



EUROPEAN
ENERGY

Interim Report Q1 2023

50 MW

Skåramåla,
Sweden

Reg. No. 18351331

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On the road back to normality

After a turbulent and challenging 2022, the energy sector is heading into calmer waters. At European Energy, we can see that the underlying favorable trends for the renewable energy sector are continuing, which gives us confidence that 2023 will be another solid year for renewables and European Energy.

The world lacks renewable energy on a scale that can be hard to comprehend, and with the electrification across many sectors, the need is further increasing. According to the International Energy Agency, only 2-3% of total energy production originates from wind and solar in 2021. While we are far from the target, and it may seem like a tall mountain to climb, some developments show that we are on the threshold of a real renewable energy breakthrough.

At European Energy, the first quarter of 2023 has marked milestones showing that electrification with renewables is progressing. At the beginning of 2023 European Energy started constructing the first large-scale Power-to-X plant in Kassø, Denmark. The plant, which will

produce e-methanol for Maersk, the LEGO Group, Novo Nordisk and Circle K, will be the world's largest. The project marks the beginning of a fully operational supply chain replacing fossil fuels and chemicals in several sectors. In parallel, European Energy started constructing a Power-to-Hydrogen facility in Esbjerg with offtake from e.g., the harbor of Esbjerg. Power-to-X is no longer something we just talk about. It will happen when we start producing the first volumes of hydrogen and e-methanol at the end of 2023.

Permits to build as many MW as in the past 19 years

Q1 2023 also proves that our strategy of being a greenfield developer is working and will ensure future growth. To have greater ownership of the whole process and to be able to influence the entire development process, European Energy decided in 2018 to focus more on greenfield development and become involved in the first stages of project development. As a result, in the first four months of 2023, we have received a historically high number of delivered permits for new projects – not least in Italy, Lithuania and the UK. In Q1 2023, European Energy received +1 GW of new permits and for the full year we expect to receive +3 GW or as many permitted MW as European Energy has received in the past 19 years combined.



Knud Erik Andersen,
CEO & Co-founder of
European Energy



182 MW connected to the grid

In the first quarter of 2023 we connected 182 MW, while in Q1 2022 we connected 69 MW. We expect to connect approximately 500 MW in the first half of 2023.

Energy prices have become less volatile and more stable

In terms of market conditions, we have been experiencing greater stability and balance in the energy sector in the first months of 2023 compared to the eventful 2022. First and foremost, it is positive that energy prices have become less volatile and found a more balanced level that makes it possible to boost the market for PPAs again, as a result of the lower prices and the moderate introduction of the tax in many countries. It is also positive that the adopted windfall tax will not have the drastic effect as feared.

Similarly, the EU has also reconsidered the electricity market reform announced in the autumn of 2022. The preliminary proposal from the Commission suggests a less far-reaching intervention, and we are carefully optimistic that the Parliament will follow the sensible guidelines set out by the Commission.

Other markets impacting the European Energy business are also normalising. During the quarter, prices on transportation, PV panels, wind turbines, steel and other commodities have started to decrease, and some markets are already now back to the levels seen before the war in Ukraine. This gives hope for a normalisation of inflation and eventually lower interest rates.

Historically high production of energy from our parks

In the first quarter of 2023, European Energy set a record in the number of GWh produced from energy parks. In Q1 we have produced 368 GWh of renewable energy compared to an average of 195 GWh per quarter in 2022. The average selling price for power during the quarter was 70 EUR/MWh.

The high energy production in Q1 was achieved despite technical issues related to the final takeover of a number of energy plants. Due to these issues, the new energy plants in Kassø (304 MW), Kvosted (100 MW), Skåramåla (50 MW), Kingebol (37 MW), Grevekulla (36 MW) and Telsai (60 MW) in total 587 MW contributed very little to the quarterly production due to subcontractor delays in delivering according to the contract. In May 2023, the above-mentioned energy parks are in operation, but not all settlement agreements are concluded and reflected in the quarterly figures. The income from contractual compensations will be recognised when settled.

With the record high inflow of permits and the high number of MW being grid-connected European Energy has started an M&A plan with the aim to divest +500 MW during the full calendar year. The plan is progressing and we expect the main part of the sales activities to materialise in Q3 and Q4.

The EBITDA for Q1 of EUR 13m is reflecting that there have only been minor divestments in the quarter and newly grid connected capacity has been allocated as inventory. We look forward seeing this exchanged into earnings in the future results following divestments of projects.

In the meantime, the record number of grid connections in the quarter improved inventory of operational parks to a level of EUR 597.2m, compared to Q1 2022 with only EUR 70.1m. The 8.5 times more capacity will for the coming quarters generate a substantial amount of power sales, which will improve profits and help fight the climate change.

Consequently, we are comfortable that we will meet our guidance for the full-year of an EBITDA of EUR 180m and profit before tax of EUR 140m.

Knud Erik Andersen
CEO

“

In Q1 2023 we have connected 182 MW, compared to 69 MW in Q1 2022

Main events

Q1 2023

■ January:

- Received permits of 412 MW across UK, Italy and Lithuania
- Collaboration regarding a Sustainable Aviation fuel plant that will start production in 2024
- Submitted a request to build a floating wind farm consisting of 74 turbines with a total capacity of 1.1 GW in Italy

■ February

- European Energy reached 1 GW of capacity in owned assets
- European Energy and the Republic of Korea's largest shipping company HMM join forces to secure future methanol supply

■ March

- Opening of an office in Texas
- European Energy and Asahi Europe & International sign a PPA to offtake power from a new-to-be-built Marksbury Solar Farm, 19 MW, in England
- Groundbreaking ceremony at our Power-to-X test facility in Maade, Esbjerg.
- European Energy partners with Novo Nordisk and the LEGO Group to replace fossil-based materials in plastic production



Key financials



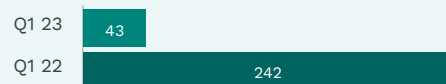
304 MW

Kassø,
Denmark

Financial highlights

Revenue

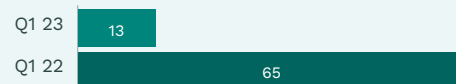
EURm



Revenue in Q1 mainly consists of energy sales, where in 2022 the major part of divestments materialised in Q1.

EBITDA

EURm



EBITDA reflects the recurring business of energy sales and asset administration, where Q1 2022 had EBITDA impact from substantial divestments.

Profit before tax

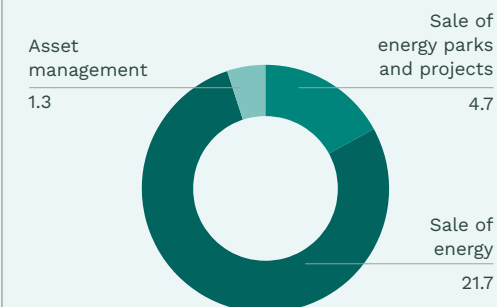
EURm



Profit before tax is significant below Q1 of last year mainly due to lower divestments of energy parks and projects.

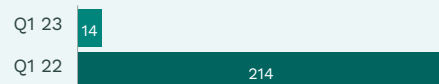
Gross profit split

EURm



Project sales

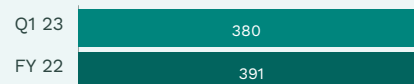
EURm



Projects sales for the quarter were low compared to Q1 2022, when the majority of the project sales for last year were concluded.

Equity

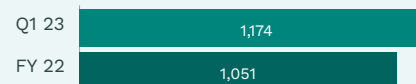
EURm



Equity declined in Q1 2023, primarily because of value adjustments of hedging instruments, PPA's, and partly because of the net loss for the quarter.

Inventory

EURm

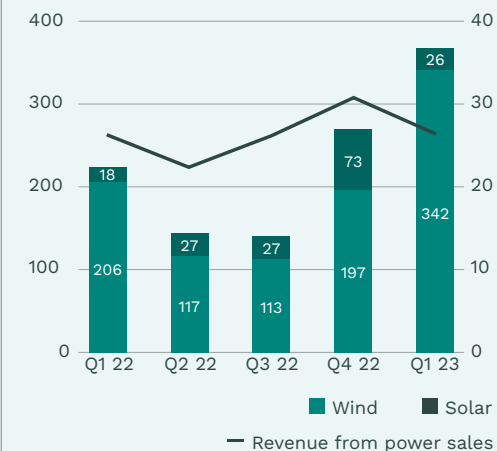


Inventories increased by 11% reflecting continued construction and development activity and fewer divestments.

Power sales

GWh

EURm



Business highlights

Power producing assets

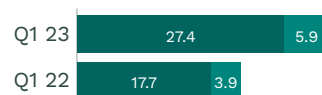
MW



Our portfolio of power producing assets has increased substantially compared to Q2 2022 reflecting continued high construction activity and low sales of energy parks and projects.

Development pipeline*

GW



Our pipeline have grown substantially over the last year and positions us as one of the largest European onshore wind and solar energy developers.

*Excluding screening phase

Under construction

MW



Our construction pipeline has decreased slightly as projects have been COD'ed, but is still expected to increase during the remainder of the year.

+249



We have grown to **635 colleagues** during Q1 2023, from 386 in Q1 2022



Signe Albers,
Regulatory Affairs
Manager

Emil Nyborg
Steendahl,
Student Assistant

Key figures and financial ratios

EURK	Q1 2023	Q1 2022	FY2022
Income statement			
Revenue	43,079	241,835	438,077
Direct costs	-18,048	-176,307	-276,044
Gross profit	27,287	75,802	181,067
EBITDA	13,032	65,117	134,502
Operating profit	9,233	65,508	120,184
Net financial items	-8,651	-2,784	-10,441
Profit before tax	582	62,724	109,743
Tax	-3,231	-4,515	-15,266
Profit / loss for the period	-2,649	58,209	94,477
Balance sheet			
Property, plant, and equipment	156,500	158,689	155,756
Inventories	1,174,291	549,860	1,051,000
Total assets	1,803,317	1,277,991	1,737,707
Hybrid capital	157,450	150,000	150,000
Equity	379,932	400,215	391,369
Net interest-bearing debt (NIBD)	1,060,705	405,491	892,815
Net interest-bearing debt (excluding hybrid capital)/EBITDA, LTM	11.1	2.9	6.6
Gearing (NIBD as % of group equity)	279%	101%	228%
Cash flow statement			
Change in net working capital, excluding inventories	-44,788	-1,631	1,382
Cash flow from operating activities	-169,010	71,481	-374,341
Change in inventories	-127,725	43,753	-479,039
Cash flow from operating activities, excluding inventories	-41,285	27,728	104,698
Investments in property, plant, and equipment	1,436	944	10,337
Cash flow from investing activities	-2,975	-7,247	-25,054
Cash flow from financing activities	106,499	-22,434	381,860
Change in cash and cash equivalents	-65,486	41,800	-17,535
Financial key figures			
Gross margin	63%	31%	41%
EBITDA margin	30%	27%	31%
Group solvency ratio	21%	31%	23%
Return on equity (average/ LTM)	9%	36%	25%
Average number of full-time employees	570	350	431
Number of employees end of period	635	386	550
Earnings per share, basic	-0.02	0.18	0.26
Earnings per share, diluted	-0.02	0.17	0.25
Number of outstanding shares (1,000), excluding treasury shares	302,073	301,807	302,073

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 period, divided by average number of shares.

Earnings per share diluted

Profit attributable to the shareholders of European Energy A/S for the period, divided by average number of shares diluted.

An aerial photograph of a wind turbine. The nacelle is white with blue accents and is mounted on a white tower. A worker in a yellow safety vest and helmet is standing on the nacelle. The turbine is situated in a rural area with green fields and a line of trees in the background. A dirt road is visible to the right of the tower. Several cars are parked on the ground near the base of the tower.

Management's review

20.5 MW

Jonava I,
Lithuania

Financial performance

Group financial performance

Revenue

In Q1 2023, energy sales amounted to EUR 26.4m in line with energy sales in Q1 2022 (EUR 26.3m) as a result of higher production volumes from our increasing IPP portfolio offset by declining spot prices. Revenue from sale of energy parks and projects amounted to EUR 14.5m compared to EUR 214.1m in Q1 2022. Specifically, the decrease in revenue was the result of two smaller ready-to-build UK projects being divested in Q1 2023 compared to two larger Italian operational solar projects being divested in Q1 2022.

Revenue from asset management and other fees was EUR 2.2m in Q1 2023 compared to EUR 1.4m in Q1 2022, corresponding to a 52% increase. The increase was mainly a result of a larger asset base under management.

Result from investments in joint ventures and associates

The result from investments in joint ventures and associated companies was a gain of EUR 0.8m in Q1 2023 compared to a gain of EUR 10.3m in Q1 2022. In Q1 2022, the majority of the gain was non-recurring and related to a revaluation of a net equity interest, following a change of control of an associate, combined with a reversal of the prior year's write down of our Brazilian assets. Apart

from these on-offs in Q1 2022, the results of JV's and associates are identical.

Gross profit

Gross profit in Q1 2023 amounted to EUR 27.3m, compared to EUR 75.8m in Q1 2022, a decrease of EUR 48.5m.

The decrease in gross profit stems from the lower sales of energy parks and projects in Q1 2023 and the above mentioned non-recurring items.

EBITDA

Q1 2023 EBITDA totalled EUR 13.0m, compared to EUR 65.1m in Q1 2022, a decrease of EUR 52.1m. Apart from the explanation stated under gross profits, EBITDA is also impacted by increasing staff costs and other external costs following from the planned growth in our business and project pipeline.

Profit before tax

Profit before tax for Q1 2023 was EUR 0.6m compared to EUR 62.8m in Q1 2022 mainly as a result of the lower EBITDA. Depreciation and impairment increased by EUR 4.2m to EUR 3.8m as Q1 2022 benefitted from a reversal of prior year impairment of the asset portfolio. Also, net financial items worsened due to increasing debt and higher interest rates on bonds and project financing.

Finally, tax expenses recognised in Q1 2023 were EUR 3.2m compared to an expense of EUR 4.5m in Q1 2022. Late April, the Danish Tax Agency announced that European Energy A/S did not act on arm's length terms and conditions for the financial year 2017, when pricing the provision of

project management services to projects companies in the UK and Germany. The Danish Tax Agency therefore proposed increasing the tax payments for European Energy A/S. Based on this, we have included a tax provision of EUR 2.0m, plus interest. We dispute the preliminary decision and will in the subsequent months decide on the necessary steps to be taken to mitigate the risk of double taxation.

Cash flow

The Q1 2023 operating cash flow was an outflow of EUR 169.0m, compared to a cash inflow of EUR 71.5m for Q1 2022. The negative development in operating cash flows in Q1 2023 is primarily a result of a quarter without any material divestments of energy parks and projects in combination with the planned increase in construction activities resulting in increasing inventories.

Investing activities during Q1 2023 were at a low level and amounted to a net cash outflow of EUR 3.0m slightly better than Q1 2022 with EUR 7.2m as there were no acquisitions of operating energy parks recorded as PPE and only insignificant investments in JV and associates.

The financing activities of the quarter ended with a net cash inflow of EUR 106.5m, primarily from net bond proceeds of EUR 79.4m in January 2023 and net project financing proceeds of EUR 29.3m.

The combined cash flow impact during the quarter was consequently a decrease of cash and cash equivalents of EUR 65.5m to EUR 144.3m from EUR 209.8m at year end 2022.

Total assets

Total assets increased to EUR 1,803m as of 31 March, 2023, from EUR 1,738m as of 31 December, 2022, an increase of EUR 66m or 4%.

Inventories contributed with an increase of EUR 123m to EUR 1,174m on 31 March, 2023 compared to EUR 1,051m as of 31 December, 2022. This increase was a result of increased investments in energy parks and projects in development or under construction, where the Group has succeeded in finalising a record number of energy parks, bringing the value of operational parks in inventory up to EUR 597.2m compared to with EUR 70.1m in the same quarter last year.

Our total non-current asset base amounted to EUR 309.6m slightly above 31 December, 2022, of EUR 306.3m and mainly include investments in operating energy parks and projects and investments in/loans to joint ventures or associates.

Liabilities

Total bond debt increased by EUR 75.0m to EUR 438.7m at 31 March, 2023. This was the result of the tap of the 2026 senior bond in January with a net proceed of EUR 74.7m. Also, current and non-current project financing increased by EUR 29.3m to EUR 753m on 31 March, 2023 following the ongoing construction activities. Other non-current and current liabilities account balances are on the same level as per 31 December, 2022.

Equity

Equity decreased during the period from EUR 391.4m as of 31 December 2022 to



EUR 379.9m as of 31 March 2023. Equity is impacted by the net loss for the period of EUR 2.6m, combined with a net negative value adjustment of the hedging reserve of EUR 13.0m. The key component of the negative value adjustment of the hedges is the forward price curves and the interest levels.

Parent company financial performance

The parent company result after tax is a loss of EUR 4.8m. All energy sales as well as divestments of energy parks and projects are realised and recognised in the subsidiaries of the parent company and consequently recognised in one line in the parent company financial statements (in “Results from investments in subsidiaries”).

The explanation of the parent company’s performance is in all material aspects similar to that of the Group’s for Q1 2023.

Debt management and liquidity resources

The group operates a two-layered capital structure. The parent company constitutes the top-layer, which includes funding that is unsecured and structurally subordinated to the project-level financing at the bottom. Top-layer funding consists of two outstanding senior bonds of EUR 300m and EUR 150m maturing in 2025 and 2026 respectively, together with two hybrid bonds of EUR 57m and EUR 100m maturing in 2020 and 2023 respectively. In addition to the bonds, the parent company has a EUR 75m committed Revolving Credit Facility in place maturing at the latest in 2026. The bottom layer

funding consists predominantly of secured bank financing of renewable energy projects either under construction or in operation and totaled EUR 753m at end of Q1 2023.

Our liquidity resources as of Q1 2023 are comprised as follows:

Liquidity resources EURk	End of Q1 2023
Committed undrawn facilities (0-1 years)	0
Committed undrawn credit facilities (1-3 years)	75,000
Total committed credit facilities	75,000
Cash non-restricted	129,677
Total liquidity resources available	204,677
Uncommitted undrawn credit facilities	20,000
Restricted cash	14,663

Outlook

The Group announced its financial outlook for 2023 on 28 February, 2023, and this outlook is maintained. The reconfirmation is based on our financial results achieved year-to-date and expectations for the remainder of the year.

Management is expecting the power price levels experienced in Q1 2023 to remain approximately unchanged over the remaining part of the year. Sales of energy parks and projects are planned to pick up significantly in the last part of the year.

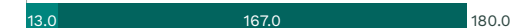
The EU interventions regarding a windfall tax on revenues from renewable energy generation and revision of European power

market pricing regime have turned out to be less of a risk to the financial outlook due to the decrease in power price experienced since summer 2022 and the better visibility of the legal implementation of the proposals.

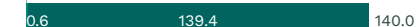
Finally, the outlook is subject to a series of other risks as explained in conjunction with our communication of the outlook in our corporate announcement of 28 February, 2023. These risk factors remain unchanged and we refer to the aforementioned corporate announcement.

Outlook graph

EBITDA



PROFIT BEFORE TAX



■ Q1 ■ Remaining

Business review

Project development

At the end of Q1 2023, European Energy had 61.1 GW of renewable energy pipeline within solar, off- and onshore wind projects (1.0 GW more than at the end of Q4 2022) – of which 28.0 GW was in the screening phase, 30.9 GW was in development and 2.2 GW was in the structuring phase. This positions European Energy as one of the largest European onshore wind and solar energy developers.

GW

61.1

At the end of Q1 2023, European Energy had **61.1 GW of renewable energy pipeline** within solar, offshore and onshore wind projects.

Development pipeline (Development and structuring)

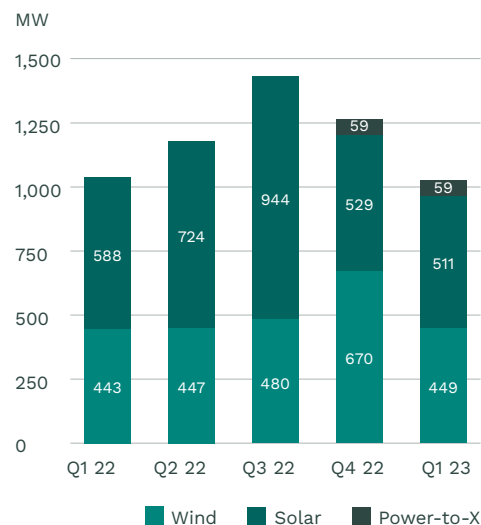


Excluding screening, projects within onshore wind energy accounted for 5.1 GW (15.3%) of the development pipeline, offshore wind projects for 0.8 GW (2.4%) and solar projects for 26.8 GW (80.5%).

Construction

During Q1 2023, European Energy was engaged in construction activities at 26 different sites (32 at the end of Q4 2022) across eight European countries and Brazil. By the end of Q1 2023, 1.0 GW of projects were under construction (down from 1.2 GW at the end of Q4 2022). Our construction portfolio is set to grow continuously through 2023 and support our expected trajectory of continued strong growth for 2023 and beyond.

Construction pipeline



Onshore wind

At the end of Q1 2023, European Energy had 14 wind power projects under construction across five European countries and Brazil. In total, active construction activities constituted some 449 MW of new renewable energy capacity expected for grid connection during 2023-24. The main construction sites are located in Lithuania (196 MW), Sweden (85 MW) and Germany (93 MW). Grid-connected wind projects during the quarter totalled 182 MW, of which 72 MW and 109 MW are located in Brazil and Lithuania respectively.



1) 49 MW relates to a site where European Energy does not provide EPC services.
2) 50 MW relates to Lithuanian assets divested in 2021 and where European Energy provides EPC services.

Vibeke Rohde,
Head of Compliance

Solar

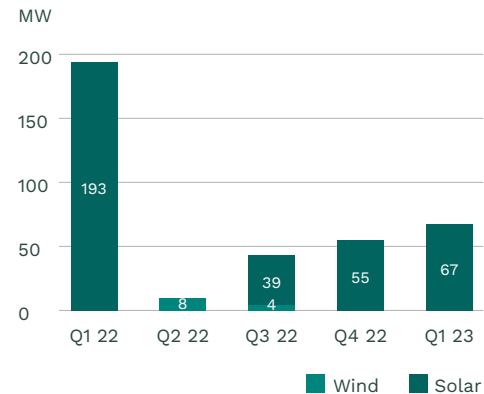
By the end of Q1 2023, European Energy had ten solar projects under construction with a total of 511 MW of new renewable energy capacity scheduled for grid connection in 2023-24. During Q1 2023, no solar parks were grid-connected.

Supply chain and production capacity issues are no longer a major challenge as was the case in parts of 2021 and 2022.

Project sales

The projects divested in Q1 2023 had a cumulative enterprise value of approximately EUR 14.5m and capacity of 62 MW, and were solar plants in the UK on a Ready-to-build stage.

Project Sales



Power sales

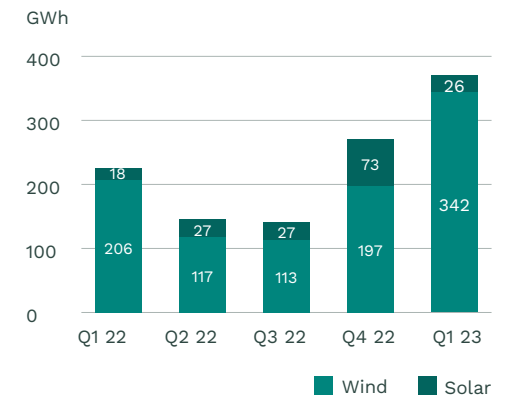
Power sales in Q1 2023 ended at EUR 26.4m, which is at level with Q1 last year (EUR 26.3m), while total power production ended at 368 GWh, a 64% increase over Q1 2022.

Q1 2023 power sales were impacted by an increase in power producing assets from 385 MW at the end of Q1 2022 to 1,040 MW at the end of Q1 2023, an increase of 170%. About half of the production are located in Denmark and Germany.

Offsetting this were:

- A lower capture price e.g. at index 70 and 76 for wind in Germany and Denmark, compared to Q1 2022, and index 58 and 61 for solar.
- Wind resources at a level with Q1 2022 in Denmark and Germany, but somewhat lower solar irradiation e.g. index 94% in Denmark and index 80% in Germany.

Power sales

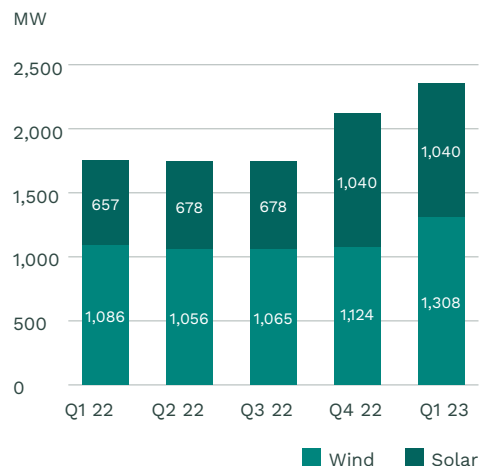


Power prices in key markets such as Denmark and Germany have increased to figures above subsidy levels. Consequently, these assets sell produced power at market prices and received zero subsidy during the period. For energy parks having a Power Purchase Agreement with a third party off taker, there has been no extra revenue from increased spot prices.

Asset management

At the end of Q1 2023, European Energy managed 2.3 GW of assets split between 1.3 GW wind power and 1.0 GW solar power plants, a total increase of 35% yoy. European Energy's consolidated share is 1,114 MW, with the remainder managed on behalf of investors. The revenue recognised for asset management and other fees regarding these investors was EUR 2.2m in Q1 2023 (a 52% increase from EUR 1.4m in Q1 2022).

Asset management



Events after the balance sheet date

On May 15 European Energy announced a partnership with Vårgrønn on the development of offshore wind projects in the Baltic Sea.

On May 16 European Energy announced the divestment of a 350 MW solar project located in Texas. The project is divested at a Ready-to-build stage.

On May 26 European Energy announced the receipt of building permits for the largest solar farm in Italy to date. The solar farm has a capacity of up to 250 MW

Thomas Frederiksen,
Senior Originator

Financial statements

Power-to-X

Måde,
Denmark



Consolidated income statement and statement of comprehensive income

EURk	Q1 2023	Q1 2022	FY 2022
Revenue	43,079	241,835	438,077
Results from investments in joint ventures	148	8,190	10,460
Results from investments in associates	610	2,084	5,787
Other income	1,498	-	2,787
Direct costs	-18,048	-176,307	-276,044
Gross profit	27,287	75,802	181,067
Staff costs	-7,420	-6,400	-22,437
Other external costs	-6,835	-4,285	-24,128
EBITDA	13,032	65,117	134,502
Depreciation and impairment	-3,799	391	-14,318
Operating profit	9,233	65,508	120,184
Financial income	3,074	1,834	16,106
Financial expenses	-11,725	-4,618	-26,547
Profit before tax	582	62,724	109,743
Tax	-3,231	-4,515	-15,266
Profit / loss for the period	-2,649	58,209	94,477
Attributable to:			
Shareholders of European Energy A/S	-6,726	54,623	78,118
Hybrid capital holders	1,957	-	9,188
Non-controlling interests	2,120	3,586	7,171
Profit / loss for the period	-2,649	58,209	94,477
Earnings per share:			
Earnings per share, basic	-0.02	0.18	0.26
Earnings per share, diluted	-0.02	0.17	0.25

EURk	Q1 2023	Q1 2022	FY 2022
Profit / loss for the period	-2,649	58,209	94,477
Items that may be reclassified to profit or loss:			
Value adjustments of hedging instruments	-16,262	-9,939	-44,688
Tax of value adjustments of hedging instruments	3,304	2,210	10,680
Currency differences on translating foreign operations	1,263	92	-3,554
Other comprehensive income for the period	-11,695	-7,637	-37,562
Comprehensive income for the period	-14,344	50,572	56,915
Attributable to:			
Shareholders of European Energy A/S	-17,005	45,916	37,640
Hybrid capital holders	1,957	-	9,188
Non-controlling interests	704	4,656	10,087
Comprehensive income for the period	-14,344	50,572	56,915

Consolidated statement of financial position

EURk	31 Mar 2023	31 Mar 2022	31 Dec 2022
Non-current assets			
Goodwill	10,849	4,527	10,856
Property, plant, and equipment	156,500	158,689	155,756
Lease assets	10,519	10,048	11,834
Investments in joint ventures	16,501	18,260	15,778
Investments in associates	29,981	17,731	29,352
Other investments	14,247	13,187	13,447
Loans to joint ventures	37,899	38,086	37,367
Loans to associates	2,112	3,254	2,138
Derivatives	3,424	16,505	6,904
Trade receivables and contract assets	4,663	2,884	4,699
Other receivables	4,771	6,515	4,515
Deferred tax	18,143	9,547	13,701
Total non-current assets	309,609	299,233	306,347
Current assets		-	
Inventories	1,174,291	549,860	1,051,000
Derivatives	2,474	48,660	8,905
Trade receivables and contract assets	81,669	3,192	79,308
Other receivables	53,305	39,130	59,354
Prepayments	37,629	68,755	22,967
Cash and cash equivalents	129,677	224,213	165,285
Restricted cash and cash equivalents	14,663	44,948	44,541
Total current assets	1,493,708	978,758	1,431,360
TOTAL ASSETS	1,803,317	1,277,991	1,737,707

EURk	31 Mar 2023	31 Mar 2022	31 Dec 2022
Equity			
Share capital	40,602	40,559	40,602
Retained earnings and reserves	165,947	192,947	182,768
Equity attributable to owners of the company	206,549	233,506	223,370
Hybrid capital	157,450	150,000	150,000
Non-controlling interests	15,933	16,709	17,999
Total Equity	379,932	400,215	391,369
Liabilities		-	
Bond	438,727	286,325	363,683
Project financing	686,410	312,723	668,669
Other debt	4,584	3,494	5,133
Lease liabilities	10,257	7,972	10,996
Provisions	39,539	21,081	40,212
Derivatives	40,435	14,332	31,783
Deferred tax	18,374	14,852	19,670
Total non-current liabilities	1,238,326	660,779	1,140,146
Project financing	66,611	65,458	55,090
Lease liabilities	2,945	2,105	3,282
Derivatives	7,530	14,213	3,432
Trade payables	53,880	84,750	77,426
Payables to related parties	95	69	921
Corporation tax	12,463	4,732	8,129
Provisions	2,950	4,434	2,950
Deferred income	6,888	8,965	9,347
Other payables	31,697	32,271	45,615
Total current liabilities	185,059	216,997	206,192
Total liabilities	1,423,385	877,776	1,346,338
TOTAL EQUITY AND LIABILITIES	1,803,317	1,277,991	1,737,707

Consolidated statement of cash flow

EURk	Q1 2023	Q1 2022	FY 2022
Profit before tax	582	62,724	109,743
Adjustment for:			
Financial income	-3,074	-1,834	-16,106
Financial expenses	11,725	4,618	26,547
Depreciation and impairment	3,799	-391	14,318
Results from investments in joint ventures	-148	-8,190	-10,460
Results from investments in associates	-610	-2,084	-5,787
Change in net working capital, excluding inventories	-44,788	-1,631	1,382
Change in inventories	-127,725	43,753	-479,039
Interest paid on lease liabilities	-124	-103	-464
Dividends	-	944	5,537
Other non-cash items	-236	-9,482	25
Cash generated from operation before financial items and tax	-160,599	88,324	-354,304
Taxes paid	-1,119	-3,763	-7,010
Interest paid and realised currency losses	-9,727	-14,012	-24,830
Interest received and realised currency gains	2,435	932	11,803
Cash flow from operating activities	-169,010	71,481	-374,341
Cash flow from investing activities			
Acquisition/disposal of property, plant, and equipment	-1,446	-671	-9,599
Acquisition/disposal of other investments	-800	-4,719	-4,670
Acquisition of enterprises	-	-	-8,120
Cash and cash equivalents related to acquired companies	-	-	1,544
Investments in joint ventures and associates	-900	-3,481	-5,699
Loans to joint ventures and associates	171	1,624	1,490
Cash flow from investing activities	-2,975	-7,247	-25,054

EURk	Q1 2023	Q1 2022	FY 2022
Cash flow from financing activities			
Proceeds from issue of bonds	74,704	-	74,411
Proceeds from project financing	35,963	83,157	505,829
Repayment of project financing	-6,701	-92,537	-169,631
Repayment of lease liabilities	-629	-546	-2,346
Payables to associates	-826	-11,362	-10,510
Capital increase through exercise of warrants	-	-	365
Purchase of treasury shares	-	-	-140
Proceeds from issue of hybrid capital	99,050	-	-
Repayment of hybrid capital	-92,550	-	-
Coupon payments, hybrid capital	-1,957	-	-9,188
Transactions with non-controlling interests	-555	-1,146	-6,930
Cash flow from financing activities	106,499	-22,434	381,860
Change in cash and cash equivalents	-65,486	41,800	-17,535
Cash and cash equivalents at beginning of period	209,826	227,361	227,361
Cash and cash equivalents end of period	144,340	269,161	209,826
Cash and cash equivalents	129,677	224,213	165,285
Restricted cash and cash equivalents	14,663	44,948	44,541
Total cash and cash equivalents end of period	144,340	269,161	209,826

Consolidated statement of changes in equity

	2023									
EURk	Share capital	Share premium	Translation reserve	Hedging reserve	Treasury shares	Retained earnings	Total	Hybrid capital	Non-controlling interest	Total Group
Equity at 1 January 2023	40,602	1,758	-3,582	-37,019	-181	221,792	223,370	150,000	17,999	391,369
Profit for the period	-	-	-	-	-	-6,726	-6,726	1,957	2,120	-2,649
Other comprehensive income										
Value adjustments of hedging instruments	-	-	-	-14,527	-	-	-14,527	-	-1,735	-16,262
Tax of value adjustments of hedging instruments	-	-	-	2,974	-	-	2,974	-	330	3,304
Currency translation of foreign operations	-	-	1,274	-	-	-	1,274	-	-11	1,263
Other comprehensive income	-	-	1,274	-11,553	-	-	-10,279	-	-1,416	-11,695
Total comprehensive income	-	-	1,274	-11,553	-	-6,726	-17,005	1,957.00	704	-14,344
Transactions with owners										
Dividends	-	-	-	-	-	-	-	-	-461	-461
Share-based compensation expenses	-	-	-	-	-	1,227	1,227	-	-	1,227
Issue of hybrid capital	-	-	-	-	-	-950	-950	100,000	-	99,050
Redeem of hybrid capital	-	-	-	-	-	-	-	-92,550	-	-92,550
Coupon payments, hybrid capital	-	-	-	-	-	-	-	-1,957	-	-1,957
Disposals	-	-	-	-	-	-93	-93	-	-2,309	-2,402
Total transactions with owners	-	-	-	-	-	184	184	5,493	- 2,770	2,907
Equity at 31 March 2023	40,602	1,758	-2,308	-48,572	-181	215,250	206,549	157,450	15,933	379,932

The share capital consists of nom. 302,168,583 shares of DKK 1 each, corresponding to EUR 40,602 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 2023, the Group held nom. 95,512 shares of DKK 1 each corresponding to EUR 13 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 31 March 2023 amounts to EUR 3.7 million, which will reduce retained earnings if European Energy A/S does not elect to defer coupon payment on the next interest payment date in September 2023.

Consolidated statement of changes in equity - continued

	2022									
EURk	Share capital	Share premium	Translation reserve	Hedging reserve	Treasury shares	Retained earnings	Total	Hybrid capital	Non-controlling interest	Total Group
Equity at 1 January 2022	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	-	-	77	-8,784	-	-	-8,707	-	1,070	-7,637
Total comprehensive income	-	-	77	-8,784	-	54,623	45,916	-	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	-	-	-	-	-	-148	-148	-	-697	-845
Equity at 31 March 2022	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 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 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, which amount will reduce retained earnings (equity) if European Energy A/S does not elect to defer coupon payment on the next interest payment date in September 2022.

Notes



Breaking ground
at Måde
Power-to-X

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 2023 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 2022 and public announcements made during the interim reporting period.

The principles as described in this note for basis for preparation and references made to the annual report does also count for the Parent company financial statements which is also included in this report.

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.

We are constantly monitoring market developments for power prices, inflation, interest levels, etc. and are assessing the financial impact that these implies. In addition to an expected impacted

across multiple areas and with various effects, we are impacted by this in certain parts of our financial statements where we are recognising assets and liabilities at fair value and using quoted market prices.

When revisiting previously made key accounting estimates, we have considered the recent market developments. These developments have had a minor impact in our Q1 consolidated financial statement as previously explained, and we are expecting this to continue in the future. All key accounting estimates and judgments will be reassessed quarterly.

For all other estimates and judgments applied, reference is made to the consolidated financial statements in the annual report for the year ended December 31, 2022, Note 1.1.

ACCOUNTING POLICIES

Except for the below mentioned change of accounting policy all other accounting policies are unchanged compared to the annual report for the year ended 31 December 2022, to which reference is made.

Accounting policies for the recognition and measurement of financial guarantee contracts are changed from previously recognising contracts according to IFRS 4 as now superseded by IFRS 17, to being recognised and measured in accordance with IFRS 9. The change of accounting policy has an immaterial effect on the Parent company financial statements.

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 2023.

Management has assessed that the adoption of these new or amended standards and interpretations have not had any significant impact on the financial statements.

Note 2 Segment information

EURk	Q1 2023						Q1 2022						FY 2022
	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	
Revenue external	14,531	26,353	2,195	43,079	-	43,079	214,079	26,310	1,446	241,835	-	241,835	438,077
Inter-segment revenue	-	-	402	402	-402	-	-	-	644	644	-644	-	-
Revenue	14,531	26,353	2,597	43,481	-402	43,079	214,079	26,310	2,090	242,479	-644	241,835	438,077
Results from investments in joint ventures	-	148	-	148	-	148	-	8,190	-	8,190	-	8,190	10,460
Results from investments in associates	-	610	-	610	-	610	-	2,084	-	2,084	-	2,084	5,787
Other income	800	698	-	1,498	-	1,498	-	-	-	-	-	-	2,787
Direct costs	-10,639	-6,099	-1,310	-18,048	-	-18,048	-172,349	-3,118	-840	-176,307	-	-176,307	-276,044
Gross profit	4,692	21,710	1,287	27,689	-402	27,287	41,730	33,466	1,250	76,446	-644	75,802	181,067
Staff costs	-5,222	-1,833	-365	-7,420	-	-7,420	-5,282	-950	-168	-6,400	-	-6,400	-22,437
Other external costs	-6,144	-503	-188	-6,835	-	-6,835	-3,384	-809	-92	-4,285	-	-4,285	-24,128
Inter-group costs	-	-402	-	-402	402	-	-	-644	-	-644	644	-	-
EBITDA	-6,674	18,972	734	13,032	-	13,032	33,064	31,063	990	65,117	-	65,117	134,502
Depreciation and impairment	-	-3,799	-	-3,799	-	-3,799	-	391	-	391	-	391	-14,318
Segment profit (Operating profit)	-6,674	15,173	734	9,233	-	9,233	33,064	31,454	990	65,508	-	65,508	120,184
Financial income						3,074						1,834	16,106
Financial expenses						-11,725						-4,618	-26,547
Tax						-3,231						-4,515	-15,266
Profit for the year						-2,649						58,209	94,477

[Insert table from Excel here]

Note 3 Revenue

Sale of energy farms and projects	Q1 2023	Q1 2022	FY 2022
Wind	801	940	47,605
Solar	7,659	212,634	266,435
Other activities	6,071	505	11,024
Revenue	14,531	214,079	325,064
Sale of energy			
Wind	23,460	22,857	91,122
Solar	2,893	3,453	14,407
Other activities	-	-	-
Revenue	26,353	26,310	105,529
Asset management and other fees			
Wind	621	857	3,709
Solar	1,198	524	3,700
Other activities	376	65	75
Revenue	2,195	1,446	7,484
Total segment and type			
Wind	24,882	24,654	142,436
Solar	11,750	216,611	284,542
Other activities	6,447	570	11,099
Revenue	43,079	241,835	438,077

Note 4 Property, plant, and equipment

EURk	31 Mar 2023					31 Mar 2022					31 Dec 2022
	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	176,616	12,514	5,981	6,711	201,822	168,726	13,098	3,880	5,623	191,327	191,327
Reclassification	-	-	-	-	-	-	-	-	-1	-1	-1
Exchange rate adjustments	134	90	-1	-19	204	-332	-86	-	-1	-419	-1,699
Additions	202	-	354	880	1,436	703	-	239	2	944	10,337
Disposals	-702	-614	-	-	-1,316	-	-	-	-	-	-737
Transfer to/from inventories	3,890	-	-	-	3,890	-	-	-	-	-	2,595
Cost at 31 March	180,140	11,990	6,334	7,572	206,036	169,097	13,012	4,119	5,623	191,851	201,822
Accumulated depreciation and impairment losses at 1 January	-40,470	-2,408	-2,882	-306	-46,066	-30,690	-1,387	-1,961	-6	-34,044	-34,044
Reclassification	-	-	-	-	-	-	-	-	1	1	-
Exchange rate adjustments	-92	-20	-	4	-108	125	19	2	-	146	449
Disposals	-	-	-	-	-	-	-	-	-	-	389
Depreciation	-3,682	578	-232	-26	-3,362	-3,218	-218	-170	-1	-3,607	-14,917
Impairment/reversal of impairment	-	-	-	-	-	4,342	-	-	-	4,342	2,313
Transfer to/from inventories	-	-	-	-	-	-	-	-	-	-	-256
Accumulated depreciation and impairment losses at 31 March	-44,244	-1,850	-3,114	-328	-49,536	-29,441	-1,586	-2,129	-6	-33,162	-46,066
Carrying amount at 31 March	135,896	10,140	3,220	7,244	156,500	139,656	11,426	1,990	5,617	158,689	155,756

Note 5 Inventories

EURk	31 Mar 2023				31 Mar 2022				31 Dec 2022
	Under develop- ment	Under construc- tion	In operation	Total	Under develop- ment	Under construc- tion	In operation	Total	
Carrying amount at 1 January	150,189	461,905	438,906	1,051,000	111,820	197,489	215,521	524,830	524,830
Exchange rate adjustments	-144	1,250	-924	182	-	-	-	-	-
Additions	35,547	105,830	-2,529	138,848	26,303	159,537	10,588	196,428	767,407
Disposals	-1,272	-181	-11,888	-13,341	-	-	-168,623	-168,623	-226,488
Deconsolidated	-	-	-	-	-	-	-	-	-3,487
Impairments	1,492	-	-	1,492	-2,390	-	-	-2,390	-9,027
Transfer to PPE	-	-	-3,890	-3,890	-90	-295	-	-385	-
Transfers	-9,535	-168,038	177,573	-	-14,288	1,717	12,571	-	-2,234
Carrying amount at 31 March	176,277	400,766	597,248	1,174,291	121,355	358,448	70,057	549,860	1,051,000

Inventory write-downs (EURk)	31 Mar 2023	31 Mar 2022	31 Dec 2022
Inventory write-downs at 1 January	-32,592	-24,480	-24,480
Exchange rate adjustments	-16	-	-
Write-downs for the period	1,509	-2,390	-8,125
Disposal of the period	-	-	13
Total	-31,099	-26,870	-32,592

Inventory recognised in profit or loss under direct costs(EURk)	31 Mar 2023	31 Mar 2022	31 Dec 2022
Disposals	-13,341	-168,623	-226,488
Write-offs for the period	-	-9	-915
Write-downs reversed, projects written off	-	-	13
Write-downs for the period	1,509	-2,390	-8,125
Total	-11,832	-171,022	-235,515

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 2023, the fair value adjustments net of tax recognised through Other comprehensive income for our portfolio of Other financial derivatives amounts to a loss of EUR 0.3m compared to a loss of EUR 4.2 million for Q1 2022. The total fair value adjustment of Other financial derivatives recognised in Other comprehensive income as per March 30, 2022, is a negative adjustment net of tax of EUR 25.8m.

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

Furthermore, The European Energy Group have entered power purchase agreements that are physical contracts. We consider these contracts as executory contracts, and therefore have not recognised these as in the financial statements.

VALUATION PRINCIPLES AND METHODOLOGY

The fair value of power purchase agreements is measured on the basis of level 3 within the fair value hierarchy, since we are utilising non-observable inputs as described in Note 7.

We have entered contracts on both markets and for periods where a market quoted price is available.

When estimating a fair value of financial derivatives where no quoted market prices are available, we are using a discounted cash flow model.

The significant valuation inputs are consistent with those applied previously, which are disclosed in our financial statements for 2022.

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 2022 Group financial statements and principles applied when preparing the Q1 2023 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.

In addition to the other financial derivatives as explained in Note 6 the Group also recognises fair value adjustments from contracts related to either interest rates and currencies. Combined fair values recognized in the consolidated financial statements from all financial derivatives measured on all levels in the fair value hierarchy amounts to a loss of EUR 59.2m.

OTHER FINANCIAL DERIVATIVES

Other financial derivatives are recognised and measured at an amount of EUR 32.1m following Level 3 techniques. This amount is classified as long term financial liabilities in the balance sheet.

Note 8 Pledges and Securities for debt

PLEDGES AS SECURITY OF DEBT

We operate a two-layered capital structure, where external financing is obtained both at parent- and project level. End of Q1 2023 total outstanding debt at the parent level equalled EUR 439m (FY 2022: EUR 364m), while total debt on project level amounted to EUR 753m (FY 2022: EUR 724m) including short-term construction financings and long-term project financing.

All financing on the parent company level is obtained without security and structurally subordinated to the project level financing. To secure financial obligations of the projects towards financing partners, the projects usually provide security in the form of asset- or share pledges.

End of Q1 2023 the total outstanding project level financing with pledged assets or shares amounted to EUR 753m (FY 2022: EUR 724m). The corresponding carrying amount of the pledged assets or shares amounted to EUR 1.074m (FY 2022: EUR 985m).

GUARANTEES AS SECURITY OF DEBT

Besides asset- and share pledges, we also provide parent company guarantees toward financial counterparts for short-term construction financing. For long-term project financing, this guarantee is removed, and the debt is obtained as non-recourse. End of Q1 2023 the total recourse debt at the project levels amounted to EUR 436m (FY 2022: EUR 429m).

are offset in the loans to the related parties to the extent possible, and if not, they are measured at nil. Additionally, if the group has a legal or constructive obligation to cover the negative balance of the associate, the obligation is recognised as a liability.



Parent company financial statements

304 MW

Kassø,
Denmark

Income statement and statement of comprehensive income

EURk	Q1 2023	Q1 2022	FY 2022
Revenue	12,587	175,042	229,458
Results from investments in subsidiaries	3,527	16,503	42,353
Results from joint ventures	123	8,109	10,853
Results from associates	489	994	2,026
Other income	-	-	21
Direct costs	-10,665	-140,593	-177,015
Gross profit	6,061	60,055	107,696
Staff costs	-3,984	-4,948	-14,151
Other external costs	-3,696	-2,271	-13,306
EBITDA	-1,619	52,836	80,239
Depreciation	-340	-265	-1,372
Operating profit	-1,959	52,571	78,867
Financial income	12,662	7,516	37,657
Financial expenses	-12,085	-4,730	-25,042
Profit / loss before tax	-1,382	55,357	91,482
Tax	-3,387	-734	-4,177
Profit / loss for the period	-4,769	54,623	87,305
Attributable to:			
Shareholders of European Energy A/S	-6,726	54,623	78,117
Hybrid capital holders	1,957	-	9,188
Profit / loss for the period	-4,769	54,623	87,305

EURk	Q1 2023	Q1 2022	FY 2022
Profit / loss for the period	-4,769	54,623	87,305
Items that may be reclassified to profit or loss			
Value adjustments of hedging instruments	-14,527	-10,994	-48,205
Tax of value adjustments of hedging instruments	2,974	2,210	11,336
Currency translation of foreign operations	1,275	76	-3,610
Other comprehensive income for the period	-10,278	-8,708	-40,479
Comprehensive income for the period	-15,047	45,915	46,826
Attributable to:			
Shareholders of European Energy A/S	-17,004	45,915	37,638
Hybrid capital holders	1,957	-	9,188
Profit for the period	-15,047	45,915	46,826

Statement of financial position

EURk	31 Mar 2023	31 Mar 2022	31 Dec 2022
Non-current assets			
Property, plant, and equipment	2,273	1,857	2,097
Lease assets	2,742	1,610	3,862
Investments in subsidiaries	147,642	120,906	145,132
Investments in joint ventures	10,085	11,166	10,022
Investments in associated companies	8,935	6,652	7,844
Other investments	8,838	8,838	8,838
Loans to subsidiaries	659,144	435,214	554,252
Loans related to joint ventures and associates	31,995	54,329	32,475
Trade receivables and contract assets	1,038	115	571
Other receivables	-	442	466
Deferred tax	5,575	5,017	4,588
Total non-current assets	878,267	646,146	770,147
Current assets			
Inventories	7,538	1,914	1,773
Derivatives	-	3,192	2,215
Trade receivables and contract assets	8,854	3,246	8,485
Other receivables	5,123	9,837	1,551
Prepayments from goods and services	3,083	2,191	1,957
Free cash and cash equivalents	9,198	92,054	46,006
Restricted cash and cash equivalents	-	7	-
Total current assets	33,796	112,441	61,987
Total assets	912,063	758,587	832,134

EURk	31 Mar 2023	31 Mar 2022	31 Dec 2022
Share capital	40,602	40,559	40,602
Retained earnings and reserves	165,947	192,947	182,768
Equity attributable to shareholders of the Company	206,549	233,506	223,370
Hybrid capital	157,450	150,000	150,000
Total equity	363,999	383,506	373,370
Liabilities			
Bond	438,727	286,325	363,683
Lease liabilities	1,508	758	2,295
Provisions	6,859	1,818	5,072
Derivatives	10,436	4,476	10,871
Deferred tax	1,238	2,199	2,263
Other liabilities	1,431	6,569	1,953
Total non-current liabilities	460,199	302,145	386,137
Lease liabilities	1,357	779	1,693
Derivatives	7,530	7,488	3,432
Trade payables	2,791	1,426	1,328
Payables to subsidiaries	55,282	42,496	47,453
Payables to related parties	94	-	94
Corporation tax	6,523	1,129	1,910
Provisions	2,950	4,254	2,950
Deferred income	2,877	4,877	3,378
Other payables	8,461	10,487	10,389
Total current liabilities	87,865	72,936	72,627
Total liabilities	548,064	375,081	458,764
Total equity and liabilities	912,063	758,587	832,134

Statement of cash flow

EURk	Q1 2023	Q1 2022	FY 2022
Profit / loss before tax	-1,382	55,357	91,482
Adjustment for:			
Financial income	-12,662	-7,516	-37,657
Financial expenses	12,085	4,730	25,042
Depreciations	340	265	1,372
Profit after tax from subsidiaries	-3,527	-16,503	-42,353
Profit after tax from Joint Venture's	-123	-8,109	-10,853
Profit after tax from associates	-489	-994	-2,026
Change in net working capital	-12,663	2,016	-286
Dividends received	-	125	17,702
Other non-cash items	921	-4,213	27
Cash flow from operating activities before financial items and tax	-17,500	25,158	42,450
Taxes paid	-119	-229	-1,617
Interest paid and realised currency losses	-10,490	-15,124	-32,704
Interest received and realised currency gains	12,687	7,367	38,118
Cash flow from operating activities	-15,422	17,172	46,247
Acquisition/disposal of property, plant, and equipment	-364	-358	-1,226
Purchase of other investments	-	-4,711	-4,711
Investments in subsidiaries, joint ventures and associates	-907	-45	794
Loans to subsidiaries	-108,293	30,239	-140,336
Loans to joint ventures and associates	1,102	-15,989	9,080
Cash flow from investing activities	-108,462	9,136	-136,399

EURk	Q1 2023	Q1 2022	FY 2022
Proceeds from issue of bonds	74,704	-	74,411
Payment of loan establishing costs	-	-	365
Capital increase through exercise of warrants	-	-	-140
Payables to subsidiaries	7,829	5,369	10,326
Proceeds from issue of hybrid capital	99,050	-	-
Repayment of hybrid capital	-92,550	-	-
Coupon payments, hybrid capital	-1,957	-	-9,188
Cash flow from financing activities	87,076	5,369	75,774
Change in cash and cash equivalents	-36,808	31,677	-14,378
Total cash and cash equivalents at 1 January	46,006	60,384	60,384
Total cash and cash equivalents end of period	9,198	92,061	46,006
Cash and cash equivalents	9,198	92,054	46,006
Restricted cash and cash equivalents	-	7	-
Total cash and cash equivalents end of period	9,198	92,061	46,006

Statement of changes in equity

	2023							
EURk	Share capital	Reserves (equity method)	Hedging reserve	Treasury shares	Retained earnings	Total	Hybrid capital	Total Parent
Equity at 1 January 2023	40,602	38,434	-22,538	-181	167,053	223,370	150,000	373,370
Profit for the period	-	4,139	-	-	-10,865	-6,726	1,957	-4,769
Other comprehensive income								
Value adjustments of hedging instruments	-	-10,043	-4,484	-	-	-14,527	-	-14,527
Tax of value adjustments of hedging instruments	-	1,988	986	-	-	2,974	-	2,974
Currency translation of foreign operations	-	1,275	-	-	-	1,275	-	1,275
Other comprehensive income	-	-6,780	-3,498	-	-	-10,278	-	-10,278
Total comprehensive income	-	-2,641	-3,498	-	-10,865	-17,004	1,957	-15,047
Transactions with owners								
Regulation on disposal of companies	-	-98	-	-	98	-	-	-
Share-based compensation expenses	-	-	-	-	1,227	1,227	-	1,227
Coupon payments, hybrid capital	-	-	-	-	-	-	-92,550	-92,550
Other adjustments	-	888	-	-	-888	-	-1,957	-1,957
Other transactions	-	-	-	-	-94	-94	-	-94
Total transactions with owners	-	790	-	-	-607	183	5,493	5,676
Equity at 31 March 2023	40,602	36,583	-26,036	-181	155,581	206,549	157,450	363,999

The share capital consists of nom. 302,168,583 shares of DKK 1 each, corresponding to EUR 40,602 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 2023, the Group held nom. 95,512 shares of DKK 1 each corresponding to EUR 13 thousand of the parent company's shares. The shares have been bought back under the warrant programme, 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 31 March 2023 amounts to EUR 3.7 million, which will reduce retained earnings if European Energy A/S does not elect to defer coupon payment on the next interest payment date in September 2023.

Statement of changes in equity – continued

2022								
EURk	Share capital	Reserves (equity method)	Hedging reserve	Treasury shares	Retained earnings	Total	Hybrid capital	Total Parent
Equity at 1 January 2022	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	-	-505	-8,203	-	-	-8,708	-	-8,708
Total comprehensive income	-	25,101	-8,203	-	29,017	45,915	-	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	-	- 5,240	-	-	5,092	- 148	-	-148
Equity at 31 March 2022	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 programme, 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 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 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 2023. 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 2022.

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, 31 May, 2023

Registered Executive Management:

Knud Erik Andersen

Board of Directors:

Jens Due Olsen

Chair

Knud Erik Andersen

Mikael Dyrstrup Pedersen

Jens-Peter Zink

Jesper Helmuth Larsen

Claus Dyhr

Louise Hahn

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.



The Power
of Tomorrow,
Today