before financial items and tax</b>	<b>-1,074</b>	<b>8,855</b>	<b>-22,249</b>	<b>25,817</b>
Taxes paid	-2,392	-375	-3,727	-538
Interest paid and realised currency losses	-2,923	-5,504	-12,000	-11,459
Interest received and realised currency gains	759	3,421	2,360	5,864
<b>Cash flow from operating activities</b>	<b>-5,630</b>	<b>6,397</b>	<b>-35,616</b>	<b>19,684</b>
<b>Cash flow from investing activities</b>				
Purchase/sale of property, plant and equipment	-275	46,057	-3,822	28,307
Proceeds from disposal of equity-accounted investments	-	-	-	682
Purchase/disposal of other investments	429	145	-224	65
Acquisition of subsidiaries	-	-27,276	-	-27,276
Investment in equity-accounted investments	-649	7,155	-1,549	-1,479
Loans to related parties	-8,897	-11,893	-17,380	-11,893
<b>Cash flow from investing activities</b>	<b>-9,392</b>	<b>14,188</b>	<b>-22,975</b>	<b>-11,594</b>

# Consolidated statement of cash flow – continued

For the quarter ended 31 December 2020

	EUR'000			
	Q4 2020	Q4 2019	FY 2020	FY 2019
<b>Cash flow from financing activities</b>				
Proceeds from issue of bonds	-	1	-	200,535
Repayment of bonds	-	-	-	-88,400
Proceeds from borrowings	86,675	-6,570	205,952	88,551
Repayment of borrowings	-114,040	-59,539	-201,371	-160,358
Repayment of lease liabilities	-2,000	-467	-2,000	-467
Changes in payables to associates	-4,611	769	-2,106	1,636
Capital increase through exercise of warrants	-	-	404	-
Cash from issue of hybrid capital	-1,609	-	73,391	-
Transactions with NCI	-2,238	368	-7,309	-4,563
<b>Cash flow from financing activities</b>	<b>-37,823</b>	<b>-65,438</b>	<b>66,961</b>	<b>36,934</b>
Cash and cash equivalents related to acquired companies	-	9,912	-	9,912
<b>Change in cash and cash equivalents</b>	<b>-52,845</b>	<b>-34,941</b>	<b>8,370</b>	<b>54,936</b>
Cash and cash equivalents at beginning of period	174,737	148,463	113,522	58,586
<b>Cash and cash equivalents end of period</b>	<b>121,892</b>	<b>113,522</b>	<b>121,892</b>	<b>113,522</b>
Of which restricted cash and cash equivalents	-35,121	-31,244	-35,121	-31,244
<b>Non-restricted cash and cash equivalents end of period</b>	<b>86,771</b>	<b>82,278</b>	<b>86,771</b>	<b>82,278</b>

# Consolidated statement of changes in equity

As of 31 December 2020

EUR'000

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

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

# Consolidated statement of changes in equity - continued

As of 31 December 2019

EUR '000

	Share capital	Share Pre- mium	Translation reserve	Hedging reserve	Treasury share reserve	Retained earnings	Total	Hybrid Cap- ital	Non-con- trolling interests	Total
<b>Equity at 1 January 2019</b>	40,316	-5	5	-1,257	-	57,029	96,088	-	11,597	107,685
Profit/loss for the period	-	-	-	-	-	26,654	26,654	-	9,327	35,981
Other comprehensive income										
Value adjustments of hedging instruments	-	-	-	2,802	-	485	3,287	-	190	3,477
Tax of value adj. of hedging instruments	-	-	-	-645	-	-	-645	-	-	-645
Currency diff. on translating foreign operations	-	-	211	-	-	4	215	-	-5	210
<b>Other comprehensive income</b>	-	-	211	2,157	-	489	2,857	-	185	3,042
<b>Total comprehensive income</b>	-	-	<b>211</b>	<b>2,157</b>	-	<b>27,143</b>	<b>29,511</b>	-	<b>9,512</b>	<b>39,023</b>
<b>Transactions with owners</b>										
Dividends *)	-	-	-	-	-	-7,400	-7,400	-	-	-7,400
Transactions with NCI	-	-	-	-	-	-572	-572	-	-3,931	-4,503
Exercise of warrants	15	42	-	-	-	-	57	-	-	57
Share-based compensation expenses	-	-	-	-	-	444	444	-	-	444
Additions	-	-	-	-	-	-	-	-	4,130	4,130
<b>Disposals</b>	-	-	-	-	-	-	-	-	<b>-1,833</b>	<b>-1,833</b>
<b>Total transactions with owners</b>	15	42	-	-	-	-7,528	-7,471	-	-1,634	-9,105
<b>Equity at 31 December 2019</b>	<b>40,331</b>	<b>37</b>	<b>216</b>	<b>900</b>	-	<b>76,644</b>	<b>118,128</b>	-	<b>19,475</b>	<b>137,603</b>

The share capital consists of nom. 300,145,075 shares of DKK 1 each, corresponding to EUR 40,430 thousand. The share capital is fully paid in.

\*) Non-cash dividends have been settled against a receivables against shareholders. Non-cash dividends is EUR 0.0246 per share.

# 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 fourth quarter of 2020 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 2019, to which reference is made.

## Accounting policies established in 2020

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

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

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

# Basis for preparation - continued

## 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 28 February 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 December 2020

	EUR '000				
	Wind	Solar	Total before elimination	Eliminations	FY 2020
Sale of energy farms and projects	109,018	50,973	159,991	-	159,991
Sale of electricity	31,088	11,777	42,865	-	42,865
Asset management & other fees	2,755	1,351	4,106	-	4,106
<b>Revenue to external customers</b>	<b>142,861</b>	<b>64,101</b>	<b>206,962</b>	-	<b>206,962</b>
Intra-group revenue	29,958	103	30,061	-30,061	-
<b>Revenue</b>	<b>172,819</b>	<b>64,204</b>	<b>237,023</b>	<b>-30,061</b>	<b>206,962</b>
<b>Profit/loss before tax</b>	<b>35,167</b>	<b>2,608</b>	<b>37,775</b>	-	<b>37,775</b>
<b>Total assets</b>	<b>495,803</b>	<b>244,014</b>	<b>739,817</b>	-	<b>739,817</b>
<b>Total liabilities</b>	<b>316,116</b>	<b>188,433</b>	<b>504,549</b>	-	<b>504,549</b>

As of 31 December 2019

	EUR '000				
	Wind	Solar	Total before elimination	Eliminations	FY 2019
Sale of energy farms and projects	205,274	-108	205,166	-	205,166
Sale of electricity	27,241	3,253	30,494	-	30,494
Asset management & other fees	2,144	1,000	3,144	-	3,144
<b>Revenue to external customers</b>	<b>234,659</b>	<b>4,145</b>	<b>238,804</b>	-	<b>238,804</b>
Intra-group revenue	1,175	2,651	3,826	-3,826	-
<b>Revenue</b>	<b>235,834</b>	<b>6,796</b>	<b>242,630</b>	<b>-3,826</b>	<b>238,804</b>
<b>Profit/loss before tax</b>	<b>42,779</b>	<b>-5,337</b>	<b>37,442</b>	-	<b>37,442</b>
<b>Total assets</b>	<b>426,068</b>	<b>179,603</b>	<b>605,671</b>	-	<b>605,671</b>
<b>Total liabilities</b>	<b>322,216</b>	<b>145,852</b>	<b>468,068</b>	-	<b>468,068</b>

# Notes

Please refer to the Annual report 2020 for further information.

# 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 December 2020. 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 2019.

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, 28 February 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 – Sales activity in 2020

**Table 1 Sales activities YTD 2020 (binding agreements)**

Country	Site	MW	Technology	EE net capacity (MW)	Status
Denmark	Svindbæk	9.6	Wind	6.4	Closed in Q1 2020
Germany	Viertkamp	14.4	Wind	7.2	Closed in Q2 2020
Germany	Vier Berge I	26.0	Wind	13.0	Closed in Q4 2020
Denmark	Hanstholmvej	49.1	Solar	49.1	Closed in Q3 2020
Denmark	Næssundvej	30.0	Solar	25,2	Closed in Q4 2020
Total		129.1		100.9	

# 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.



COREMAS  
BRAZIL  
Transformer  
station

# We are green energy



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