



EUROPEAN
ENERGY

INTERIM REPORT Q1 2022



MARTIN, TECHNICIAN,
RØDBY FJORD,
DENMARK

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Summary

2022 started out at high pace across every level of the company. Despite a state of global uncertainty our expectations remain high.

When European Energy was founded in 2004, it was with an ambition to support the development of an independent European energy system.

Regardless of any company's drive for clean and sustainable energy, no one owns the wind or the sun. Both are available for all people and countries, making them the perfect foundation upon which to build our planet's future clean and independent energy system.

The need to accelerate the global transition to clean energy is only growing more acute.

A UN report launched in April 2022 showed that the world is on track for a disastrous 3.2°C of warming by the end of this century, and made it clear that bold moves are required in order to shift rapidly away from reliance on fossil fuels. Also, the tragic war in Ukraine has made the need of gas and oil alternatives even more pronounced. Some politicians have even stretched the need of renewables so far as to refer to them as "the energy freedom".

Support for transitioning our energy supply has never been greater. Though the back-drop to this year may feature a range of shades of tragedy, we are proud to present a highly successful first quarter of 2022.

FINANCIALS

The 2022 financial guidance introduced in our annual report is to achieve a full-year EBITDA of EUR 135 million and a profit before tax of EUR 100m. Within our first quarter, we have reached an EBITDA of EUR 65 million and a profit before tax of EUR 63 million – the latter being on level with our full-year 2021. This is clearly a strong start to the year as we proceed to secure a major part of European Energy's expected full-year results.

Earnings from the power sale and divestment of projects are the main explanations to these results.

Power sale reached its highest level in Q1 of 2022, contributing EUR 26.3 million to the revenue and representing a 144% increase compared to Q1 in 2021 (EUR 11 million).

PIPELINE AND CONSTRUCTION

The growth in our development pipeline and projects under construction confirms the positive trajectory being experienced by European Energy: The pipeline across all markets developed from 20 GW at end 2021 to 21.6 GW during Q1 of 2022. Growth in projects under construction increased from 815

“The need to accelerate the transition to clean energy is only growing more acute.

MW at the end 2021 to 1.031 MW at the end Q1 2022.

As a result of the war in Ukraine and China's Covid-19 lockdown, we risk meeting further supply chain constraints that might result in delays in finalising some of our projects. We expect this to be counterbalanced by income from power sales that for now is only increasing.

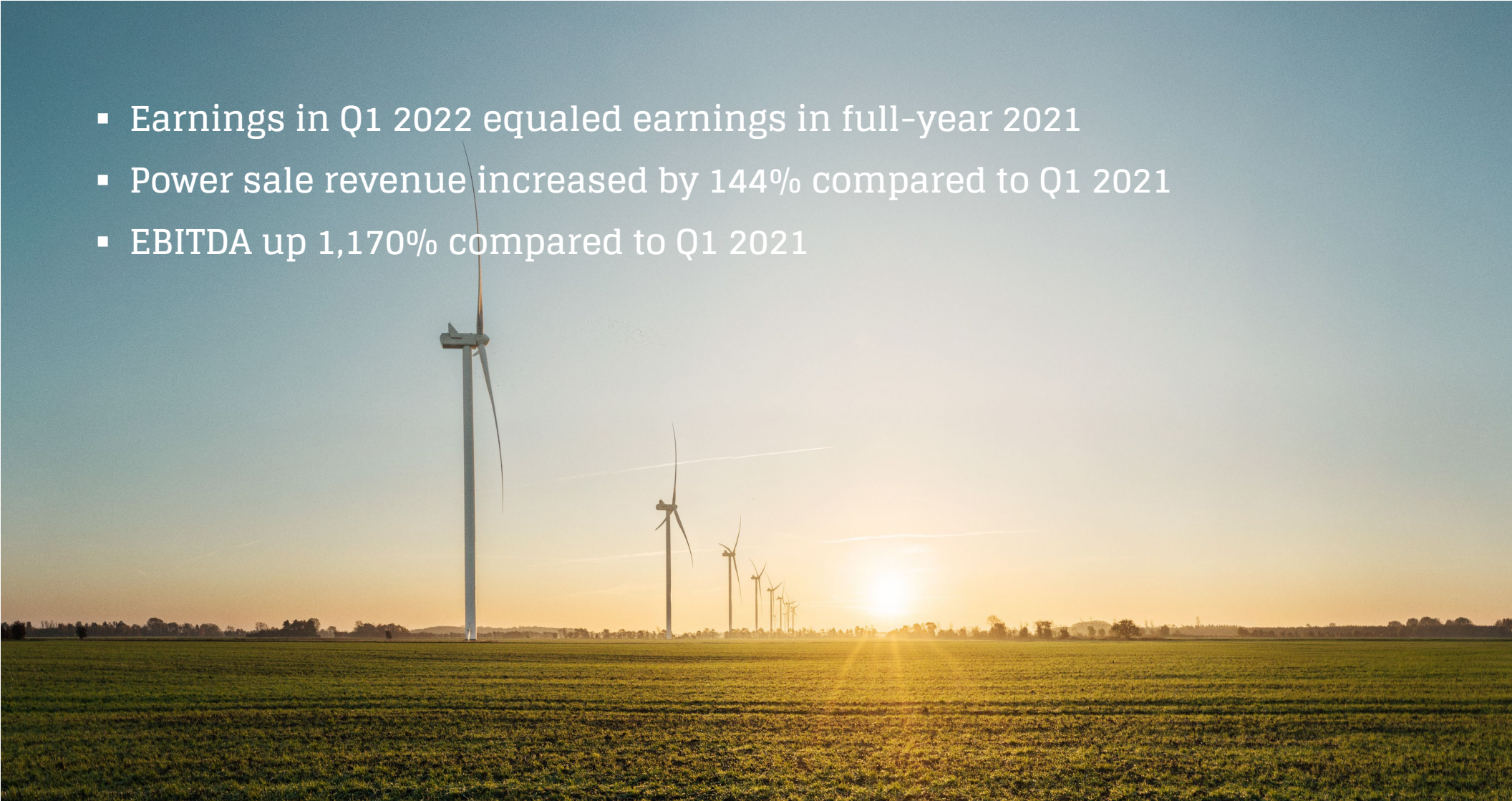
BUSINESS DEVELOPMENT

As we continued to establish our Power-to-X business throughout Q1, the strategy remains to own every step in the supply chain and ensure the lowest cost of the final product, which can be either e-hydrogen or e-methanol.

A good example is the recent order of the world's largest e-methanol electrolyser at Siemens Energy. To secure a competitive

price on the final product, it is vital to control every step of the supply chain.

At the other end of the value chain, we have also strengthened the offtake of the hydrogen or fuel. As one of Maersk's three preferred partners, we signed a letter of intent to supply up to 300,000 tons of e-methanol per year, starting 2025/26.

- 
- Earnings in Q1 2022 equaled earnings in full-year 2021
 - Power sale revenue increased by 144% compared to Q1 2021
 - EBITDA up 1,170% compared to Q1 2021

January 14th

European Energy sells largest solar park in Italy to Iren Energia.

March 2nd

European Energy places order for world's largest e-methanol electrolyser with Siemens Energy.

March 10th

European Energy and Maersk strengthen partnership with new letter of intent to supply up to 300,000 tons of e-methanol per year, starting 2025/26



Key financials



CHRISTINE, PROJECT
ASSISTANT, DANISH
PROJECT TEAM

Financial highlights

Revenue

EURm



Revenue set an all-time Q1 record and was up EUR 230 million, driven by the higher sale of projects compared to Q1 2021. Revenue from power sales increased by 136%.

EBITDA

EURm



EBITDA climbed as a result of increased project sales, totalling EUR 65 million. Increased power sales contributed positively to the strong result.

Profit before tax

EURm

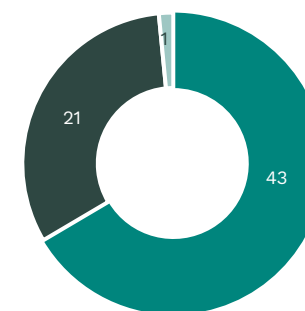


Similarly to EBITDA, the increased profit before tax was significantly impacted by project sales closed during the quarter.

EBITDA split

EURm

Project sales: 43 Power sales: 21 Other: 1



Equity

EURm



Due to realized profits on level with full-year 2021, equity also saw a significant increase during Q1 2022.

Project sales

EURm



In Q1 2021, we did not close any project sales, whereas Q1 2022 was significantly impacted by the closing of sales of multiple larger PV parks, combined 192 MW capacity.

Inventory

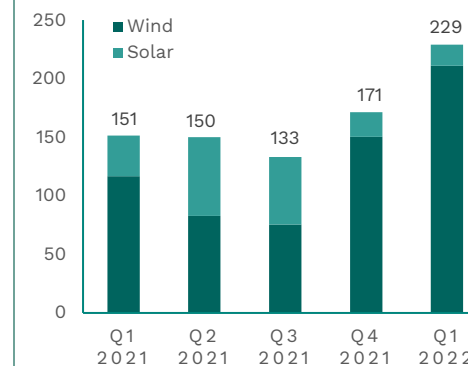
EURm



Inventories increased by 16%, a rise related mainly to the growth in construction of new parks and increased development pipeline.

Power sales

GWh



Key financials

EURk	Q1 2022	Q1 2021	FY2021
Revenue	241,835	12,075	328,653
Direct costs	-176,307	-2,174	-226,407
Gross profit	75,802	9,795	104,516
EBITDA	65,117	5,566	81,224
Operating profit	65,508	2,344	63,799
Net financial items	-2,784	-2,329	-1,075
Profit before tax	62,724	15	62,724
Tax	-4,515	-470	-5,091
Profit / loss for the period	58,209	-455	57,633
Property plant and equipment	158,689	128,184	157,283
Investments in property, plant and equipment	944	320	46,484
Inventories	549,860	410,316	524,830
Net interest-bearing debt (NIBD)	405,491	391,882	427,794
Total assets	1,277,991	800,354	1,174,002
Hybrid capital	150,000	75,000	150,000
Equity	400,215	239,934	350,488
Change in net working capital, excluding inventories	-1,631	-4,678	8,301
Cash flow from operating activities	71,481	-85,934	-114,775
Cash flow from operating activities, excluding inventories	27,728	-835	73,949
Cash flow from investing activities	-7,247	-2,549	-63,165
Cash flow from financing activities	-22,434	58,779	283,409
Change in cash and cash equivalents	41,800	-29,704	105,469
Non-financials			
Average number of full-time employees	350	213	265
Number of employees end of period	386	235	343
Financial ratios			
Gross margin	31%	81%	32%
EBITDA margin	27%	46%	25%
Group solvency ratio	31%	30%	30%
Net interest-bearing debt (excluding hybrid capital)/EBITDA, LTM	2.9	6.9	5.3
Return on equity (average/ LTM)	36%	14%	20%
Share ratios			
Earnings per share, basic	0.181	-0.003	0.170
Earnings per share, diluted	0.181	-0.003	0.170
Number of outstanding shares (1,000), excluding treasury shares	301,807	300,851	301,807

Definitions

Gross margin

Gross profit or loss as a percentage of revenue.

EBITDA

Earnings before net financial items, tax, depreciation amortisation and impairments.

EBITDA margin

EBITDA as a percentage of revenue.

NIBD (excl. Hybrid Capital)/EBITDA

A factor of current year NIBD (excl. hybrid capital) compared to current year EBITDA.

Solvency ratio

Equity at period-end as a percentage of total assets.

Return on equity

Profit or loss after tax for the period as a percentage of average equity.

Earnings per share

Profit attributable to the shareholders of European Energy A/S for the year divided by average numbers of shares.

Earnings per share diluted

Profit attributable to the shareholders of European Energy A/S for the year divided by average numbers of shares diluted.

A man with short brown hair, wearing a white button-down shirt, is sitting at a desk and smiling while looking at a laptop. He is in an office environment with large windows in the background. A desk lamp is visible on the left, and a cactus is on the desk. Another person's arm and shoulder are visible in the foreground on the left.

Management review



EXECUTIVE VICE
PRESIDENT,
JENS-PETER ZINK

Business highlights

Development pipeline*

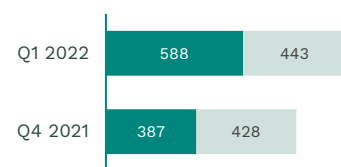
GW



Our pipeline continues to grow steadily with focuses on greenfield development, partnering and acquisitions of ready-to-build assets (mostly across Europe).

Under construction

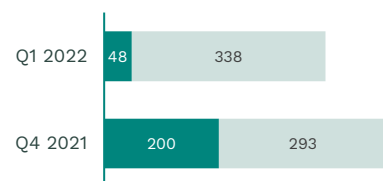
MW



Construction activities are growing significantly with 1,031 MW of projects under construction. A challenging supply chain continuously causes risks to the timing of the finalisation of construction activities.

Power producing assets

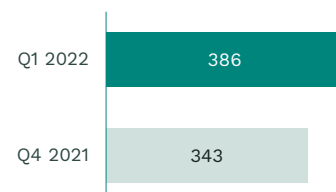
MW



Our power producing capacity decreased from 493 MW to 386 MW due to mid Q1 divestments of 192 MW of solar assets. However, new capacity will be added throughout 2022 as solar and wind parks under construction are grid connected.

Employees

Headcount



We have onboarded the right competencies to drive growth and continue our recruitment push as a multicultural organisation with employees of 30 different nationalities and counting.



TEUCHERN,
GERMANY

Group financial performance

Income statement

REVENUE

In Q1 2022, revenue totalled EUR 241.8 million compared to EUR 12.1 million in Q1 2021, an increase of EUR 229.7 million.

The increase relates to multiple factors, primarily the divestments of Italy's Troia and Palo PV parks with a combined size of 121 MW. In addition, we divested the 71 MW solar park, Rødby Fjord in Denmark.

The combined revenue arising from these divestments amounts to EUR 214.1 million, whereas no divestments were closed during Q1 2021.

Power sales in Q1 2022 amounted to EUR 26.3 million compared to EUR 10.8 million in Q1 2021. This 144% increase mainly relates to high energy prices and strong wind resources during February 2022.

Revenue from asset management and other fees was EUR 1.4 million in Q1 2022, compared to EUR 1.0 million in Q1 2021, corresponding to a 40% increase. The increase is a result of a larger asset base under management.

NET RESULT FROM EQUITY – ACCOUNTED INVESTMENT

The result from investments in joint ventures and associated companies was EUR

10.3 million compared to a loss of EUR 0.1 million in Q1 2021.

The increase relates to a revaluation of net equity interest following a change in control of an associate. Furthermore, the increase was impacted by the appreciation of the Brazilian FX exchange rate, which reverse the prior year's write downs caused by depreciating exchange rates.

GROSS PROFIT

Gross profit in Q1 2022 amounts to EUR 75.8 million compared to EUR 9.8 million in Q1 2021, an increase of EUR 66 million.

The divestments of the PV parks are the primary contributor to the increase in gross profit as EUR 41.7 million is related hereto. In Q1 2021, there were no divestments or project sales.

Gross profit on sale of electricity contributed EUR 23.2 million in Q1 2022, up significantly from EUR 9.4 million in Q1 2021. The increase was caused by higher wind resources in February 2022 and record high prices during the period.

EBITDA

EBITDA in Q1 2022 totalled EUR 65.1 million compared to EUR 5.6 million in Q1 2021, a EUR 59.5 million increase caused primarily by strong project sales. This rise was only partly counterbalanced by an increase in staff costs and other external costs.

Staff costs in Q1 2022 amounted to EUR 6.4 million compared to EUR 2.4 million in Q1 2021, whereas other external costs amounted to EUR 4.3 million compared to EUR 1.8 million in Q1 2021. The increases in staff costs and other external costs were driven primarily by company growth upscaling of employee number and herewith related costs.

PROFIT FOR THE PERIOD

Profit for the Q1 2022 period was EUR 58.2 million compared to a loss of EUR 0.5 million in Q1 2021.

The strong profit for the period is mainly the result of our strong project and power sales. In addition, the profit was impacted by a change in depreciation and impairment in Q1 2022, amounting to a net gain of EUR 0.4 million compared to an expense of EUR 3.2 million in Q1 2021. The development in Q1 2022 is related to a reversal of prior year impairments of EUR 4.3 million regarding wind assets, due to higher power prices expected going forward.

Net financial expenses totalled EUR 2.8 million in Q1 2022 compared to EUR 2.3 million in Q1 2021. An increase in combined interest-bearing liabilities is the primary explanation for the rise in financial expenses, though this is partly offset by lower interest rates following refinancing completed in Q3 2021.

The tax expense recognised in Q1 2022 was EUR 4.5 million, compared to a tax expense

of EUR 0.5 million in Q1 2021. The additional tax expense was driven mainly by higher earnings.

Balance sheet

ASSETS

Total assets increased from EUR 1,174 million as of December 31, 2021 to EUR 1,278.0 million as of March 31, 2022.

Inventories increased to EUR 549.9 million on March 31 2022 compared to EUR 524.8 million as of December 31 2021. The increase was a result of continued construction activities and obtained control of an entity previously recognised as a joint venture.

Property, plant and equipment remained in all material aspects on same level as at end 2021. The book value totalled EUR 158.7 million as of March 31, 2022 compared to EUR 157.3 million as of December 31, 2021.

Loans to related parties was EUR 41.3 million as of March 31, 2022, a decrease of EUR 15.5 million compared to December 31, 2021. The decrease during Q1 2022 derives from a change of control of a portfolio of associates where control was obtained during the quarter, hence entities are consolidated as of March 31, 2022.

The cash position as of March 31 2022 amounted to EUR 269.2 million of which EUR 44.9 million is restricted, compared to EUR

227.4 million as of December 2021 with EUR 53.6 million restricted.

LIABILITIES

Current and non-current project financing increased by EUR 31.2 million from EUR 347 million on December 31, 2021 to EUR 378.2 million on March 31, 2022. The continued growth of construction activities are the driver for this increase in combined project financing.

EQUITY

Equity increased by 14% from EUR 350,488 million as of December 31, 2021 to EUR 400,215 million as of December 31, 2022. The solid profits for Q1 2022 drive this growth in equity, however this growth is offset by a negative fair value adjustment of our financial instruments (measured through an OCI of combined EUR -7.7 million net of non-controlling interests). The single most important input for the value of the financial instruments is the power price, which has increased significantly during Q1 2022.

Cash flow

The Q1 2022 operating cash flow ended at EUR 71.5 million compared to minus EUR 85.9 million for the same period of 2021. The major contributors for operating cash flow were the divested projects, which contributed positively to cash flow, combined with a net cash gain derived from net working capital of EUR 42.1 million. In Q1 2022, we

obtained control of an entity that was previously recognised as a joint venture. The associated increase in inventories of EUR 60.6 million, arising from the change in classification, has no cash flow effect in Q1.

Investing activities during Q1 2022 amounted to a cash outflow of EUR 7.2 million compared to EUR 2.5 million in Q1 2021.

The financing activities of the quarter ended with a net cash outflow of EUR 22.4 million, which relates to repayment of project financing from project sales concluded in Q1 2022.

Capital management and liquidity resources

Our capital management structure consists of a green senior unsecured bond of EUR 300 million with maturity in 2025, together with a hybrid bond of EUR 150 million with maturity in 3020. Both bonds are listed on the Copenhagen Nasdaq stock exchange.

In addition to the two bonds, our capital structure comprises an EUR 45 million revolving credit facility with maturity in 2026.

In addition to the parent company funding, which remain unchanged since December 31, 2021 we obtain project specific financing on an ongoing basis. As of Q1 2022, our project financing portfolio increased to EUR 378 million from EUR 347 million as of December 31,

2021. The development reflects the group-wide increase in construction activities.

Our liquidity resources as of Q1 2022 are comprised as follows:

Liquidity resources EURk	Q1 2022
Committed undrawn credit facilities (1-3 years)	45,000
Total committed credit facilities	45,000
Cash non-restricted	224,213
Total liquidity resources available	269,213
Restricted cash	44,948

Outlook

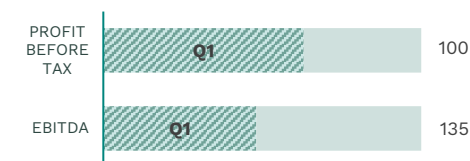
The Group announced the financial outlook for 2022 in a corporate announcement on February 28, 2022, and this outlook is maintained. Consequently, EBITDA for 2022 is expected to be EUR 135 million and profit before tax to be EUR 100 million. This confirmation is based on our financial results achieved year-to-date and expectations of results throughout the remainder of the year.

The outlook is subject to a series of risks as explained in conjunction with our communication of the outlook in our corporate announcement from February 28, 2022. These

risk factors remain unchanged and we refer to the aforementioned corporate announcement.

Outlook FY 2022

EURm



Parent company financial performance

For a description of the performance of the parent company's financial statements in general, see text provided for the Group's financial performance. Explanation of the Parent Company's performance in all material aspects are similar to that of the Group.

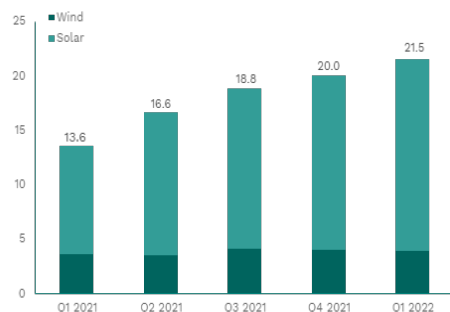
In Q1 2022, results from equity-accounted investments contributed a net profit of EUR 25.6 million. The primary driver for this increase was the Rødby Fjord project sale, as well as increased profit from power sales across the overall portfolio of subsidiaries.

Business review

PROJECT DEVELOPMENT

At the end of Q1 2022, European Energy possessed just over 39.6 GW of renewable energy pipeline – of which 18.1 GW was in screening, 20.1 GW in development and 1.4 GW in structuring (up by 5.3 GW compared to end 2021). This growth stemmed primarily from solar (3.2 GW) and onshore wind (1.1 GW). This pipeline positions European Energy in the top group of European onshore wind and solar energy developers.

Development Pipeline (development and structuring) GW

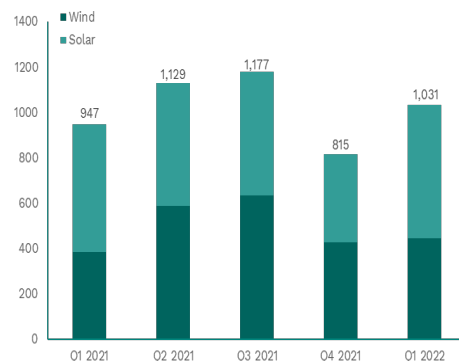


Excluding screening, projects within wind energy accounted for about 3.9 GW (18%) of the development pipeline, while solar PV projects accounted for 17.6 GW (82%).

CONSTRUCTION

During Q1 2022, European Energy was engaged in construction activities at 29 different sites (23 at end 2021) across 8 European countries and Brazil. By end Q1 2022, 1.0¹ GW of project were under construction (up from 0.8GW¹ end 2021).

Construction Pipeline MW



WIND

At end Q1 2022, European Energy had 20 wind power projects under construction across four European countries and Brazil. In total, active construction activities constituted some 628 MW of new renewable energy capacity expected for grid connection during 2022-23. The main construction sites were located in Lithuania (307 MW), Sweden

(122 MW), Poland (58 MW) and Brazil (95 MW).

SOLAR

At end Q1 2022, European Energy had 8 solar PV projects under construction. In total, active construction activities constituted some 588 MW of new renewable energy capacity scheduled for grid connection in 2022. Of the projects under construction, 304 MW relates to Kassø plant, which is expected to be fully operational by mid-2022.

During Q1 2022, European Energy completed the construction of a 19MW wind project in Poland.

Supply chain and production capacity issues have not been noticeable during Q1 2022 yet the outlook for the remainder of the year poses several risks to the downside. As always, we prepare for the worst yet remain confident that our volume under construction will grow towards 1.5GW by end 2022 and support our continued growth into 2023 and beyond.

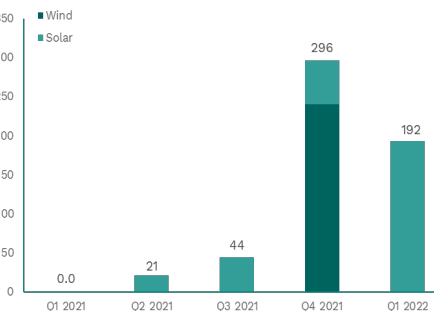
PROJECT SALES

The wind and solar farms divested in Q1 2022 had a cumulative enterprise value of approximately EUR 214.1 million and capacity of 192 MW. There were no project sales in Q1 2021.

The disposals closed during Q1 2022 includes:

- Troia Solar Park, Italy's largest solar park with a capacity of 103 MW - this marked the largest sale of a single solar park in the history of European Energy
- Rødby Fjord in Denmark, capacity of 71 MW

Project Sales MW



During Q1 2022, a wind turbine in Lithuania related to a project sale concluded in 2021, collapsed. Thorough investigations are currently undergoing to identify any effects that the incident may have upon our financial statements. At end Q1 2022, our best estimates conclude that revenue recognised from the divestment fairly represents the consideration we will receive. Therefore, we

¹ Excl. 0.2 GW primarily related to a Lithuanian asset divested in 2021 where European Energy provides EPC services until COD in 2022

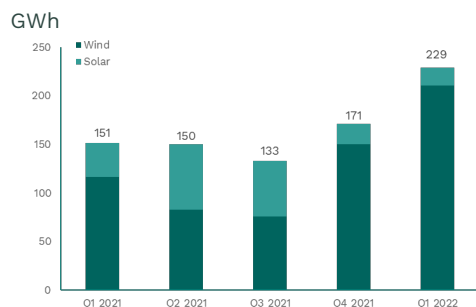
do not expect any financial impact from the event in 2022.

POWER SALES

Power sales in Q1 2022 ended at a record-high level. Compared to last year, consolidated power sales increased by 144% to EUR 26.3 million (Q1 2021: EUR 10.8 million).

Q1 2022 power sales were impacted positively by the highest average prices on power ever recorded, and from strong wind resources experienced during February. Total power production ended at 229 GWh, a 51% increase over Q1 2022.

Power sales



Power prices in key markets like Denmark, Germany and Italy have increased to figures significantly above subsidy levels. Consequently, these assets sell produced power at market prices and receive zero subsidy during this period. A significant portion of the Group's operational wind parks have high subsidy schemes that reflect the rise in construction prices since they were built.

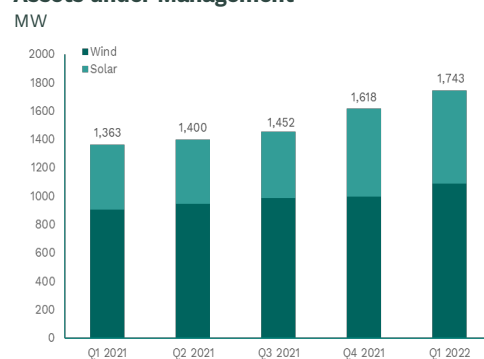
For this year's newly added capacity fixed price levels are lower than the old subsidy schemes. In cases in which the parks have a Power Purchase Agreement with a third party off-taker, there has been no extra revenue from increased spot prices.

ASSET MANAGEMENT

At end Q1 2022, European Energy managed 1.743 GW of assets, an increase of 28% year-over-year split between 1.086 MW wind power and 657 MW solar power production. European Energy's net share is 385 MW with the remainder managed on behalf of investors.

The total revenue recognised, which primarily comprises services for operational assets, was EUR 1.4m in Q1 2022, a 40% increase in comparison to EUR 1.0m in Q1 2021.

Assets under Management



BRITTA, HEAD OF
TECHNICAL ASSET
MANAGEMENT

Financial statements



PALO,
ITALY

Consolidated income statement and statement of comprehensive income

EURk	Q1 2022	Q1 2021	FY 2021
Revenue	241,835	12,075	328,653
Results from investments in joint ventures	8,190	-712	-1,293
Results from investments in associates	2,084	606	2,568
Other income	-	-	995
Direct costs	-176,307	-2,174	-226,407
Gross profit	75,802	9,795	104,516
Staff costs	-6,400	-2,448	-11,977
Other external costs	-4,285	-1,781	-11,315
EBITDA	65,117	5,566	81,224
Depreciation and impairment / reversal of impairment	391	-3,222	-17,425
Operating profit	65,508	2,344	63,799
Finance income	1,834	1,029	12,933
Finance expenses	-4,618	-3,358	-14,008
Profit before tax	62,724	15	62,724
Tax	-4,515	-470	-5,091
Profit / loss for the period	58,209	-455	57,633
Attributable to:			
Shareholders of European Energy A/S	54,623	-923	51,288
Hybrid capital holders	-	-	6,608
Non-controlling interests	3,586	468	-263
Profit / loss for the period	58,209	-455	57,633
Earnings per share:			
Earnings per share, basic	0.181	-0.003	0.170
Earnings per share, diluted	0.181	-0.003	0.170

EURk	Q1 2022	Q1 2021	FY 2021
Profit / loss for the period	58,209	-455	57,633
Items that may be reclassified to profit or loss:			
Value adjustments of hedging instruments	-9,939	5,852	-892
Tax of value adjustments of hedging instruments	2,210	-1,250	-1,296
Currency differences on translating foreign operations	92	-35	-277
Other comprehensive income for the period	-7,637	4,567	-2,465
Comprehensive income for the period	50,572	4,112	55,168
Attributable to:			
Shareholders of European Energy A/S	45,916	3,613	48,759
Hybrid capital holders	-	-	6,608
Non-controlling interests	4,656	499	-199
Comprehensive income for the period	50,572	4,112	55,168

Consolidated statement of financial position

EURk	Q1 2022	Q1 2021	FY 2021
Non-current assets			
Goodwill	4,527	-	4,528
Property, plant, and equipment	158,689	128,184	157,283
Lease assets	10,048	9,364	9,875
Investments in joint ventures	18,260	10,847	13,743
Investments in associates	17,731	15,610	17,083
Other investments	13,187	7,540	8,468
Loans to joint ventures	38,086	41,840	51,913
Loans to associates	3,254	4,309	4,939
Trade receivables and contract assets	19,389	2,785	10,731
Other receivables	6,515	15,260	2,975
Deferred tax	9,547	3,451	6,294
Total non-current assets	299,233	239,190	287,832
Current assets			
Inventories	549,860	410,316	524,830
Trade receivables and contract assets	51,852	25,821	56,149
Other receivables	39,130	22,557	31,687
Prepayments	68,755	10,282	46,143
Cash and cash equivalents	224,213	67,505	173,718
Restricted cash and cash equivalents	44,948	24,683	53,643
Total current assets	978,758	561,164	886,170
TOTAL ASSETS	1,277,991	800,354	1,174,002

EURk	Q1 2022	Q1 2021	FY 2021
Equity			
Share capital	40,559	40,430	40,559
Retained earnings and reserves	192,947	99,089	147,179
Equity attributable to owners of the company	233,506	139,519	187,738
Hybrid capital	150,000	75,000	150,000
Non-controlling interests	16,709	25,415	12,750
Total Equity	400,215	239,934	350,488
Liabilities			
Bond	286,325	194,676	285,383
Project financing	312,723	236,309	301,409
Other debt	17,826	2,385	12,377
Lease liabilities	7,972	7,325	9,220
Provisions	21,081	20,736	23,868
Deferred tax	14,852	12,350	12,378
Total non-current liabilities	660,779	473,781	644,635
Project financing	65,458	42,937	45,589
Lease liabilities	2,105	1,590	2,123
Trade payables	84,750	15,615	62,526
Payables to related parties	69	1,233	11,431
Corporation tax	4,732	5,878	9,756
Provisions	4,434	4,400	4,254
Deferred income	8,965	2,494	4,239
Other payables	46,484	12,492	38,961
Total current liabilities	216,997	86,639	178,879
Total liabilities	877,776	560,420	823,514
TOTAL EQUITY AND LIABILITIES	1,277,991	800,354	1,174,002

Consolidated statement of cash flow

EURk	Q1 2022	Q1 2021	FY 2021
Profit before tax	62,724	15	62,724
Adjustment for:			
Financial income	-1,834	-1,029	-12,933
Financial expenses	4,618	3,358	14,008
Depreciation and impairment	-391	3,222	17,425
Results from investments in joint ventures	-8,190	712	1,293
Results from investments in associates	-2,084	-606	-2,568
Change in net working capital, excluding inventories	-1,631	-4,678	8,301
Change in inventories	43,753	-85,099	-188,724
Interest paid on lease liabilities	-103	-93	-401
Dividends	944	467	1,057
Other non-cash items	-9,482	703	-854
Cash generated from operation before financial items and tax	88,324	-83,028	-100,672
Taxes paid	-3,763	-1,103	-4,552
Interest paid and realised currency losses	-14,012	-2,497	-14,272
Interest received and realised currency gains	932	694	4,721
Cash flow from operating activities	71,481	-85,934	-114,775
Cash flow from investing activities			
Acquisition/disposal of property, plant, and equipment	-671	-278	-46,022
Acquisition/disposal of other investments	-4,719	-2	-35
Cash and cash equivalents related to acquired companies	-	-	-1,343
Investments in joint ventures and associates	-3,481	-22	-3,643
Loans to joint ventures and associates	1,624	-2,247	-12,122
Cash flow from investing activities	-7,247	-2,549	-63,165

EURk	Q1 2022	Q1 2021	FY 2021
Cash flow from financing activities			
Proceeds from issue of bonds	-	-	297,750
Repayment of bonds	-	-	-205,035
Proceeds from project financing	83,157	62,296	232,302
Repayment of project financing	-92,537	-4,471	-106,725
Repayment of lease liabilities	-546	-439	-1,516
Payables to associates	-11,362	1,222	30
Capital increase through exercise of warrants	-	-	130
Purchase of treasury shares	-	-	-21
Proceeds from issue of hybrid capital	-	-	75,967
Coupon payments, hybrid capital	-	-	-6,608
Transactions with non-controlling interests	-1,146	171	-2,865
Cash flow from financing activities	-22,434	58,779	283,409
Change in cash and cash equivalents	41,800	-29,704	105,469
Cash and cash equivalents at beginning of period	227,361	121,892	121,892
Cash and cash equivalents end of period	269,161	92,188	227,361
Cash and cash equivalents	224,213	67,505	173,718
Restricted cash and cash equivalents	44,948	24,683	53,643
Total cash and cash equivalents end of period	269,161	92,188	227,361

Consolidated statement of changes in equity

EURk	Share capital	Share premium	Translation reserve	Hedging reserve	Treasury shares	Retained earnings	Total	Hybrid capital	Non-controlling interest	Q1 2022
Equity at 1 January	40,559	1,436	27	-150	-39	145,905	187,738	150,000	12,750	350,488
Profit for the period	-	-	-	-	-	54,623	54,623	-	3,586	58,209
Other comprehensive income										
Value adjustments of hedging instruments	-	-	-	-10,994	-	-	-10,994	-	1,055	-9,939
Tax of value adjustments of hedging instruments	-	-	-	2,210	-	-	2,210	-	-	2,210
Currency translation of foreign operations	-	-	77	-	-	-	77	-	15	92
Other comprehensive income	0	0	77	-8,784	0	0	-8,707	0	1,070	-7,637
Total comprehensive income	0	0	77	-8,784	0	54,623	45,916	0	4,656	50,572
Transactions with owners										
Dividends	-	-	-	-	-	-	-	-	-429	-429
Share-based compensation expenses	-	-	-	-	-	998	998	-	-	998
Additions	-	-	-	-	-	-	-	-	4,134	4,134
Disposals	-	-	-	-	-	-1,146	-1,146	-	-4,402	-5,548
Total transactions with owners	0	0	0	0	0	-148	-148	0	-697	-845
Equity at 31 March	40,559	1,436	104	-8,934	-39	200,380	233,506	150,000	16,709	400,215

The share capital consists of nom. 301,847,009 shares of DKK 1 each, corresponding to EUR 40,559 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 March 31, the Group held nom. 40,443 shares of DKK 1 each corresponding to EUR 5 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. 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 March 31 2022 amounts to EUR 4.8 million, which will reduce retained earnings if European Energy A/S does not resolve to defer coupon payment on the next interest payment date in September 2022.

Consolidated statement of changes in equity - continued

EURk	Share capital	Share premium	Translation reserve	Hedging reserve	Treasury shares	Retained earnings	Total	Hybrid capital	Non-controlling interest	Q1 2021
Equity at 1 January	40,430	340	298	2,038	-18	91,992	135,080	75,000	25,188	235,268
Profit for the period	-	-	-	-	-	-923	-923	-	468	-455
Other comprehensive income										
Value adjustments of hedging instruments	-	-	-	5,815	-	-	5,815	-	37	5,852
Tax of value adjustments of hedging instruments	-	-	-	-1,242	-	-	-1,242	-	-8	-1,250
Currency translation of foreign operations	-	-	-37	-	-	-	-37	-	2	-35
Other comprehensive income	0	0	-37	4,573	0	0	4,536	0	31	4,567
Total comprehensive income	0	0	-37	4,573	0	-923	3,613	0	499	4,112
Transactions with owners										
Dividends	-	-	-	-	-	-	-	-	-205	-205
Transactions with non-controlling interests	-	-	-	-	-	411	411	-	-411	-
Purchase of treasury shares	-	-	-	-	-13	-	-13	-	-	-13
Share-based compensation expenses	-	-	-	-	-	428	428	-	-	428
Additions	-	-	-	-	-	-	-	-	346	346
Disposals	-	-	-	-	-	-	-	-	-2	-2
Total transactions with owners	0	0	0	0	-13	839	826	0	-272	554
Equity at 31 March	40,430	340	261	6,611	-31	91,908	139,519	75,000	25,415	239,934

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

Notes



HEADQUARTER,
SØBORG,
DENMARK



Note 1 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 2022 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 2021 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 2021, Note 1.1.

ACCOUNTING POLICIES

Accounting policies remain unchanged compared to the annual report for the year ended 31 December 2021, to which reference is made.

IMPLEMENTATION OF NEW OR CHANGED ACCOUNTING STANDARDS

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 2022.

Management does not expect the new or amended standards and interpretations to have any significant impact on the financial statements.

SEGMENT INFORMATION

Following the continuous development of the Group in Q1 2022 it was determined to change our internal reporting to the chief operating decision-maker (CODM) to reflect that it is no longer the Wind or Solar segment which is used when managing our business. Instead it is the new segments listed below:

- Sale of energy farms and projects
- Sale of energy (electricity, E-methanol, heat etc.)
- Asset management and other fees

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.

Following the change in operating segments previously reported segment information has also been restated.

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.

Note 2 Segment information

	Q1 2022						Q1 2021					
	Sale of energy farms and projects	Sale of energy	Asset management and other fees	Reportable segments	Eliminations	Total	Sale of energy farms and projects	Sale of energy	Asset management and other fees	Reportable segments	Eliminations	Total
EURk												
Revenue external	214,079	26,310	1,446	241,835	-	241,835	236	10,825	1,014	12,075	-	12,075
Inter-segment revenue	-	-	644	644	-644	-	-	-	677	677	-677	-
Revenue	214,079	26,310	2,090	242,479	-644	241,835	236	10,825	1,691	12,752	-677	12,075
Results from investments in joint ventures	-	8,190	-	8,190	-	8,190	-	-712	-	-712	-	-712
Results from investments in associates	-	2,084	-	2,084	-	2,084	-	606	-	606	-	606
Direct costs	-172,349	-3,118	-840	-176,307	-	-176,307	-63	-1,461	-650	-2,174	-	-2,174
Staff costs	-5,282	-950	-168	-6,400	-	-6,400	-1,573	-750	-125	-2,448	-	-2,448
Other external costs	-3,384	-809	-92	-4,285	-	-4,285	-1,230	-376	-175	-1,781	-	-1,781
Inter-group costs	-	-644	-	-644	644	-	-	-677	-	-677	677	-
EBITDA	33,064	31,063	990	65,117	-	65,117	-2,630	7,455	741	5,566	-	5,566
Depreciation and impairment	-	391	-	391	-	391	-	-3,222	-	-3,222	-	-3,222
Segment profit (Operating profit)	33,064	30,811	990	64,864	644	65,508	-2,630	3,556	741	1,667	677	2,344
Financial income						1,834						1,029
Financial expenses						-4,618						-3,358
Tax						-4,515						-470
Profit / loss for the period	33,064	30,811	990	64,864	644	58,209	-2,630	3,556	741	1,667	677	-455

Note 3 Revenue by segment

Revenue by segment and type (EURk)	Wind	Solar	Other activities	Q1 2022
Sale of energy farms and projects	940	212,634	505	214,079
Sale of energy	22,857	3,453	-	26,310
Asset management and other fees	1,007	374	65	1,446
Revenue	24,804	216,461	570	241,835

Revenue by segment and type (EURk)	Wind	Solar	Other activities	Q1 2021
Sale of energy farms and projects	236	-	-	236
Sale of energy	8,458	2,367	-	10,825
Asset management and other fees	844	170	-	1,014
Revenue	9,538	2,537	-	12,075

Note 4 Property, plant, and equipment

EURk	Q1 2022					Q1 2021					FY 2021
	Wind power generating assets	Solar power generating assets	Tools and equipment	Land and buildings	Total	Wind power generating assets	Solar power generating assets	Tools and equipment	Land and buildings	Total	
Cost at 1 January	168,726	13,098	3,880	5,623	191,327	133,543	4,025	2,107	8,860	148,535	148,535
Reclassification	-	-	-	-1	-1	-	-	-	-	-	-
Exchange rate adjustments	-332	-86	-	-1	-419	5	-	-	2	7	9
Additions	703	-	239	2	944	9	-	250	61	320	46,484
Disposals	-	-	-	-	-	-	-	-	-48	-48	-607
Transfer to/from inventories	-	-	-	-	-	-	-	-	-	-	-3,094
Cost at 31 March	169,097	13,012	4,119	5,623	191,851	133,557	4,025	2,357	8,875	148,814	191,327
Accumulated depreciation and impairment losses at 1 January	-30,690	-1,387	-1,961	-6	-34,044	-15,494	-955	-1,482	-10	-17,941	-17,941
Reclassification	-	-	-	1	1	-	-	-	-	-	9
Exchange rate adjustments	125	19	2	-	146	-1	-	-	-	-1	-6
Disposals	-	-	-	-	-	-	-	-	-	-	132
Depreciation	-3,218	-218	-170	-1	-3,607	-2,521	-81	-84	-2	-2,688	-12,446
Impairment/reversal of impairment	4,342	-	-	-	4,342	-	-	-	-	-	-3,792
Accumulated depreciation and impairment losses at 31 March	-29,441	-1,586	-2,129	-6	-33,162	-18,016	-1,036	-1,566	-12	-20,630	-34,044
Carrying amount at 31 March	139,656	11,426	1,990	5,617	158,689	115,541	2,989	791	8,863	128,184	157,283

Note 5 Inventories

Inventories (EURk)	Under develop- ment	Under construc- tion	In operation	Q1 2022
Solar farms	81,412	161,353	-	242,765
Wind farms	39,943	197,095	70,057	307,095
Total	121,355	358,448	70,057	549,860

Inventories (EURk)	Under develop- ment	Under construc- tion	In operation	Q1 2021	FY 2021
Solar farms	57,999	25,786	144,849	228,634	352,969
Wind farms	40,530	84,265	56,887	181,682	171,861
Total	98,529	110,051	201,736	410,316	524,830

Inventory write-downs (EURk)	Q1 2022	Q1 2021	FY 2021
Inventory write-downs at 1 January	-24,480	-11,849	-11,849
Write-downs for the period	-2,390	-65	-13,213
Disposal of the period	-	57	582
Total	-26,870	-11,857	-24,480

Inventory recognised in profit or loss (EURk)	Q1 2022	Q1 2021	FY 2021
Disposals	-168,623	57	-199,827
Write-offs for the period	-9	-	-1,745
Write-downs reversed, projects written off	-	-	582
Write-downs for the period	-2,390	-65	-13,213
Total	-171,022	-8	-214,203

Note 6 Other financial derivatives

Other financial instruments comprises Power purchase agreements that qualify for recognition according to IFRS 9. This concerns both contracts for difference derivatives (CFD's) related to long-term power purchase agreements and other power purchase agreements considered within the IFRS 9 scope. Power purchase agreements have a duration of up to 15 years.

In Q1 2022, the fair value adjustments of other financial instruments which is recognised through Other comprehensive income for unrealised contracts amounts to a loss of EUR 4.2 million compared to an income of EUR 2.8 million in Q1 2021, where the value adjustments related to realised contracts amounts to a loss of EUR 0.3 million in Q1 2022 and EUR 0.0 in Q1 2021. The total fair value of Other financial instruments recognised in Other comprehensive income as per March 31, 2022 is EUR 4.5 million.

The presentation of the instrument in the balance sheet follows the maturity of the contract under both the assets and liabilities. Value adjustment is included in other comprehensive income, as the relevant criteria for hedge accounting have been met.

Furthermore, we have entered power purchase agreements that are physical contracts. We consider these contracts as delivery contracts, and therefore have not recognised these as financial instruments in the financial statements.

VALUATION PRINCIPLE AND METHODOLOGY

The fair value of power purchase agreements is measured on the basis of either Level 1 or 3 within the fair value hierarchy, since when measuring fair value we utilise both the criteria of both levels as described in Note 7.

We have entered contracts where a market quoted price is available. When assessing and calculating the fair value of contracts where no quoted market prices are available, discounted cash flow is the valuation technique used.

The significant valuation inputs are consistent with those applied previously, which are disclosed in our financial statements for 2021.

Note 7 Fair value measurement

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

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

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

Principles for determination of fair value of hedging instruments are described in Note 1.1 Basis for preparation in the 2021 Group financial statements and principles applied when preparing the Q1 2022 interim financial statements are consistent herewith.

LEVEL 1

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

LEVEL 2

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

LEVEL 3

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

OTHER FINANCIAL INSTRUMENTS

Other financial instruments are partly recognised with an amount of EUR 14.3 million following Level 1 valuation techniques under financial assets per 31 March 2022, and an amount of EUR 11.9 million is recognised as financial liabilities in accordance with Level 1 techniques. Other financial derivatives measured according to Level 3 techniques and presented as financial liabilities, amount to EUR 9.8 million.

Note 8 Contingent liabilities

PLEDGES AND GUARANTEES RELATED TO FINANCING AGREEMENTS

The parent company has provided security in the form of parent company guarantees of EUR 152 million compared to EUR 121 million as of December 31, 2021. The guarantees serve to secure certain subsidiaries' financial obligations towards third parties during the construction of facilities related to renewable energy projects.

ASSETS PROVIDED AS SECURITY

No security has been provided for the debt of the parent company. For the subsidiaries, shares and assets of wind and solar farms with a carrying amount of EUR 294 million compared to EUR 468 million as of December 31, 2021 are pledged as security for the group's debt to credit institutions of EUR 294m (December 31: EUR 278 million).

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



Parent company financial statements



HEADQUARTER,
SØBORG,
DENMARK

Income statement and statement of comprehensive income

EURk	Q1 2022	Q1 2021	FY 2021
Revenue	175,042	4,602	140,922
Results from investments in subsidiaries	16,503	1,769	5,201
Results from joint ventures	8,109	-983	-855
Results from associates	994	221	856
Other income	-	379	-
Direct costs	-140,593	-4,385	-78,461
Gross profit	60,055	1,603	67,663
Staff costs	-4,948	-2,225	-12,250
Other external costs	-2,271	-1,042	-7,484
EBITDA	52,836	-1,664	47,929
Depreciation	-265	-102	-739
Operating profit	52,571	-1,766	47,190
Financial income	7,516	4,546	30,156
Financial expenses	-4,730	-3,491	-18,273
Profit / loss before tax	55,357	-711	59,073
Tax	-734	-212	-1,177
Profit / loss for the period	54,623	-923	57,896
Attributable to:			
Shareholders of European Energy A/S	54,623	-923	51,288
Hybrid capital holders	-	-	6,608
Profit / loss for the period	54,623	-923	57,896

EURk	Q1 2022	Q1 2021	FY 2021
Profit / loss for the period	54,623	-923	57,896
Items that may be reclassified to profit or loss			
Value adjustments of hedging instruments	-10,994	5,815	-919
Tax of value adjustments of hedging instruments	2,210	-1,242	-1,339
Currency translation of foreign operations	76	-37	-271
Other comprehensive income for the period	-8,708	4,536	-2,529
Comprehensive income for the period	45,915	3,613	55,367
Attributable to:			
Shareholders of European Energy A/S	45,915	3,613	48,759
Hybrid capital holders	-	-	6,608
Profit for the period	45,915	3,613	55,367

Statement of financial position

EURk	Q1 2022	Q1 2021	FY 2021
Non-current assets			
Property, plant, and equipment	1,857	1,947	1,764
Lease assets	1,610	-	1,738
Investments in subsidiaries	120,906	105,169	115,089
Investments in joint ventures	11,166	9,954	10,048
Investments in associated companies	6,652	5,004	5,793
Other investments	8,838	4,127	4,127
Loans to subsidiaries	435,214	235,024	444,942
Loans related to joint ventures and associates	54,329	49,974	49,733
Trade receivables and contract assets	115	3,681	118
Other receivables	442	3,456	434
Deferred tax	5,017	-	2,902
Total non-current assets	646,146	418,336	636,688
Current assets			
Inventories	1,914	12,496	2,301
Trade receivables and contract assets	6,438	4,343	5,992
Other receivables	9,837	3,481	1,546
Prepayments from goods and services	2,191	1,594	1,827
Free cash and cash equivalents	92,054	21,949	59,288
Restricted cash and cash equivalents	7	17,232	1,096
Total current assets	112,441	61,095	72,050
Total assets	758,587	479,431	708,738

EURk	Q1 2022	Q1 2021	FY 2021
Share capital	40,559	40,430	40,559
Retained earnings and reserves	192,947	99,089	147,180
Equity attributable to shareholders of the Company	233,506	139,519	187,739
Hybrid capital	150,000	75,000	150,000
Total equity	383,506	214,519	337,739
Liabilities			
Bond	286,325	194,676	285,383
Lease liabilities	758	-	916
Provisions	1,818	-	1,207
Deferred tax	2,199	2,259	2,124
Other liabilities	11,045	1,391	10,631
Total non-current liabilities	302,145	198,326	300,261
Lease liabilities	779	-	753
Trade payables	1,426	626	1,201
Payables to subsidiaries	42,496	49,494	37,127
Payables to related parties	-	221	11,393
Corporation tax	1,129	160	1,294
Provisions	4,254	4,400	4,254
Deferred income	4,877	-	-
Other payables	17,975	11,685	14,716
Total current liabilities	72,936	66,586	70,738
Total liabilities	375,081	264,912	370,999
Total equity and liabilities	758,587	479,431	708,738

Statement of cash flow

EURk	Q1 2022	Q1 2021	FY 2021
Profit / loss before tax	55,357	-923	59,073
Financial income	-7,516	-4,546	-30,156
Financial expenses	4,730	3,477	18,273
Depreciations	265	102	739
Profit after tax from subsidiaries	-16,503	-1,769	-5,201
Profit after tax from Joint Venture's	-8,109	983	855
Profit after tax from associates	-994	-221	-856
Change in net working capital	2,016	4,312	17,106
Dividends received	125	147	11,429
Other non-cash items	-4,213	1,072	1,652
Cash flow from operating activities before financial items and tax	25,158	2,634	72,914
Taxes paid	-229	-104	-1,595
Interest paid and realised currency losses	-15,124	-3,112	-12,599
Interest received and realised currency gains	7,367	4,100	23,233
Cash flow from operating activities	17,172	3,518	81,953
Acquisition/disposal of property, plant, and equipment	-358	-227	-1,572
Purchase of other investments	-4,711	-	-
Investments in subsidiaries, joint ventures and associates	-45	-283	-20,165
Loans to subsidiaries	30,239	-31,422	-213,004
Loans to joint ventures and associates	-15,989	-2,248	-6,508
Cash flow from investing activities	9,136	-34,180	-241,249

EURk	Q1 2022	Q1 2021	FY 2021
Proceeds from issue of bonds	-	-	297,750
Repayment of bonds	-	-	-205,035
Capital increase through exercise of war-rants	-	-	130
Payables to subsidiaries	5,369	25,931	13,564
Proceeds from issue of hybrid capital	-	-	75,967
Coupon payments, hybrid capital	-	-	-6,608
Cash flow from financing activities	5,369	25,931	175,768
Change in cash and cash equivalents	31,677	-4,731	16,472
Total cash and cash equivalents at 1 January	60,384	43,912	43,912
Total cash and cash equivalents at 31 March	92,061	39,181	60,384
Cash and cash equivalents	92,054	21,949	59,288
Restricted cash and cash equivalents	7	17,232	1,096
Total cash and cash equivalents 31 March	92,061	39,181	60,384

Statement of changes in equity

EURk	Share capital	Reserves (equity method)	Hedging reserve	Treasury shares	Retained earnings	Total	Hybrid capital	Q1 2022
Equity at 1 January	40,559	43,530	-3,980	-39	107,669	187,739	150,000	337,739
Profit for the period	-	25,606	-	-	29,017	54,623	-	54,623
Other comprehensive income								
Value adjustments of hedging instruments	-	-863	-10,131	-	-	-10,994	-	-10,994
Tax of value adjustments of hedging instruments	-	282	1,928	-	-	2,210	-	2,210
Currency translation of foreign operations	-	76	-	-	-	76	-	76
Other comprehensive income	0	-505	-8,203	0	0	-8,708	0	-8,708
Total comprehensive income	0	25,101	-8,203	0	29,017	45,915	0	45,915
Transactions with owners								
Regulation on disposal of companies	-	-5,115	-	-	5,115	-	-	-
Dividends	-	-125	-	-	125	-	-	-
Share-based compensation expenses	-	-	-	-	998	998	-	998
Other transactions	-	-	-	-	-1,146	-1,146	-	-1,146
Total transactions with owners	0	-5,240	0	0	5,092	-148	0	-148
Equity at 31 March	40,559	63,391	-12,183	-39	141,778	233,506	150,000	383,506

The share capital consists of nom. 301,847,009 shares of DKK 1 each, corresponding to EUR 40,559 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. As of 31 March 2022, the Group held nom. 40,443 shares of DKK 1 each corresponding to EUR 5 thousand of the parent company's shares. The shares have been bought back under the warrant program, in which the parent company has a right, but not an obligation, to buy back shares from resigned employees. 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 March 2022 amounts to EUR 4.8 million, an amount that 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 2022.

Statement of changes in equity – continued

EURk	Share capital	Reserves (equity method)	Hedging reserve	Treasury shares	Retained earnings	Total	Hybrid capital	Q1 2021
Equity at 1 January	40,430	49,764	2,171	-18	42,733	135,080	75,000	210,080
Reclassification regarding prior years	-	-4,474	-	-	4,474	-	-	-
Profit for the period	-	1,007	-	-	-1,930	-923	-	-923
Other comprehensive income								
Value adjustments of hedging instruments	-	37	5,778	-	-	5,815	-	5,815
Tax of value adjustments of hedging instruments	-	-8	-1,234	-	-	-1,242	-	-1,242
Currency translation of foreign operations	-	-37	-	-	-	-37	-	-37
Other comprehensive income	0	-8	4,544	0	0	4,536	0	4,536
Total comprehensive income	0	-3,475	4,544	0	2,544	3,613	0	3,613
Transactions with owners								
Regulation on disposal of companies	-	5	-	-	-5	-	-	-
Dividends	-	-168	-	-	168	-	-	-
Transactions with NCI	-	411	-	-	-	411	-	411
Purchase of treasury shares	-	-	-	-13	-	-13	-	-13
Share-based compensation expenses	-	-	-	-	428	428	-	428
Total transactions with owners	0	248	0	-13	591	826	0	826
Equity at 31 March	40,430	46,537	6,715	-31	45,868	139,519	75,000	214,519

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. As of 31 March 2021, the Group held nom. 34,610 shares of DKK 1 each corresponding to EUR 5 thousand of the parent company's shares. The shares have been bought back under the warrant program, in which the parent company has a right, but not an obligation, to buy back shares from resigned employees. 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 March 2021 amount to EUR 2.4 million, an amount that 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 2022. 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 with those applied in the Group's Annual Report 2021.

We consider the accounting policies appropriate, accounting estimates reasonable and 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, 16 May 2022

REGISTERED EXECUTIVE MANAGEMENT:

Knud Erik Andersen
CEO

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 the 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 the 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 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 does not undertake any obligation to publicly update or revise any forward-looking statement as a result of new information or future events other than as required by Danish law. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this document.

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