Anykščiai
50 MW
Lithuania

EUROPEAN ENERGY

ANNUAL REPORT 2021

COMPANY REG.NO. 18351331

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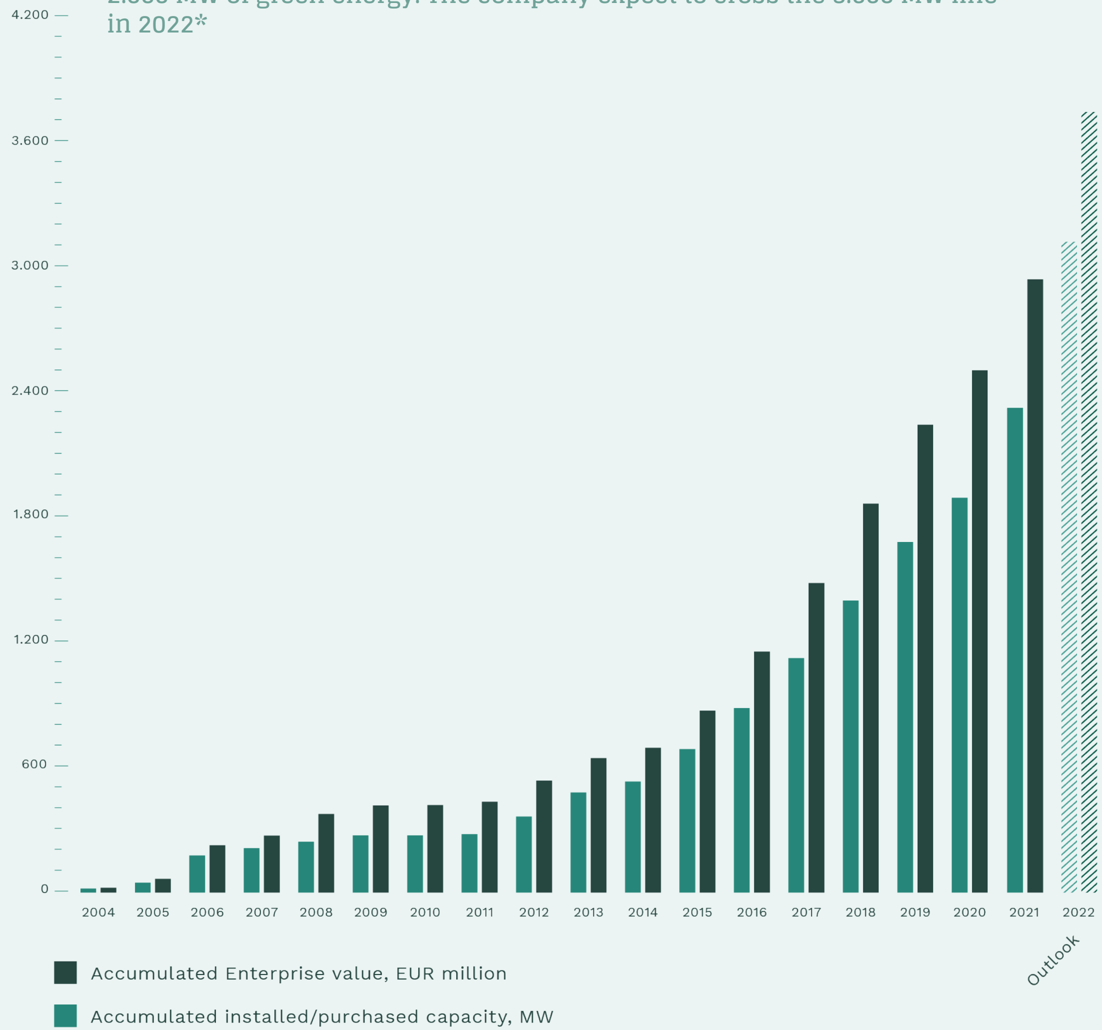
The era of green energy is here

As we close out 2021, we also mark the beginning of an exciting new era – an era in which green electricity is key to unlocking CO_2 emission challenges in the heavy transportation, chemical industry, and heating sectors.

In this new era, we have green solutions that ensure we truly can reach the global goal of a carbon-free world. This is a huge step for Planet Earth – but also for European Energy. And we have already taken pivotal steps into the world of Power-to-X and green heating.

2021 has been a remarkable year for European Energy. The company has enjoyed significant growth, which we expect to see continue and gain even more momentum in the years ahead. Therefore, we expect that 2022 will be successful for European Energy's company, range of projects and investors alike.

Since 2004 European Energy has installed and purchased more than 2.000 MW of green energy. The company expect to cross the 3.000 MW line in 2022*



* Including 3rd-party equity interests

Highlights

PALO
18 MW
ITALY

Financial highlights

Revenue

EURm

+59%

Revenue sat a record and was up 59%, driven by sale of projects, which totalled EUR 268.0m. Revenue from power sales increased by 29% and asset management and other fees were up 25%.

EBITDA

EURm

+33%

EBITDA rose to EUR 81.2m, exceeding our target of EUR 80m. The increase was partly driven by higher project sales and increased power prices that positively impacted gross profit from power sales.

Profit before tax

EURm

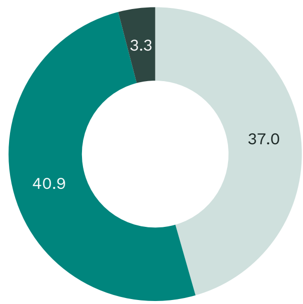
+66%

Profit before tax increased by 66% to EUR 62.7m and exceeded our target of EUR 60m. The increase was mainly driven by the EBITDA improvement, balanced by a depreciation increase.

EBITDA split

EURm

Power sales: 40.9 Project sales: 37.0 Other: 3.3



Equity

EURm

+49%

Equity also saw a significant increase during 2021 due to realised financial results and a tap of EUR 75m of our existing hybrid capital bond.

Project sales

EURm

+68%

In 2021, our project sales rose by 68%. During the year, we concluded our largest divestment to date with the sale of 4 Lithuanian wind projects featuring a total capacity of 186 MW.

Inventories

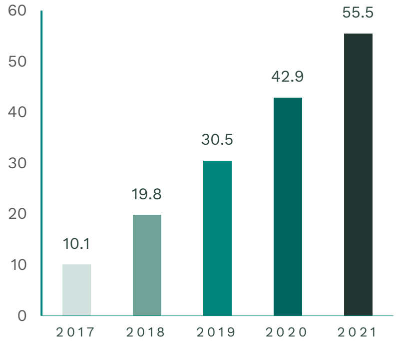
EURm

+61%

Inventories increased by 61%, a rise related mainly to the construction of new parks and increased development pipeline. Operating assets held as inventory declined by 44% due to divestments.

Power sales

EURm



Five-year key figures and ratios

Definitions

Key figures and ratios
For a definition of key figures and ratios, please refer to note 4.8.

*) The IFRS 16, Leases was implemented as of 1 January 2019. Comparative figures for 2017-2018 have not been restated.

EURk	2021	2020	2019	2018 *)	2017 *)
Revenue	328,653	206,962	238,804	96,182	186,716
Direct costs	-226,407	-132,946	-190,614	-60,589	-148,550
Gross profit	104,516	73,946	57,529	42,570	44,998
EBITDA	**81,224**	**61,197**	**44,305**	**33,607**	**34,174**
Operating profit	63,799	49,526	38,411	31,117	32,451
Net financial items	-1,075	-11,751	-969	-5,193	-6,662
Profit before tax	**62,724**	**37,775**	**37,442**	**25,924**	**25,789**
Tax	-5,091	-8,109	-1,461	-3,403	-4,600
Profit for the year	57,633	29,666	35,981	22,521	21,189
Property plant and equipment	157,283	130,594	134,213	85,947	50,340
Investments in property, plant and equipment	46,484	3,831	1,330	12,576	480
Inventories	524,830	325,211	227,131	202,193	101,797
Net interest-bearing debt (NIBD)	427,794	303,730	302,657	239,342	102,417
Total assets	1,174,002	739,817	605,671	447,081	287,764
Hybrid capital	150,000	75,000	-	-	-
Equity	350,488	235,268	137,603	107,685	91,000
Cash flow from operating activities	-114,775	-35,616	19,684	-150,961	-14,476
Cash flow from operating activities, excluding inventories	73,949	56,830	19,531	50,807	15,120
Cash flow from investing activities	-63,165	-22,975	-11,594	-490	3,588
Cash flow from financing activities	283,409	66,961	36,934	161,857	43,992
Change in cash and cash equivalents	105,469	8,370	54,936	10,406	33,104
Non-financials					
Average number of full-time employees	265	168	117	95	74
Number of employees end of year	343	203	148	99	78
Financial ratios					
Gross margin	32%	36%	24%	44%	24%
EBITDA margin	25%	30%	19%	35%	18%
Group solvency ratio	30%	32%	23%	24%	32%
Net interest-bearing debt (excluding hybrid capital)/EBITDA	5.3	5.0	6.8	7.1	3.0
Return on equity	20%	16%	29%	23%	27%
Gearing (NIBD as % of group equity)	122%	129%	220%	222%	113%
Share ratios					
Earnings per share, basic	0.17	0.06	0.09	0.07	0.06
Earnings per share, diluted	0.17	0.06	0.09	0.07	0.06
Number of outstanding shares (1,000)	301,807	300,860	300,145	300,040	300,000

Letter from CEO and Chairman

Delivering strong results in a turbulent year

European Energy delivered a strong 2021 performance despite a year in which the energy sector was shaken, and an unpredictable pandemic once again challenged the global economy. We expanded our business model further downstream in the value chain and managed to scale our construction activities to historically high levels. Having laid the foundation for future growth with a new strong organisation, we believe European Energy to be in a strong position as we enter 2022.

Who would have predicted that energy prices in 2021 would explode to levels never before seen? That 2021 would be the year to experience a historical growth in worldwide inflation, or that the world would witness an even more comprehensive global lock-down due to the COVID-19 pandemic?

2021 will go down in history because of a wide range of significant events, yet at European Energy we will also remember 2021 as a year of many milestones and new records.

We are extremely proud of how our employees have handled the difficult circumstances brought about during 2021. The results that we achieved during the year are testament to European Energy's strong purpose and culture. We have the will to succeed.

Even in times of significantly increased global uncertainty and headwinds, we have managed to maintain our full-year financial guidance – and even raise it. While our EBITDA ended up slightly better than the expected EUR 80 million (EUR 81.2 million), we raised the outlook of year-end profit before tax from EUR 50 million to EUR 60 million, before concluding the year at EUR 62.7 million.

A STORMY YEAR FULL OF RECORDS

The developments within our industry and the global economy alike have proven to affect our business differently:

Power sales revenue for the Group has in 2021 increased to EUR 55 million from EUR 43 million in 2020. The increase is mainly due to the addition of new energy farms, but the increasing power prices have also given a boost to the revenue.

There is no doubt that increasing demand for power – renewable power, in particular – has pushed demand for our solution to new heights. Our bond investors acknowledge this strong demand, the associated increasing financial results, and stronger financial position of our company. In the seven years since our first bond issuance in 2014, the margin has halved from 7,5% to 3,75% and amount increased almost seven times from EUR 45 million to EUR 300 million.

Trust among investors allows us to push the volume of construction activities to a record-high level. At the end of 2021, European Energy has over 800 MW under construction and more than 1.4 GW of renewable energy capacity that is under structuring phase. On the other hand, we have experienced our suppliers struggling to meet increasing demand. As a result, we experience delays in some deliveries, which result in later grid connections than originally planned.

Main Events 2021

February

European Energy enters green heating.

March

European Energy wins EY's Entrepreneur of The Year in Denmark.

April

A new partnership between Novo Holdings, Sampension and European Energy is established to invest up to EUR 200 million in land in Denmark and Sweden.

European Energy and Eesti Energia sign largest PPA in the Baltics for 3.8 TWh.

To comply with the extended building programme, we have recruited almost 150 new colleagues in 2021. The biggest employee intake in percentages has taken place inside our Engineering, Procurement and Construction (EPC) team.

But recruiting new colleagues was not the company's only answer to meet increasing demand in the market. In 2021, we implemented a state-of-the-art project management system with integrated management of documents and legal entities, enabling us to easily manage and report on all project aspects – from initial screening and development to construction and operation.

EXPANSION OF OUR BUSINESS MODEL

For many years, we have been associated mainly with the development of renewable energy projects within wind and solar. However, in recent years, electricity sales have become a more central part of our business model, thereby consolidating our position as an independent power producer. In 2021, we also took steps into the so-called Power-to-X field.

Our position as a power producer has not changed and, to be an enabler that provides solutions for all customers, we still insist on being part of the entire value chain.

RENEWABLE EUROPEAN ENERGY SYSTEM

With construction activities across over 20 projects in seven different countries, European Energy is an international company.

With Europe as our key market, we are still pursuing the original ideals of European Energy since its 2004 inception: To create an independent European energy system based on renewable energy. A beautiful perspective of renewable energy is that it restores balance to the world's ecosystems by replacing fossil fuels. But another beautiful reason to work with renewables is that nobody owns the wind or the sun. These are energy resources that all nations can access and harvest.

A strong example of our increasing international approach is the divestment of four wind projects in Lithuania with a total capacity of 186 MW. The divestment is the biggest in the history of European Energy.

We are still far from the end goal of living in a world powered on pure green energy alone, but the support our industry is receiving makes this goal all the more realistic and achievable.

Our goal is to be a creative contributor in the push for global green power. To amplify value for our planet, we develop our own methods and technical solutions, uniting energy systems to streamline electrification and achieve sustainability.

We work at pace to define and drive the green transition, engaging businesses and communities as we inspire them to embrace electrification. Each day, we fight climate change – and we strongly believe it to be a fight we can win.

Main Events 2021

May

The largest building permit in the history of European Energy was obtained, as the 300 MW solar PV project at Kassø, Denmark.

June

European Energy started constructing its first wind farm in Lithuania.

August

European Energy raises EUR 130 million for green energy construction in Lithuania.

Maersk identifies European Energy as its partner to produce green fuel for its first vessel to operate on carbon neutral methanol.

NECESSITY OF STRONG PARTNERSHIPS

However, this would not be possible without our stakeholders. We want to thank all our stakeholders for what we were able to achieve together in a year unlike any we have seen before. Whether weaknesses or strengths, everything is magnified in times of change. This year has proven to us that European Energy has strong partnerships, a resilient solution for the green transition, and committed employees who can adapt and remain innovative in challenging times.

That is a great foundation from which to grow. And we expect that, supported by a more professionalised organisation, stronger market presence, increased innovation and smoother collaboration with suppliers, our growth will set new standards for the company in 2022.

Based on this, we have set our financial outlook for 2022 of delivering a growth in EBITDA to EUR 135 million and profit before tax to EUR 100 million.

We look forward to working with our stakeholders to find, develop and champion renewable solutions to the challenges faced by all living creatures on our planet.

Knud Erik Andersen
CEO

Jens-Peter Zink
Chairman

> “Based on this, we have set our financial outlook for 2022 of delivering a growth in EBITDA to EUR 135 million and profit before tax to EUR 100 million.

Main Events 2021

September

European Energy issues the largest corporate green bond to date on Nasdaq Copenhagen of EUR 300 million with a margin of 3.75%.

October

European Energy divests four wind projects in Lithuania with a total capacity of 186 MW. This makes it the largest divestment of European Energy to date.

November

European Energy acquires the Danish e-methanol company, Re-integrate.

N-
NS-

Outlook

Reaching 2021 targets

We announced the financial outlook for 2021 on 17 January 2021. EBITDA and Profit before tax were expected at EUR 80m and EUR 50m, respectively.

The 2021 outlook was revised on 23 December 2021 where the expectation to Profit before tax was adjusted upwards to EUR 60m. The expectation to EBITDA was maintained.

The outlook was revised due to a number of factors. We experienced higher power sales and profits from our operations all over Europe due to the material increasing power prices as well as better results from divestment of energy parks. The positives were counterbalanced by higher staff and other external costs as a result of the high activity level and growing number of employees. The net financial expenses were also considerably less than planned partly due to gains recognised as part of debt modification, partly due to lower interest in operating energy parks.

With a final EBITDA for the year of EUR 81.2m and a profit before tax of EUR 62.7m, the targets for the year were reached.

Outlook for 2022

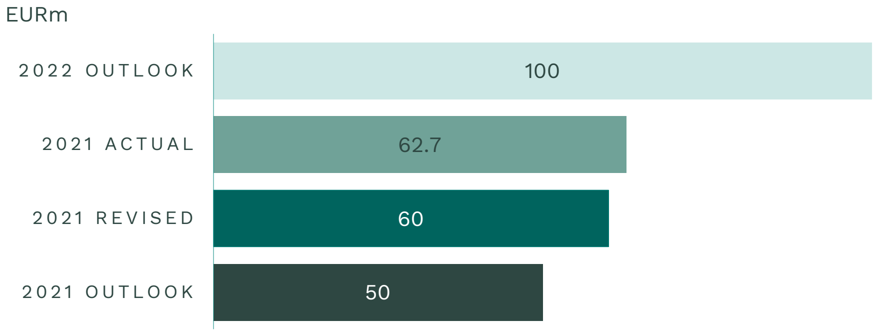
We expect a significant growth in our financial results for 2022 compared to 2021 which is the result of the accelerated growth in European Energy's activity level. In 2021, we increased our MW under construction from 0.6 GW at the beginning of the year to 0.8 GW at the end and expect this number to grow even further towards 1.5 GW during 2022.

Our outlook is based on a balanced set of assumptions however there are factors associated with developing and constructing solar and wind projects which we assess could impact realized results by a margin of +/- 10% compared to outlook. On the risk side, construction activity can once again be impacted by supply chain issues from the COVID -19 pandemic and cost inflation. Other factors which could have negative impacts on the Group 's capability of meeting its goals is the success in obtaining necessary building permits, environmental impact assessments, the development in the supply of power purchasing agreements, delay in planned timing of plant divestments and the overall electricity price for the markets the Group are operating in.

Based on the above, we expect an EBITDA of EUR 135m and a Profit before tax of EUR 100m for 2022.

EBITDA

Profit before tax

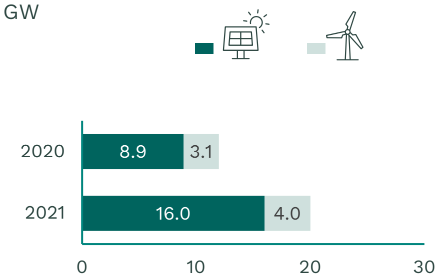


Business

Business highlights

Development pipeline*

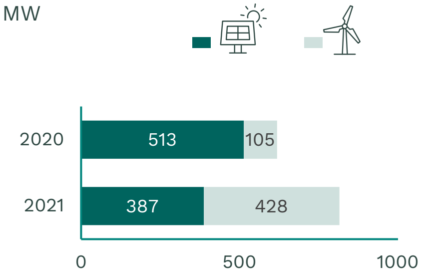
GW



Our pipeline grew significantly during the year with focus on greenfield development, partnering and acquisitions of ready-to-build assets mostly across Europe.

Under construction

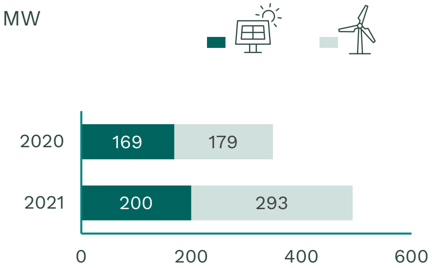
MW



Our construction activities continued its growth with 815 MW of projects under construction. A challenging supply chain caused minor delays and additional cost. but overall activity was high.

Power producing assets

MW



Our power producing capacity increased from 348 MW to 493 MW due to acquisition of assets and new commissioned assets.

Employees

Head count

+ 69%

We have onboarded the right competencies to drive the growth and continues the recruitment. We are a multicultural organisation with employees holding 30 different nationalities.

Countries

Units

+ 19%

During 2021, we were engaged in developing, structuring, constructing, or operating projects in 19 different countries across the world.

Offices

Units

+ 36%

As part of the expansion and the aim to be locally present, we have established 4 new offices abroad during the year, located in Bulgaria, France, Greece, and Romania. Our 15 offices are located in 12 different countries.

*Excluding screening phase

The Business Model

Developing renewable energy:

Wind:
We are developing, constructing, managing, and divesting onshore, offshore, and nearshore wind farms.

Solar:
We are developing, constructing, managing, maintaining, and divesting large-scale solar farms on land, low-land, and as floating PV.

1 Screening:
We secure the land/project rights either through own greenfield activities or through development agreements with local partners. The project's key value drivers and risk profile is assessed, and the project is only progressed if it has sufficient potential to meet financial hurdle rates.

2 Development:
In this phase, we apply for the necessary permits to realize the project and as part of that we conduct a number of studies and analysis, while we also ensure to obtain a grid agreement allowing us to feed the electricity into the grid. The yield of the project is also investigated and a business case for the project is built.

3 Power Purchase Agreements:
Today, more and more companies choose a Power Purchase Agreement (PPA). PPAs are long-term, fixed-price energy supply contracts that guarantee the delivery of renewable power from an energy farm to a business. PPAs are often made before construction of a project begins but can also occur after a project has launched grid connected.

4 Engineering & Procurement:
Our competences in design and engineering ensure the strong operational performance of our assets. Our experienced procurement team selects suppliers via thorough evaluation and closely monitors their delivery.

5 Financing:
Funding is raised at both parent company and project level. We have an experienced central treasury team that design and optimise group capital structure, parent funding, liquidity, and financial risk management. External financing at project level is normally secured before entering construction and is overseen by our project financing specialist, who has a strong track record in securing financing for projects across all markets.

The Business Model

Enabling downstream technologies:

Power-to-X
We are commercialising a production technology that produces green e-methanol at competitive prices. The production is based on renewable energy sources from our wind and solar farms and CO2 from bio-waste. As part of the process, we use electrolysis to produce green hydrogen by splitting water.

Green heating
We convert natural energy and waste energy into useable heating. The heat pumps prevent and minimise wasted energy streams by offering cooling solutions and by transferring the renewable energy from our wind and solar farms into heating solutions.

6 Construction:
With rights and permits secured and procurement, off-take and financing ready, we initiate construction of the project. We have a strong track record in managing contractors and suppliers on-site and, as the final step of construction, connect the asset to the grid providing renewable energy.

7 Divestment:
We assess each project individually and take risk-and-reward profiles into consideration. In some cases, we divest the energy farm to long-term investors at the optimal price. Often, we continue managing the assets for the investor to optimise production output and minimise operating costs.

8 Independent Power Sale:
At other times, it may be advantageous for us to keep ownership of an energy farm and sell the renewable power as an independent power producer.

9 Asset Management & Operations:
We consider managing the assets as part of our core business. This involves 360-degree asset management services delivered by in-house competencies in the technical, commercial, and financial aspects of managing renewable energy farms. Additionally, we deliver O&M services for PV plants in Denmark, including scheduled preventive maintenance, corrective maintenance, technical support and monitoring of plants.

Market analysis

Higher power prices

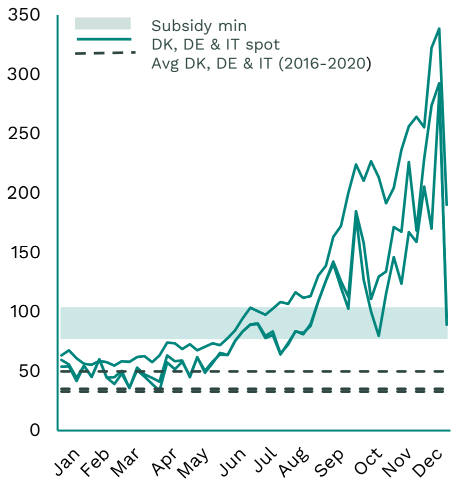
In 2021, a remarkable increase in energy prices was recorded across most European countries. Compared to earlier years, average power prices rose by over 200% in main markets including Germany, France, Spain, and the UK, while the Nordics saw increases of over 400%.

There are several potential reasons for this spectacular level of energy price increase. Europe's energy crunch was mainly a result of shortages of natural gas just as demand rebounded following 2020 lockdowns. Exceptionally low levels of precipitation and wind power output, as well as more nuclear power outages than earlier years, also led to a lack of supply across European markets.

Although electricity prices saw dramatic increases across all European countries, the increase was relatively small compared to the prices of fossil fuels such as gas. Also, 2021 firmly established that higher prices of the cost of emitting CO2 are here to stay. It was a big year for European carbon allowances as prices reached their highest point ever: over 90 EUR per metric ton during December 2021.

It is very likely that higher energy prices shall for now remain and may even extend to other parts of the world as electrification gains traction across various sectors. It will be crucial that world leaders take action to intensify the permitting and rollout of renewables across the continent to remedy these higher power prices. European Energy has high ambitions for the installation of new renewable energy capacity over the coming years.

Spot prices 2021*



Power-to-X is taking off

During 2021, Power-to-X was established as a key means to transform hard-to-abate sectors of societies from heavy dependence upon fossil fuels to going green. By making use of Power-to-X technologies, power from solar and wind energy can be converted into hydrogen or hydrogen-based substances—such as methanol — for use as sustainable fuels in heavy transportation like ships, aircraft, and heavy industry, as well as in plastics.

The potential for Power-to-X is enormous. If climate action targets are to be achieved quickly, Power-to-X fuels can accelerate decarbonisation in all sectors. As more and more countries draft plans for a carbon-neutral society, Power-to-X processes can supply the fuel required in a carbon-neutral manner. As such, it has significant market potential across all these sectors.

The economic viability of Power-to-X fuels is based mainly on availability of cheap renewable energy. Low-cost renewable electricity is crucial as green power constitutes the most significant raw material for Power-to-X. Consequently, governments must ensure that the cost of producing and transporting green power is kept low to support Power-to-X project viability. Additionally, demand for synthetic fuels needs to be created via regulations that mandate renewable fuel usage. Finally, a price increase for fossil fuels via taxation and higher CO2 emission costs is crucial to reducing the cost gap between fossil fuels and the electric fuels of the future.

E-methanol for Maersk's first vessel

European Energy signed an agreement with shipping company Maersk in August 2021. The agreement stipulates that European Energy will deliver 10.000 tonnes of carbon neutral e-methanol that Maersk's first vessel with the ability to operate on green e-methanol will consume annually.

This type of partnership could become a blueprint for how to scale green fuel production through collaboration with partners across the industry ecosystem.

European Energy will place the production facility in the Southern part of Jutland close to Kassø Solar Park, which – when connected to the grid in 2022 – will be the largest solar park in Northern Europe with a capacity of 300 MW. European Energy is proud to be a part of the first large scale e-methanol production in Denmark.

While renewable energy is becoming more and more common in the energy mix of electricity consumption, this is one of the first steps in heavy transportation towards using 100% renewable energy. This agreement marks a milestone in the journey towards green transition in the shipping industry.

*Spot prices increased throughout 2021 driven by high prices on gas, coal, and CO2. Simultaneously, wind in Germany was low and precipitation in the Nordics was below average. The "Subsidy range" illustrated in the graph represents the band between the price where the Danish 25-øre subsidy goes to zero (at ~78 EUR/MWh) and the highest FIT received. The spot prices already started exceeding the subsidy levels in the summer and since then have increased to current extraordinary all-time high levels.

Wind and solar generated 10% of global electricity

According to the think tank, Ember, data for the first half of 2021 shows that wind and solar generated over 10% of global electricity and, for the first time, overtook nuclear generation – a remarkable feat considering that wind and solar, as recently as 2015, accounted for just 5% of global electricity generation.

However, the continued build-out of wind and solar was not enough to meet 2021's significant rise in electricity demand. As a result, we saw coal increase its share for the first time in many years, leading to increased power sector CO2 emissions. This highlights that, although the build-out of wind and solar reached new records, we are still heading in the wrong direction with regards to CO2 emissions.

Although final data is not yet available, 2021 is expected to show another record year for wind and solar installations – and, although both technologies grew strongly, solar PV installed capacity is set to overtake wind capacity for the first time ever. This strong growth in solar PV is expected to lead to another 2022 milestone, with many analysts projecting annual additions of solar PV to surpass the 200 GW mark.

Strategy

A global top player in 2023

If solar PV is to surpass the 200 GW in 2022 breaking down barriers is vital to speed up the green transition.

In European Energy we foster collaboration across governments and communities, welcoming people and partners of all backgrounds and experiences to join us in enabling the green transition. And we need to do the green transition on high speed, because winning the climate challenge slowly is the same as losing it.

Therefore, European Energy has a goal to be recognised among the global top players by 2023.

This marks a high level of ambition; however, we believe we possess the people, pipeline and proven track record to achieve this.

Our strategy stands on three fundamental pillars: drive up capacity, bring down levelised cost of energy (LCOE) and add value to our power production and assets.
Throughout 2021, we grew our pipeline in the developing phase by over 67% (+8 GW) and we made final investment decisions on more than double our 2020 capacity. Our diverse geographical footprint and early project involvement provide us with the confidence that we have both the volume and market diversification to achieve our ambition.

We continue to have a strong focus on reducing LCOE in order to maximise the competitiveness of our renewable energy solutions. A combination of latest technology, larger projects and in-house presence throughout the value chain is our main lever to further reducing costs.

Adding value to both produced power and divested assets is integral to our strategy. We have built strong in-house competences that enable us to enter power purchase agreements in several European markets.

We also focus on additional initiatives that we have identified as key to delivering on our strategy.

Further developing and implementing our project management model is vital to ensuring our processes and ways of working are standardised and optimised.
The development of IT systems to support this way of working is a key ingredient to continue effectively managing our rapidly growing pipeline and organisation.

As we grow, organisational development is increasingly important with a strong focus on attracting and retaining talents to fuel our growth even further.

Finally, rapid growth translates into increased needs for financing, and we are focused on streamlining and further professionalising our financing at group and project level alike.

Sustainability

Sustainability reporting

Last year European Energy published its first Sustainability Report, introducing a framework for measuring the company's progress in its sustainability journey. Together with our annual report we are publishing our sustainability progress made throughout 2021. This is available in a separate publication: https://europeanenergy.com/en/financial-reports

The Sustainability Report is our yearly Communication on Progress (CoP), as required by the United Nations Global Compact in accordance with our Signatory status membership. The statutory statements in the Sustainability Report 2021 are provided pursuant to the Danish Financial Statements Act: sections 99a, 99b and 99d.

Sustainability governance

Our sustainability team is a part of the company's Business Development Department. This structure reflects our continuous work to ensure that sustainability is integrated into the development of our business. The work we conduct on this front is anchored in a governance structure supported by the Management Group and various ESG Working Groups.

Our Business Development Department is responsible for preparing and coordinating the sustainability initiatives driven within each of our ESG key focus areas. In 2021, ESG Working Groups were established to cover the topics under each one of our key focus areas. Each Working Group consists of employees from various departments and across various leadership positions. These employees support the achievement of our sustainability initiatives, goals, and targets within their business area.

The Management Group, whose members also integrate with the Investment Committee, is ultimately responsible for overseeing the progress made on our various sustainability goals based on quarterly reporting by the Business Development Department. The Committee is also responsible for approving the ESG targets set by the organisation on a yearly basis.

COVID-19 aid in Brazil

Ouro Branco I, II and Quatro Ventos (94,5MW in total) are three wind projects that European Energy is currently building in the Brazilian state of Pernambuco. IFU, the Danish Investment Fund for Developing Countries, has entered the projects as a lender. The Commercial Operation Date (COD) is expected for Q4 2022.
The regions where the projects will be located, in the municipalities of Poção, Pesqueira and Macaparana, are characterized by high levels of poverty which was accentuated during the COVID-19 pandemic. To address the population's increased vulnerability, a COVID-19 emergency fund was established, whereby European Energy covers 40% of the costs and the remaining 60% is covered by IFU's Sustainability Facility. The total budget of the fund is DKK 890.000.

Based on a need assessment made with the local municipalities' authorities, the following items were delivered, throughout the last five months of 2021:

- 26.400 reusable face masks
- 4.500 liters of hand sanitizer
- 18.000 pieces of soap
- 4.500 basic food supply baskets
- WHO health promotion pamphlets

Power-to-X and green heating

Rapid development

- In 2021, European Energy agreed to acquire 73 % of the Power-to-X company, REintegrate
- An investment of 40% in the company, Soft & Teknik was also made. Soft & Teknik focuses on software and control systems for heat pumps and Power-to-X plants
- European Energy entered a partnership with Maersk to supply e-methanol to the world's first carbon-neutral container vessel
- First green hydrogen and e-methanol projects will be ready to build in 2022
- A cooperation was established with Pure Renewables for supply of heat pumps to the UK market

Power-to-X (PtX)

European Energy has a firm belief in the ability of Power-to-X to play a significant role in de-carbonising our society. Combining our track record in developing and constructing renewable energy assets with the technology to transform green electricity into green hydrogen and e-methanol, European Energy covers the whole value chain of green energy and can provide carbon-neutral solutions to sectors such as heavy transportation, shipping, and plastics.

2021 has been a year of intense activity in the Power-to-X-area for European Energy. This has included an agreement to acquire 73 % of the Danish Power-to-X-company, Reintegrate. The acquisition of REintegrate, which has developed and constructed a working prototype of an e-methanol plant, adds strong e-methanol competencies to European Energy. In addition to the employees of REintegrate, which are now part of the European Energy organisation, the Power-to-X department has also added colleagues with extensive experience in designing, constructing, and operating process plants.

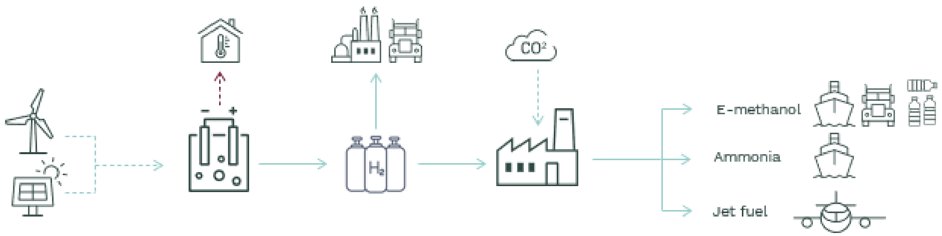
The pipeline of Power-to-X projects is strong with investment decisions already underway in three Danish projects that focus on the production of green hydrogen, e-methanol, and supply of excess heat to district heat networks.

It is expected that the two first projects will be ready to build in 2022 with deliveries to commence in 2023. Several off-take agreements have been concluded with entities including Circle K and Maersk, to whom European Energy will supply e-methanol. The activity level will increase further in 2022 as the market for green hydrogen and e-methanol continues to grow, stimulated by both demand from companies on the path to become carbon-neutral in the future, and the focus of governments worldwide to stimulate and further sector progress.

Green heating

In the heat pump sector, European Energy has also experienced a significant activity. A cooperation was agreed with Pure Renewables, which will supply sustainable and green heating solutions to the UK market using large-scale electric heat pumps for commercial use including district heating networks, public building, schools, and hospitals. In the Danish market, European Energy acquired 40% of Soft & Teknik, which has a proven track record in developing software and control systems for heat pump solutions.

Projects are also underway in the health sector and district heating sector in UK. In Denmark, the first Solar PV and heat pump project is underway with heat pumps set to become operational in March 2022 and the solar PV plant to be installed later in 2022.



Inside our business

Summary

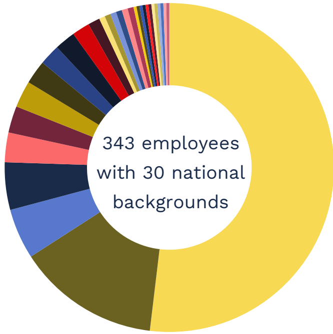
- By end-2021, the number of employees at the European Energy Group had increased by 69% to 343 employees (203 in 2020).
- The largest percentage intake was within Engineering, Procurement and Construction (EPC) and Asset Management, with 2021 headcount doubling in comparison to 2020.
- The increase in employees located outside Denmark increased from 14% in 2020 to 21% in 2021, and the number of new offices outside Denmark increased from 8 to 12 by end-2021. New offices have opened in Bulgaria, France, Greece, and Romania.

Progressing from constructing above 600 MW at year-end 2020 to above 800 MW of renewable energy at year-end 2021 – while at the same time ensuring a continuous stream of new projects in the pipeline – has had a considerable impact on the organisation.

The increasing activity has led to a 69% increase in the number of employees in European Energy – the highest yearly increase in the company's history. By end 2021, the number of employees at European Energy had increased to 343 (203 at end 2020).

A global company

European Energy is a multicultural organisation with employees from 30 different national backgrounds (20 national backgrounds in 2020). 41% have lived in three or more countries, and 73% speak 3 or more languages – cultivating a hugely diverse working environment and underlining European Energy's status as a global company.



Construction and operation take the lead

The largest percentage intake was recorded in Engineering, Procurement and Construction (EPC) and Asset Management, with headcount doubled from 2020 to 2021. Our Project department also rearmed with a 70% increase.

The main reason behind employee number growth is the developing backbone of our project and construction activities: to meet increasing demands in development, construction, and operation. Ultimately, this accounted for 95 new employees.

We have maintained the same gender distribution as our 2020 levels (60% male and 40% female in 2020, 61% male and 39% female in 2021).

More offices and employees outside HQ

A central part of our business strategy is to be physically present in markets where we see strong business opportunities. Therefore, we have overseen an increase in both the share of employees located at offices outside Denmark and number of these offices themselves.

The increase in employees located outside Denmark has increased from 14% in 2020 to 21% in 2021; the number of new offices outside Denmark has increased from 8 to 12 by end-2021. New offices have opened in Bulgaria, France, Greece, and Romania.

Focus on internal processes

To succeed with our building programme, we have also improved our internal foundation.

We identified and introduced four focus areas in 2021 and will continue to develop these focus areas in 2022 and beyond.

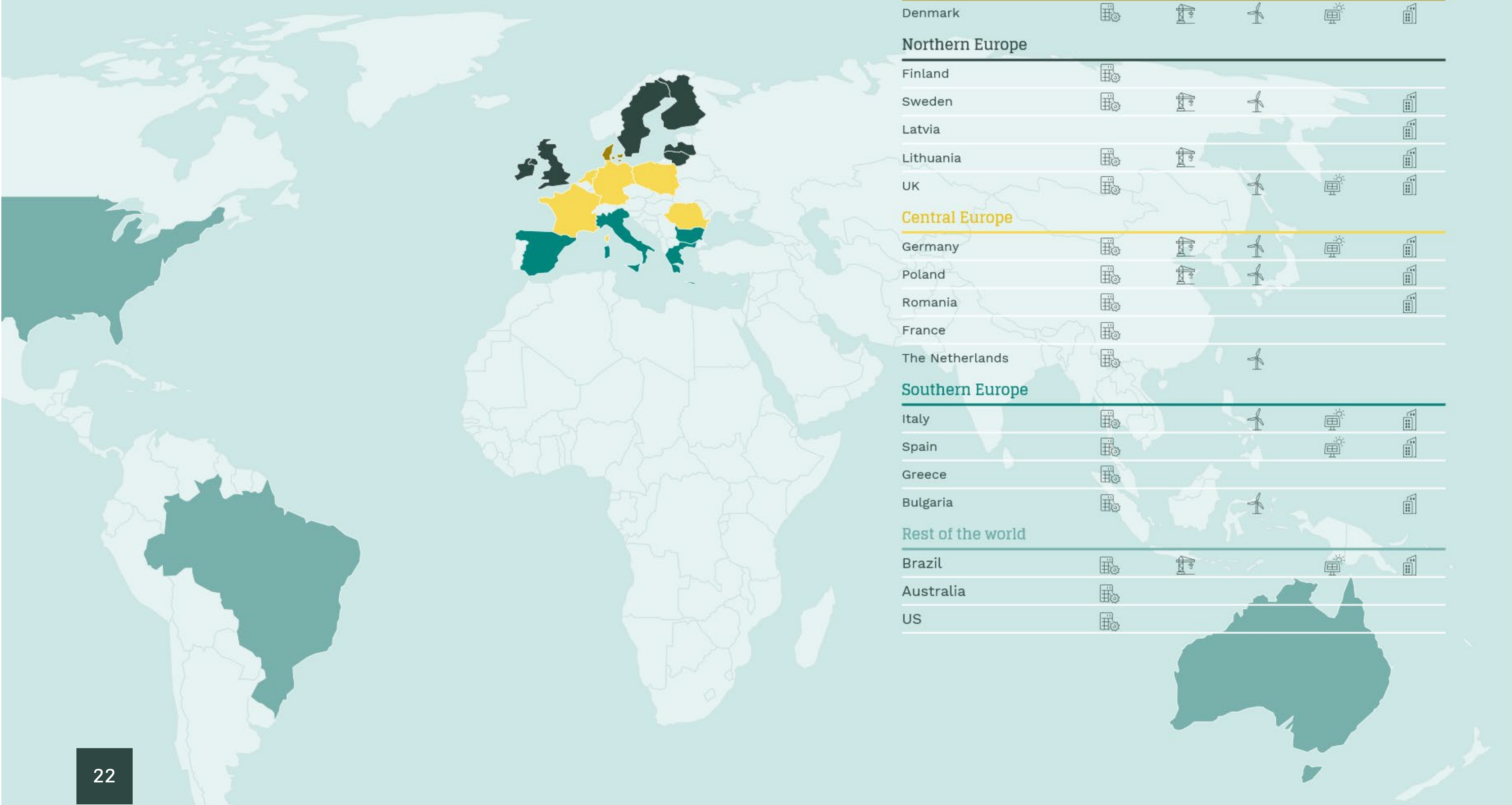
1. Implementation of a new project management model to ensure a more standardised, efficient way of working across the organisation.

2. Focus on people development. People are a crucial factor in reaching our goals, and we want to focus on creating the best development paths and possibilities for every European Energy employee.

3. Digitalisation of the workflow. We have implemented new IT systems that support our work and help us become more efficient and transparent in our project processes.

4. Streamline and professionalise financing. We have established corporate-style treasury set-up, defined clear capital structure and bond refinancing with new reset terms ensured a more scalable capital structure

European Energy across the world



	Development solar / wind	Construction solar / wind	Operational wind activities	Operational solar activities	Offices
Home market					
Denmark	✓	✓	✓	✓	✓
Northern Europe					
Finland	✓				
Sweden	✓	✓	✓		✓
Latvia					✓
Lithuania	✓	✓			✓
UK	✓		✓	✓	✓
Central Europe					
Germany	✓	✓	✓	✓	✓
Poland	✓	✓	✓		✓
Romania	✓				✓
France	✓				
The Netherlands	✓		✓		
Southern Europe					
Italy	✓		✓	✓	✓
Spain	✓			✓	✓
Greece	✓				
Bulgaria	✓		✓		✓
Rest of the world					
Brazil	✓	✓		✓	✓
Australia	✓				
US	✓				

Group performance

KOŁOBRZEG
20 MW
POLAND

Group financial performance

Summary

- Our outlook for 2021 was reached and slightly above - both on EBITDA and Profit before tax, due to strong performance in both project sales and power sales.
- EBITDA totalled EUR 81.2m, a step up of 33% compared to 2020. Profit before tax increased by 66% to EUR 62.7m – both as a direct consequence of higher revenue from both project and power sales.
- Driven by increased construction activity an overall net nominal financing of EUR 220m was raised through a series of transactions at parent level. High levels of financing activity were also evident at project level.

Income statement

REVENUE

Revenue for 2021 took a step up by 59% to EUR 328.6m (2020: EUR 207.0m).

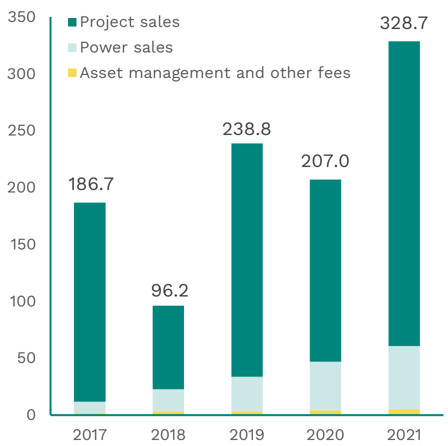
Higher revenue was primarily driven by the sale of energy parks, which totalled EUR 268.0m, an increase of 68% (2020: EUR 160.0m) and mirrored the high interest levels from buyers, that showed appetite to acquire both turn-key projects and projects at earlier stages. Especially during the latter part of the year, we closed several divestments including the sale of a 186 MW wind project in Lithuania, our largest divestment to date.

The sale of power increased 29% to EUR 55.4m (2020: EUR 42.9m). The growth was driven by new capacity and record-high power prices although wind-speeds were historically low.

Asset management and other fees rose 25% and totalled EUR 5.2m (2020: EUR 4.1m). The increase was due to new assets becoming operational with new service contracts in place, and land leases from land acquired for future projects.

Revenue

EURm

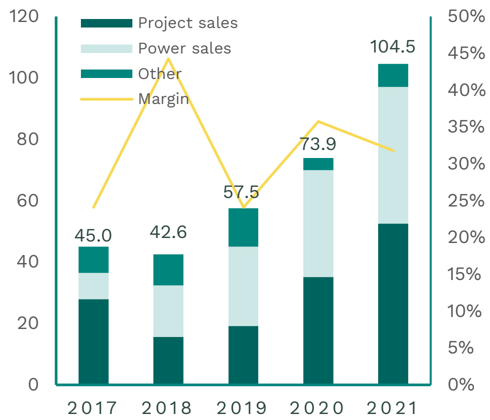


GROSS PROFIT

Gross profit amounts to EUR 104.5m an increase of 41% (2020: EUR 73.9m.) Project sales contributes to total gross profit in 2021 with EUR 52.5m and power sales contribute with EUR 44.6m.

Gross profit and margin

EURm / %



EBITDA

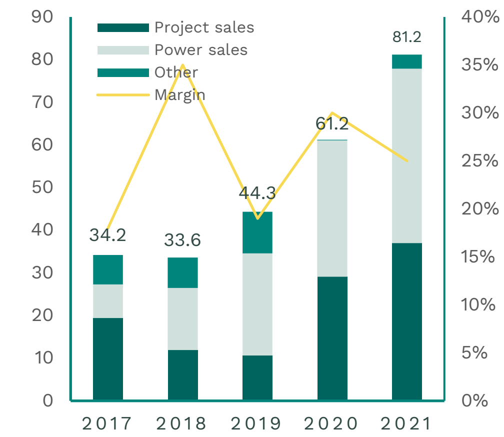
EBITDA totalled EUR 81.2m, a step up of 33% (2020: EUR 61.2m). The increase was a direct consequence of higher revenue from both project sales and power sales. EBITDA from project sales contributed 46% of total EBITDA (2020: 48%), while EBITDA from power sales contributed 50% (2020: 52%).

The improvement was driven by gross profit increase, partly offset by increases in staff cost and other external costs. The increase in staff costs was due to the number of new employees onboarded during the year. The increase in other external costs should be seen in the light of the group expansion, which has added cost in the entering of new markets, new projects and establishing of new offices.

The EBITDA margin was 25% (2020: 30%). The main reason for the decline was mainly attributable to the mix of revenue, as the share of project sales were larger than the share of power sales.

EBITDA split and margin

EURm



PROFIT BEFORE TAX

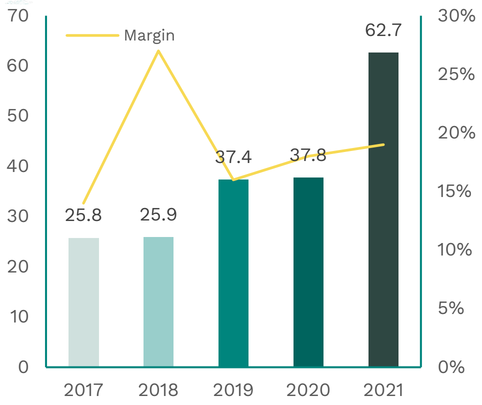
Profit before tax amounted to EUR 62.7m (2020: 37.8m), an increase of 66%. The increase was mainly driven by the improved project and power sales. Additionally, increases in depreciation and impairment were more than outweighed by improved net financial items.

Depreciation and impairment were up 49% to EUR 17.4m (2020: EUR 11.7m). The increase in the depreciation was expected as during the second half of 2021 we acquired several parks across Europe to our power-producing assets portfolio.

The net financial expenses were EUR 1.1m (2020: EUR 11.8m expense). The low level of net financial expenses was due to a combination of modification gains recognised as part of the refinancing of financial debt, higher currency gains and increased capitalisation of interest expenses.

Profit before tax and margin

EURm / %



Tax for the year amounted to EUR 5.1m in 2021 (2020: EUR 8.1m). The Group has paid tax in Germany, Sweden, Greece, and Denmark to a total of EUR 4.6m (2020: EUR 3.7m).

OTHER COMPREHENSIVE INCOME

Other comprehensive income for 2021 amounted to a loss of EUR 2.6m (2020: EUR 1.3m income).

During 2021, the result of hedging of power prices, currencies and interests resulted in a net loss of EUR 1.3m (2020: EUR 1.7m loss) with a corresponding tax expense of EUR 1.3m (2020: EUR 0.4m). Deferred tax has not been reflected for the losses on power price hedging.

The Balance Sheet

PROPERTY, PLANT AND EQUIPMENT

The value by the end of 2021 was EUR 157.3m (2020: EUR 130.6m). The higher value was mainly due to acquisitions of operational parks.

INVENTORIES

Inventories measured at cost increased to EUR 524.8m (2020: EUR 325.2m).

EUR 216.5m (2020: EUR 199.6m) of the inventories were energy farms in operation. These energy farms are producing power and contributing to power sales by the Group. The farms will eventually be sold but the Group has concluded it more profitable to keep the parks until full value has been revealed. It requires a certain amount of realised power sales to give solid proof for performance. The value of the project is expected to increase, and, in the meantime, the Group will make earnings on power sales.

The value of energy farms in construction increased to EUR 197.5m in 2021 from EUR 35.5m in 2020. The large increase is a result of high activity levels and the Group's focus and hard work on expanding its project pipeline in earlier years.

European Energy evaluates the likelihood of a project's success and projects are reviewed on an ongoing basis with the aim of making impairments if needed. A special focus is placed on projects in their early development stages (before construction).
At the end of 2021, the value of projects in the phases before construction increased to EUR 111.8m (2020: EUR 90.1m) as a result of the Group's continued focus on expanding the pipeline of development projects, preparing to deliver more than 1 GW of clean energy farms each year.

In 2021, this led to an impairment of inventory of EUR 13.2m (2020: EUR 2.7m). Write-offs during the year amounted to EUR 1.7m (2020: EUR 0.3m).

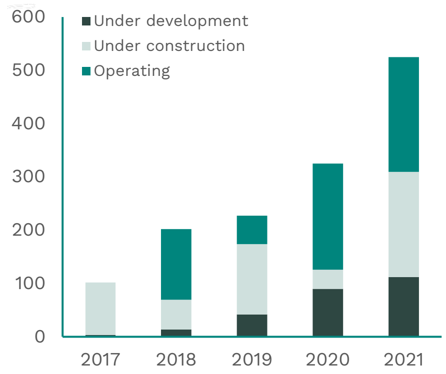
The increase in write-downs should be seen as a result of the investment increase in early-stage development. The inventory value of these projects, before write-downs, increased from EUR 106.4m in 2020 to EUR 135.1m in 2021.

Due to the growing project pipeline, the write down of inventories increased to EUR 24.5m (2020: EUR 11.8m), mainly to reflect increased volume in the development pipeline but also due to projects abandoned due to lack of permits etc.

Please see the disclosure section 2.5 for more information.

Inventory

EURm

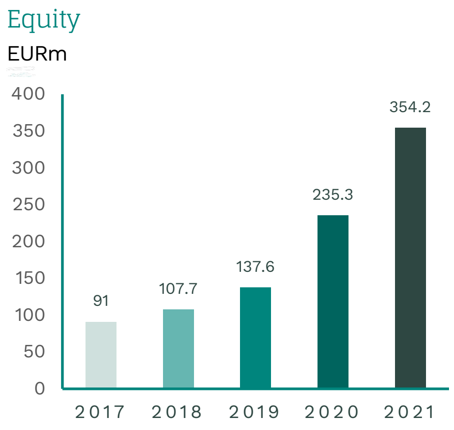


EQUITY

By the end of 2021, equity amounted to EUR 350.5m (2020: EUR 235.3m).

The increase came from mainly 2 factors: realised earnings during 2021 and the tap of our existing hybrid bond of EUR 75.0m (2020: EUR 75.0m).

The non-controlling interests decreased to EUR 12.8m (2020: 25.2m). The decrease related mainly to Heidelberg, where we by the end of December 2021 acquired the remaining equity interests and now hold 100%.



PARENT COMPANY FINANCING

The book value of outstanding senior bonds increased in 2021 to EUR 285.4m (EUR 194.1m). In 2021, the bond was refinanced, and the principal amount was raised from EUR 200 million to EUR 300 million in a new senior unsecured bond with reset terms.

PROJECT FINANCING

Project financing (current and non-current) increased to EUR 328m (2020: EUR 221.4m).

We are cooperating with several financial institutions for project financing depending on the geographic area of the construction site, size of the project and co-investors, if any.

During 2021, project financing increased by EUR 106.9m, whereas the combined value of financed assets – primarily PPE and inventories - rose by EUR 226.3m. The remainder of investments in assets were financed by the parent company with the proceeds from the increased senior bond, hybrid capital and results from operation.

Cash Flow Statement

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities ended at negative EUR-114.8m (2020: EUR -35.6m).

The main driver for the negative operating cash flow was the inventory increase of EUR 194.6m (2020: EUR 92.4m).

Excluding changes to inventories, operating cash flows from operation totalled a satisfactory EUR 79.9m (2020: EUR 56.8m).

The inventory increase should be seen in the light of our efforts in growing the development pipeline and the all-time high number of MW under construction. Our operating assets recognised as inventory did not solely tie up cash but was significantly contributing to the power sales during the year. The farms are for sale and while they are in operation the parks will provide a solid proof of performance.

CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities was negative with EUR -63.5m (2020: EUR -23.0m).

Most significantly we acquired assets amounting to EUR 46.0m (2020: EUR 3.8m). The assets acquired were primarily wind assets located across Europe.

In 2021, new loans to related parties totalled EUR 12.1m (2020: EUR 17.4m) and related mainly to loans to Polish joint ventures.

CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities ended with a significant surplus of EUR 283.4m (2020: EUR 67.0m).

The positive impact came primarily from 3 sources:
The tap of our hybrid bond of EUR 75m, the refinancing of the green bond of EUR 300m and increased project financing.

The net proceeds from the hybrid bond tap issued in 2021 was EUR 76.0m. During the year coupon payments to bond holders were made at the amount of EUR 6.6m. The coupon payments are considered dividend and not interests.

Additionally, a new senior bond of EUR 300m with reset terms was issued during the year. The net proceeds were EUR 297.8m. On the back of this transaction, our outstanding EUR 200m senior secured bond was redeemed.

Project financing activity has also been high during the year, and we added new loans of EUR 218.9m (2020: EUR 206.0m) and repaid loans of EUR 112.0m (2020: EUR 201.4m) in relation to e.g., the divestment of energy parks.

TOTAL CASH FLOW

During the year the cash and cash equivalents increased by EUR 105.5m (2020: EUR 8.4m) and resulted in a cash position of EUR 227.4m (including cash with restrictions) compared to EUR 121.9m by the end of 2020.

Project development

Summary

- During 2021, European Energy increased the development pipeline by 67% from 12 GW to 20 GW
- The total pipeline (incl. screening) now stands at 34.3 GW placing European Energy in the top group of European onshore wind and solar PV developers (European Energy's net share is 31.2 GW)
- Project development is ongoing in 17 countries with 15 local offices in 12 different countries and more than 120 employees

Development activities

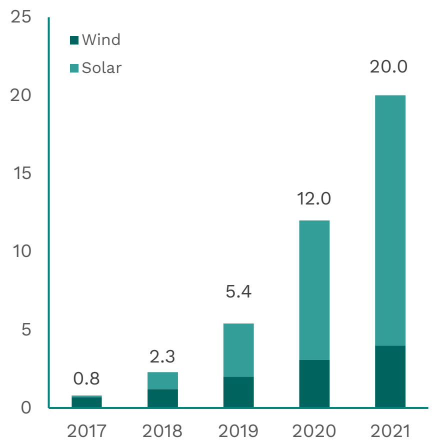
During 2021, we continued our efforts in growing our project development activities including greenfield development, partnering and acquisition of ready-to-build assets. Our core focus was on European low-risk markets, and we were active in project development in 17 countries (2020: 14 countries) and had established local offices in 12 countries (2020: 8 countries) as broad geographical reach and local presence are key enablers to securing new projects.

Since 2018, a key focus has been to grow our project pipeline, which we consider a key value driver in securing continuous, stable earnings growth.

At the end of 2021, European Energy had just over 34.3 GW of renewable energy pipeline – of which 14.3 GW was in screening, 18.6 GW in development and 1.4 GW in structuring (up by 17.5 GW compared to 2020). This growth stemmed primarily from Denmark, Poland, Romania, and Greece. This pipeline positions European Energy in the top group of European onshore wind and solar energy developers.

Development pipeline (development and structuring)

GW

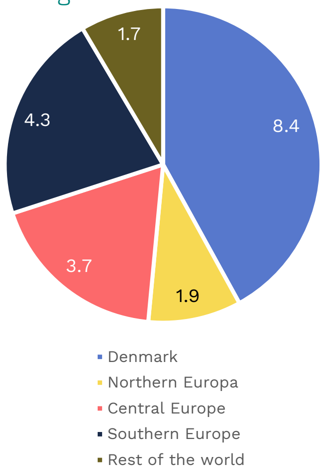


European Energy plans to develop this pipeline over the coming years, which is expected to result in increasing construction activity.

The part of the development pipeline, which exclude screening, the development within wind energy accounted for about 4.0 GW (20%), while solar PV accounted for 16.0 GW (80%).

On geographies, the development pipeline was split on Denmark (42%), Northern Europe (9%), Central Europe (19%), Southern Europe (22%) and the rest of the world (8%).

GW per regions



A dedicated project development team of more than 120 employees stands ready to take on new development opportunities as they arise.

Change to Project management model

In 2021, European Energy implemented a few changes to the project management model.

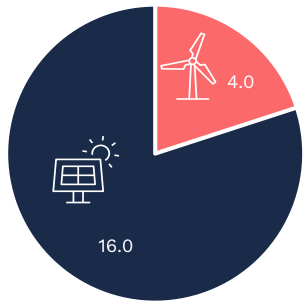
Previously, we reported on development, ready-to-build and construction. As per 31 December 2021 and going forward we have adapted the reporting to match the revised project management model, containing the phases screening, development, and structuring. The change from ready-to-build to structuring reflects that we are active in many countries where the definition of ready-to-build varies significantly between markets, whereas the structuring phase reflects our commercial assessment of the likelihood and timing of a given project.

The below table shows the difference between the new and the old model for 2021.

GW	New model	Old model
Development	18.6	19.0
Ready to build	0.0	1.0
Structuring	1.4	0
Total	20.0	20.0

Share per technology

GW



Structuring and financing activities

Increasing construction activity during 2021 naturally also resulted in increased funding activity at both parent company and project level. These activities were managed by our dedicated treasury team and project finance specialists.

At parent level, an overall net nominal financing of EUR 220m was raised through a series of transactions:

- In April 2021, a EUR 75m tap of our existing outstanding hybrid capital security strengthened our accounting equity position.
- In September 2021, a new EUR 300m senior bond was issued where terms were optimised, taking market standard and peer terms into consideration while maintaining satisfactory investor protection. Through a new set of financial covenants, our capital structure was made scalable to allow more parent debt as the company grows. Realising our growth strategy requires the ability to incur an increasing amount of debt at parent level to cover development activities and the equity share of construction activities and the operating portfolio. On the back of this transaction, our outstanding EUR 200m senior secured bond was redeemed.
- Finally, the establishment of a EUR 45m revolving credit facility with a core group of major Nordic banks – Nordea, Danske Bank and DNB – will enable us to manage liquidity more efficiently and reduce costly idle cash positions.

On a project level, we also experienced high activity e.g.:

- A EUR 130m portfolio construction facility with EIG Global Energy Partners was signed mid-2021. The facility was initially applied in financing wind projects in European Energy's rapidly growing renewables business in Lithuania.
- A EUR 101m construction facility with Jyske Bank, a larger local Danish bank for the construction of a 301 MW PV plant, Denmark's largest to date.

PPA activities

Activity in the PPA market increased markedly in 2021 across Europe. As CSR and ESG requirements increased, new buyers entered the PPA market and old players looked to increase their volumes. By the end of the year many markets were running low of projects given buyer numbers.

The power markets increased dramatically in 2021, accelerating into year end with all-time highs in all major European markets led by record levels in EUA certificates, the phase-out of coal and nuclear plants in Germany, and a shortage of natural gas (a key fuel in the European power mix).

In 2021, European Energy closed 11 PPAs across Europe, including:

- 3.8 TWh over 10 years starting in 2023 with Eesti Energia. The agreement secures renewable energy to an equivalent of what 250.000 Danish private consumers use annually and, to date, is the largest PPA signed in the Baltics.
- Over 400 GWh over 10 years with Clever A/S in Denmark to supply green power to their network of EV charging stations (enough power to drive an electric car around the equator 475,000 times).
- An innovative tri-party deal with EnergiDanmark and Claus Sørensen A/S to supply green power to their cold storage business.

From energy crops to renewable energy

At Ålbæk in Northern Denmark, European Energy has grid connected a new solar farm that replaces fields of existing energy crops with solar panels.

In the past, the local farmer was harvesting energy willow that would ultimately end up in biomass furnaces and trade marked as sustainable biomass.

The total output of the field is optimised and produces more than 20x as much renewable energy compared as before, according to Group calculations. At the same time, CO_2 emissions are directly reduced as solar farms power heat pumps for central heating compared to emissions released when biomass is burned for heating purposes

In Denmark, solar power can deliver around 25% of the total electricity needed in 2030. This will require some 15.000 hectares of land, which is less than 0.5% of Denmark's total arable land.

Construction

Summary

- During 2021, European Energy was engaged in construction activities at 23 different sites in 5 European countries and Brazil.
- 215 MW of renewable energy capacity was grid-connected or acquired when operational by European Energy in 2021, with a total investment value of over EUR 160 million euros.
- In 2022, European Energy expects the MW under construction to grow towards 1.5 GW.

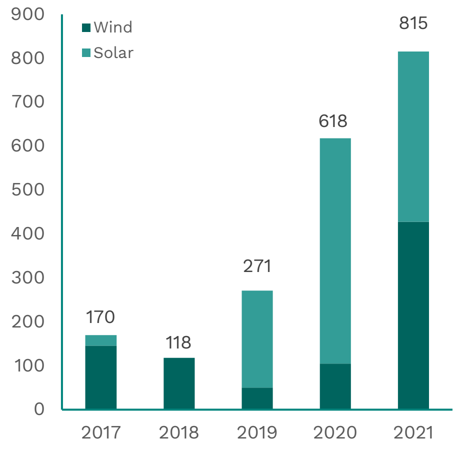
European Energy's construction activities continued to grow steadily throughout 2021, reaching an all-time high in terms of project site number and MW under construction.

During 2021, European Energy was engaged in construction activities at 23 different sites (up from 14 in 2020) in 5 European countries and Brazil. By end-2021, 815 MW of projects were under construction – up from 618 MW the previous year.

To handle the past year's increase in construction activity, manning of the EPC department (Engineering, Procurement and Construction) was doubled and reorganised along core competencies and tasks in the EPC process.

Construction pipeline

MW



Entering 2021, we aimed to grid connect about 750 MW of new renewable energy capacity, however only achieved 133 MW. The past year was challenging for supply chain, which mostly can be attributed to constraints in equipment manufacturer capacity and input costs that resulted in minor delays to our initial plan.

Further major disruptions in the shipping market challenged logistical planning and cost targets. By accepting slight delays to completion, we have been able to secure project economics. Of the 0.5 GW with postponed completion into 2022, 0.15 GW of wind capacity will reach completion in the early months while the remaining (mainly PV) capacity of 0.35 GW will be finalised by mid-2022.

Wind

At the end of 2021, European Energy had 15 wind power projects under construction across four European countries and Brazil. In total, the active construction activities constituted some 428 MW of new renewable energy capacity, expected to be grid-connected during 2022 or 2023. The main construction sites were located in Lithuania (121 MW), Sweden (122 MW), Poland (77 MW) and Brazil (95 MW) respectively.

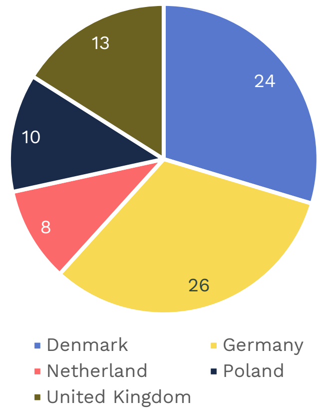
Solar

At the end of 2021, European Energy had 3 solar PV projects under construction. In total, the active construction activities constituted some 387 MW of new renewable energy capacity to be grid-connected during 2022 according to schedule. Of the projects under construction, 300 MW related to the plant at Kassø, which was the largest-ever to be built in Denmark at the time. End of 2021, we also succeeded in installing and grid-connecting the 150kV/30kV main power substation for the site connecting directly to the Danish grid.

During 2021, European Energy completed the construction of 5 new solar PV plants. In total, the constructed solar farms added 133 MW to the grid, supplying an additional 56,000 European households with green power. European Energy also acquired 82 MW of operational assets during the year.

Acquired assets in per country

(82 MW in total)



Construction activities in 2022

We are optimistic that supply chain and production capacity issues will improve as we enter 2022. We aim for a volume towards 1.5 GW under construction by the end of 2022 supporting our continued growth into 2023.

In total, since the company's establishment in 2004, European Energy has by end of 2021 acquired, developed or grid-connected more than 2.2 GW of renewable energy capacity, making European Energy a key player among the European market's renewable energy developers.

Project sales

Summary

- In 2021, European Energy experienced great interests from investors in acquiring our projects.
- European Energy divested solar and wind farms for a combined capacity of 361 MW in 2021 and had a cumulative enterprise value of approximately EUR 251.0m.
- In 2021, European Energy divested energy parks at different stages e.g., ready-to-build, under construction and turnkey.

2021 was another record year for European Energy. During the year, there was great interest from investors in buying projects. These activities have resulted in several divestments being signed and closed in the 4th quarter, as well as the foundations for further closings set during the start of 2022.

The wind and solar farms divested, and sales and purchase agreements signed by European Energy in 2021, had a cumulative enterprise value of approximately EUR 251m (2020: EUR 162.0m) and capacity of 361 MW (2020: 129 MW). The solar and wind farms that were divested in 2021 – or where sales and purchase agreements were signed – are generating enough green power to supply 90,000 European households.

The highlight of the year was the combined sale in Q4-2021 of four wind projects located in Lithuania, featuring a total capacity of 186 MW. The transaction was our first in Lithuania and, until now, the largest divestment in the history of European Energy. Usually, we divest projects when construction has finished, and the assets been put into operation. The sale of Lithuanian projects was slightly different as the three wind farms were sold under construction.

European Energy has been in Lithuania since 2018 and has, in addition to the divested wind farms, a number of projects in both the development and under construction phases. The divestment shows significant potential in the country as well as the surrounding Baltic countries.

In 2021, 4 solar parks in Denmark with a total capacity of 120 MW were also signed and closed. In addition to this, a sales agreement was signed for the sale of the Solar Park Rødby Fjord with a capacity of 71 MW. Due to certain closing conditions, the divestment will not be recognised as revenue until 2022.

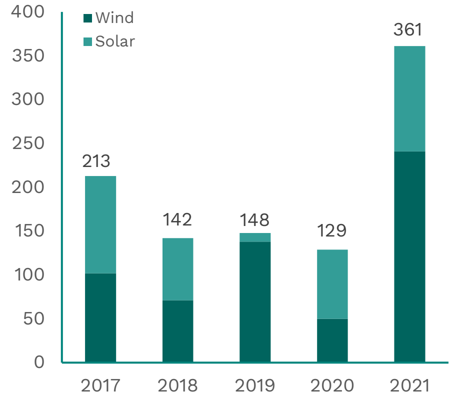
In the domestic market, our portfolio of solar projects is significant, and a number of new projects are under development and construction with commissioning expected in 2022 and 2023.

The divestments in 2021 also included the sale of two ready-to-build projects located in the Finnish municipality of Karstula, with a total installed capacity of 55 MW.

The completed sales underline the significant potential and value of our built-up pipeline in the European market, consisting of a mix of solar and wind plants located in a number of countries. The potential is further underlined by a large interest from investors in acquiring assets from our pipeline when they are ready-to-build and, in some cases, already in the development phase.

The trend reflects, among other things, the increasing focus on the conversion to green energy, which is driven by COP26, the high energy prices we have seen in the last half of 2021, and a significantly higher demand than supply for projects commissioned.

Project sales
MW



Power sales

Summary

- Record-high electricity sales were achieved in 2021 with consolidated revenue of EUR 55.5m.
- Solar and wind farms controlled by European Energy with a capacity of 493 MW delivered green energy to consumers of seven European countries and Brazil.
- In 2022, European Energy will seek to further increase its power production capability.

Power sales in 2021 ended at a record-high level. Compared to last year, consolidated power sales increased by 23% to EUR 55.5m (2020: EUR 42.9m).

2021 power sales were characterised by two significant impacts:

- Low wind resources during 2021 in our key markets
- All-time high power prices in the last months of 2021 in our key markets

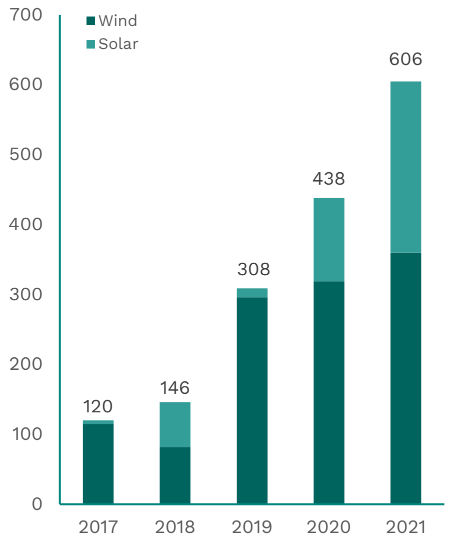
The wind resource during 2021 was significantly worse in our key markets compared to the historical average, as illustrated by the German wind index.

Especially, the winter months both in the beginning and end of 2021 were characterised by significantly lower wind resource than expected. Even though, the worsen of the wind resource in 2021, our total power production increased from 438 GWh in 2020 to 606 GWh in 2021.

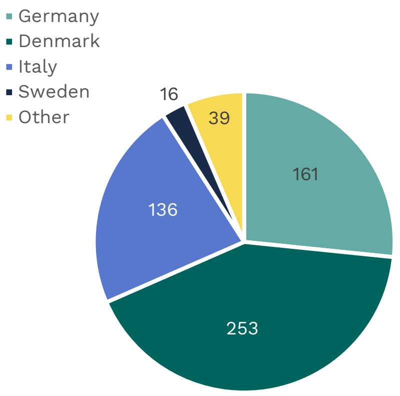
This is primary due to an increased amount of MW of fully operational solar parks, which have had a stable performance during 2021 compared to our wind parks.

Power production

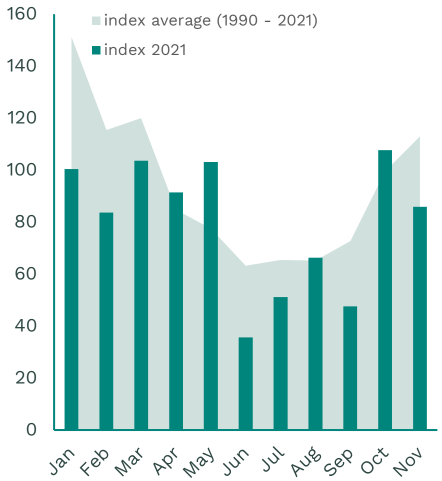
GWh



Power production 2021 (606 GWh)



German wind index



Power prices in key markets like Denmark, Germany and Italy were below the levels of subsidies granted by governments until mid-2021, and these subsidy prices were perceived as fixed prices. Since September 2021, power prices have increased to levels significantly above subsidy levels. Consequently, these assets sell the produced power at market prices significantly above subsidy levels and receive zero subsidy during this period.

A great part of the operational wind parks in the Group has high subsidy schemes reflecting the higher construction prices from when they were build. These parks has as a consequence of the increasing prices for the first time received a higher price per MWh than the subsidy level. For the new added capacity during the year, the fixed price levels are lower than the old subsidy schemes, and in the cases where the parks have a Power Purchase Agreement with a 3rd party off-taker there has been no extra revenue from the increased spot prices.

As power sales bridge shows, this development in power sales can be explained by:

- Changes in the portfolio (divested assets, new build capacity and acquired assets)
- Changes in production due to low wind resources
- Changes in average power prices

Power sales bridge

Asset management and PV operations

Summary

- At the end of 2021, European Energy managed 1.618 GW of assets divided between 998 MW wind power and 620 MW solar power production.
- European Energy's net share is 555 MW, and the remainder is managed on behalf of investors.
- During 2021 European Energy build an in-house Operations business delivering O&M services for PV plants in Denmark.

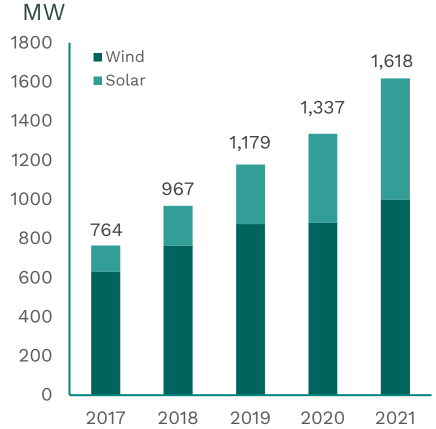
European Energy's asset management team is dedicated to optimizing the operation of wind and solar farms across many countries across the world. Asset Management offers investors a 360 degrees spectrum of asset management services. Investors can therefore make passive investments without worrying about the operation and maintenance of the wind or solar farm in question.

In 2021, European Energy increased its portfolio of generating power assets under management. At the end of 2021, European Energy managed a total of 1,618 MW of power generating assets (an increase of 17% compared to 2020), of which 998 MW was wind power and 620 MW was solar power. European Energy controlled 493 MW and the remainder is managed on behalf of investors.

During 2021 European Energy build an in-house Operations business delivering O&M services for PV plants in Denmark. We have a team of skilled technicians located in 4 service hubs across Denmark, where we deliver both scheduled preventive maintenance and corrective maintenance. In addition, we have a control room at our headquarter with a team of engineers providing technical support and monitoring of plants.

By the end of 2021 the O&M service portfolio consisted of 18 operating PV plants totalling 291 MW consisting of more than 2,000 inverters and approximately 800,000 PV panels. During 2022, the O&M service business will significantly increase, as we currently have 4 PV plants in Denmark totalling more than 450 MW under construction and a pipeline of new projects, and we plan to set up similar O&M service hubs outside Denmark.

Asset Management



OUR APPROACH

European Energy monitors and analyses asset performance with a view to implementing the optimal strategies regarding production, cost structure, refinancing and repowering. European Energy also manages legal, technical and safety compliance and consistently reports to stakeholders, such as investors and financing banks. Services range from ensuring access to turbines requiring maintenance, through to conducting operation and management tasks, to bookkeeping and negotiating with insurance companies and power traders. European Energy strives to identify risks early and thereby reduce the impact on hardware as well as on the performance and production of the assets. This is achieved through a combination of remote monitoring and site visits.

In 2022, European Energy will continue to expand its asset management. With the high level of construction activities, European Energy's asset management team stands ready to take over operations and management of assets once construction has been completed. With European Energy's presence in the full value chain from development, construction to operations and our own IPP portfolio, we have in-house competencies such as engineering or hedging/PPA deal origination.
These in-house competencies can be applied for our assets under management to extract the optimal lifecycle of the assets to the benefit of our customers.

Parent company financial performance

SVINNINGE
GÅRDEN
34 MW
DENMARK

Parent company financial performance

Income statement

REVENUE

Revenue in 2021 totalled EUR 140.9m (2020: EUR 15.0m). The large increase in revenue was most significantly driven by the sale of energy farms and projects that amounted to EUR 103.4m (2020: 0.3m), whereas the development and construction fees also contributed to the increase.

The revenue from sale of energy farms and projects relates to sale of Lithuanian projects to a subsidiary, in order to prepare the group for an external sale of the Lithuanian projects. European Energy will provide construction management service until the construction is complete.

The development and construction fees increased to EUR 32.5m (2020: EUR 10.5m), driven by the increased activities.

Asset management fees totalled EUR 5.1m (2020: EUR 4.2m).

EQUITY-ACCOUNTED INVESTMENTS

Results from investments totalled EUR 5.2m (2020: EUR 21.5m) due to the profit from sale of power plants in 2021 were to a higher degree from divestments in the parent company rather than from divestments in the subsidiaries.

DIRECTS COSTS AND GROSS PROFIT

Direct costs amounted to EUR 78.5m (2020: EUR 10.7m). The increase was driven by the sale of energy farms and projects. The gross profit ended at EUR 67.7m (2020: EUR 27.4m).

STAFF COSTS

Staff costs totalled EUR 12.3m (2020: EUR 7.0m). The number of employees has increased significantly, and the increase in salary cost is also reflected in the increased direct costs.

NET FINANCIAL INCOME

Net financial income amounted to EUR 11.9m (2020: EUR 1.3m, net expense). The primary driver for the net increase was additional interest income from loans to subsidiaries. The additional interest income was driven by the new bond and hybrid bond tap where the proceeds was used for loans to subsidiaries to finance their construction processes. The interests income from subsidiaries was EUR 23.3m (2020: 12.6m). As part of the bond modification, a gain of EUR 4.8m was recognised.

PROFIT BEFORE TAX

Profit before tax totalled EUR 59.1m (2020: EUR 15.8m) driven by the increase in gross profit and the improved financial income.

TAX

The taxes for the year were an expense of EUR 1.2m (2020: EUR 0.8m, income).

OTHER COMPREHENSIVE INCOME

In 2021, the company recognised a negative value adjustment, net of tax of EUR -2.3m (2020: EUR +1.1m) related to hedging instruments. The loss derives primarily from the value adjustments on power purchase agreements counterbalanced by income from foreign currency hedging.

Balance sheet

Investment in subsidiaries increased to EUR 115.1m (2020: EUR 102.3m). The net value increased due to increases of cost value for investments in subsidiaries totalling EUR 30.0m. The result for the year in the subsidiaries was EUR 5.2 million and dividend received was EUR 11.2 million.

Loans to subsidiaries increased to EUR 444.9m (2020: EUR 220.1m), as part of the parent company's financing of the acquisition of new projects as well as the ongoing constructions in SPVs.

Equity increased to EUR 337.7m (2020: EUR 160.7m) mainly due to increase of the green hybrid bond and the profit for the year of EUR 75.0m and EUR 57.9m, respectively.

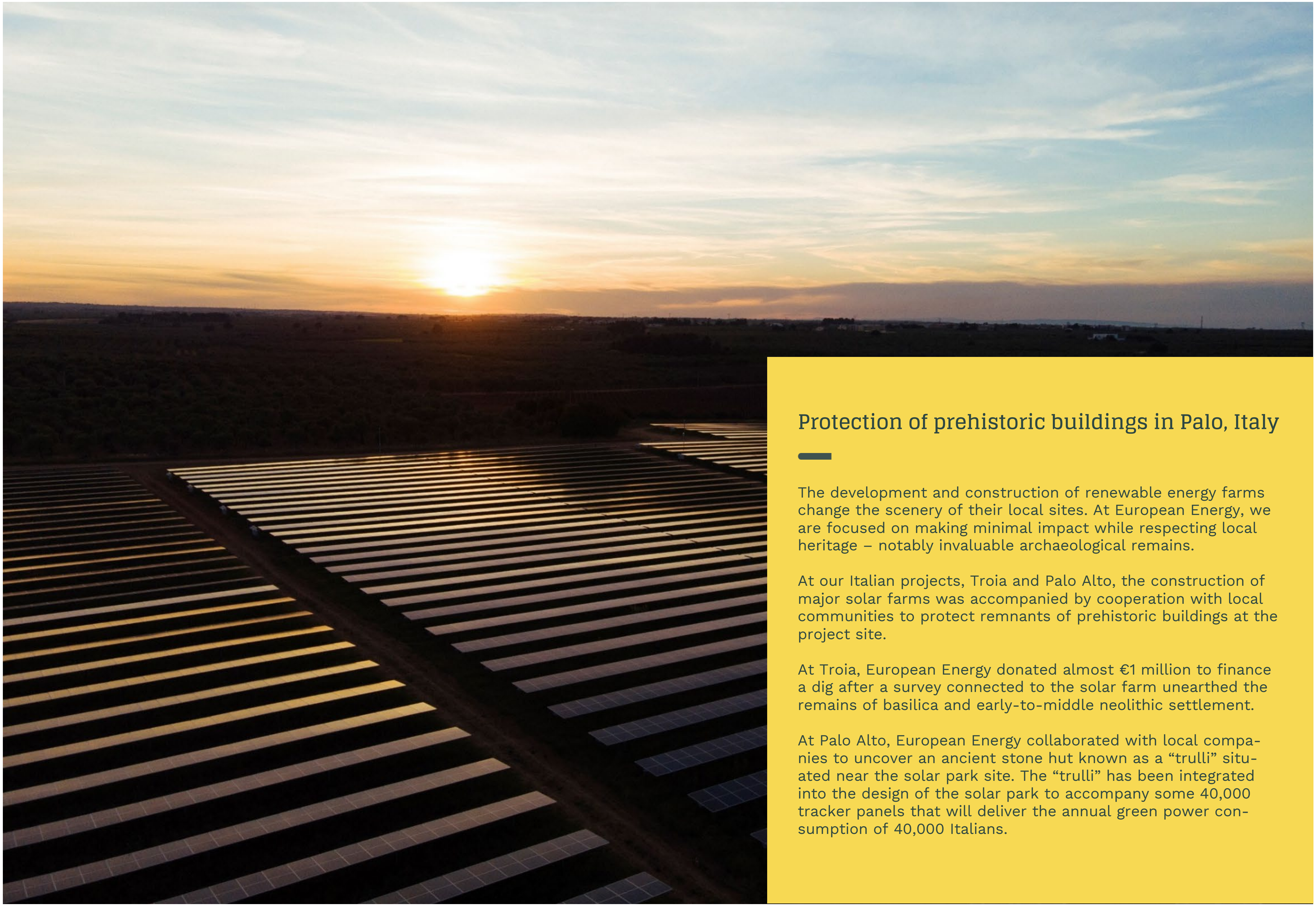
Cash flow statement

Cash flow from operating activities was EUR 82.0m (2020: EUR 5.9m) driven mainly by the profit before tax.

Cash flow from investing activities was EUR -241.2m (2020: EUR -73.1m) due to the financing of the growth in subsidiaries.

The cash flow from financing activities ended at EUR 175.8m (2020: 73.8m) due to the issue of the senior bond and the hybrid bond.

The change in cash and cash equivalents for the year was EUR 16.5m (2020: EUR 6.6m) and total cash increased to EUR 60.4m (2020: EUR 43.9m).



Protection of prehistoric buildings in Palo, Italy

The development and construction of renewable energy farms change the scenery of their local sites. At European Energy, we are focused on making minimal impact while respecting local heritage – notably invaluable archaeological remains.

At our Italian projects, Troia and Palo Alto, the construction of major solar farms was accompanied by cooperation with local communities to protect remnants of prehistoric buildings at the project site.

At Troia, European Energy donated almost €1 million to finance a dig after a survey connected to the solar farm unearthed the remains of basilica and early-to-middle neolithic settlement.

At Palo Alto, European Energy collaborated with local companies to uncover an ancient stone hut known as a “trulli” situated near the solar park site. The “trulli” has been integrated into the design of the solar park to accompany some 40,000 tracker panels that will deliver the annual green power consumption of 40,000 Italians.

Governance

GÜSTOW
30 MW
GERMANY

Risk management

As a global wind and solar developer and asset manager of renewable energy projects, we are exposed to a variety of risks inherent in our daily business operations and value creation. European Energy's risk management is intended to continuously identify, assess, and manage business and financial risks to reduce and secure an acceptable level of impact on financial results, the company's value, and financial covenants in financing arrangements. While these risks can take on different forms and dimensions, they can, broadly speaking, be divided into market risks, operational risks, financial risks, and political, regulatory, and legal risks. The financial risks consist of liquidity risk, foreign currency risk, and interest rate risk. The primary risks and associated risk management measures are addressed below in line with these risk categories.

Market Risks

The sale of electricity and divestment of wind and solar farms involves exposure to fluctuating electricity prices in the market. To mitigate this market risk, European Energy enters into long-term power purchase agreements (PPAs) or secures long-term feed-in tariffs for the majority of power production for its projects that are under construction or in operation. Furthermore, geographical diversification of in development and operational projects alike ensures that electricity market price risk is spread across multiple electricity markets.

Another decisive uncertainty, as well as opportunity in European Energy's market is the consistent, fast-paced development of solar and wind energy production technologies, which calls for constant adaptation and responsive project development. To limit its exposure to potential technological changes that favour one technology over the other, European Energy follows a dual development strategy covering both wind and solar technologies. In addition, European Energy limits counterparty and technology dependency risk by contracting with varying technology suppliers across different projects.

Operational Risks

European Energy develops greenfield projects, acquires pre-developed renewable energy projects at varying stages of their development cycle, and participates in repowering projects.
To be able to continuously realise new, profitable projects, European Energy relies on a broad project development pipeline, ensuring cross-border market intelligence, agility, and responsiveness during instances that conditions change in individual markets. European Energy limits its risk exposure to specific projects or countries by selectively entering partnerships, ensuring that development risks are appropriately shared between European Energy and its partners, which, for example, can be the original project developers.

Development costs usually constitute a minor part of the total project costs, and European Energy is typically able to discontinue a project if circumstances warrant.

Once development projects enter the construction phase, European Energy faces construction risks such as potential delays due to unfavourable weather conditions, cost overruns or supplier dependencies. European Energy reduces these risks via conservative construction planning, which makes provisions for contingencies, and by conservative construction budgeting, which incorporates an appropriate reserve for unforeseen expenses. Furthermore, it builds on established and proven relationships with top-tier technology providers only.

Political, Regulatory and Legal Risks

The successful development of renewable energy projects is dependent on the political and regulatory environment. While renewable energy in favourable climate conditions has already reached market price competitiveness with conventional forms of energy production, it still to some degree relies on state subsidies in many regions and countries. To reduce European Energy's exposure to country-specific changes in government policies and subsidy-related regulation, we pursue a geographic and technological diversification strategy. In 2021, European Energy was active in 19 different countries, mainly across Europe. To decrease its political risks in relatively higher risk countries outside of Europe, European Energy strives for joint venture developments in collaboration with local partners.

Financial Risks

LIQUIDITY RISKS

As a developer of large-scale renewable-energy projects, European Energy naturally relies on sufficiently large amounts of liquid capital to finance construction activities. When projects enter the construction phase in particular, they rely on timely construction financing with equity capital (normally provided by the parent company, European Energy) and debt capital (normally provided by a bank through financing facilities, which are subsequently refinanced with long-term, non-recourse project loans once the project is operational). If sufficient capital is unavailable, the development and construction of projects may be delayed or jeopardised altogether.

In order for European Energy to mitigate underlying liquidity risks, it dedicates considerable efforts to ongoing liquidity monitoring and forecasting of financing needs at both Group and project level.

In addition, particularly at project level, European Energy reduces liquidity risks related to construction activities by spreading and evening out supplier payments across the entire construction cycle and securing construction financing with renowned and trusted banks as early as possible.

FOREIGN CURRENCY RISKS

European Energy's activities abroad expose the company to fluctuations in exchange rates. The majority of European Energy's foreign exchange operations are linked to the Euro. European Energy does not hedge this risk since the Danish fixed exchange rate policy is considered unlikely to change. Furthermore, to mitigate foreign currency risk (especially at project level) European Energy may partially finance projects in local currencies. European Energy assesses the need for hedging purchase orders from suppliers if the orders have substantial value and are not in the local currency – this is to ensure that budgeted construction costs are not exceeded. When projects are being constructed with the aim of being divested, European Energy assesses the need and possibility for hedging the entire enterprise value of the project to protect the value of European Energy's equity contribution to the project.

INTEREST RATE RISKS

At both Group and individual project level, European Energy relies on interest-bearing debt financing, which exposes it to interest rate risks. European Energy counters these risks by balancing its portfolio of fixed and variable rate loans and borrowings. Particularly at project level for long term financing, it often altogether avoids interest rate risks by engaging in interest rate hedges that cover the full maturity of project-related loans.

INFLATION RISKS

An increase in inflation will impact the construction costs for new energy farms. In order to mitigate this the Group enter into procurement agreements for the vast part of the capital expenditure for new parks shortly after final investment decision is made.

At the same time the power purchase agreements will be made, and thereby securing the value of the energy park. It is anticipated that an increased inflation will also impact the power prices, and thereby there is a build in hedge for the Group.

Capital management

The Group operates a two-layered capital structure. The parent company constitutes the top-layer of the capital structure, which includes funding that is unsecured and structurally subordinated to project-level financing at the bottom.

The latter is predominantly secured bank financing of renewable energy projects either under construction or in operation.

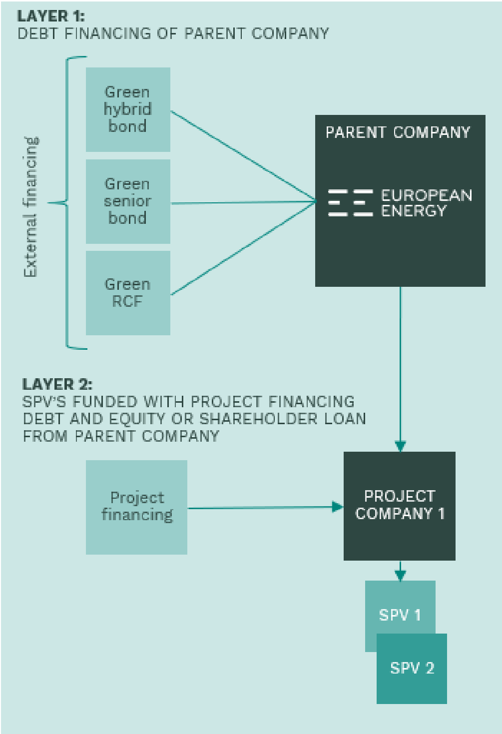
The Group's financial policy is defined by a set of financial maintenance covenants included in the terms and conditions of the senior unsecured bonds issued by the parent company. These are:

1. A minimum parent company equity to total assets (excl. cash) of 25%
2. A maximum group project financing to group project assets (PPE and Inventories) of 75%

In short, these financial covenants stipulate that

1. parent capitalisation must be 1 times equity to 3 times debt, and;
2. that parent company on an aggregate basis should contribute with a minimum 25% equity to the project-level layer.

European Energy operates with a two-layered capital structure



Debt funding of the parent company is based entirely through Nasdaq Copenhagen-listed bonds with "Nordic"-style documentation and issued under the company's green financing framework:

1. EUR 150m hybrid capital security with stated maturity in 3020, a coupon of 6.125% p.a. until First Call Date on September 22, 2023.

2. EUR 300m senior unsecured bond with maturity in September 2025 and a coupon of EURIBOR 3M plus a margin of 3.75%.

3. EUR 45m revolving credit facility maturing in 2026 at the latest with three major Nordic relationship banks. The terms largely mirror those of the senior unsecured bond.

Project level financing consists of construction (while under construction) or project (when projects are in operation) financing primarily with Danish and international banks, yet also with infrastructure debt asset managers.

European Energy runs on a continuous basis, financial planning on short- and medium-term basis alike with the aim of securing:

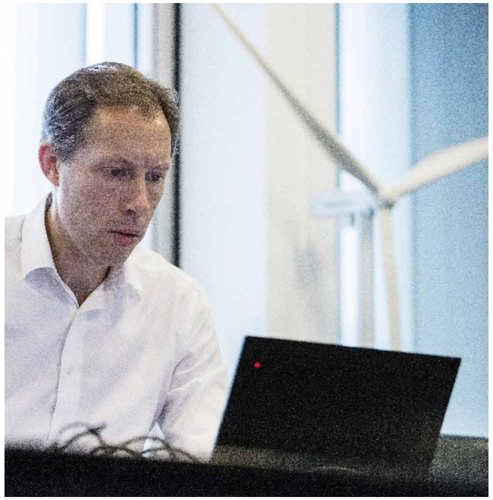
- Adequate short-term liquidity to fund planned projects with parent equity and project debt

- Adequate capitalisation of the parent company to fund medium-term project pipelines and the timely refinancing of existing outstanding debt

- Quarterly compliance with financial covenants in senior secured bonds issued by the parent company and any project level debt covenants

Annually, in connection with approval of the Budget, the Board of Directors reviews and approves the funding plan of budgeted activities for the coming year.

Please refer to note 3.3 for a more detailed description of the capital structure.



Corporate governance

The following statutory statement is provided pursuant to the Danish Financial Statements Act section 107b, no.6.

Financial reporting process and internal controls

The Board of Directors and Executive Board have overall responsibility for the Group's control environment.

The Board of Directors have appointed an Audit Committee to assist the Board in the ongoing supervision of internal control and risk management systems related to the financial reporting process.

To ensure the highest quality of financial reportage on the Group's financial statements, the Board of Directors and Executive Board have adopted policies and procedures for the presentation of financial statements and internal controls, including:

- Review of financial performance compared to approved budgets
- Review of projects and other significant matters, including management of risks and accounting treatment
- Standardised reporting process

Responsibility for maintaining sufficient and effective internal controls and risk management in connection with financial reporting lies with the Executive Board.

The Audit Committee continuously monitors the process of financial reporting and adequacy and effectiveness of the internal control systems established, including new accounting standards, accounting policies and accounting estimates. The Audit Committee monitors and checks the independence of the external auditor and monitors the planning, execution, and conclusions of external audit.

Management

Board of Directors

Jens-Peter Zink
Chairman

Knud Erik Andersen

Mikael Dystrup Pedersen

Jesper Helmuth Larsen

Claus Dyhr

Management Group

Knud Erik Andersen
Chief Executive Officer

Jens-Peter Zink
Executive Vice President

Ole Fich
Head of Commercial Asset Management & IT

Lars Bo Jørgensen
Head of Transaction Services & Project Economy

Jonny Thorsted Jonasson
Chief Financial Officer

Poul Jacobsen
EPC Director

Mikael D. Pedersen
Head of Construction, Wind

Simon Bjørnholt
Legal Director

Thorvald Spanggaard
Project Director

Financial Statements

RØDBY FJORD
38 MW
DENMARK

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Financial Statements

Notes

Consolidated income statement and statement of comprehensive income

Note	EURk	2021	2020
1.3	Revenue	328,653	206,962
2.6	Results from investments in joint ventures	-1,293	-6,396
2.7	Results from investments in associates	2,568	1,518
1.5	Other income	995	4,808
1.2	Direct costs	-226,407	-132,946
	Gross profit	**104,516**	**73,946**
4.2, 4.3	Staff costs	-11,977	-7,381
4.4	Other external costs	-11,315	-5,368
	EBITDA	**81,224**	**61,197**
2.3, 2.4	Depreciation and impairment	-17,425	-11,671
	Operating profit	**63,799**	**49,526**
3.2	Financial income	12,933	2,815
3.2	Financial expenses	-14,008	-14,566
	Profit before tax	**62,724**	**37,775**
4.1	Tax	-5,091	-8,109
	Profit for the year	**57,633**	**29,666**
	Attributable to:		
	Shareholders of European Energy A/S	51,288	16,644
	Hybrid capital holders	6,608	-
	Non-controlling interests	-263	13,022
	Profit for the year	**57,633**	**29,666**
	Earnings per share:		
	Earnings per share, basic	0.17	0.06
	Earnings per share, diluted	0.17	0.06

Note	EURk	2021	2020
	Profit for the year	57,633	29,666
	Items that may be reclassified to profit or loss:		
	Value adjustments of hedging instruments	-892	1,653
4.1	Tax of value adjustments of hedging instruments	-1,296	-364
	Currency translation of foreign operations	-277	36
	Other comprehensive income for the year	**-2,465**	**1,325**
	Comprehensive income for the year	**55,168**	**30,991**
	Attributable to:		
	Shareholders of European Energy A/S	48,759	17,864
	Hybrid capital holders	6,608	-
	Non-controlling interests	-199	13,127
	Comprehensive income for the year	**55,168**	**30,991**

Consolidated statement of financial position

Note	EURk	2021	2020
2.2	Goodwill	4,528	-
2.3	Property, plant and equipment	157,283	130,594
2.4	Lease assets	9,875	9,396
2.6	Investments in joint ventures	13,743	10,334
2.7	Investments in associates	17,083	15,239
2.9	Other investments	8,468	7,497
4.5	Loans to joint ventures	51,913	41,051
4.5	Loans to associates	4,939	4,295
2.10	Trade receivables and contract assets	10,731	2,907
2.10	Other receivables	2,975	12,340
4.1	Deferred tax	6,294	4,798
	Total non-current assets	**287,832**	**238,451**
2.5	Inventories	524,830	325,211
2.10	Trade receivables and contract assets	56,149	27,298
2.10	Other receivables	31,687	21,664
2.10	Prepayments	46,143	5,301
3.5	Cash and cash equivalents	173,718	86,771
3.5	Restricted cash and cash equivalents	53,643	35,121
	Total current assets	**886,170**	**501,366**
	Total assets	**1,174,002**	**739,817**

Note	EURk	2021	2020
	Share capital	40,559	40,430
	Retained earnings and reserves	147,179	94,650
	Equity attributable to shareholders of the Company	**187,738**	**135,080**
3.1	Hybrid capital	150,000	75,000
2.8	Non-controlling interests	12,750	25,188
	Total equity	**350,488**	**235,268**
3.5	Bond	285,383	194,144
3.5	Project financing	301,409	187,917
	Other debt	12,377	2,139
2.4	Lease liabilities	9,220	8,307
2.11	Provisions	23,868	20,390
4.1	Deferred tax	12,378	11,999
	Total non-current liabilities	**644,635**	**424,896**
3.5	Project financing	45,589	33,504
2.4	Lease liabilities	2,123	1,739
	Trade payables	62,526	11,629
4.5	Payables to related parties	11,431	11
4.1	Corporation tax	9,756	6,851
2.11	Provisions	4,254	4,400
	Deferred income	4,239	2,654
	Other payables	38,961	18,865
	Total current liabilities	**178,879**	**79,653**
	Total liabilities	**823,514**	**504,549**
	Total equity and liabilities	**1,174,002**	**739,817**

Consolidated statement of cash flow

Note	EURk	2021	2020
	Profit before tax	62,724	37,775
	Adjustment for:		
	Financial income	-12,933	-2,815
	Financial expenses	14,008	14,566
	Depreciation and impairment	17,425	11,671
	Results from investments in joint ventures	1,293	6,396
	Results from investments in associates	-2,568	-1,518
2.12	Change in net working capital, excluding inventories	8,301	7,044
2.12	Change in inventories	-188,724	-92,446
3.2	Interest paid on lease liabilities	-401	-413
	Dividends	1,057	1,613
2.13	Other non-cash items	-854	-4,122
	Cash flow from operating activities before financial items and tax	**-100,672**	**-22,249**
4.1	Taxes paid	-4,552	-3,727
3.2	Interest paid and realised currency losses	-14,272	-12,000
3.2	Interest received and realised currency gains	4,721	2,360
	Cash flow from operating activities	**-114,775**	**-35,616**
2.3	Acquisition/disposal of property, plant, and equipment	-46,022	-3,822
2.9	Acquisition/disposal of other investments	-	-224
2.1	Acquisition of enterprises	-35	-
	Cash and cash equivalents related to acquired companies	-1,343	-
2.6, 2.7	Investments in joint ventures and associates	-3,643	-1,549
4.5	Loans to joint ventures and associates	-12,122	-17,380
	Cash flow from investing activities	**-63,165**	**-22,975**

Note	EURk	2021	2020
	Proceeds from issue of bonds	297,750	-
	Repayment of bonds	-205,035	-
	Proceeds from project financing	232,302	205,952
	Repayment of project financing	-106,725	-201,371
	Repayment of lease liabilities	-1,516	-2,000
	Payables to associates	30	-2,106
	Capital increase through exercise of warrants	130	404
	Purchase of treasury shares	-21	-18
3.1	Proceeds from issue of hybrid capital	75,967	73,391
3.1	Coupon payments, hybrid capital	-6,608	-
2.8	Transactions with non-controlling interests	-2,865	-7,291
	Cash flow from financing activities	**283,409**	**66,961**
	Change in total cash and cash equivalents	**105,469**	**8,370**
	Total cash and cash equivalents at 1 January	121,892	113,522
	Total cash and cash equivalents at 31 December	**227,361**	**121,892**
3.2	Cash and cash equivalents	173,718	86,771
3.2	Restricted cash and cash equivalents	53,643	35,121
	Total cash and cash equivalents at 31 December	**227,361**	**121,892**

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	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 year	-	-	-	-	-	51,288	51,288	6,608	-263	57,633
Other comprehensive income										
Value adjustments of hedging instruments	-	-	-	-849	-	-70	-919	-	27	-892
Tax of value adjustments of hedging instruments	-	-	-	-1,339	-	-	-1,339	-	43	-1,296
Currency translation of foreign operations	-	-	-271	-	-	-	-271	-	-6	-277
Other comprehensive income	**-**	**-**	**-271**	**-2,188**	**-**	**-70**	**-2,529**	**-**	**64**	**-2,465**
Total comprehensive income	**-**	**-**	**-271**	**-2,188**	**-**	**51,218**	**48,759**	**6,608**	**-199**	**55,168**
Transactions with owners										
Dividends	-	-	-	-	-	-	-	-	-1,348	-1,348
Transactions with NCI	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-21	-	-21	-	-	-21
Exercise of warrants	25	105	-	-	-	-	130	-	-	130
Share-based compensation expenses	-	-	-	-	-	1,030	1,030	-	-	1,030
Issue of hybrid capital	-	-	-	-	-	967	967	75,000	-	75,967
Coupon payments, hybrid capital	-	-	-	-	-	-	-	- 6,608	-	-6,608
Additions	104	991	-	-	-	-	1,095	-	1,756	2,851
Disposals	-	-	-	-	-	698	698	-	-12,647	-11,949
Total transactions with owners	**129**	**1,096**	**-**	**-**	**-21**	**2,695**	**3,899**	**68,392**	**-12,239**	**60,052**
Equity at 31 December	**40,559**	**1,436**	**27**	**-150**	**-39**	**145,905**	**187,738**	**150,000**	**12,750**	**350,488**

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 December 2021, 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 31 December 2021 amounts to EUR 2.5 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 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	2020
Equity at 1 January	**40,331**	**37**	**216**	**900**	**-**	**76,644**	**118,128**	**-**	**19,475**	**137,603**
Profit for the year	-	-	-	-	-	16,644	16,644	-	13,022	29,666
Other comprehensive income										
Value adjustments of hedging instruments	-	-	-	1,459	-	-	1,459	-	194	1,653
Tax of value adjustments of hedging instruments	-	-	-	-321	-	-	-321	-	-43	-364
Currency translation of foreign operations	-	-	82	-	-	-	82	-	-46	36
Other comprehensive income	**-**	**-**	**82**	**1,138**	**-**	**-**	**1,220**	**-**	**105**	**1,325**
Total comprehensive income	**-**	**-**	**82**	**1,138**	**-**	**16,644**	**17,864**	**-**	**13,127**	**30,991**
Transactions with owners										
Dividends	-	-	-	-	-	-	-	-	-5,144	-5,144
Transactions with non-controlling interests	-	-	-	-	-	-9	-9	-	-	-9
Purchase of treasury shares	-	-	-	-	-18	-	-18	-	-	-18
Exercise of warrants	99	305	-	-	-	-	404	-	-	404
Expenses related to capital increases	-	-2	-	-	-	-	-2	-	-	-2
Share-based compensation expenses	-	-	-	-	-	322	322	-	-	322
Issue of hybrid capital	-	-	-	-	-	-1,609	-1,609	75,000	-	73,391
Additions	-	-	-	-	-	-	-	-	-182	-182
Disposals	-	-	-	-	-	-	-	-	-2,088	-2,088
Total transactions with owners	**99**	**303**	**-**	**-**	**-18**	**-1,296**	**-912**	**75,000**	**-7,414**	**66,674**
Equity at 31 December	**40,430**	**340**	**298**	**2,038**	**-18**	**91,992**	**135,080**	**75,000**	**25,188**	**235,268**

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

Notes

HARRE
44 MW
DENMARK

1.1 Basis for preparation

General information

The Annual Report 2021 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and additional requirements in the Danish Financial Statements Act.

On 28 February 2022, the Board of Directors approved the 2021 Annual Report. The Annual Report is presented at the Annual General Meeting on 17 March 2022.

Changes in accounting policies and disclosures

The group has adopted all new, amended or revised accounting standards and interpretations (IFRS) as published by the IASB effective as of 1 January 2021, as well as those endorsed by the EU.

The accounting policies remain unchanged compared to the Annual Report 2020, to which reference is made.

New accounting standards not yet adopted

The IASB has issued a number of new or amended accounting standards and interpretations, effective after 31 December 2021. The approved, though not yet effective, standards and IFRICs will be applied as they become mandatory for the group.

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

Basis of consolidation

The consolidated financial statements comprise European Energy A/S (the Parent), and subsidiaries over which European Energy A/S exercises control.

Entities acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Entities disposed of are recognised in the consolidated statement of profit or loss until the date of disposal.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent company and to non-controlling interests even if this means that the non-controlling interests have a negative balance. When necessary, the financial statements of subsidiaries are adjusted to align their accounting policies with those of group. All intra-group assets and liabilities, equity, income, expenses and cash flows arising from transactions between group entities are fully eliminated on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to the parent company.

The non-controlling interests' proportionate share of the subsidiaries' profit and of equity is included as part of the group's profit and equity, respectively.

Foreign currency translation

FUNCTIONAL CURRENCY

The group determines a functional currency for each reporting entity in the group. Group entities that are special purpose vehicles, established with the limited purpose to hold all activities related to a specific development project, are considered integrated entities in European Energy. Such special purpose vehicles have the same functional currency as the ultimate parent company, European Energy. Where entities are not considered integrated entities in European Energy the functional currency is the currency used in the primary financial environment in which the individual reporting entity operates. Transactions in currencies other than the functional currency are foreign currency transactions. The functional currency of the parent company is Euro (EUR), and the financial statements are presented in Euro (EUR).

On initial recognition, transactions denominated in foreign currencies are translated into the functional currency at the exchange rate at the transaction date. Foreign currency translation adjustments arising from the settlement of such transactions and the translation of monetary items denominated in foreign currencies at year-end exchange rates are recognised in profit or loss under finance income and finance costs.

PRESENTATION CURRENCY

The consolidated financial statements are presented in Euro (EUR).

Presentation of cash flow statement

The consolidated cash flow statement shows the group's cash flows from operating, investment and financing activities.

Cash flows from operating activities are determined using the indirect method and stated as the consolidated profit before tax adjusted for non-cash operating items, including depreciations and impairment losses, provisions and changes in working capital, interest received and paid and corporate tax paid.

Other non-cash items primarily comprise reversal of gain from disposing non-current assets, reversal of value adjustments made in relation to other investment assets and reversal of recognised income from bargain purchase related to acquisition of companies and reversal of share of profit (loss) from equity-accounted investments.

When the group sell a company (SPV which owns an energy park), the balance of the SPV is not netted out in the cash flow. The group recognises the sale of an SPV as if it was a sale of an asset. The inventory, receivables and payables sold are thus included in the working capital changes of the year.

Cash flow from investment activities comprises payments connected with the purchase and sale of non-current assets, including energy farms classified as property, plant and equipment and equity-accounted investments.

Cash flows from financing activities include proceeds from bond issues, drawdowns, new project loans, payments from non-controlling interests and repayments on borrowings from credit institutions.

Loans in disposed companies within the group are recognised as repaid loans in the cash flow statement.

Cash and cash equivalents consist of cash and short-term deposits with a maturity of three months or less and an insignificant risk of changing value.

Use of judgements and estimates

In preparing the consolidated and separate financial statement, Management has made judgements, estimates and assumptions that affect how the group's accounting policies are applied and the amount of assets, liabilities, income and expenses reported. The actual results may deviate from these estimates.

In accounting for lease contracts various judgements are applied in determining right-of-use assets and lease liabilities. Judgements include assessment of lease periods, utilisation of extension options and applicable discount rates, cf. in note 2.4.

Judgements

The following provides information about judgements made in applying those accounting policies that most significantly impact the amounts recognised in the consolidated and separate financial statements:

REVENUE RECOGNITION (NOTE 1.3)

When selling turn-key projects revenue is recognised at a point-in-time when control and all material risks and rewards have been transferred to the buyer. Determining the point-in-time require judgement regarding open matters/conditions and whether such if any are material or not.

ASSESSMENT OF CLASSIFICATION – WHETHER THE GROUP HAS CONTROL, SIGNIFICANT INFLUENCE OR JOINT CONTROL (NOTE 2.6 AND 2.7)

To have control over an investee, European Energy A/S must have all of the following:

a. Power over the investee;
b. Exposure, or rights, to variable returns from its involvement with the investee; and
c. The ability to use its power to affect the amount of its returns. The assessment of control is based on European Energy's actual ability to direct the activities of the project rather than on the legal form of the ability. Consequently, the determination of whether European Energy has substantive rights over the project does not distinguish between rights arising from European Energy as a shareholder of the project or as an operator.

In certain circumstances, the decision-making rights over the investee are delegated to a general partner. Particular emphasis is put on assessing control over an investee. When European Energy acts as commercial manager under a commercial management agreement (CMA), European Energy assesses whether it is using the power provided under the CMA for its own benefit (European Energy has control); or merely using this power for the benefit of other investors (European Energy is acting as an agent).

The classification of a joint arrangement under IFRS 11 depends on the parties' rights and obligations arising from the arrangement in the normal course of business. Key factors considered relate to whether the investors have the direct rights to the output (assets) and obligation as to the liabilities of the wind or solar farm. The following critical factors are included in the analysis of other facts and circumstances that could affect classification: whether co-investors are allocating their share of the output to the utility company or only entitled to a net cash flow, and whether the wind or solar farm relies solely on the partners for financing.

ACCOUNTING JUDGEMENT UPON INITIAL CLASSIFICATION OF HYBRID CAPITAL (NOTE 3.1)

Classification of the hybrid capital is subject to significant accounting judgement.

The issued EUR 150m callable subordinated green capital securities due 3020 are accounted for as a hybrid capital reserve in equity. The classification is based on the special characteristics of the hybrid bond, where the bond holders are subordinate to other creditors and European Energy A/S may defer and ultimately decide not to pay the coupons.

As the principal of the securities ultimately falls due in 3020, its discounted fair value at initial recognition is nil due to the terms of the hybrid bond, and therefore a liability of nil has been recognised in the balance sheet, and the full amount of the proceeds have been recognised as equity. Coupon payments are recognised in the statement of cash flows in the same way as dividend payments within financing activities.

POWER PURCHASE AGREEMENTS (NOTE 3.7)

When determining the accounting treatment of purchase price agreement (PPA's) management performs a range of judgments. Management has judged that PPA's entered with energy traders and or utility companies regarding physical offtake and where the counterparty can offtake physical delivery of the power from the meter point in the grid is considered physical contract and will be recognized accordingly. Other PPA's entered with corporates or counterparties which cannot physically offtake the power from the grid even though the contract entered is physical in nature is recognized as financial derivates in accordance with IFRS 9.

Assumptions and estimation uncertainties

When preparing the consolidated financial statements of the group, Management makes a number of accounting estimates and assumptions on which the recognition and measurement of the group's assets and liabilities are based.
The following provides information about assumptions and estimation uncertainties with a significant risk of resulting in a material adjustment in the year ending 31 December 2021:

REVENUE MEASUREMENT (NOTE 1.3)

When divesting power plants the transaction price may comprise both a fixed and a variable element. The variable consideration may take various forms, most commonly the variability may relate to an agreed IRR for the sold project or an earn-out or production guarantee linked to future production. Additionally, the variable consideration may relate to various milestones for construction progress, completion, project economy or similar. The milestones may to some extent depend on external conditions, like weather, local authorities, etc., which creates an inherit uncertainty in the estimates. To the extent possible we use external or historical data to support our estimates, or other factors considered relevant.

The uncertainty about measurement relates mainly to the variable consideration and allocation of revenue between different performance obligations. This measurement requires Management judgement applying assumptions and estimates.

BUSINESS COMBINATION (NOTE 2.1)

In applying the acquisition method of accounting, estimates are an integral part of assessing fair values of identifiable assets acquired and liabilities assumed, as observable market prices are typically not available.

The purchase price of property, plant and equipment includes estimates on future capacity of generating cash flow by the wind and solar farms.

Valuation techniques where estimates are applied typically relate to determining the present value of future uncertain cash flows or assessing other events in which the outcome is uncertain at the date of acquisition.

More significant estimates are typically applied in accounting for property, plant and equipment, customer relationships, trade receivables, deferred tax, debt and contingent liabilities. As a result of the uncertainties inherent in fair value estimation, measurement period adjustments may be applied.

IMPAIRMENT TEST OF PROPERTY, PLANT AND EQUIPMENT (NOTE 2.3)

The key assumptions supporting recoverable amounts mainly comprise discount rate (WACC) and expectations regarding future production and unit prices. Please refer to note 2.3 for more details related to the impairment test.

INVENTORIES (NOTE 2.5)

Inventories, comprising projects under development, under construction and completed projects are initially measured at cost.

An impairment test is performed on the carrying amount.

The impairment test is based on assumptions regarding strategy, market conditions, discount rates and budgets etc., after the project has been completed and production commenced. If market-related assumptions etc. are changed, projects may have to be written down. Management examines and assesses the underlying assumptions when determining whether the carrying amount should be written down.

PROVISIONS (NOTE 2.11)

Management continually assesses provisions, including contingencies and the likely outcome of pending and potential legal proceedings. The outcome of such proceedings depends on future events, which are, by nature, uncertain.

When considering provisions involving significant estimates, opinions and estimates by external legal experts and existing case law are applied in assessing the probable outcome of material legal proceedings, etc.

MEASUREMENT OF POWER PURCHASE AGREEMENTS (NOTE 3.7)

When measuring the fair value of our portfolio of power purchase agreements we are aiming for the use of quoted prices (level 1 in the fair value hierarchy). However, this is not always possible since we have entered PPA's on power markets where the future forward prices are not available throughout the entire contract lifetime. If the forward prices are not available for the entire contract period on the specific power market then the contract is measured according to a non-observable input (level 3 in the fair value hierarchy). The non-observable inputs used when measuring the fair value are compromised of quotes to the market for similar contracts, inflation and other market expectations.

TAX (NOTE 4.1)

Uncertainties exist with respect to the interpretation of tax regulations in the different countries in which the group operates, to changes in tax law and to the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could potentially cause adjustments to tax income and expense already accounted for. Management reviews deferred tax assets quarterly, which are recognised only to the extent considered sustainable in the future, taking the timing and the level of future taxable profits into account, together with the group's future tax planning strategies.

1.2 Segment information

Accounting policy

Segment income and costs include transactions between the segments. The transactions are eliminated upon consolidation.

Revenue, income from equity accounted investments , other income and direct costs are all directly attributable to each reportable segment.

Revenue consist of sale of energy parks and projects, sale of power and asset management and other services.

Other income comprises items secondary to the activities of the group.

Direct costs comprise costs incurred in generating the revenue. On disposal of energy projects placed in fully controlled subsidiaries, direct costs comprise capital expenditures directly related to the constructed power generating assets that are disposed of and other costs directly related to the disposal. Direct costs related to sale of power comprise operating costs related to constructed and operating energy farms.

Staff costs and other external costs are attributable to the segments either directly or based on an assessment of usage. These costs comprise administrative functions such as finance, HR, communication, IT and legal.

Other activities and eliminations consist of activities related to Power-to-X, heat pumps, companies with no activity and eliminations.

CHIEF OPERATING DECISION MAKER

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

The CODM is the function responsible for allocating the group's resources and assessing the performance of the operating segments. The group's CODM has been identified as the Board of Directors. European Energy's segments are:

a. Wind
b. Solar

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

1.2 Segment information – continued

EURk	2021 Wind	2021 Solar	2021 Reportable segments	2021 Other activities and elimi-nations	2021 Total	2020 Wind	2020 Solar	2020 Reportable segments	2020 Elimina-tions	2020 Total
Revenue to external customers	216,206	112,285	328,491	162	328,653	142,861	64,101	206,962	-	206,962
Inter-segment revenue	4,887	3,993	8,880	-8,880	-	29,958	103	30,061	-30,061	-
Revenue	**221,093**	**116,278**	**337,371**	**-8,718**	**328,653**	**172,819**	**64,204**	**237,023**	**-30,061**	**206,962**
Results from investments in joint ventures	297	-1,590	-1,293	-	-1,293	1,431	-7,827	-6,396	-	-6,396
Results from investments in associates	2,022	-50	1,972	596	2,568	1,507	11	1,518	-	1,518
Other income	995	-	995	-	995	3,147	1,661	4,808	-	4,808
Direct costs	-136,710	-88,165	-224,875	-1,532	-226,407	-86,377	-46,569	-132,946	-	-132,946
Staff costs	-8,028	-3,792	-11,820	-157	-11,977	-4,920	-2,461	-7,381	-	-7,381
Other external costs	-6,071	-5,194	-11,265	-50	-11,315	-2,921	-2,447	-5,368	-	-5,368
Depreciation and impairment	-16,771	-654	-17,425	-	-17,425	-11,367	-304	-11,671	-	-11,671
Inter-group costs	-4,887	-3,993	-8,880	8,880	-	-29,958	-103	-30,061	30,061	-
Segment profit (Operating profit)	**51,940**	**12,840**	**64,780**	**-981**	**63,799**	**43,361**	**6,165**	**49,526**	**-**	**49,526**
Financial income					12,933					2,815
Financial expenses					-14,008					-14,566
Tax					-5,091					-8,109
Profit for the year					**57,633**					**29,666**
Property, plant and equipment	141,711	15,572	157,283	-	157,283	121,225	9,369	130,594	-	130,594
Investments in joint ventures	7,288	6,455	13,743	-	13,743	6,510	3,824	10,334	-	10,334
Investments in associates	16,731	352	17,083	-	17,083	14,596	643	15,239	-	15,239
Inventories	171,860	351,957	523,817	1,013	524,830	138,053	187,158	325,211	-	325,211
Loans to joint ventures	21,109	30,804	51,913	-	51,913	14,476	26,575	41,051		41,051
Loans to associates	4,939	-	4,939	-	4,939	4,295	-	4,295	-	4,295

1.2 Segment information – continued

Non-current assets by geography (EURk)	2021	2020
Denmark	188,292	63,112
Northern Europe	15,302	54,388
Central Europe	79,770	75,629
Southern Europe	4,460	22,026
Rest of the world	8	23,296
Total	**287,832**	**238,451**

geographic information is based on the physical location of the projects sold.

1.3 Revenue

Revenue arises from sale of energy parks and projects, sale of power and sale of asset management and other services.

Our customer base is mainly institutional investors and utilities that invest in stable cash flows generated by operational wind or solar farms.

Revenue for 2021 took a step up by 59% to EUR 328.6m (2020: EUR 207.0m). The higher revenue was primarily driven by the sale of energy parks. Especially during the latter part of the year, we closed several divestments including the sale of a 186 MW wind project in Lithuania, our largest divestment to date.

The sale of power increased 29%. The additional operating parks and all-time-high power prices positively impacted power sales but were somewhat outweighed by low wind speed across key markets throughout most of 2021.
Asset management and other fees were stable compared to last year.

Sale of energy parks and projects

The group develops, constructs and divests energy parks, mainly as turnkey projects, but also projects in various stages of development and construction.

Sale of power

We own operating energy parks which we hold as either property, plant and equipment or as inventory, dependent on the intended use of the park. While the parks are operating we sell the electricity production.

A significant part of the produced power is secured by feed in tariffs, PPAs or other subsidy schemes, and the prises are to a large extent hedged through these mechanisms. We are however not fully hedged and will to some extent be exposed to variability in power prices.

Sale of services and other fees

As part of our business model, we service energy parks with commercial and technical asset management as well as operation and maintenance service agreements.

Revenue by segment and type (EURk)	Wind	Solar	Other activities	2021
Sale of energy farms and projects	175,565	92,475	-	268,040
Sale of power	37,646	17,814	-	55,460
Asset management and other fees	2,995	1,996	162	5,153
Revenue	**216,206**	**112,285**	**162**	**328,653**

Revenue by segment and type (EURk)	Wind	Solar	Other activities	2020
Sale of energy farms and projects	109,018	50,973	-	159,991
Sale of power	31,088	11,777	-	42,865
Asset management and other fees	2,755	1,351	-	4,106
Revenue	**142,861**	**64,101**	**-**	**206,962**

Revenue by geography (EURk)	2021	2020
Denmark	119,744	77,897
Northern Europe	175,329	104,984
Central Europe	17,726	14,691
Southern Europe	15,854	9,390
Total	**328,653**	**206,962**

Information about sale to customers more than 10% of revenue:

Large customers (EURk)	2021	2020
Customer #1 (Wind)	167,180	-
Customer #2 (Wind)	40,772	66,456
Customer #3 (Solar)	-	30,933
Customer #4 (Wind)	-	30,737
Customer #5 (Wind)	-	-
Total	**207,952**	**128,126**

1.3 Revenue - continued

UNSATISFIED PERFORMANCE OBLIGATIONS
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting date equals EUR 361.1m (2020: EUR 132.3m).

CONTRACT LIABILITIES
Revenue recognised in 2021 that was included in the Contract liability balance at the beginning of the period amounts to EUR 0 (2020: EUR 0m).

Accounting policy

Revenue is recognised when the group has fulfilled its contractual performance obligations towards the buyer.

SALE OF SOLAR AND
WIND ENERGY PARKS AND PROJECTS
European Energy is divesting turn-key energy parks as well as projects in various stages of development and construction. Special purpose vehicles (SPVs) organised as subsidiaries, joint ventures or associates in the group carry out development and construction activities, and holds all relevant permits. When divesting energy parks or projects we sell the shares in a SPV.

To fulfil the performance obligation, whether it is a turnkey energy park or a project under development or construction, it is usual that the transaction as a minimum includes an agreement for the transfer of the shares in the SPV as well as an agreement for the development and/or construction of the energy park. These, and if relevant, more agreements are evaluated to assess if they are to be treated as combined contracts when determining the performance obligations and the transaction prices, respectively.

Revenue is recognised when control has been transferred to the buyer. This usually occurs at the point in time when the buyer accepts the takeover, depending on the terms and conditions of the contracts. In a turn-key sale it takes up to five years from the beginning of a project until the sale is completed and recognised. During this time European Energy develops, constructs and makes the plant operational. Consequently, there is a substantial time difference between European Energy's value creation in the project and the timing of the revenue recognition.

The revenue from sale of power generating assets in fully controlled subsidiaries is measured as total construction costs in the SPV at the time of divestment *plus* net profit from sale of the shares (a gross transaction).

The revenue from sale of power generating assets in joint ventures or associates is measured as the net profit from the sale of the shares in the SPVs, and no direct costs related (a net transaction).

The transaction price is normally agreed in one or more milestone payments. The transaction price normally includes a fixed and a variable consideration, determined by the project's expected future cash flow based on buyer's and seller's agreement on expected return on invested capital (ROIC).

The estimated amount of variable consideration will be included in the transaction price only to the extent that a significant reversal in the revenue recognised is highly unlikely to occur when the uncertainty associated with the variable consideration is subsequently resolved.

Payments deferred more than 12 months are adjusted for the time value of money.

In projects where the group does not act as a turnkey project developer e.g. when the group establishes transformer stations and building foundations, the revenue is recognised when control of the project has been transferred to the buyer, European Energy's performance obligations has been satisfied and European Energy is entitled to receive payment.

SALE OF POWER
Revenue from sale of produced electricity is recognised over time as supplied to the purchaser's network. Payment is linked to the supply of electricity based on the agreed payment terms.

SALE OF SERVICES
Revenue from asset management is recognised when the services are delivered over time. The service includes technical and commercial asset management and operation and maintenance service. Other services may be recognised at a point in time dependent on the terms and conditions of the agreements. Payment is linked to the services provided, either based on a hours spend or a fixed milestone schedule.

	2021		
Secured revenue regarding signed contracts (EURk)	**2022**	**2023-2040**	**Total**
Share purchase agreements (SPAs)	65,247	-	65,247
Service agreements	2,382	7,716	10,098
Power sales	14,837	270,875	285,712
Total secured revenue to be recognised in 2022-2040	**82,466**	**278,591**	**361,057**

	2020		
Secured revenue regarding signed contracts (EURk)	**2021**	**2022-2040**	**Total**
Share purchase agreements (SPAs)	-	18,680	18,680
Service agreements	1,399	791	2,190
Power sales	21,194	90,232	111,426
Total secured revenue to be recognised in 2021-2040	**22,593**	**109,703**	**132,296**

1.4 Government grants

Government grants comprise subsidies for sale of electricity. Subsidies for sale of electricity are intended as a compensation for the price of power. Government grants in 2021 primarily relates to subsidies received related to sale of electricity in Germany, Italy and Denmark. Government grants account for 17% (2020: 50%) of total electricity revenues. The decrease in the share of electricity revenues compared to 2020 is due to multiple factors including increasing power prices across all of Europe and our newer PV parks are subsidy free. This has a direct impact on the subsidies received.

Government grants recognised as revenue (EURk)	Wind	Solar	2021
Subsidies recognised as revenue	8.356	1.217	9.572
Government grants	**8.356**	**1.217**	**9.572**

Government grants recognised as revenue	Wind	Solar	2020
Subsidies recognised as revenue	16.699	4.718	21.417
Government grants	**16.699**	**4.718**	**21.417**

Accounting policy

Government grants are recognised as revenue when there is reasonable assurance that the grants will be received.

1.5 Other income

Other income includes value adjustments of shareholdings of less than 20% in companies with energy parks (other investments) and gain from bargain purchase of business combinations.

Other income amounted to EUR 1.0m (2020: EUR 4.8m). The decline compared to last year was due to less value adjustment of other investments and due to last year includes adjustment to gain from a bargain purchase of the German AEZ Group.

EURk	2021	2020
Other income	**995**	**4,808**

2.1 Business combination

Stepwise acquisition of REintegrate

The group has obtained control of the former associate REintegrate, which is a Danish Power-to-X company located in Jutland. REintegrate has developed a technology that converts renewable energy and CO2 emissions into convenient and competitive e-fuels and chemicals. A new decentralized production technology will provide green e-methanol identical to fossil methanol from renewable sources and CO2 from bio-waste. The e-methanol is supporting the green transition for e.g. the transport sector and chemical industry, through convenient and environmentally friendly fuels and chemicals.

The acquisition underpins our strong focus on Power-to-X. The business of REintegrate is complementary to the business of European Energy as it provides flexibility in the value chain of green energy, from the production of renewable electricity to higher value products such as green hydrogen and e-methanol.

In Q4-2020 the group acquired 24% of the ownership interests in REintegrate. In Q2-2021 European Energy acquired 15% voting rights. In Q3-2021 European Energy acquired additional 16% of the ownership interests in REintegrate through one transaction, with the acquisition date 18 August 2021, resulting in the group obtaining control of REintegrate. Further acquisition has been made in Q3 and Q4 2021, resulting in the accumulated ownership interest at the reporting date of 73%

The non-controlling interest in Reintegrate including the interest held immediately before obtaining control has been remeasured at fair value which is based on the transaction price when obtaining control. The remeasurement on the non-controlling interest held before obtaining control has resulted in a gain of EUR 0.6 million, which was recognised as an income from equity-accounted investments.

The fair value of the identifiable assets was EUR 0.8 million, which include other receivables EUR 0.3 million, where the fair value has been assessed to be the same as the contractual amount receivable. All contractual amount receivables expect to be collected. The total transaction price was EUR 5.3 million of which EUR 4,5 million has been allocated to goodwill. The goodwill is not tax deductible.

The acquired business has currently no significant revenues or earnings or has realized any after the group obtained control.

The purchase price of the additional 49% ownership interests has been paid partly in cash during Q3-2021. The cash payment totalled EUR 1.3 million with additional EUR 0.3 million being deferred with the last payment to be made in second half of 2022. The group has paid no transaction costs.

The preliminary purchase price allocation has yet not been completed. The identifiable assets acquired and liabilities transferred are based on the initial recognition of the preliminary fair values that can be adjusted up until 12 months after the acquisition date.

Opening balance (EURk)	2021
Development projects	570
Other assets	564
Other liabilities	-319
Net assets acquired	**815**
Goodwill	4,528
Transaction price	**5,343**
Cash included in other assets	-300
Deferred payment	-300
Remeasurement gain from REintegrate acquisition	-594
Transactions with non-controlling interests	-2,806
Net cash consideration	**1,343**

Accounting policy

Businesses acquired are recognised in the consolidated financial statements from the acquisition date, which is the date when the group obtains control of the acquired business.

Upon acquisition of a business of which we obtain control, the acquisition method is applied, according to which the identifiable assets, liabilities and contingent liabilities are measured at their fair values. Identifiable intangible assets are recognised if they meet either the separability criterion or the contractual/legal criterion. Deferred tax on revaluations is recognised.

The cost of a business combination comprises the fair value of the consideration agreed upon, including deferred and contingent consideration.

Subsequent changes to contingent considerations are recognised in the income statement.

If uncertainties regarding the measurement of identifiable assets, liabilities and contingent liabilities exist at the acquisition date, initial recognition will take place on the basis of preliminary fair values. Such estimated values may be adjusted, or additional assets or liabilities may be recognised up to 12 months after the acquisition date.

Transaction costs are recognised directly in the statement of profit and loss as incurred as other external expenses.

STEPWISE ACQUISITION OF CONTROLLING INTERESTS

When acquiring a controlling interest in stages, the equity interest held immediately before the acquisition date is remeasured at fair value. The resulting gain or loss is recognised in the statement of profit and loss as income from equity-accounted investments.

2.2 Goodwill

EURk	2021
Cost at 1 January	-
Additions	4,528
Carrying amount at 31 December	**4,528**

Goodwill arising from business acquisitions is recognised in the financial statements. Goodwill is recognised as a result of the acquisition of REintegrate and amounts to EUR 4.5m (2020: EUR 0m).

The goodwill arises from an acquisition of a business which is involved in developing Power-to-X technology. The Power-to-X is not yet a mature business and continue to develop.

In 2021 the impairment test showed no impairment need.

When performing the impairment test, an assessment is made as to whether the cash generating units to which goodwill is allocated will be able to generate sufficient positive net cash flow in the future to support the value of the assets.

For the purpose of impairment testing of the goodwill, Management has made the following key assumptions in estimating the value in use:
Pre-tax discount rate reflects the risk on building a large scale Power-to-X plant. The discount rate for the DCF model is the post-tax weighted average cost of capital (WACC). Country-specific risk (tariff stability, interest-rate levels, average risk-free interest rate applied to reduce the volatility, etc.) are taken into consideration.

The income is based on a stable E-methanol output and the price it set at market standard. The annual sales price growth is based on expected inflation.

Cost has been estimated at market price, based on technical specification of used resources to provide the given E-methanol output. Main resources are electricity, CO2 and water.

Key assumptions:	2021
Sales volume (tonne)	32,000
Sales price (% annual growth rate)	1%
Average budgeted gross margin (%)	25%
Other operating cost (% of sales)	11%
Pre-tax discount rate (%)	8%

Budgeted gross margin is based on management's expectations for the future.

The impairment tests are based on budgets for 20 years which should at least be the remaining life of E-methanol plant. No terminal value has been included in the calculation and it has been assessed that there is no material demolition cost at the end of the 20 years.

For 2021, the impairment tests show that the estimated recoverable amount exceeds the carrying amount.

Accounting policy

Goodwill arising from business acquisitions is recognised in the financial statements. Goodwill is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing goodwill is, from the acquisition date, allocated to the cash-generating units (CGUs) that are expected to obtain the benefit. Goodwill is considered to have indefinite useful life and CGUs are tested for impairment at least once a year or if there are any impairment indications. Impairment of goodwill is not reversed.

When performing an impairment test, we assess whether the recoverable amount exceeds the net book value of a CGU. In determining the recoverable amount we calculate the value in use to test if the CGU will be able to generate positive net cash flows sufficient to support the net book values. The value-in-use calculations are based on expected future cash flows from financial forecasts and include a number of assumptions and estimates related to future market conditions, market prices of green hydrogen and e-methanol, discount rates, etc.

2.3 Property, plant, and equipment

Property, plant and equipment increased from EUR 130.6m to EUR 157.3m. The increase related primarily to acquisition of wind assets across Europe. Depreciation and impairment increased from EUR 11.7m to EUR 17.4m. The depreciation increase was due to the acquisitions during the second half of 2021. The impairment was mainly related to German wind assets, due to a combination of a lower price curve for future years, increased costs and lower production expectations.

During the year the net cash outflow related to property, plant and equipment was EUR 46.0m driven by the mentioned acquisitions.

Impairment test on property, plant and equipment and sensitivity analysis

During 2021, Management performed impairment assessments on the carrying amount of property, plant and equipment. The group assesses at each reporting date whether there is an indication that an asset in operation should be impaired. The impairment test performed in 2021 shows excess value for the Danish and German wind farms.

The book value of the solar farms amounts to 7% (2020: 2%) of the total book value of property, plant and equipment. The book value of wind farms in Germany and Denmark amounts to 88% (2020: 90%) of the total value.

For the purpose of impairment testing of the wind farms, Management has made the following key assumptions in estimating the value in use, with its comments regarding WACC below:
Impairment test assumptions are generally affected by changes in the economic situation in the countries, where the group is present and has development activities.

Increasing interest levels and inflation rates affects the expected cost to develop, construct and operate energy farm projects, the required rate of return from investors as well as the expectations for future electricity prices.

In 2021, the group has recorded significantly increasing electricity prices, also positively affecting the long-term price expectations. At the same time, the group has recorded increasing commodity prices and freight rates.

Until now, the group has seen that the overall effect of the development is an increase in the expected sales prices for projects and in the sales already recorded.

Discount rate after tax (WACC) used for Danish and German wind farms is 4.0-5.0% (2020: 4.0-5.0%).

The impairment tests are based on budgets for the remaining life of wind farms.

The discount rate for the DCF model is the post-tax weighted average cost of capital (WACC). Country-specific risk (tariff stability, interest-rate levels, average risk-free interest rate applied to reduce the volatility, etc.) are taken into consideration.

For 2021 the impairment tests show that a few assets needs to be impaired, since the recoverable amount is less than the carrying amount. The total impairment booked in 2021 amounts to EUR 3.7m (2020. Reversal of prior year EUR 0.3m impairment loss).

Sensitivity analysis

Management performed sensitivity analysis on the result of the impairment tests made for the individual wind farms, based on the main assumptions.

The wind farms in AEZ Group and Driftsselskabet Heidelberg are all recognised at fair value after being consolidated for the first time in 2019 and reassessed in 2020. At year end there are no excess value and any increase in WACC will result in impairment regarding these wind farms.

For the remaining Danish wind farms the first impairment indication shows at a WACC of 6.5% at an individual level.

Accounting policy

Property, plant and equipment comprises wind power generating plants and solar power generating plants.

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Depreciation and impairment losses are presented in a separate line in the income statement.

Cost comprises the purchase price of any costs directly attributable to the acquisition until the date on which the assets is available for use.

The present value of the expected costs of dismantling an asset after the end of its useful life is included in the cost of the energy farm if the criteria for the recognition of a provision are met, and projected costs are material. All other repair and maintenance costs are recognised in profit or loss as incurred. Furthermore, costs of restoring the assets are capitalised and provided for. The basis of depreciation is cost less any projected residual value after the end of the useful life.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

a. Wind power generating plant (Wind farms) - 25-30 years
b. Solar power generating plant (Solar farms) - 40 years
c. Tools and equipment - 3-5 years
d. Land - no depreciation
e. and Buildings - 25-50 years

The useful life is reassessed annually and adjusted as necessary. The residual value of an asset is considered when the depreciable amount of the asset is determined.

The basis of depreciation is calculated considering the asset's residual value less any impairment losses. The residual value is determined at the date of acquisition and reassessed annually. When the residual value exceeds the carrying amount of the assets, depreciation is discontinued.

If the depreciation period or the residual value is changed, the changes are accounted for as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price and the carrying amount at the date of disposal.

2.3 Property, plant, and equipment - continued

Gains and losses are recognised in the consolidated statement of profit or loss as other operating income or operating costs in the period of disposal.

Impairment of non-current assets

The carrying amount of non-current assets is tested for impairment when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount. The recoverable amount is the higher of an asset's fair value less selling costs and its value in use. For the purpose of the impairment testing, assets are grouped at the lowest level at which cash flows are separately identifiable (cash-generating units).
An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, less depreciation, has no impairment loss been recognised.

	2021					2020				
EURk	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	133,543	4,025	2,107	8,860	148,535	131,091	4,025	1,812	5,325	142,253
Reclassification	-	-	-	-	-	3	-	-	-	3
Exchange rate adjustments	7	-	-	2	9	76	-	-	14	90
Additions	35,176	9,078	1,775	455	46,484	36	-	295	3,500	3,831
Disposals	-	-5	-2	-600	-607	-902	-	-	-	-902
Transfer to/from inventories	-	-	-	-3,094	-3,094	-	-	-	21	21
Acquisition of businesses	-	-	-	-	-	3,239	-	-	-	3,239
Cost at 31 December	**168,726**	**13,098**	**3,880**	**5,623**	**191,327**	**133,543**	**4,025**	**2,107**	**8,860**	**148,535**
Accumulated depreciation and impairment losses at 1 January	-15,494	-955	-1,482	-10	-17,941	-6,132	-767	-1,141	-	-8,040
Reclassification	-	-	-	9	9	-3	-	-	-	-3
Exchange rate adjustments	-3	-2	-1	-	-6	-8	-1	-	-	-9
Disposals	-	-	-	132	132	408	-	-	-	408
Depreciation	-11,526	-430	-478	-12	-12,446	-10,079	-187	-341	-10	-10,617
Impairment/reversal of impairment	-3,667	-	-	-125	-3,792	320	-	-	-	320
Accumulated depreciation and impairment losses at 31 December	**-30,690**	**-1,387**	**-1,961**	**-6**	**-34,044**	**-15,494**	**-955**	**-1,482**	**-10**	**-17,941**
Carrying amount at 31 December	**138,036**	**11,711**	**1,919**	**5,617**	**157,283**	**118,049**	**3,070**	**625**	**8,850**	**130,594**

2.4 Lease assets and liabilities

The most significant part of leases are related to land lease agreements with fixed and variable payments. Besides this European Energy have office leases, car leases and lease of office equipment.

Following amount have been recognised in the income statement. Expenses relating to short-term leases, low value assets and variable lease payment amounted to EUR 0.8 million. The interest expenses paid on lease liabilities amounted to EUR 0.4m (2020: EUR 0.4m). Depreciation amounts to EUR 1.6m (2020: EUR 1.3m).

The terms for land lease contracts are typically 25 years and may be extended 6 months before the original lease ends.

Please refer to note 3.5 Liquidity risk for the analysis of lease liabilities showing the remaining contractual maturities.

Accounting policy

Whether a contract contains a lease is assessed at contract inception. If an asset is identified and the customer have the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use and have the right to operate the asset without having the right to change those operating instructions, the contract contains a lease.

For identified leases, a right-of-use asset and corresponding lease liability are recognised on the lease commencement date. Upon initial recognition, the right-of-use asset is measured at cost corresponding to the lease liability recognised, adjusted for any lease prepayments or directly related costs, including dismantling and restoration costs.

	2021			2020		
EURk	**Lease assets, part of inventory**	**Lease assets**	**2021**	**Lease assets, part of inventory**	**Lease assets**	**2020**
Carrying amoumt at 1 January	1,551	8,487	10,038	6,183	8,153	14,336
Additions	755	1,860	2,615	-	1,657	1,657
Disposals, divestments	-484	-	-484	-4,632	-	-4,632
Depreciations	-	-1,550	-1,550	-	-1,323	-1,323
Carrying amount at 31 December	**1,822**	**8,797**	**10,619**	**1,551**	**8,487**	**10,038**
Lease assets reclassified from prepayments	4,715	1,078	5,793	2,859	909	3,768
Lease assets recognised in the balance sheet	**6,537**	**9,875**	**16,412**	**4,410**	**9,396**	**13,806**

EURk	**Lease liabilities, related to inventory**	**Lease liabilities**	**2021**	**Lease liabilities, related to inventory**	**Lease liabilities**	**2020**
Carrying amoumt at 1 January	1,219	8,827	10,046	6,110	8,397	14,507
Additions	952	1,861	2,813	-	1,657	1,657
Disposals, divestments	-	-	-	-4,687	-	-4,687
Lease payments	-109	-1,808	-1,917	-399	-1,583	-1,982
Interests	53	348	401	195	356	551
Carrying amount at 31 December	**2,115**	**9,228**	**11,343**	**1,219**	**8,827**	**10,046**
Lease liabilities recognised in the balance sheet:						
Non-current lease liabilities	1,951	7,269	9,220	1,114	7,193	8,307
Current lease liabilities	164	1,959	2,123	105	1,634	1,739
Lease liabilities recognised in the balance sheet	**2,115**	**9,228**	**11,343**	**1,219**	**8,827**	**10,046**

2.4 Lease assets and liabilities - continued

The lease liability is measured at the present value of lease payments of the leasing period discounted using the interest rate implicit in the lease contract. In cases where the implicit interest rate cannot be determined, an appropriate incremental European Energy borrowing rate is used from 1.7%-6.0% depending on the borrowing rate used in the country specific project.

In determining the lease period extension, options are only included if it is reasonably certain they will be utilised.

At subsequent measurement, the right-of-use asset is measured less accumulated depreciations and impairment losses and adjusted for any remeasurements of the lease liability. Depreciations are done following the straight-line method over the lease term or the useful life of the right-of-use asset, whichever is shortest.

The lease liability is measured at amortised cost using the effective interest method and adjusted for any remeasurements or modifications made to the contract. Right-of-use assets and lease liabilities are not recognised for low value lease assets or leases with a term of 12 months or less. These are recognised as an expense on a straight-line basis over the term of the lease. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

Please refer to note 3.5 Liquidity risk for the analysis of lease liabilities showing the remaining contractual maturities.

2.5 Inventories

Inventories comprise energy farm projects under development and construction and as well as energy farms that have been developed for the purpose of sale and not for revenue generation from the sale of electricity production

Accounting policy

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price less estimated costs of completion and estimated selling costs. Changes in inventory write-downs are recognised in direct costs.

Borrowing costs, salaries and other external expenses directly attributable to the acquisition or construction of an energy farm are capitalised as part of the cost of the assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest expenses and other expenses that the group incurs in borrowing funds.

Inventories also comprise contingent consideration on acquired projects, where the consideration to the seller is depending on certain future events (earn-out). The purchase liabilities (earn-out) are recognised as provision when it is probable that the projects will be realised.

Purchase liabilities are measured at fair value at cost accumulation method based on the size of the acquired project (MW) and an estimated standard price per MW for comparable projects. When future events that trigger payment of purchase liabilities (earn-out) occur, the fair value is adjusted. Subsequent adjustments of purchase liabilities (fair value adjustments) are considered part of the cost of the acquired projects and is recognised as part of the purchase price.
The inventory is reviewed quarterly for the purpose of assessing any impairment. When an impairment test is performed, the percentage of completion of the project is assessed, including the risk of budget overruns, delays, etc. If the project is close to completion and commissioning and the risk of budget overruns is very limited, a WACC similar to that for other projects operating in the same country is applied. Management has looked at the total portfolio of projects under development and diversified it according to project maturity and the time elapsed since the project was started and assessed the need for portfolio write-down.

The impairment analysis for 2021 has led to an additional impairment of EUR 13.2m (2020: EUR 1.1m). Impairment write-downs from earlier years of EUR 0.6m have been reversed, as they have been finally written off, caused by projects being abandoned, lack of permits, etc.
The net write-down for the year amounted to EUR 12.6m. The increased write down mainly reflects increased volume in the development pipeline. Management finds the impairment appropriate.

Inventories (EURk)	Under development	Under construction	In operation	2021
Solar farms	81,033	109,084	162,852	352,969
Wind farms	30,787	88,405	52,669	171,861
Total	**111,820**	**197,489**	**215,521**	**524,830**

Inventories (EURk)	Under development	Under construction	In operation	2020
Solar farms	29,913	14,053	143,192	187,158
Wind farms	60,261	21,406	56,386	138,053
Total	**90,174**	**35,459**	**199,578**	**325,211**

Inventory write-downs (EURk)	2021	2020
Inventory write-downs at 1 January	-11,849	-14,261
Reversed write-downs	-	3,490
Write-downs for the year	-13,213	-1,078
Disposal of the year	582	-
Total	**-24,480**	**-11,849**

Inventory recognised in profit or loss (EURk)	2021	2020
Disposals	-199,827	-125,742
Write-offs for the year	-1,745	-262
Write-downs reversed, projects written off	582	-
Reversed write-downs	-	3,490
Write-downs for the year	-13,213	-1,078
Total	**-214,203**	**-123,592**

2.6 Investments in joint ventures

Our investments in joint ventures totalled EUR 13.7m (2020: 10.3m). The loss from investments in joint ventures was EUR -1.3m (2020: EUR -6.4m). Our joint ventures performed better than last year. In 2020, results were significantly impacted by a EUR 8.4m negative fair value adjustment related to Brazilian investments.

Material joint ventures

We invest in joint ventures that holds investments in wind and solar energy farms. The investments are part of our core business and follow our business model, having energy parks either under development, under construction or in operation.

Joint ventures are financed with share capital and shareholder loans. The joint ventures allocate funds to the owners through loan repayment, and, subsequently, dividends. Repayments and dividends are restricted to free cash and can only be paid out if the covenants for the project loans are not in breach. There are no other restrictions regarding withdrawal of the companies' free cash.

A joint venture is considered material to the group if it represents more than 1% of total revenue for the group or more than 1% of total assets for the group. Additionally, joint ventures that do not meet the criteria may also be considered material to the group based on other factors.

Accounting policy

Investments in joint ventures are measured according to the equity method, when the group has joint control of the investment. Joint control is arising from the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

To determine significant joint control, Management considers factors similar to those necessary to determine control over subsidiaries. The most important considerations and judgements made by Management for classification purposes are described under critical choices and judgements in the accounting policies and critical accounting estimates.

Unrealised gains and losses on transactions between the group and joint ventures are eliminated to the extent of the group's interest in the joint venture.

Investments in joint ventures with negative net assets are offset in the loans to the joint ventures 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 joint venture, the obligation is recognised as a liability.

EURk	2021	2020
Cost at 1 January	8,373	11,116
Additions for the year	3,224	123
Disposal for the year	-	-1,008
Transfer	-93	-1,858
Cost at 31 December	**11,504**	**8,373**
Value adjustments at 1 January	-7,857	-2,083
Share of net result for the year	-1,293	-6,396
Reversed value adjustments on disposals and transfers	-	829
Dividends	-50	-50
Other value adjustments	950	-157
Value adjustments at 31 December	**-8,250**	**-7,857**
Carrying amount at 31 December	**3,254**	**516**
Carrying amount	3,254	516
Set-off against receivables from joint ventures	10,489	9,818
Investments in joint ventures at 31 December	**13,743**	**10,334**

Overall financial information for all joint ventures that are not individually material and that are recognised according to the equity method:

Carrying amount of interest in joint ventures (EURk)	2021	2020
The Group's share of:		
Profit/loss of material joint ventures	-655	-7,889
Profit/loss for the year of other joint ventures	-638	1,493
Total comprehensive income	**-1,293**	**-6,396**
Investments in joint ventures:		
Investments in material joint ventures	3,494	6,339
Other joint ventures	10,248	3,995
Total investments in joint ventures	**13,742**	**10,334**

2.6 Investments in joint ventures - continued

The following overview is summarised financial information for each of the joint ventures that are material to the group.

	2021						
	Denmark	Denmark	Denmark	Denmark	Denmark	Denmark	
EURk	NPP Brazil I K/S *)	NPP Brazil II K/S *)	Nordic Power Partners P/S (Group)	EEA Stormy A/S **)	EE Pommerania ApS **)	Solar Park Rødkilde P/S **)	Total
Ownership %	51%	51%	51%	50%	50%	50%	
Income statement							
Revenue	-	-	190	-	1,180	22	1,392
Depreciation	-	-	-15	-	-	-	-15
Interest income	-	-	275	-	667	26	969
Interest expenses	-29	-30	-22	-2	-1,314	-62	-1,458
Income tax	-	-	-1	2	-	-	1
Profit for the year	**-36**	**-37**	**-1,126**	**780**	**-843**	**-23**	-1,286
The groups share of profit for the year	**-18**	**-19**	**-574**	**390**	**-422**	**-12**	**-655**
Balance sheet							
Non-current assets	19,316	19,316	8,182	4,584	60,555	3,920	115,873
Current-assets	305	304	4,719	557	10,361	948	17,193
Non-current liabilities	25,742	25,742	10,806	-	40,567	-	102,858
Current liabilities	2,008	2,008	310	5	31,175	4,838	40,343
Cash and cash equivalents	305	304	657	551	1,883	470	4,169
Non-current liabilities (excluding trade and other payables and provisions)	25,742	25,742	10,804	-	40,563	-	102,852
Equity	-8,130	-8,131	1,785	5,136	-1,006	30	-10,315
Share of equity	-4,146	-4,147	910	2,568	-503	15	-5,302
Set-off against receivables from joint ventures	4,146	4,147	-	-	503	-	8,796
Carrying amount of interest in investee end of period	**-**	**-**	**910**	**2,568**	**-**	**15**	**3,494**

*) NPP Brazil I K/S and NPP Brazil II K/S each hold non-controlling equity interests in a Brazilian holding company, which holds controlling interests in Coremas I-III. Coremas I-III are Brazilian project companies with total 93 MW solar farms. Project portfolio in Coremas I-III amounts total EUR 69.6m at 31 December 2021. The non-current liabilities in NPP Brazil I and II and NPP are shareholders loans. As a shareholder of 51 % European Energy's part of this comprises EUR 48m, which all relates to the funding of the project portfolio in Coremas I-III. The project is divided in 3 phases, where phase 1 and 2 in total is 60 MW were completed in 2019 and phase 3 was completed in 2020. The solar farms are operating, and delivers electricity according to budget. As per 31.12.2021 an impairment test of the solar farm has been carried out, and an income of EUR 0.6m (2020: EUR -6.2m) has been recognised in the profit and loss statement. **) Joint ventures that management assess are material to the Group, but do not meet the criteria of 1% of total revenue for the Group or 1% of total asset value for the Group.

2.6 Investments in joint ventures – continued

	2020						
	Denmark	Denmark	Denmark	Denmark	Denmark	Germany	
EURk	NPP Brazil I K/S *)	NPP Brazil II K/S *)	Nordic Power Partners P/S (Group)	EEA Stormy A/S **)	EEA Renewables A/S **)	EE Sieben Zwei GmbH & Co KG (Group) **)	Total
Ownership %	51%	51%	51%	50%	50%	50%	
Income statement							
Revenue	-	-	109	-	794	1,338	2,240
Depreciation	-	-	-15	-	-113	-296	-425
Interest income	-	-	532	-	1	-	533
Interest expenses	-1,040	-1,038	-274	-1	-47	-65	-2,464
Income tax	-	-	-	1	-55	-80	-133
Profit for the year	**-8,263**	**-8,263**	**-355**	**551**	**319**	**567**	-15,442
The groups share of profit for the year	**-4,214**	**-4,214**	**-181**	**276**	**160**	**284**	**-7,889**
Balance sheet							
Non-current assets	18,458	18,458	9,599	4,337	3,513	1,921	56,285
Current-assets	262	262	6,182	125	2,588	264	9,682
Non-current liabilities	24,867	24,867	12,817	-	1,718	742	65,012
Current liabilities	1,943	1,943	84	5	461	82	4,516
Cash and cash equivalents	262	262	706	120	1,552	196	3,097
Non-current liabilities (excluding trade and other payables and provisions)	24,867	24,867	12,799	-	1,252	500	64,285
Equity	-8,091	-8,091	2,880	4,457	3,922	1,362	-3,561
Share of equity	-4,126	-4,126	1,469	2,228	1,961	681	-1,913
Set-off against receivables from joint ventures	4,126	4,126	-	-	-	-	8,252
Carrying amount of interest in investee end of period	**-**	**-**	**1,469**	**2,228**	**1,961**	**681**	**6,339**

*) NPP Brazil I K/S and NPP Brazil II K/S each hold non-controlling equity interests in a Brazilian holding company, which holds controlling interests in Coremas I-III. Coremas I-III are Brazilian project companies with total 93 MW solar farms. Project portfolio in Coremas I-III amounts total EUR 92 million at 31 December 2020.

The non-current liabilities in NPP Brazil I and II and NPP are shareholders loans. As a shareholder of 51 % European Energy's part of this comprises EUR 32 million, which all relates to the funding of the project portfolio in Coremas I-III. The project is divided in 3 phases, where phase 1 and 2 in total is 60 MW were completed in 2019 and phase 3 was completed in 2020. The solar farms are operating, and delivers electricity according to budget. As per 31.12.2020 an impairment test of the solar farm has been carried out, and an expense of EUR 6.2 million (2019: EUR 2.5 million) has been recognised in the profit and loss statement. The impairment is a result of the decrease of the Brazilian Real (BRL) in 2020 and its impact on cash from operation.

**) Joint ventures that management assess are material to the Group, but do not meet the criteria of 1% of total revenue for the Group or 1% of total asset value for the Group.

2.7 Investments in associates

Our investments in associates totalled EUR 17.1m (2020: 15.2m). The profit from investments in associates was EUR 2.6m (2020: EUR 1.5m). Our associates performed well and delivered profits in nearly all operational parks.

Material associates

We invests in associates that holds investments in wind and solar energy farms. The investments are part of our core business and follow our business model, having energy parks either under development, under construction or in operation.

Associates are financed with share capital and shareholder loans. The associates allocate funds to the owners through loan repayment, and, subsequently, dividends. Repayments and dividends are restricted to free cash and can only be paid out if the covenants for the project loans are not in breach. There are no other restrictions regarding withdrawal of the companies' free cash.

An associate is considered material to the group if it represents more than 1% of total revenue for the group or more than 1% of total assets for the group. Additionally, associates that do not meet the criteria may also be considered material to the group based on other factors.

Accounting policy

Investments in associates are measured according to the equity method, when the group has significant influence over the investment. Significant influence is arising from the contractually agreed that rights of an arrangement, and it is considered we have the power to participate in the financial and operating policy decisions but not control them.

To determine significant influence, Management considers factors similar to those necessary to determine control over subsidiaries. The most important considerations and judgements made by Management for classification purposes are described under critical choices and judgements in the accounting policies and critical accounting estimates.

Unrealised gains and losses on transactions between the group and associates are eliminated to the extent of the group's interest in the associate.

Investments in associates with negative net assets 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.

EURk	2021	2020
Cost at 1 January	10,894	9,508
Additions for the year	1,199	1,386
Transferred from/to subsidiaries/other investment	-539	-
Disposal for the year	-184	-
Cost at 31 December	**11,370**	**10,894**
Value adjustments at 1 January	4,292	4,047
Share of profit for the year	2,568	1,518
Transferred from subsidiaries/other investment	-608	-
Dividends	-683	-1,269
Other value adjustments	144	-4
Value adjustments at 31 December	5,713	4,292
Carrying amount at 31 December	**17,083**	**15,186**
Carrying amount at 31 December	17,083	15,186
Set-off against receivables from associates	-	-53
Investments in associates at 31 December	**17,083**	**15,239**

Overall financial information for all associates that are not individually material and that are recognised according to the equity method:

Carrying amount of interest in associates (EURk)	2021	2020
The Group's share of:		
Profit/loss of material associates	1,153	816
Profit/loss for the year of other associates	821	702
Gain from remeasurement of previous held equity interests in associate	594	-
Total comprehensive income	**2,568**	**1,518**
Investments in associates:		
Investments in material associates	11,425	10,835
Other associates	5,658	4,404
Total investments in associates	**17,083**	**15,239**

2.7 Investments in associates - continued

The following overview is summarised financial information for each of the associates that are material to the group.

	2021				2020			
	Germany	Germany	Italy		Germany	Germany	Italy	
EURk	WK Gommern GmbH & Co. KG	Ottenhausen GmbH & Co.KG	Parco Eolico Carpinaccio Srl.	Total	WK Gommern GmbH & Co. KG	Ottenhausen GmbH & Co.KG	Parco Eolico Carpinaccio Srl.	Total
Ownership %	33.4%	39.4%	26.3%		33.4%	39.4%	26.3%	
Comprehensive income statement								
Revenue	4,137	2,208	4,200	10,545	4,382	2,273	2,800	9,455
Depreciation	-1,940	-940	-1,037	-3,917	-1,940	-908	-1,037	-3,885
Profit for the year (continuing operations)	1,276	417	2,136	3,829	1,075	485	1,011	2,571
Total comprehensive income	**1,276**	**417**	**2,136**	3,829	**1,075**	**485**	**1,011**	2,571
The group's share of comprehensive income	**427**	**165**	**561**	**1,153**	**359**	**191**	**266**	**816**
Balance sheet								
Non-current assets	22,619	10,797	16,634	50,050	24,467	11,671	17,672	53,810
Current-assets	4,201	2,028	800	7,029	3,482	1,763	1,800	7,045
Non-current liabilities	3,270	2,982	-	6,252	7,075	4,841	4,800	16,716
Current liabilities	4,390	2,789	256	7,435	2,265	1,617	1,898	5,780
Equity	16,909	6,038	12,913	35,860	16,184	5,987	11,664	33,835
Investment in material associates	**5,651**	**2,380**	**3,394**	**11,425**	**5,409**	**2,360**	**3,066**	**10,835**

2.8 Material non-controlling interests

For subsidiaries in the Group which are not fully owned, the part held by other parties is referred to as a non-controlling interest.

On 31 December 2021, European Energy acquired the remaining shares in Driftsselskabet Heidelberg ApS, and now owns 100%. Therefore there will be no material non-controlling interests in Drifts-selskabet Heidelberg ApS from 31 December 2021.

Carrying amount of non-controlling interests (EURk)	2021	2020
Income attributable to non-controlling interests		
Profit/loss attributable to material non-controlling interests	989	9,132
Profit/loss attributable to other non-controlling interests	-1,252	3,890
Profit/loss attributable to non-controlling interests	**-263**	**13,022**
Non-controlling interests		
Material non-controlling interests	9,411	20,488
Other non-controlling interests	3,339	4,700
Total non-controlling interests	**12,750**	**25,188**

	2021					
	Denmark	Denmark	Denmark	Denmark	Denmark	
EURk	REintegrate ApS (Group)	Rødby Fjord Vindkraft Mølle 3 I/S	Sprogø OWF K/S	Holmen II Vind-kraft I/S	Holmen II Holding ApS (Group)	Total
NCI Ownership %	26.65%	49.89%	55.25%	44.36%	33.00%	
Comprehensive income statement (100%)						
Revenue	185	938	2,137	958	1,280	5,498
Depreciation and amortisation	-	-168	-728	-	-171	-1,067
Interest income	-	-	-	-	1	1
Profit for the year	20	619	310	818	426	2,193
Non-controlling interests' share of profit for the year	**5**	**309**	**172**	**363**	**140**	**989**
Balance sheet						
Non-current assets	5,338	3,284	9,392	4,868	7,204	30,086
Current-assets	596	190	1,131	715	983	3,615
Non-current liabilities	-	29	5,817	-	3,390	9,236
Current liabilities	592	59	530	10	199	1,390
Equity (incl non-controlling interests)	5,342	3,387	4,177	5,574	4,598	23,078
Carrying amount of non-controlling interests	**1,424**	**1,689**	**2,308**	**2,473**	**1,517**	**9,411**
Contingent liability	13,252	-	-	-	-	**13,252**

2.8 Material non-controlling interests - continued

	2020					
	Denmark	Denmark	Denmark	Denmark	Denmark	
EURk	**Driftsselskabet Heidelberg ApS (Group)**	**Svindbæk Holding ApS (Group)**	**Sprogø OWF K/S**	**Holmen II Vindkraft I/S**	**Holmen II Holding ApS (Group)**	**Total**
NCI Ownership %	49.50%	44.36%	55.25%	49.89%	33.00%	
Comprehensive income statement (100%)						
Revenue	115,678	701	2,602	750	31	119,762
Depreciation and amortisation	-2,890	-	-727	-168	-175	-3,960
Interest income	28	1	-	-	16	45
Profit for the year	16,672	563	997	450	-442	18,240
Non-controlling interests' share of profit for the year	**8,253**	**250**	**551**	**225**	**-147**	**9,132**
Balance sheet						
Non-current assets	35,347	4,866	10,117	3,451	7,372	61,153
Current-assets	23,333	543	1,144	91	652	25,763
Non-current liabilities	14,834	-	4,027	-	3,399	22,260
Current liabilities	17,137	5	679	45	427	18,293
Equity (incl non-controlling interests)	25,507	5,404	4,268	3,468	4,171	42,818
Carrying amount of non-controlling interests	**12,626**	**2,397**	**2,358**	**1,730**	**1,377**	**20,488**
Contingent liability	**8,200**	**-**	**-**	**-**	**13,252**	**21,452**

2.9 Other investments in wind and solar farms

Accounting policy

Other investments comprise a range of non-controlling interests in wind and solar farms. The investments typically arise when a major stake in an SPV is sold to an investor, and an immaterial part of the shares is retained.

Other investments are measured at fair value with value adjustments recognised in Profit or loss (FVTPL) as other income.

The fair value of Other investments is measured on the basis of level 3 within the fair value hierarchy. The fair value is determined by discounting estimated future cash flows. The key assumptions comprise discount rate and expectations regarding future production and unit prices

EURk	2021	2020
Cost at 1 January	**3,069**	**2,175**
Additions for the year	30	920
Transferred to/from subsidiaries/associated companies	-91	-
Disposal of year	-	-26
Cost at 31 December	**3,008**	**3,069**
Value adjustment at 1 January	4,428	2,219
Value adjustments during the year, unrealised	996	2,209
Transferred to/from subsidiaries/associated companies	36	-
Value adjustments at 31 December	**5,460**	**4,428**
Total Fair Value through Profit & Loss (FVTPL)	**8,468**	**7,497**
The investments relates to:		
Investments related to solar power generating assets	107	107
Investments related to wind power generating assets	8,361	7,390
Other investments at 31 December	**8,468**	**7,497**

2.10 Trade receivables, contract assets, other receivables and prepayments

Trade receivables and contract assets (current and non-current) increased to EUR 66.9m (2020: EUR 30.2m). The increase was mainly related to consideration from sale of wind projects in Lithuania and other project sales during the latter part of 2021.

Other receivables (current and non-current) were the same as 2020 levels, amounting to EUR 34.7m (2020: EUR 34.0). The expectation to when the receivables will be collectable has improved and relate to VAT receivables.

Accounting policy

Receivables are measured at amortised cost less expected credit losses.

Contract assets comprise the value of earn-outs measured based on contract terms agreed with the buyers of power plants. Given the nature of earn-outs, the consideration is based on estimates and thereby variable.

The measurement of variable consideration from sale of power plants is based on the most likely consideration that European Energy will be entitled to and where it is highly likely that a significant reversal will not be made in subsequent periods. The estimated value is discounted where relevant. Earn-outs are described in more detail below.

Credit risk and expected credit loss

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its obligations, and arises principally from the group's trade receivables, contract assets and other receivables.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, Management also considers the default risk associated with the industry and country in which the customer operates.

The group considers its credit risks as rather low, both with regard to its customers and with regard to the development of renewable energy projects.

There are two major groups of customers: off-takers for the electricity produced by the group's wind and solar projects and buyers acquiring such projects from the group. The first category mainly consists of public bodies or publicly regulated entities implementing public tariff schemes (such as grid operators). The second category mainly consists of financially sound entities, such as pension or investment funds. The structure of such transactions usually further mitigates the credit risk related to project sales, as assets are only transf erred against the payment of the relevant purchase price on closing. No formal credit rating of customers is made.
The group does not require collateral in respect of trade and other receivables.

With regard to credit risks associated with project development, projects are generally not carried out unless project financing is in place.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The group assesses the risk of loss mainly based on (but not limited to) external ratings, audited financial statements, management accounts and cash flow projections, geographic region, available press information and applying Management's experienced credit judgement. The assessments take actual incurred historical data into consideration together with Management's assessment of effect from the political situation in the region, e.g. political elections.

EURk	2021	2020
Trade receivables and contract assets	66,880	30,205
Other receivables (non-interest bearing)	34,662	34,004
Total non-interest bearing receivable	**101,542**	**64,209**
Total receivables	**101,542**	**64,209**

No impairment losses are recognised relating to doubtful receivables.

2.10 Trade receivables, contract assets, other receivables and prepayments - continued

The group monitors changes in credit risk by following the political situation in the geographic regions where the group is involved, tracking changed external ratings and reviewing updated financial information.

An impairment analysis is performed at each reporting date on an individual basis for major clients. Expected credit loss rates are based on actual credit loss experiences over the past three years.

Contract assets

When renewable energy projects are sold, some of the sale proceeds can be governed by an earn-out model. The group generally only agrees to earn-out models that provide for an increase of the proceeds. Earn-out models link the sales proceeds to updated values of certain budgeted parameters, in most cases either the actual production data of the relevant project or the revenue generated by the project company.

Additionally, when renewable energy projects are sold, we may recognise a contract asset if the consideration is conditional on other factors than the passage of time.

At the end of 2021 a total of EUR 2.5m (2020: EUR 3.1m) of the receivables were part of an earn-out agreement. Of this EUR 2.4m (2020: EUR 2.6m) are due after more than one year. Hereof EUR 1.7m are due more than five years after the sale.

Valuation of the earn-outs has been reassessed at year-end. At the end of 2021 the group has earn-out agreements valued at nil relating to five project sales, where settlement will be from 2022 to 2026. The earn-outs can be both an upside and a downside, but are expected to have immaterial effect.

Receivables

Receivables EUR 101,5m (2020: EUR 64,2m) include amounts expected to be recovered more than 5 years after the balance sheet date of total EUR 1,7m (2020: EUR 1,8m).

Prepayments

Prepayments recognised as assets comprise primarily prepaid expenses for wind turbines and prepayments related to land lease agreements and are measured at cost.

Contract assets (EURk)	2021	2020
Contract assets at 1 January	16,796	11,105
Received during the year	-11,204	-3,661
Addition new contract assets	43,200	11,313
Other changes	-612	-1,961
Contract assets end of year	**48,180**	**16,796**
Non-current contract assets	10,731	2,907
Current contract assets	37,449	13,889
Total contract assets	**48,180**	**16,796**

	2021			
Credit loss (EURk)	Loss (%)	Receivables	Expected loss	Total
Receivables not due	0.0%	100,766	-	100,766
Receivable past due:				
1-30 days	0.0%	557	-	557
31-90 days	0.0%	74	-	74
>90 days	0.0%	145	-	145
Total receivables		**101,542**	**-**	**101,542**

	2020			
Credit Loss 2020 (EURk)	Loss (%)	Receivables	Expected loss	Total
Receivables not due	0.0%	63,977	-	63,977
Receivable past due:				
1-30 days	0.0%	30	-	30
31-90 days	0.0%	8	-	8
>90 days	0.0%	194	-	194
Total receivables		**64,209**	**-**	**64,209**

2.11 Provisions

Demolition costs liabilities

The provision relates to earn-out related to inventory and expected demolition costs to dismantle and remove wind and solar farms. These provisions are recognised when the group has a legal and constructive obligation at the date of the statement of financial position and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions that are expected to be settled more than a year from the date of the statement of financial position are measured at net realisable value. The value of the dismantling costs is recognised in the value of non-current assets and is depreciated together with the relevant assets. The financial statements include a provision for future costs arising from the demolition costs and removal of wind and solar farms. Based upon Management's expectations for the maturity of the provisions, the provision is recognised as a non-current liability.

EURk	2021	2020
Provision at 1 January	**24,790**	**8,896**
Additions	5,846	16,939
Disposals	-2,514	-1,045
Provisions end of year	**28,122**	**24,790**
Hereof current liabilities	**4,254**	**4,400**
Hereof non-current liabilities	**23,868**	**20,390**

Provision is specified as follows (EURk):	2021	2020
Demolition costs	9,484	6,298
Contingent consideration on acquired companies	14,384	14,093
Other provisions	4,254	4,400
Provisions end of year	**28,122**	**24,790**

Contingent consideration on acquired projects

The provision relates to contingent consideration regarding projects acquired from developers, where the consideration to the seller is depending on certain future events (earn-out). The fair value of purchase liabilities (earn-out) is recognised as provision when it is probable that the projects will be realised.

The contingent consideration transfers from provision to other payables when the future events that trigger payment of purchase liabilities (earn-out) occur.

Other provisions

The Danish Authorities have assessed that the parent company does not have the right to fully deduct VAT on external costs, as VAT related to expenses from sale of shares are not deductable. There is a provision for VAT adjustment from previous years included in Other provisions.

In addition, provision is made for a warranty claim regarding a sale of a power generating asset. Management has no reason to believe that the final payment will exceed the provision. Based upon Management's expectations for the maturity of the provisions, the provisions are recognised as current liabilities.

Accounting policy

Provisions are recognised when, as a result of past events, the group has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are determined by discounting expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as a financial cost.

2.12 Change in net working capital

Change in net working capital (excluding inventories)

The change in net working capital, excluding inventories were EUR 4.9m in 2021 and EUR 7.0m in 2020.

In 2021 the most significant changes in net working capital were amongst others related to prepayments from goods and services and trade payables, all related to the increased construction activity.

The changes in trade receivables and contract assets were mainly due to the sale of Lithuanian wind projects and Danish solar parks at the end of 2021.

The change in other payables were driven by several factors, most significantly personnel-related payables, project-related payables and derivatives. The numbers from the change in net working capital cannot necessarily be derived directly from the balance sheet, due to amongst others non-cash transactions.

Change in inventories

The change in inventories were driven by an all-time high construction activity, contributing to a change of EUR 162.0m of the total change of EUR 188.7m.

EURk	2021	2020
Trade receivables and contract assets	-36,675	-9,044
Other receivables	-2,634	-9,785
Prepayments from goods and services	-40,842	4,738
Trade payables	50,897	3,882
Deferred income	1,585	2,654
Other payables	35,970	14,599
Total change in working capital	**8,301**	**7,044**

EURk	2021	2020
Change in inventories	**-188,724**	**-92,446**

2.13 Other non-cash items

Other non-cash items amounted to EUR -0.9m (2020: EUR -4.1m) and were mainly related to a fair value adjustment of one of the groups other investments, share based compensation expenses and a remeasurement gain from the obtaining of control of a former associate, REintegrate. The non-cash adjustments in 2020 mainly came from our investment in AEZ Group in Germany following a revaluation of the value of the group’s net assets within 12 months after the acquisition in 2019.

EURk	2021	2020
Fair value adjustment of companies	-993	-4,479
Share based compensation expenses	1,030	322
Remeasurement gain from REintegrate acquisition	-600	-
Other	-291	35
Other non-cash items	**-854**	**-4,122**

3.1 Hybrid capital

Terms and conditions

Hybrid capital comprise issued green bonds from 22 September 2020 of EUR 75m and a subsequent tap of EUR 75m on 15 April 2021, all which is subordinated to other creditors but preceded by the share capital.

The capital increase as of 15 April, 2021 had an issue price of 101,75% plus accrued interest and resulted in a premium of net EUR 4.5m.

In Q3 coupon payments were paid. The payments amounts to EUR 9.2m less of accrued interest of EUR 2.6m. Net interest payment of EUR 6.6m is accounted for as dividends.

The hybrid capital rank in priority only to any loans made after the first issue date by any major shareholder (Subordinated Shareholder Funding).

The hybrid security bears an initial coupon of 6.125% until the first call date on 22 September 2023, after which the coupon resets to the 3-year EUR swap rate prevailing at that time plus margin of 11.585%, which is the sum of initial margin 6.585% and step-up margin 5.0%. It has a final maturity on 22 September 3020.

European Energy has the option for early redemption at par (100%) on or after the first call date.

Coupon payments may be deferred at the discretion of European Energy A/S and ultimately any deferred coupons outstanding in 3020 will be cancelled. However, deferred coupon payments become payable if European Energy A/S decides to pay dividends to shareholders or makes payment in respect of any Subordinated Shareholder Funding.
As a consequence of the terms of the hybrid security the net proceed is initially recognised directly in equity. Coupon payments are also recognised in equity.

Fair value disclosures

As the principal of the hybrid bond ultimately falls due in 3020, its discounted fair value is nil due to the terms of the securities, and therefore a liability of nil has been recognised in the balance sheet.

Subsequently, the liability part is measured at amortised costs and will only impact profit or loss for the year towards the end of the 1,000-year term of the hybrid capital.

When a formal decision on redemption has been made European Energy has a contractual obligation to repay the principal, and thus the hybrid bond is reclassified from equity to financial liability.

On the date of reclassification, the financial liability is measured at market value of the hybrid capital. The hybrid bond is listed at NASDAQ, Copenhagen, and traded at market value.

Accounting policy

Hybrid capital is treated in accordance with the rules on compound financial instruments based on the special characteristics of the bonds. The notional amount, which constitutes a liability, is initially recognised at present value, and equity has been increased by the difference between the net proceeds received and the present value of the discounted liability (fair value). The part of the hybrid capital that is accounted for as a liability is measured at amortised cost. The carrying amount of the liability component amount to nil on initial recognition and due to the 1,000-year term of the hybrid capital, amortisation charges will only have an impact on profit or loss for the years towards the end of the 1,000-year term.
Coupon payments are accounted for as dividends and are recognized directly in equity when the obligation to pay arises. The obligation to pay coupon payments is at the discretion of European Energy A/S and any outstanding deferred coupon payments will be automatically cancelled upon maturity of the hybrid capital. Coupon payments are recognised in the statement of cash flows in the same way as dividend payments within financing activities.

Payments of interest on the hybrid bond (treated as dividend) is according to current tax legislation deductible for income tax purposes. The tax effect is recorded in the income statement as this is considered distribution of earnings and not in equity where the effect of the dividends paid is recorded.

On redemption of the hybrid capital, the payment will be distributed between liability and equity, applying the same principles as used when the hybrid capital was issued. The difference between the payment on redemption and the net proceeds received on issue is recognized directly in equity as the debt portion of the existing hybrid issues will be nil during the first part of the life of the hybrid capital.

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

3.2 Financial income and expenses

The net financial expenses were EUR 1.1m (2020: EUR 11.8m expense).

The financial income of EUR 12.9m (2020: EUR 2.8m) was primarily derived from a modification gain related to a debt modification of our senior bond and old loan. The modification gain was recognised at EUR 6.6m in 2021. We did not recognise any gain in 2020. In addition, we have recognised a financial income from unrealised currency gains of EUR 2.6m in 2021 (2020: EUR 0.2m) related to hedging of construction spend in primarily USD. Finally, interest income, on financial assets measured at amortised costs, of EUR 2.4m (2020: 1.9m) relates to interest on loans to joint ventures and associates.

The financial expenses of EUR 14.0m (2020: EUR 14.6m) were primarily related to interest expenses, on our senior bonds and on construction and project financings. Interest costs on construction and project financing increased due to the increase in construction and project debt following the increasing construction activity. Further, financial expenses were impacted by the amortisation of debt issue cost, which has increased since last year. The part of interest expenses that is related to the establishment of energy parks is capitalised as part of the inventory. This includes interest expenses related to construction financing as well as shareholder loans from the parent company to project companies with projects under construction

Accounting policy

Finance income and expenses comprise interest income and expense, gains and losses on other investments, payables and transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme, etc.

Capitalised interests on inventories are calculated at a rate of 3-8% where the interest rate level is dependent on whether it is interest on construction financing or shareholder loans.

The interest on shareholder loans is a weighted share of the EUR 300m bond, and the equity used for financing of the inventories.

Modification gain

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

In 2021 the refinancing of our listed green senior secured bond and loan from the Danish Green Investment Fund were completed.

The interest rate of the new green senior secured bond is 3.75% compared to 5.35% on the old bond. 80% of the proceeds were from current bond investors investing in the new bond and 20% was from new investors. The gain recognised amounted to EUR 4.8m which were recognised in the third quarter of 2021.

The interest rate from the new loan from The Danish Green Investment Fund is 3.35% compared to 4.2% on the old loan. The gain recognised amounted to EUR 1.8m which were recognised in the fourth quarter of 2021.

The group has capitalised a total modification gain of EUR 6.6m, which will be expensed over the lifetime of the bond and the loan.

Finance income (EURk)	2021	2020
Interest income, on financial assets measured at amortised costs	2,406	1,869
Modification gain	6,640	-
Dividends	325	225
Currency gains realised	898	487
Currency gains unrealised	2,664	234
Finance income	**12,933**	**2,815**

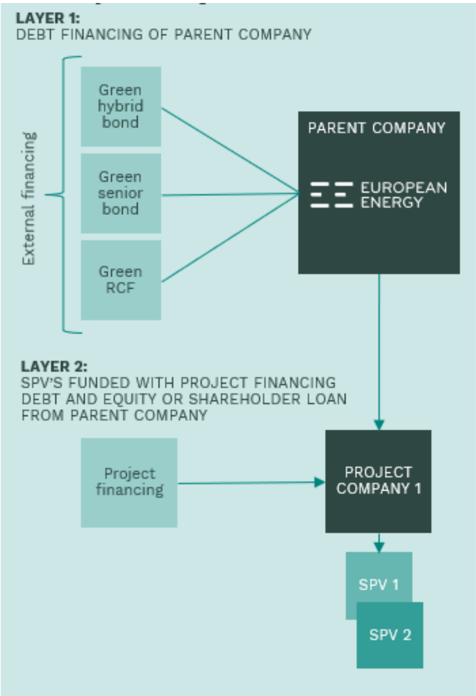
Finance expenses (EURk)	2021	2020
Interest on bonds	10,578	10,908
Interest on lease liabilities	401	551
Finance expenses from project financing and overdrafts measured at amortised costs	7,123	5,372
Financial expenses that have been capitalised on inventories	-12,830	-6,924
Amortisation of debt issue costs	4,034	851
Amortisation of modification gain	1,020	1,309
Other financial expenses	2,268	1,374
Currency losses realised	776	555
Currency losses unrealised	638	570
Finance expenses	**14,008**	**14,566**

3.3 Capital and financial risk management

Capital management

The group operates a two-layered capital structure. The parent company constitutes the top-layer of the capital structure which includes funding that is unsecured and structurally subordinated to the project-level financing at the bottom. The latter is predominantly secured bank financing of renewable energy projects either under construction or in operation.

European Energy operates with a two-layered capital structure



The group financial policy is defined by a set of financial maintenance covenants included in the terms and conditions of the senior unsecured bonds issued by the parent company. These are:

1. 1. A minimum parent company equity to total assets (excl. cash) of 25%

2. 2. A maximum group project-level financing to group project assets (PPE and Inventories) of 75%

In short, these financial covenants stipulate that 1) parent capitalization must be one times equity to 3 times debt and 2) that parent company on an aggregate basis should contribute with minimum of 25% equity into the project-level layer.

The debt funding of the parent company is based entirely through Nasdaq Copenhagen listed bonds with "Nordic"-style documentation and issued under the company's green financing framework:

1. EUR 150m hybrid capital security with stated maturity in 3020, a coupon of 6.125% p.a. until First Call Date on September 22, 2023 after which the coupon is 3m Euribor + 11.585%. For purpose of financial covenant calculation, 50% of outstanding nominal amount of hybrid capital can be included as Equity. The bond is subordinated to all other senior debt like the senior unsecured bonds and the RCF, cf below. Coupon payments may be deferred at the discretion of European Energy A/S and ultimately any deferred coupons outstanding in 3020 will be cancelled. However, deferred coupon payments become payable if European Energy A/S decides to pay dividends to share-holders or makes payment in respect of any Subordinated Shareholder Funding.

2. EUR 300m senior unsecured bond with maturity in September 2025 and a coupon of EURIBOR 3M plus a margin of 3.75%. For the duration of the bond, European Energy must comply with a set of general undertakings stating among other that no dividends can be paid out by the parent company until after an IPO. In addition to the financial covenants stated above, the parent company is also subject to a liquidity covenant requiring the company to hold liquidity corresponding to the next 3 quarters' expected interest payment on the bond.

For full terms and conditions of the above bonds and details of the green financing framework: https://europeanenergy.com/en/green-financing

For liquidity management purposes, the parent company also have a EUR 45m revolving credit facility maturing at the latest in 2026 with three major Nordic relationship banks. The terms largely mirror those of the senior unsecured bond.

The project level financing consists of construction (while under construction) or project (when project is in operation) financing primarily with Danish and international banks but also with infrastructure debt asset managers. Construction financing can be with time-limited recourse to the parent company. Project financing related to operating assets can include covenants e.g. related to Debt Service Covenant Ratios (DSCR) and/or require the existence of restricted cash accounts to cover debt/interest service for a predefined period. Project financing is predominantly done on a project-by-project basis but portfolio-based construction financing with cross-collateralization is emerging.

European Energy has a Green Finance Framework aligned with the Green Bond Principles published by the International Capital Markets Association (ICMA) in 2021 and the Green Loan Principles published by the Loan Market Association (LMA) in 2021. Our framework includes Green Bonds as well as Green Loans and other types of debt instruments which are used to finance, or re-finance, Eligible Assets. Instruments issued in accordance with this framework are all 'use-of-proceeds'. For the avoidance of doubt, this refers to 100% Green proceeds for bonds. However, other instruments may be subject to a 90% threshold on EBITDA of the European Energy Group, in which case that will be specified in the final instrument documentation. The Framework is intended to be aligned with the Climate Delegated Acts of the EU Taxonomy ("EU Taxonomy"), published in April 2021.

European Energy runs on a continuous basis financial planning on short- and medium-term basis with the aim of securing:

•Adequate short-term liquidity to fund planned projects with parent equity and project debt

•Adequate capitalization of the parent company to fund medium term project pipeline and timely refinancing of existing outstanding debt.

•Quarterly compliance with financial covenants in senior secured bonds issued by the parent company and any project level debt covenants.
Annually in connection with approval of the Budget, the BoD reviews and approve the funding plan of the budgeted activities for the coming year.

At the end of 2021 the free cash was EUR 173.7 m (2020: EUR 86.8m). The Management and the Board of Directors evaluate that the group has sufficient available cash to meet the group's short-term liabilities.

3.3 Capital and financial risk management - continued

Financial risk management

The group's objectives and policies are unchanged from last year.

The main purpose of the group's financial liabilities is to finance the group's operations and to provide guarantees to support its operations. The group also enters into derivative transactions to reduce the risk from fluctuations in interest rates, foreign exchange rates and power prices.

The group is exposed to financial risk, consisting of liquidity risk, foreign currency risk, interest rate risk and credit risk that affect its earnings. Group Management oversees the management of these risks, including overseeing that the group's financial risk activities are governed by the policies and procedures outlined by Management and that financial risks are identified, measured and managed in accordance with the group's policies and risk objectives. It is the group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees on policies for managing each of these risks.

Credit risks are described in note 2.10, financial risks in note 3.3, foreign currency risks in note 3.4, liquidity risk in note 3.5, and finally interest rate risk in note 3.6.

3.4 Foreign currency risks

Foreign currency risk is the risk that the fair value or future cash flows will fluctuate because of variations in foreign currency rates.

The group is exposed to currency risk to the extent that transactions are denominated in a currency other than the functional currency. Group entities that are special purpose vehicles, established with the limited purpose to hold all activities related to a specific development project are considered integrated entities in European Energy.

The group's risk policy is to hedge up to 75% of foreign currency exposure. The actual hedge rate in % is determined based on (i) EUR zone and countries that have a fixed rate policy against EUR, (ii) other advanced economies and (iii) growth and developing economies. The group uses forward contracts to hedge currency risks, most with a maturity of less than one year. Additionally, the group has designated cash in foreign currency as hedging instruments.

The group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. An economic relationship exists when the value of the hedged item and hedging instrument move in opposite directions in response to movements in currency rate fluctuations.

Main sources of ineffectiveness in these hedge relationships are (i) changes in the timing of the hedged transactions and (ii) there is no effective market for pricing the derivative.

The group is exposed to translation risk from translating the results and financial position of foreign entities with functional currency other than EUR into the group's functional currency. Currency rate adjustments related to the translation into the group's functional currency are recognised in other comprehensive income.
The group's foreign entities are exposed to currency risk to the extent that income and costs are not settled in the functional currency of the individual entity. The foreign entities are primarily exposed to fluctuations in USD, SEK, PLN and BRL.

The table shows currency exposure to each currency as at the balance sheet date. A corresponding reduction in the cross rate would have an equivalent opposite effect on profit before tax and equity. The sensitivity analysis was prepared at the balance sheet date on the basis of the exposure to the listed currencies at the balance sheet date including hedges, without taking into account potential effects on interest rate levels, effect on other currencies, etc.

	2021		
Nominal position (EURk)	**Cash/equivalents**	**Receivables**	**Debt**
USD/EUR	11,348	-	-153
GBP/EUR	1,394	4,429	-5,928
SEK/EUR	3,393	21,737	-34,667
PLN/EUR	3,052	2,046	-417
BRL/EUR	25,848	187	-23,455
Sensitivity	**Increase in currency rate**	**Impact on profit before tax**	**Impact on equity**
USD/EUR	1%	102	837
GBP/EUR	1%	-1	-
SEK/EUR	1%	-95	-
PLN/EUR	1%	47	-
BRL/EUR	1%	26	-

	2020		
Nominal position (EURk)	**Cash/equivalents**	**Receivables**	**Debt**
USD/EUR	2,282	-	-
SEK/EUR	610	2,859	-931
BRL/EUR	11,780	7	-7,991
Sensitivity	**Increase in currency rate**	**Impact on profit before tax**	**Impact on equity**
USD/EUR	1%	23	18
SEK/EUR	1%	25	20
BRL/EUR	1%	38	30

3.4 Foreign currency risks - continued

European Energy has a shareholders' loan of EUR 31.5m to the jointly controlled solar farms of Coremas in Brazil. The group has reversed EUR 0,6m of last year's write-down. A future loss on the BRL to EUR would mean that the group will have to impair the receivable further. The receivable is in EUR and the solar farm investments of Coremas are in BRL. As a consequence there is a currency risk towards BRL. A drop of 1 % in BRL would therefore mean a loss of EUR 0.3m. The group has made a hedge to cover most of the above currency risk between BRL and EUR.

	2021				
Currency forwards (EURk)	**Notional amount**	**Average hedged rate**	**Fair value**	**Recognised in other compre-hensive income**	**Recognised in profit or loss**
Cash flow hedge, USD	94,881	1.1 USD/1 EUR	4,713	4,743	-
Fair value hedge, BRL	30,579	6.6 BRL/1 EUR	-677	-	-1,938
Forward exchange contracts			**4,036**	**4,743**	**-1,938**
Currency forwards (EURk)	2020				
Cash flow hedge, USD	8,955	1.2 USD / 1 EUR	-30	-30	-
Fair value hedge, BRL	25,000	6.4 BRL/1 EUR	-139	-	-139
Forward exchange contracts			-169	-30	-139

	2021		
Market value	**Asset**	**Liability**	**Total Hedge**
Cash flow hedge, USD	4,713	-	4,713
Fair value hedge, BRL	-	-677	-677
Total market values	4,713	-677	4,036

	2020		
Market value	**Asset**	**Liability**	**Total Hedge**
Cash flow hedge, USD	-	-30	-30
Fair value hedge, BRL	389	-529	-140
Total market values	389	-559	-170

3.5 Liquidity risks

The group's cash requirements are mainly determined by its investment in the development and construction of wind power, solar power and Power-to-X facilities, by repayment of the debt contracted by project companies, project holding companies or the parent company.

The group strategy to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to fund the planned operations and meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

For European Energy to mitigate the underlying liquidity risks, it dedicates considerable efforts in ongoing liquidity monitoring and forecasting of the financing needs at both group and project level. Some loan agreements include liquidity covenants that are also monitored closely to ensure compliance.

The group meets its cash requirements for the construction of its renewable energy plants mainly via short-term construction loans or long-term project debt at the level of its project companies or project holding companies, and via equity contributions from the parent company.

Project level debt is sourced from a wide range of renowned local and international banks and asset managers. This debt is repaid from proceeds from divestiture of the projects, proceeds from refinancing into new project debt or from available operating cash flows from plants in operation.

The parent company's main sources of liquidity are net proceeds from sales of renewable energy plants as well as debt financing. The latter currently consists of debt securities raised in the Nordic debt capital markets, including a EUR 300m senior bond due September 2025 and the EUR 150m of callable subordinated green capital securities due September 3020 ("Hybrid bond"). Although the Hybrid bond will not mature until 3020, the interest payable in respect of it will increase if the bonds are not refinanced upon the first call date occurring on 22 September 2023. As can be seen, the parent company has no imminent debt maturities, and the refinancing risk is consequently deemed low.

European Energy believes that the listed Nordic debt capital market is deep enough to meet the financing needs of the parent company for the coming years. The parent company also entered a revolving credit facility of EUR 45m for general corporate purposes in September 2021.

The maturity profiles of bond loans, project financing and credit facilities as well as derivatives are provided in the table.

	2021				
EURk	**Contractual cash flow**	**Maturity within 1 year**	**Maturity between 1 and 3 year**	**Maturity between 3 and 5 year**	**Maturity after 5 years**
Issued bonds	342,344	11,406	22,844	308,094	-
Project financing	410,089	56,553	88,493	98,365	166,678
Lease liabilities	14,623	2,112	3,581	2,339	6,591
Interest rate swap (cash flow hedge)	1,859	229	421	364	845

The maturity profiles are based on undiscounted cash flows including estimated interest payments.

	2020				
EURk	**Contractual cash flow**	**Maturity within 1 year**	**Maturity between 1 and 3 year**	**Maturity between 3 and 5 year**	**Maturity after 5 years**
Issued bonds	229,128	10,700	218,428	-	-
Project financing	257,909	43,207	73,700	34,444	106,559
Lease liabilities	11,742	1,731	2,517	2,428	5,066
Interest rate swap (cash flow hedge)	72	72	-	-	-

The maturity profiles are based on undiscounted cash flows including estimated interest payments.

Liquidity resources

By the end of 2021, the group's total liquidity resources amounted to EUR 218.7m which consisted of EUR 173.7m in unrestricted cash and a EUR 45m undrawn committed RCF maturing in 2024 (with two 1-year extension options and a requirement that it matures 3 months before the senior bond in September 2025). The restricted cash amounted to EUR 53.6m (2020: EUR 35.1m) and primarily relates to construction financing proceed reserved for upcoming construction activities and debt service reserve accounts in operating companies. The EUR 300m outstanding senior bonds and the EUR 45m RCF are subject to financial covenants as described under Capital Management. European Energy did not default or fail to fulfill any of its financial covenants in 2021 and expects to have sufficient headroom under the financial covenants and liquidity during 2022 to fund the planned operations.

3.5 Liquidity risks - continued

Development in financing activities in EURk	Bonds	Project financing	Lease liabilities	2021
Liabilities from financing activities at 1 January	**194,144**	**221,421**	**10,046**	**425,611**
Proceeds from borrowings	297,750	232,302	-	530,053
Payments	-205,035	-68,496	- 1,917	-275,448
Payments of borrowings and lease liabilities in disposed subsidiaries	-	-38,229	-	-38,229
Additional leases	-	-	2,814	2,814
Non-cash changes in financing liabilities	- 1,476	-	401	- 1,075
Liabilities from financing activities at 31 December	**285,383**	**346,998**	**11,343**	**643,725**

Development in financing activities EURk	Bonds	Project financing	Lease liabilities	2020
Liabilities from financing activities at 1 January	**192,017**	**207,515**	**14,530**	**414,062**
Proceeds from borrowings	-	205,952	-	205,952
Payments	-	-101,526	-2,000	-108,892
Payments of borrowings and lease liabilities in disposed subsidiaries	-	-99,845	-4,681	-99,160
Adjustment to consolidated acquired entities	-	7,943	-	7,943
Additional leases	-	-	1,656	1,656
Non-cash changes in financing liabilities	2,127	1,382	541	4,050
Liabilities from financing activities at 31 December	**194,144**	**221,421**	**10,046**	**425,611**

Liquidity resources EURk	2021	2020
Committed undrawn credit facilities (1-3 years)	45,000	-
Total committed credit facilities	**45,000**	**-**
Cash non-restricted	173,718	86,771
Total liquidity resources available	**218,718**	**86,771**
Restricted cash	53,643	35,121

3.6 Interest rate risks

The group's exposure to the risk of changes in market interest rates relates primarily to the group's interest-bearing debt obligations with floating interest rates.

The group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans including hedge instruments. The group's risk policy is to ensure that at least 50% of long-term project financing is at a fixed interest rate and at least 75% of short-term bridge financing is at floating rates. This is managed mainly in the raising of loans, and additionally through interest rate swaps.

For interest rate swaps, the group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, repricing dates, maturities and the notional amounts. An economic relationship exists when changes in fair value of the hedging instrument will move in opposite directions in response to movements in cash flows of the hedged item due to movements in interest rate fluctuations.

Interest rate swaps

At year-end, an interest rate swap with fair value liability of EUR 0.0m (2020: EUR 0.2m) is included in project financing. The change in fair value is recognised in OCI.

The fair value of interest rate swaps is measured on the basis of Level 2 within the fair value hierarchy.

Sensitivity analysis

An interest increase of 1% would have the following impact on the results for the year and the equity:

	2021		2020	
EURk	**Impact on profit before tax**	**Impact on equity**	**Impact on profit before tax**	**Impact on equity**
Bonds	-1,290		-908	-708
Project financing	-3,284		-2,214	-1,727
Interest rate swap	-	-2,027	-	14

The interest rate swaps will be affected by a general interest rate increase. The impact on equity is the estimated value decrease on the swap value.

3.7 Other financial derivatives

Other financial instruments recognised at fair value have been recognised partly as assets and partly as liabilities in 2021. Other financial instruments presented as assets amounts to EUR 8.0m per 31 December 2021 (2020: EUR 2.8m) . Other financial instruments presented as liabilities amounts to 10.9m per 31 December 2021 (2020: EUR 0m).

The presentation of the balance 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 are met.

Other financial instruments comprises Power purchase agreements which qualifies for recognition according to IFRS 9. This is 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.

We have furthermore entered power purchase agreements which are physical contracts. We consider these contracts as delivery contracts and have therefore not recognised these as financial instruments in the financial statement for 2021.

PURPOSE OF HEDGING INSTRUMENTS

The purpose of the Other financial instruments is to reduce our risk from generation and sale of energy. Fluctuations in value are expected to be offset by the underlying exposure.

VALUATION PRINCIPLE AND METHODOLOGY

The fair value of power purchase agreements is measured on the basis of either level 1, 2 or 3 within the fair value hierarchy since we utilize all three criteria's as described in Note 3.9 when measuring fair value.

Other financial instruments (EURk)	2021	2020
Fair value at 1 January	**2,812**	**2,269**
Value adjustments of hedging instruments through OCI during the year, unrealised	**-5,683**	**2,671**
Value adjustments of hedging instruments through OCI during the year, realised	-	-2,127
Total Fair Value at 31 December	**-2,870**	**2,812**

The fair value of other financial instruments is included in the balance sheet in either long or short-term assets or liabilities depending on the fair value and the maturity.

	2021			
Power purchase agreements	**MW/h**	**Average hedged rate (EUR/MW)**	**Fair value (EURk)**	**Recognised in other comprehensive income (EURk)**
Power purchase agreements	74.8	38.9	-2,870	-5,683
Power purchase agreements	**74.8**	**38.9**	**-2,870**	**-5,683**
	2020			
Power purchase agreements	7.1	38.0	2,812	543
Power purchase agreements	**7.1**	**38.0**	**2,812**	**543**

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

SIGNIFICANT VALUATION INPUTS

The main inputs used in the calculations are

f. Non-contracted market prices (market power price)

g. Contracted market prices (entered fixed price)

h. Risk-adjusted discount rate

Non-contracted market prices are normally available for a maximum of 3 to 5 years, after which an active market no longer exists. European Energy's Power purchase agreements have a duration of up to 15 years. The fair value of the contracts are subject to great sensitivity to the valuation input

SENSITIVITY ON SIGNIFICANT VALUATION INPUT

The most significant valuation input is the market price for the price. This has changed compared to last year due to the very high increase in the power prices.

We have performed a sensitivity analysis of the sensitivity of the recognised power purchase agreements to an increase and a decrease of the power price for our power purchase agreements portfolio as a whole.

The sensitivity analysis shows that if power prices in all our power markets rose with 10% and all other inputs being unchanged then the fair value of our PPA portfolio would decrease with EUR 13.6m to a total of EUR 16.5m liability per 31 December 2021.

DERIVATIVES AND HEDGE ACCOUNTING

Derivative financial instruments are measured at fair value. Derivative financial instruments are carried as financial assets when the fair value is positive, and as financial liabilities when the fair value is negative.

An economic relationship between the hedged item and the hedging instrument exists when it is expected that the values of the hedged item and hedging instrument will typically move in opposite directions in response to movements in the same risk (hedged risk).

Effectiveness is monitored by comparing the change in the value of the future flow hedged to the change in the value of the derivative.

Changes in the fair value of derivative financial instruments designated as a hedge of a recognised asset or liability are recognised in other comprehensive income.

Changes in the fair value of derivative financial instruments that are not designated as a hedge are recognised as finance income or finance costs in the consolidated statement of profit or loss.

The effective portion of the change in fair value of derivative financial instruments, accounted for as hedging of projected future transactions is recognised in other comprehensive income and presented in the cash flow hedge reserve in equity. Any amounts deferred in equity are transferred to the consolidated statement of profit of loss in the period when the hedged item affects the consolidated statement of profit or loss. Any ineffective portion of the fair value change is recognised immediately in the consolidated statement of profit or loss as finance costs. If the hedging instrument expires, is sold or revoked, any cumulative gain or loss previously recognised in other comprehensive income remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Changes in fair value of derivative financial instruments that do not meet the criteria for hedge accounting are recognised as finance income or finance costs in the consolidated statement of profit or loss.

The group’s risk policy is described in more detail in note 3.3.

3.8 Financial instruments by category

Accounting policy

FINANCIAL ASSETS AND FINANCIAL LIABILITIES

At initial recognition, financial assets are stated at amortised cost, fair value through profit or loss or at fair value through other comprehensive income (hedging instruments).

Financial assets held to maturity are initially recognised at amortised costs. The group's financial assets held to maturity include cash and cash equivalents, trade receivables and contract assets, loans and other receivables.

Other investments are measured at fair value with value adjustments recognised in profit or loss. Other investments comprise non-controlling interests.

At initial recognition, financial liabilities are stated at amortised costs. Financial liabilities, except derivatives, are initially recognised at amortised costs and net of directly attributable transaction costs. In subsequent periods, any difference between cost and redemption value is recognised in the consolidated statement of profit or loss over the term of the loan by means of the effective interest method (EIR).

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.
Amortised cost is stated by taking into account any discount or premium on acquisition and fees or costs integral to the EIR. EIR amortisation is recognised as finance costs in the consolidated statement of profit or loss.

The group's financial liabilities include trade and other payables, loans and borrowings, including bank overdrafts and derivative financial instruments.

	2021		2020	
EURk	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets measured at FVTPL	8,468	8,468	7,497	7,497
Financial assets measured at FVTOCI *)	12,734	12,734	2,812	2,812
Loans and receivables	88,808	88,808	106,743	106,743
Financial liabilities measured at amortised cost	656,189	657,314	417,715	424,715
Financial liabilities measured at FVTOCI *)	10,929	10,929	-	-
Trade payables	62,526	62,526	11,629	11,629
Hybrid capital	150,000	154,500	75,000	75,938

*) Included in balance sheet based on maturity

3.9 Determination of fair value

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 to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The 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 that they are acting in their economic best interest.

The group uses valuation techniques that are 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 that is 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.

LEVEL 1
Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

LEVEL 2
Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

LEVEL 3
Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Fair value of the issued bonds is equal to the listed bond price at the balance sheet date.

	2021			
Fair value hierarchy (EURk)	**Quoted prices (level 1)**	**Observable input (level 2)**	**Non-observable input (level 3)**	**Total**
Other investments	-	-	8,468	8,468
Derivatives				
Power purchase agreements	8,021	-	-	8,021
Financial assets measured at fair value:	**8,021**	**-**	**8,468**	**16,489**
Derivatives				
Power purchase agreements	-4,832	-	-6,060	-10,891
Interest rate swaps	-	-38	-	-38
Currency hedges	-	-1,224	-	-1,224
Financial liabilities measured at fair value:	**-4,832**	**-1,262**	**-6,060**	**-12,153**

	2020			
Fair value hierarchy (EURk)	**Quoted prices (level 1)**	**Observable input (level 2)**	**Non-observable input (level 3)**	**Total**
Other investments	-	-	7,497	7,497
Derivatives				
Power purchase agreements	-	-	2,812	2,812
Financial assets measured at fair value:	-	-	10,310	10,310
Derivatives				
Interest rate swaps	-	-185	-	-185
Currency hedges	-	-169	-	-169
Financial liabilities measured at fair value:	**-**	**-354**	**-**	**-354**

4.1 Tax

Tax for the year amounted to EUR 5.1m in 2021 (2020: EUR 8.1m). The group has paid tax in primarily Germany and Denmark to a total of EUR 4.6m (2020: EUR 3.7m).

The group recognises income from the sale of power in all controlled energy parks, and thus also tax expenses. When the parks are sold, the accrued tax is part of the balance of the sold company and will in the end be paid by the buyer. The amount of paid tax for the group will consequently always be considerably less than the tax expenses in the profit and loss statement.

Net-deferred taxes in the balance sheet decreased to EUR 6.1m (2020: EUR 7.2m). The decline was primarily due to utilisation of tax loss carry forwards. Deferred taxes increase during the development phase of new projects and decrease when project companies are divested. Deferred tax has not been reflected for the losses on power price hedging equivalent to an amount of EUR 1.6m.

Accounting policy

INCOME TAX

Tax expense for the year includes current and deferred tax. Tax is recognised in the consolidated statement of profit or loss, except when the tax relates to items recognised in other comprehensive income or directly in equity, in which case the tax is recognised in other comprehensive income or directly in equity, respectively.

CURRENT INCOME TAX

The parent company and its Danish subsidiaries are subject to the Danish rules on joint taxation.

Current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. Companies with tax loss carry forwards receive joint taxation contributions from companies that have used these losses to reduce their own taxable profits (full absorption). Current tax assets and tax liabilities arising from current or prior periods are recognised at the amounts expected to be received from or paid to the relevant tax authority.

Tax for the period is recognised in the income statement including the effect of coupon payments on the hybrid capital.

Consolidated statement of profit or loss (EURk)

Current income tax	2021	2020
Current income tax charge	3,663	6,198
Adjustments previous years' foreign tax	2,167	312
Total current income tax for the year	**5,830**	**6,510**
Deferred tax		
Relating to origination and reversal of temporary differences	-272	995
Adjustment previous years *)	-467	604
Total adjustments to deferred tax during the year	**-739**	**1,599**
Income tax expense recognised in the statement of profit or loss (EURk)	**5,091**	**8,109**
Effective tax rate	8%	21%
Consolidated statement of other comprehensive income (EURk)		
Fair value adjustments of hedging instruments in deferred tax	256	364
Fair value adjustments of currency hedges	1,040	-
Tax on other comprehensive income		
Tax on adjustments of hedging instruments with local tax rate	1,296	364
Total	**1,296**	**364**
Tax rate used	22%	22%
The hedging instruments are SWAP agreements regarding loans to operating projects, Non Deliverable Forwards (NDF's) regarding hedging of currency risks, and Power Purchase Agreements made as non-physical delivery of power, Contract for Differences, (CfD's).		
*) Adjustment previous years in actual and deferred taxes relates to the use of tax losses carry forward in the Group which had not been recognised. The regulation is primarily in the Danish joint taxation.		

4.1 Tax - continued

The tax rates applied are those in force at the date of the statement of financial position.

DEFERRED TAX
Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognised to the extent that future taxable income is likely to be available against which the differences can be used – either as a set-off against tax on future income or as a set-off against deferred tax liabilities.

Deferred tax assets are examined at each reporting date and are recognised only to the extent that future taxable profits are likely to allow the recovery of the deferred tax asset.

Deferred tax assets and deferred tax liabilities are measured at the tax rates expected to apply in the year when the asset is realised, or the liability is settled on the basis of the tax rates (and tax legislation) in force at the date of the statement of financial position. Deferred tax assets and deferred tax liabilities are set off if a legal right to do so exists, and the deferred tax is attributable to the same legal tax entity.

Deferred tax specification (EURk)	2021	2020
Deferred tax start of period	7,201	7,949
Deferred tax for the year recognised in the income statement	-739	1,599
Deferred tax for the year recognised in other comprehensive income	256	364
Adjustment relating to the disposal/purchase of equity-accounted investments	-511	-3,530
Other equity regulations / Joint taxation	-123	819
Deferred tax end of period	**6,084**	**7,201**
Deferred tax is recognised as follows:		
Deferred tax assets	-6,294	-4,798
Deferred tax liability	12,378	11,999
Total recognised deferred tax in the balance	**6,084**	**7,201**
Deferred tax assets not recognised in the balance sheet:		
Total value of temporary differences and tax losses	-4,320	-7,104
Net Deferred Tax recognised in the balance sheet	6,084	7,201
Deferred tax assets not recognised in the balance sheet	**1,764**	**97**
Split of various temporary differences recognised in the balance sheet		
Tax loss carried forward	-18,129	-11,318
Differences of plant & equipment	26,882	19,945
Dismantling provisions	294	83
Differences related to other assets or liabilities	-2,963	-1,509
Total	**6,084**	**7,201**

4.1 Tax - continued

EFFECTIVE TAX RATE FOR THE GROUP
The effective tax rate stated is the income tax expense recognised in the profit and loss statement divided by profit before tax.

The effective tax rate is affected by the country mix in income, corrections in taxes from previous years, non-taxable income or expenses, and impairment of brought forward tax losses or the reversal of those.

In 2021 the effective tax rate landed on 8% compared to 21% in 2020.

The recognition of deferred tax assets is based on an analysis of future income in the next three to five years. The analysis is based on an expectation of steady development and reasonable assumptions. Deferred tax assets are substantially attributable to tax losses carried forward.

Deferred tax liabilities are substantially attributable to temporary differences on wind and solar power generating assets.

The group is taxed not only through its companies but also through the many tax-transparent vehicles that are either recognised as Joint Ventures, Associates or other investments.

COUNTRY BY COUNTRY SPECIFICATION
The European Energy Group aims at transparency in the tax reporting and voluntarily disclose country-specific information about tax position in the annual report. The group aim to comply not only with the letter of the law, but also the underlying intent to ensure that the right amount of tax is paid, in the countries where the group operates. In line with the results presented in the sustainability report, country by country specifications are presented to comply with the responsible tax practice of the group.

Split of tax losses carried forward on countries (EURk)	2021	2020
Denmark	-1,774	-4,573
Germany	-10,045	-5,257
Spain	-846	-344
Italy	-2,719	-1,077
Other countries	-2,745	-67
Total	**-18,129**	**-11,318**

Split of payable tax on countries		
Denmark	1,617	818
Germany	4,724	4,815
Spain	543	503
Italy	2,869	666
Other countries	3	49
Total	**9,756**	**6,851**

Country split of paid tax during the year		
Denmark	2,273	873
Germany	2,244	2,811
Spain	-	11
Other countries	35	32
Total	**4,552**	**3,727**

4.2 Staff costs and other external costs

Expensed staff costs increased due to the number of new employees onboarded during the year. Similarly, other external cost increased due to growth in activities, legal entities and number of employees.

The portion of staff costs related to the development and construction of energy parks amounted to EUR 21.7m, and was capitalised as part of inventories.

Staff costs comprise wages and salaries, remuneration, pensions and other costs regarding the employees, including members of the Executive Board and the Board of Directors. Bonus agreements for key Management personnel are included in the total remuneration and depend on the profit for the period.

EURk	2021	2020
Wages, salaries and remuneration	30,522	18,295
Share-based compensation	1,030	322
Contributions to defined contribution plans	73	26
Other social security costs	731	306
Other staff costs	1,325	721
Capitalised salaries on inventories	-21,704	-12,289
Total staff costs	**11,977**	**7,381**
Average number of full-time employees	265	168
Number of employees end of year	343	203

Management Remuneration:

	2021				
EURk	Salary	Bonus	Share-based compensation	Benefits	Total
Board of directors	32	-	13	-	45
Executive board	269	1,203	52	-	1,524
Other key management personnel	2,034	3,217	365	-	5,616

	2020				
EURk	Salary	Bonus	Share-based compensation	Benefits	Total
Board of directors	32	-	-	-	32
Executive board	371	179	21	-	571
Other key management personnel	2,129	553	119	1	2,802

4.3 Share-based payment

Accounting policy

The parent company has granted warrants to Management, board members and individual selected staff members based on years of employment and profession. The incentive scheme is based on issuance of warrants that give the right to apply for new shares in European Energy in the future. Fair value of the warrants at grant date is recognised as an expense in the income statement over the vesting period. Subsequently, the fair value is not re-measured. Such compensation expenses represent calculated values of warrants granted and do not represent actual cash expenditures. A corresponding amount is recognised in shareholders' equity as the warrant program is designated as equity-settled share-based payment transaction.

Valuation assumptions for warrants granted

Based on a weighted average fair value per warrant of DKK 3.67 (2020: DKK 0.82) the total fair value of warrants granted in 2021 amounted to EUR 1.3m (2020: EUR 0.3m), of which EUR 0.9m is recognised in the income statement at 31 December 2021 (2020: EUR 0.2m).

The fair value of warrants granted is calculated using the Binomial model with the following assumptions at the time of grant:

Year of grant	**2021**	**2020**	**2019**	**2018**
Number of warrants granted	2,935,000	2,443,000	2,980,000	2,598,100
Estimated Share price	DKK 10.50	DKK 4.32	DKK 5.29	DKK 3.20
Volatility, based on two years historical volatility for the peer group *)	42.5%	25.1%	28.8%	28.8%
Risk free rate, based on Danish government bonds	-0.5%	-0.1%	0.5%	0.5%
Vesting schedule	36 months	36 months	36 months	36 months
Exercise price	DKK 10.50 increased 5 % per year from 1 January 2022	DKK 4.32 increased 5 % per year from 1 January 2021	DKK 5.29 increased 5 % per year from 1 January 2020	DKK 3.10 increased 5 % per year from 1 January 2019
Exercise price of outstanding warrants at the end of 2021	DKK 11.03 - 14.18	DKK 4.75 - 6.05	DKK 5.87 - 7.40	DKK 3.50 - 4.37
Exercise period: One annual exercise period following the ordinary general meeting where the annual report is adopted **)	May 2021 - May 2028	May 2020 - May 2028	May 2019 - May 2028	May 2018 - May 2028
Expected dividends ***)	-	-	-	-
Expected life of warrants	Up to 7 years	Up to 8 years	Up to 9 years	Up to 10 years
Fair value per warrant on grant date	DKK 3.67	DKK 0.82	DKK 1.37	DKK 0.89

*) Peer Group: EDP Renováveis, S.A., Terna Energy Societe Anonyme Commercial Technical Company S.A., Falck Renewables S.p.A., Voltalia SA, Eolus Vind AB, Audax Renovables, S.A., Arise AB (publ), Energiekontor AG, PNE Wind AG, Scatec Solar ASA, Photon Energy N.V., Alerion Clean Power S.p.A., Encavis AG.
Global Ecopower Société Anonyme is excluded from peer group from 2021 and Athena Investments A/S is excluded from 2020, both companies being delisted.

**) Until 2019 there was also an exercise period following the publication of the six-month interim report.

***) Due to the covenants of the senior bond loan dividends cannot be paid out until the bond is repaid.
In 2019 non cash dividends has been settled against a receivables against shareholders, which has been adjusted in the exercise price.

4.3 Share-based payment - continued

Warrant program

In 2017 it was decided to start a warrant program in European Energy with the following headlines:

- The warrant program runs up to 10 years
- The total number of warrants in the program equals up to 10% of the company capital base, equal to 30 million shares
- The annual granting includes up to 1% of the company capital or 3 million warrants

The board has approved to issue approx. 3 million warrants in 2022. Hereafter the outstanding amount of warrants to be allocated under the program is approx. 15 million.

The scheme is based on issuance of warrants that give the right to apply for new shares in European Energy in the future.

Subscription for new shares by exercise of issued warrants must be made by paying cash contribution to European Energy.

Vested warrants may be exercised in one annual exercise period that run for 21 days from and including the day after the ordinary general meeting where the annual report is adopted.

In case more than 50% of the share capital in European Energy is sold (not subscribed or issued) or is part of a share swap European Energy may choose one of the following possibilities:

- The warrant holder may exercise all non-exercised warrants (inclusive of warrants not yet vested).
- Share instruments in the acquiring company of a corresponding value shall replace the issued warrants.
- All warrants continue unchanged.

Weighted average remaining contractual life for outstanding warrants at year end is 6 years.

The warrant activity is outlined below:

	2021						
Number of warrants held by	**Board of directors**	**Executive board**	**Other key management personnel**	**Other employees**	**Former employees**	**Total Outstanding Warrants**	**Weighted Average Exercise Price DKK**
Outstanding warrants at 1 January	-	540,000	2,584,444	3,301,908	148,778	6,575,130	4.56
Granted	40,000	135,000	1,055,000	1,705,000	-	2,935,000	10.50
Exercised	-	-	-	-185,904	-	-185,904	5.21
Transfer	-	-	162,500	-351,617	189,117	-	-
Cancelled	-	-	-	-30,000	-226,945	-256,945	9.07
Outstanding warrants at 31 December	40,000	675,000	3,801,944	4,439,387	110,950	9,067,281	6.71
Exercisable at year end	13,333	538,333	2,840,276	3,013,934	110,950	6,516,826	5.70

	2020						
Number of warrants held by	**Board of directors**	**Executive board**	**Other key management personnel**	**Other employees**	**Former employees**	**Total Outstanding Warrants**	**Weighted Average Exercise Price DKK**
Outstanding warrants at 1 January	-	400,000	2,269,278	2,487,080	58,890	5,215,248	4.42
Granted	-	140,000	980,000	1,323,000	-	2,443,000	4.32
Exercised	-	-	-664,834	-75,560	-	-740,394	4.07
Transfer	-	-	-	-432,612	432,612	-	-
Cancelled	-	-	-	-	-342,724	-342,724	4.53
Outstanding warrants at 31 December	-	540,000	2,584,444	3,301,908	148,778	6,575,130	4.56
Exercisable at year end	-	380,000	1,657,776	2,080,455	148,778	4,267,009	4.43

4.4 Audit fees

Other external costs include the total fees paid to the auditors appointed at the Annual General Meeting for auditing the financial statements for the financial year under review and for services rendered.

EURk	2021	2020
Statutory audit	311	234
Assurance other than audit	24	10
Tax advice	-	32
Other non-audit services*	62	50
Total to the auditors appointed by the Annual General Meeting	**397**	**326**

*Other non-audit services are primarily related to assistance related to existing IFRS standards, financing activity and ESG reporting.

4.5 Related party transactions

The group has transferred shares in a real estate company to an associated company for EUR 13.5m. The group has acquired shares from owners for EUR 12.0m. It comprises mainly the remaining 49.5% shares in Driftsselskabet Heidelberg ApS, which means that the group now possesses 100% of the shares. The acquisition was made at year end 2021, and the transfer sum is included as loans from owners in the statements which is specified in the following table.

Loans to related parties increased to EUR 56.8m (2020: EUR 45.3m) by end-2021. The increase was primarily driven by the increase of loans to enable the joint venture construction of new wind farms.

Ownership

The shareholder Knud Erik Andersen has the controlling interest of the company through European Energy Holding ApS, Gyngemose Parkvej 50, 2860 Søborg. MDP Invest ApS and JPZ Assistance ApS are classified as related parties with significant influence on the company. The group is included in the consolidated financial statements of European Energy Holding ApS and KEA Holding I ApS.

Related parties include subsidiaries, joint ventures and associates in which European Energy has controlling or significant interest as well as the Executive Board, other key management, the Board of Directors and companies owned by these.

Except as set out above, no transactions were made during the period with members of the Board of Directors, Management or any other related parties. Reference is made to note 4.9 for an overview of the group's joint ventures and associates. Remuneration to the Board of Directors and Management is disclosed in note 4.2.

Related party transactions are treated as follows: For management services, the terms are the same as for management services provided to external parties. For sale and purchase of shares, specific valuations of the shares are made to ensure that sale prices are based on market value. The interest rates used for loans to and from related parties reflect the financing costs and risk for the Parent company.

Related party transactions (EURk)	**2021**	**2020**
Sale of services to joint ventures	1,469	744
Sale of services to associates	118	91
Sale of services to owners	93	3
Sale of shares to associates	13,494	-
Sale of shares to owners	296	-
Cost of services from owners	-50	-124
Cost of shares purchased from associates	-	-425
Cost of shares purchased from owners	-11,965	-28
Interest, income from joint ventures	1,376	1,151
Interest, income from associates	214	549
Interest, income from owners	32	86
Interest, expenses to joint ventures	-84	-100

Shares purchased in:	**From owners:**	**Cost of shares purchased:**
Driftsselskabet Heidelberg ApS	KEA II Holding ApS	-7,940
Driftsselskabet Heidelberg ApS	JPZ Assistance ApS	-3,450
REintegrate ApS	JPZ Assistance ApS	-550
European Energy Trading A/S	KEA II Holding ApS	-19
European Energy Trading A/S	JPZ Assistance ApS	-3
European Energy Trading A/S	MDP Invest ApS	-3
Total		**-11,965**

4.5 Related party transactions - continued

Loans to related parties	Joint ventures	Associ-ates	2021	Joint ventures	Associ-ates	2020
Loans	66,954	4,939	71,893	55,494	4,348	59,842
Investments set-off against loans	-10,416	-	-10,416	-9,818	-53	-9,871
Loans at 31 December	**56,538**	**4,939**	**61,477**	**45,676**	**4,295**	**49,971**
Provision for impairment at 1 January	-4,625	-	-4,625	-3,948	-	-3,948
Provision for impairment for the year	-	-	-	-2,623	-	-2,623
Disposals	-	-	-	1,946	-	1,946
Provision for impairment at 31 December	**-4,625**	**-**	**-4,625**	**-4,625**	**-**	**-4,625**
Carrying amount at 31 December	**51,913**	**4,939**	**56,852**	**41,051**	**4,295**	**45,346**

Loans from related parties	Associ-ates	Owners	2021 Total	Joint ventures	Associ-ates	2020 Total
Loans	41	11,390	11,431	-	11	11
Total loans from related parties	**41**	**11,390**	**11,431**	**-**	**11**	**11**

Share of ownership to related parties

The table below shows the share of ownership/voting rights for Executive Board members and key personnel in companies within the European Energy Group structure. Ownership is either directly by the person, or through a holding company. The companies listed could have additional subsidiaries, joint ventures, associated companies or other investments as investments. These indirect ownerships are not listed.

2021	Knud Erik Andersen	Mikael Dystrup Pedersen	Jens-Peter Zink
European Energy A/S (voting rights)	75.5%	13.9%	10.0%
Vindpark Straldja ApS	30.0%	0.0%	20.0%
European Wind Farms Invest No.2 A/S	5.8%	0.0%	0.0%

2020	Knud Erik Andersen	Mikael Dystrup Pedersen	Jens-Peter Zink
European Energy A/S (voting rights)	75.8%	14.0%	10.0%
Komplementarselskabet Heidelberg ApS	34.5%	0.0%	15.0%
Driftsselskabet Heidelberg ApS	34.5%	0.0%	15.0%
Vindpark Straldja ApS	30.0%	0.0%	20.0%
European Wind Farms Invest No.2 A/S	5.7%	0.0%	0.0%

4.6 Contingent assets and liabilities

Accounting policy

Contingent liabilities comprise obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not fully within the control of the entity; or present obligations that arise from past events but are not recognised because the outflow of resources embodying economic benefits will probably not be required to settle the obligation or because the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities

GUARANTEES, WARRANTIES AND OTHER LIABILITIES RELATED TO DIVESTMENTS

When selling directly owned subsidiaries, the company provides customary warranties and guarantees to the purchaser, including warranties and guarantees related to the corporate status of the subsidiary, taxes, environmental matters, rights and permits of the project concerned etc. The warranties and guarantees are often provided for a period of two to five years. Furthermore, the company has in some instances provided similar customary warranties and guarantees in favour of the purchaser when indirect subsidiaries have been sold. In these cases, the warranties and guarantees are provided in addition to similar warranties and guarantees provided by the selling subsidiary itself.

In some cases, in addition to customary warranties and guarantees the company may also provide a buyer with specific indemnities that relate to specific issues that cannot be resolved until the sale is completed. This could, for instance, be related to the company's ensuring that certain project-related contracts are amended. Guarantees, warranties and specific indemnities are only included with an amount below to the extent they relate to circumstances that the company either cannot control or is unaware of or where the company knows that an obligation exists, but its amount is unknown.

Earn-outs included in sales agreements that relate, e.g., to the performance of a park are not treated as contingent liabilities but affect the valuation of the corresponding receivables; see note 2.10.

CONTRACTUAL OBLIGATIONS

The parent company is jointly taxed with the Danish subsidiaries. The companies included in the joint taxation have joint and unlimited liability for Danish corporation taxes, etc. The corporation tax payable including taxes to other jurisdictions by the parent company is EUR 1.3m in 2021 (2020: 0.3m).

WARRANTIES REGARDING POTENTIAL ACQUISITION OF NEW PROJECTS

Contingent liabilities arising from potential acquisition of new projects are related to the purchase of Brownfield projects for solar or wind energy, for which it is not probable that an outflow of resources will be required to settle the obligation. The amounts are not recognised but disclosed with indication of uncertainties relating to amounts and timing involved.

GRID CONNECTION GUARANTEES

European Energy is often required to provide financial guarantees when entering the necessary grid connection agreement with the grid company. The guarantees are meant to remove the financial risk of the grid company, for the case where the grid company has started their works related to the grid connection, and the developer (European Energy) for some reason should choose to abandon the specific project after having entered the grid connection agreement. This situation is very rare, as a major success factor of European Energy is to complete projects.

GUARANTEES REGARDING POWER PURCHASE AGREEMENTS

The Group is entering Power Purchase Agreements (PPA's) which are mainly long-term contracts with the purpose of securing the revenue from our power production. In in addition to the delivery of power we are often also delivering green certificates of origin (GOs).

We are providing our counterparties with guarantees to cover the performance obligations set out in the PPA's. As long as we are delivering the power and transferring any relevant amount of GOs in accordance with the PPA's there will no payment commitments for the Group.

WARRANTIES REGARDING DIVESTMENT OF ENERGY PARKS

For the energy parks which we have divested we have in most cases provided warranties as part of the SPA. The group does not expect to incur any material costs and actual payment commitments related to our divestment of energy parks, and the total amount included in the warranties is listed below.

EURk	2021	2020
Warranties regarding potential acquisition of new projects	19,944	25,186
Grid Connection guarantees	101,416	78,313
Guarantees regarding Power Purchase Agreements	54,635	21,899
Warranties regarding divestment of energy parks	52,726	43,403
Claims regarding divested energy parks	7,700	7,700
Total	**236,421**	**176,501**

CLAIMS REGARDING PENDING DISPUTES IN DIVESTED ENERGY PARKS

The group is a party in minor pending disputes and lawsuits with claims where EUR 3m is currently provided for as part of the provision and further EUR 7.7m (2020: EUR 7.7m) is currently also reported as contingent liabilities. In Management's opinion, the outcome of the dispute will not affect the group's financial position to any significant extent other than that already recognised in the assets and liabilities in the group's balance sheet at the end of the period.

Contingent assets

On 5 December 2018, European Solar Farms A/S ("ESF"), a company within the group, filed a request for arbitration against the Kingdom of Spain. The procedure is still pending. This concerns 101 solar farms located in Spain, with a combined capacity of 9.7 MW. ESF invested more than EUR 57m in these projects in reliance on Spain´s express guarantees that the plants would receive a feed-in tariff for the entire operating lives of the plants. However, these feed-in tariffs were discontinued due to certain changes to the relevant Spanish energy regulations starting 2010. ESF has made claims for compensation against the Kingdom of Spain based on these changes to the incentive scheme regimes. If ESF succeed, this would have a net positive impact on the group in the range of EUR 20 - 30m in total.

4.6 Contingent assets and liabilities - continued

Security for debt

PLEDGES AND GUARANTEES RELATED TO FINANCING AGREEMENTS
The parent company has provided security in the form of parent company guarantees of EUR 121m (2020: EUR 60m) in order 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 468m (2020: EUR 79m) are pledged as security for the group's debt to credit institutions of EUR 278m (2020: EUR 52m).

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.

4.7 Events after the balance sheet date

Divestment of solar parks in Denmark and Italy

On 28 December 2021 we announced the divestment of Solar Park Rødby Fjord ApS which was signed in December 2021. The transaction was recognised at closing on 14 February 2022. Solar Park Rødby Fjord has an energy capacity of 71 MW.

On 14 January 2022 we announced the divestment of Solar Parks Troia and Palo, located in Italy. The solar parks have a combined energy capacity of 121 MW. The closing of the divestment occurred on 16 February 2022.

The combined profit from the transactions is expected to be in the range of EUR 45-50m.

Acquisition of shares in Polish joint ventures

On 1 January 2022 we obtained control over a former joint venture with an onshore wind portfolio located in Poland.

Acquisition of REintegrate

On 2 January 2022 we acquired 27% of the shares in REintegrate, after which we own 100% of the share capital and voting rights.

Acquisition of Vinkel Bioenergi

On 7 January 2022, we announced the acquisition of Vinkel Bioenergi together with multi-family office Maigaard & Molbech. Europen Energy acquired a 6% minority shareholding of Vinkel Bioenergi. This acquisition constitutes a supply of Biogenic Co2 which is an important component of e-fuels needed in the production of e-methanol.

4.8 Definitions

Alternative performance measures

A financial measure of historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified according to IFRS.

The group uses certain alternative performance measures in the financial management of the group. The used alternative performance measures are considered to be commonly used across the industry and are defined below.

Key figures

EBITDA

Earnings before, net financial items, tax, depreciation, amortisation and impairments. This measure is a key measure to assess the operating performance.

NET WORKING CAPITAL

Inventories + trade receivables and contract assets + other receivables + prepayments for goods and services – trade payables – deferred income – other payables.

NET WORKING CAPITAL, EXCLUDING INVENTORIES

Net working capital - inventories.

CASH FLOW FROM OPERATING ACTIVITIES, EXCLUDING INVENTORIES

Cash flow from operating activities – change in inventories.

NET INTEREST-BEARING DEBT (NIBD)

Interest-bearing debt less interest-bearing assets and cash and cash equivalents.

Financial ratios

GROSS MARGIN

Gross profit as a percentage of revenue.

EBITDA MARGIN

EBITDA as a percentage of revenue.

SOLVENCY RATIO

Equity at the reporting date as a percentage of total assets.

NET INTEREST-BEARING DEBT (EXCLUDING HYBRID CAPITAL)/EBITDA

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

RETURN ON EQUITY

Profit for the year as a percentage of average equity.

GEARING

Net interest-bearing debt at the reporting date as a percentage of equity at the reporting date. Hybrid capital is included in equity, and not in net interest-bearing debt.

Share ratios

NUMBER OF SHARES

Total number of shares outstanding excluding treasury shares at the reporting date.

AVERAGE NUMBER OF SHARES

Average number of shares outstanding during the reporting period.

AVERAGE NUMBER OF SHARES DILUTED

Average number of shares outstanding during the reporting period.

EARNINGS PER SHARE

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

EARNINGS PER SHARES DILUTED

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

Parent company

TROIA
103.0 MW
ITALY

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Management’s statement and auditor’s report

Income statement and statement of comprehensive income

Note	EURk	2021	2020
1.1	Revenue	140,922	14,955
2.3	Results from investments in subsidiaries	5,201	28,018
2.4	Results from joint ventures	-855	-7,239
2.5	Results from associates	856	721
	Other income	-	1,641
	Direct costs	-78,461	-10,717
	Gross profit	**67,663**	**27,379**
4.2, 4.3	Staff costs	-12,250	-7,000
4.4	Other external costs	-7,484	-2,831
	EBITDA	**47,929**	**17,548**
2.3	Depreciation	-739	-405
	Operating profit	**47,190**	**17,143**
3.1	Financial income	30,156	13,044
3.1	Financial expenses	-18,273	-14,346
	Profit before tax	**59,073**	**15,841**
4.1	Tax	-1,177	803
	Profit for the year	**57,896**	**16,644**
	Attributable to:		
	Shareholders of European Energy A/S	51,288	16,644
	Hybrid capital holders	6,608	-
	Profit for the year	**57,896**	**16,644**

Note	EURk	2021	2020
	Profit for the year	57,896	16,644
	Items that may be reclassified to profit or loss		
	Value adjustments of hedging instruments	-919	1,459
4.1	Tax of value adjustments of hedging instruments	-1,339	-321
	Currency translation of foreign operations	-271	82
	Other comprehensive income for the period	**-2,529**	**1,220**
	Comprehensive income for the year	**55,367**	**17,864**
	Attributable to:		
	Shareholders of European Energy A/S	48,759	17,864
	Hybrid capital holders	6,608	-
	Profit for the year	**55,367**	**17,864**

Statement of financial position

Note	EURk	2021	2020
2.1	Property, plant and equipment	1,764	1,822
2.2	Lease assets	1,738	-
2.3	Investments in subsidiaries	115,089	102,341
2.4	Investments in joint ventures	10,048	9,473
2.5	Investments in associated companies	5,793	4,765
2.6	Other investments	4,127	4,127
4.5	Loans to subsidiaries	444,942	220,097
4.5	Loans related to joint ventures and associates	49,733	43,451
2.7	Trade receivables and contract assets	118	138
2.7	Other receivables	434	3,456
4.1	Deferred tax	2,902	1,341
	Total non-current assets	**636,688**	**391,011**
2.5	Inventories	2,301	1,986
2.7	Trade receivables and contract assets	5,992	3,903
2.7	Other receivables	1,546	1,592
	Prepayments from goods and services	1,827	1,645
3.2	Free cash and cash equivalents	59,288	32,530
3.2	Restricted cash and cash equivalents	1,096	11,382
	Total current assets	**72,050**	**53,038**
	Total assets	**708,738**	**444,049**

Note	EURk	2021	2020
	Share capital	40,559	40,430
	Retained earnings and reserves	147,180	94,650
	Equity attributable to shareholders of the Company	187,739	135,080
3.1	Hybrid capital	150,000	75,000
	Total equity	**337,739**	**210,080**
3.4	Bond	285,383	194,144
	Lease liabilities	916	-
	Provisions	1,207	-
4.1	Deferred tax	2,124	2,122
	Other liabilities	10,631	1,382
	Total non-current liabilities	**300,261**	**197,648**
	Lease liabilities	753	-
	Trade payables	1,201	895
4.5	Payables to subsidiaries	37,127	23,563
4.5	Payables to related parties	11,393	229
	Corporation tax	1,294	250
	Provisions	4,254	4,400
	Other payables	14,716	6,984
	Total current liabilities	**70,738**	**36,321**
	Total liabilities	**370,999**	**233,969**
	Total equity and liabilities	**708,738**	**444,049**

Statement of cash flow

Note	EURk	2021	2020
	Profit before tax	59,073	15,841
3.1	Financial income	-30,156	-13,044
3.1	Financial expenses	18,273	14,346
2.1	Depreciations	739	405
	Results from investments in subsidiaries, joint ventures and associates	-5,202	-19,952
2.9	Change in net working capital	17,106	2,107
2.3, 2.4, 2.5	Dividends received	11,429	7,999
2.10	Other non-cash items	1,652	-2,477
	Cash flow from operating activities before financial items and tax	**72,914**	**5,225**
4.1	Taxes paid	-1,595	-764
3.2	Interest paid and realised currency losses	-12,599	-14,366
3.2	Interest received and realised currency gains	23,233	15,797
	Cash flow from operating activities	**81,953**	**5,892**
2.1	Acquisition/disposal of property, plant, and equipment	-1,572	-1,330
2.3, 2.4, 2.5	Investments in subsidiaries, joint ventures and associ-ates	-20,165	-16,208
4.5	Loans to subsidiaries	-213,004	-45,043
4.5	Loans to joint ventures and associates	-6,508	-10,513
	Cash flow from investing activities	**-241,249**	**-73,094**

Note	EURk	2021	2020
3.4	Proceeds from issue of bonds	297,750	-
3.4	Repayment of bonds	-205,035	-
	Capital increase through exercise of warrants	130	404
	Payables to subsidiaries	13,564	-
3.1	Proceeds from issue of hybrid capital	75,967	73,391
	Coupon payments, hybrid capital	-6,608	-
	Cash flow from financing activities	**175,768**	**73,795**
	Change in cash and cash equivalents	**16,472**	**6,593**
	Total cash and cash equivalents at 1 January	43,912	37,319
	Total cash and cash equivalents at 31 December	**60,384**	**43,912**
	Cash and cash equivalents	59,288	32,530
	Restricted cash and cash equivalents	**1,096**	**11,382**
	Total cash and cash equivalents end of year	**60,384**	**43,912**

Statement of changes in equity

EURk	Share capital	Reserves (equity methods)	Hedging reserve	Treasury shares	Retained earnings	Total	Hybrid capital	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 year	-	5,202	-	-	46,086	51,288	6,608	57,896
Other comprehensive income								
Value adjustments of hedging instruments	-	4,952	-5,871	-	-	-919	-	-919
Tax of value adjustments of hedging instruments	-	-1,059	-280	-	-	-1,339	-	-1,339
Currency translation of foreign operations	-	-271	-	-	-	-271	-	-271
Other comprehensive income	**-**	**3,622**	**-6,151**	**-**	**-**	**-2,529**	**-**	**-2,529**
Total comprehensive income	**-**	**4,350**	**-6,151**	**-**	**50,560**	**48,759**	**6,608**	**55,367**
Transactions with owners								
Regulation on disposal of companies	-	560	-	-	-560	-	-	-
Increase in share capital	104	-	-	-	991	1,095	-	1,095
Dividends	-	-11,429	-	-	11,429	-	-	-
Purchase of treasury shares	-	-	-	-21	-	-21	-	-21
Exercise of warrants	25	-	-	-	105	130	-	130
Share-based compensation expenses	-	-	-	-	1,030	1,030	-	1,030
Issue of hybrid capital	-	-	-	-	967	967	75,000	75,967
Coupon payments, hybrid capital	-	-	-	-	-	-	-6,608	-6,608
Other transactions	-	285	-	-	414	699	-	699
Total transactions with owners	**129**	**-10,584**	**-**	**-21**	**14,376**	**3,900**	**68,392**	**72,292**
Equity at 31 December	**40,559**	**43,530**	**-3,980**	**-39**	**107,669**	**187,739**	**150,000**	**337,739**

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 December 2021, 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 31 December 2021 amounts to EUR 2.5 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 2022.

Statement of changes in equity - continued

EURk	Share capital	Reserves (equity methods)	Hedging reserve	Treasury shares	Retained earnings	Total	Hybrid capital	2020
Equity at 1 January	**40,331**	**34,080**	**1,187**	**-**	**42,530**	**118,128**	**-**	**118,128**
Profit for the year	-	21,500	-	-	-4,856	16,644	-	16,644
Other comprehensive income								
Value adjustments of hedging instruments	-	197	1,262	-	-	1,459	-	1,459
Tax of value adjustments of hedging instruments	-	-43	-278	-	-	-321	-	-321
Currency translation of foreign operations	-	82	-	-	-	82	-	82
Other comprehensive income	**-**	**236**	**984**	**-**	**-**	**1,220**	**-**	**1,220**
Total comprehensive income	**-**	**21,736**	**984**	**-**	**-4,856**	**17,864**	**-**	**17,864**
Transactions with owners								
Regulation on disposal of companies	-	1,209	-	-	-1,209	-	-	-
Dividends	-	-7,252	-	-	7,252	-	-	-
Transactions with NCI	-	-9	-	-	-	-9	-	-9
Purchase of treasury shares	-	-	-	-18	-	-18	-	-18
Exercise of warrants	99	-	-	-	305	404	-	404
Expenses related to capital increases	-	-	-	-	-2	-2	-	-2
Share-based compensation expenses	-	-	-	-	322	322	-	322
Issue of hybrid capital	-	-	-	-	-1,609	-1,609	75,000	73,391
Total transactions with owners	**99**	**-6,052**	**-**	**-18**	**5,059**	**-912**	**75,000**	**74,088**
Equity at 31 December	**40,430**	**49,764**	**2,171**	**-18**	**42,733**	**135,080**	**75,000**	**210,080**

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

1.0 Basis for preparation

General information

The annual report for the year ended 31 December 2021 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and with additional Danish disclosure requirements for annual reports.

Compared to the accounting policies applied in the consolidated financial statement (see Note 1.0 to the consolidated financial statements), the parent company's accounting policies only deviate in the following respect:

Investment in subsidiaries

Initially, investments in subsidiaries are recognised at cost.
They are subsequently measured according to the equity method. Subsidiaries are measured at the proportionate share of the entities' net asset value calculated according to the group's accounting policies plus or minus unrealised intra-group gains or losses and plus or minus the residual value of positive and negative goodwill calculated according to the acquisition method. The proportionate share of the individual subsidiaries' profit or loss after tax is recognised in the parent company's income statement after the full elimination of intra-group gains/losses. Dividends are recognised as a reduction from the carrying amount of the investment in the entity.

Equity investments in group entities with negative net asset values are measured at nil, and any receivables from these entities are written down by an amount equivalent to the negative net asset value. To the extent that the negative net asset value exceeds the receivable, the residual amount is recognised under provisions.

1.1 Revenue

Revenue for parent company arises from sale of energy parks and projects and sale of services. The sold services are provided in relation to development, construction, asset management and other services.

Accounting policy

SALE OF ENERGY PARKS AND PROJECTS

The parent company may sell energy parks and projects (SPVs) to a sub-holding within the group, as preparation for sale to external buyers.

Such unrealised downstream transactions are eliminated against both revenue and direct costs with the parent company's proportionate ownership interest. Unrealised net profit is eliminated against the carrying amount of the investment.

The parent company recognizes such sales at the point in time where the energy park (SPV) is sold to external buyers, and the project sale is recognized at group level. The parent company recognizes the sale in accordance with the group accounting policy.

DEVELOPMENT AND CONSTRUCTION SERVICES

The parent company develops energy parks, mainly as turnkey projects. Revenue from development and construction services is recognized over time as development and construction progresses.

Staff costs and other indirect production costs are expensed as the project work is carried out.

SALE OF SERVICES

Revenue from asset management is recognised when the services are delivered over time. Other services may be recognised at a point in time dependent on the terms and conditions of the agreements. Please refer to note 1.1 for the group.

	2021		
EURk	**Wind**	**Solar**	**Total**
Sale of energy farms and projects	103,353	-	103,353
Development and construction services	15,438	17,038	32,476
Asset management & Other fees	2,377	2,716	5,093
Revenue	**121,168**	**19,754**	**140,922**

	2020		
EURk	**Wind**	**Solar**	**Total**
Sale of energy farms and projects	113	166	279
Development and construction services	7,969	2,546	10,515
Asset management & Other fees	2,210	1,951	4,161
Revenue	**10,292**	**4,663**	**14,955**

	2021		
Secured revenue (EURk)	**2022**	**2023-2040**	**Total**
Service agreements	2,382	7,716	10,098
Total secured revenue	**2,382**	**7,716**	**10,098**

	2020		
Secured revenue (EURk)	**2021**	**2022-2040**	**Total**
Service agreements	2,050	748	2,798
Total secured revenue	**2,050**	**748**	**2,798**

2.1 Property, plant and equipment

EURk	2021 Solar power generating assets	2021 Tools and equipment	2021 Land and buildings	2021 Total	2020 Solar power generating assets	2020 Tools and equipment	2020 Land and buildings	2020 Total
Cost at 1 January	511	1,831	1,138	3,480	511	1,639	-	2,150
Reclassification	-	-	-738	-738	-	-	-	-
Additions	-	1,601	-	1,601	-	192	1,138	1,330
Disposals	-5	-	-400	-405	-	-	-	-
Cost at 31 December	**506**	**3,432**	**-**	**3,938**	**511**	**1,831**	**1,138**	**3,480**
Accumulated depreciation and impairment losses at 1 January	-226	-1,431	-1	-1,658	-127	-1,126	-	-1,253
Exchange rate adjustments	-	-	1	1	-	-	-	-
Depreciation	-99	-418	-	-517	-99	-305	-1	-405
Accumulated depreciation and impairment losses at 31 December	**-325**	**-1,849**	**-**	**-2,174**	**-226**	**-1,431**	**-1**	**-1,658**
Carrying amount at 31 December	**181**	**1,583**	**-**	**1,764**	**285**	**400**	**1,137**	**1,822**

2.2 Lease assets and liabilities

Leases in parent company comprises primarily rentals and other equipment. The leases has been recognised for the first time in 2021 since being immaterial in prior years.

The interest expenses paid on lease liabilities amounted to EUR 0.0m. Depreciation amounts to EUR 0.6m.

Lease assets EURk	2021
Carrying amount at 1 January	-
Additions	2,323
Depreciations	-585
Carrying amount at 31 December	**1,738**

Lease liabilities EURk	2021
Carrying amount at 1 January	-
Additions	2,323
Lease payments	-684
Interests	30
Carrying amount at 31 December	**1,669**
Lease liabilities recognised in the balance sheet:	
Non-current lease liabilities	916
Current lease liabilities	753
Lease liabilities recognised in the balance sheet	**1,669**

2.3 Investments in subsidiaries

EURk	2021	2020
Cost at 1 January	42,944	40,307
Additions	30,068	16,267
Disposals	50	-735
Transfers	-18,070	-12,895
Cost at 31 December	**54,992**	**42,944**
Value adjustments at 1 January	55,173	32,882
Adjustment regarding prior years	-4,474	-
Share of profit for the year	5,201	28,018
Hedges net of tax	3,893	154
Dividends received from subsidiaries	-11,172	-7,798
Reversed value adjustments on disposals	84	102
Transfers	-736	1,198
Other value adjustments	347	617
Value adjustments at 31 December	**48,316**	**55,173**
Carrying amount at 31 December	**103,308**	**98,117**
Investments in subsidiaries at 31 December	115,089	102,341
Set-off against receivables from subsidiaries	-10,574	-4,224
Provision for negative value for subsidiaries	-1,207	-
Total	**103,308**	**98,117**

Ownership shares in subsidiaries can be specified as follows:

Name and location	31 Dec 2021	31 Dec 2020
AEZ Dienstleistungs GmbH, Germany	100.0%	100.0%
Alternatives Energiezentrum Verwaltungsgesellschaft mbH, Germany	100.0%	100.0%
Barreiras ApS, Denmark	100.0%	0.0%
Blue Viking Solar S.L, Spain	100.0%	100.0%
Boa Hora 4 Geradora de Energia Solar S.A., Brazil	80.0%	0.0%
Boa Hora 5 Geradora de Energia Solar S.A., Brazil	80.0%	0.0%
Boa Hora 6 Geradora de Energia Solar S.A., Brazil	80.0%	0.0%
Branco Vind ApS, Denmark	100.0%	100.0%
Driftsselskabet Heidelberg ApS ,Germany	100.0%	50.5%
EE Bonde GmbH & Co. KG , Germany	100.0%	100.0%
EE Bulgaria EOOD, Bulgaria	100.0%	0.0%
European Energy Byg ApS, Denmark	100.0%	100.0%
EE Byg II ApS, Denmark	100.0%	0.0%
EE Cocamba ApS, Denmark	100.0%	100.0%
EE Construction DK ApS, Denmark	100.0%	100.0%
EE Construction Germany GmbH & Co. KG, Germany	100.0%	100.0%
EE Croatia ApS, Croatia	100.0%	0.0%
EE Dupp ApS, Denmark	100.0%	100.0%
EE Estonia ApS, Estonia	100.0%	0.0%
EE Finland OY, Finland	100.0%	100.0%
EE Giga Storage A/S, Denmark	100.0%	100.0%

2.3 Investments in subsidiaries - continued

Ownership shares in subsidiaries can be specified as follows (continued):

Name and location	31 Dec 2021	31 Dec 2020
EE Greece MIKE, Greece	100.0%	0.0%
EE Heating (UK) Ltd, UK	100.0%	0.0%
EE Keiko ApS & Co. KG, Germany	100.0%	100.0%
EE Latvia ApS, Latvia	100.0%	0.0%
EE Latvia SIA, Latvia	100.0%	0.0%
EE Lithuania Emerald ApS., Lithauania	100.0%	0.0%
EE Lithuania UAB, Lithauania	100.0%	0.0%
EE MSF ApS, Denmark	100.0%	100.0%
EE Netherlands ApS , Denmark	100.0%	0.0%
EE Nordic Holding 1 ApS, Denmark	100.0%	100.0%
EE Offshore A/S, Denmark	72.0%	72.0%
EE Polska ApS , Poland	100.0%	100.0%
EE Projekte Teuchern GmbH, Germany	100.0%	100.0%
EE PV Holding ApS, Denmark	100.0%	100.0%
EE Romania ApS, Denmark	100.0%	100.0%
EE Romania Development SRL, Romania	100.0%	0.0%
EE Sprogø OWF ApS , Denmark	100.0%	100.0%
EE Sverige AB , Sweden	100.0%	100.0%
European Energy Systems II ApS, Denmark	100.0%	100.0%

Ownership shares in subsidiaries can be specified as follows (continued):

Name and location	31 Dec 2021	31 Dec 2020
EE Telsiai Holding UAB, Lithauania	100.0%	0.0%
EE Trading A7S, Denmark	100.0%	0.0%
EE Urja ApS & Co. KG, Germany	100.0%	100.0%
EE Verwaltung ApS, Denmark	100.0%	100.0%
Ejendomsselskabet Kappel ApS, Denmark	67.0%	67.0%
Enerteq ApS, Denmark	55.7%	55.7%
Eolica Ouro Branco 1 S.A , Brazil	0.0%	98.8%
Eolica Ouro Branco 2 S.A, Brazil	0.0%	98.8%
Eolica Quatro Ventos S.A, Brazil	0.0%	98.7%
European Solar Farms A/S, Denmark	100.0%	100.0%
European Energia Estonia OU, Estonia	100.0%	0.0%
European Energy Development Limited, UK	100.0%	100.0%
European Energy Global Offshore ApS, Denmark	100.0%	100.0%
European Energy Hamburg GmbH , Germany	100.0%	100.0%
European Energy Italia S.r.l., Italy	100.0%	100.0%
European Energy Italy PV Holding S.r.l, Italy	100.0%	100.0%
European Energy Lithuania UAB, Lithauania	100.0%	100.0%

2.3 Investments in subsidiaries - continued

Ownership shares in subsidiaries can be specified as follows (continued):

Name and location	31 Dec 2021	31 Dec 2020
European Energy Norge AS, Norway	100.0%	100.0%
European Green Solar S.r.l., Denmark	100.0%	0.0%
European Wind Farms A/S, Denmark	100.0%	100.0%
European Wind Farm Denmark A/S, Denmark	100.0%	100.0%
EWF Deutschland GmbH, Germany	100.0%	100.0%
EWF Verwaltung GmbH, Germany	100.0%	100.0%
EWF Vier Sechs GmbH & Co. KG, Germany	100.0%	100.0%
Farma Wiatrowa Drawsko Sp. Z.o.o., Poland	100.0%	0.0%
Frederikshavn OWF ApS, Denmark	85.0%	85.0%
Hanstholmvej Holding ApS, Denmark	100.0%	100.0%
Holmen II Holding ApS, Denmark	67.0%	67.0%
Italy Energy Holding S.r.l., Italy	100.0%	100.0%
K/S Solkraftværket GPI Mando 29, Denmark	80.0%	80.0%
Komplementarselskabet Heidelberg ApS, Germany	100.0%	50.5%
Komplementarselskabet Solkraftværket GPI Mando 29 ApS, Denmark	80.0%	80.0%
Næssundvej Holding ApS, Denmark	100.0%	100.0%
North America Holding ApS, Denmark	100.0%	100.0%
Omnia Vind, Denmark	67.0%	67.0%
Puglia Holding S.r.l. ,Italy	100.0%	100.0%
Renewables Insight ApS, Denmark	100.0%	100.0%

Ownership shares in subsidiaries can be specified as follows (continued):

Name and location	31 Dec 2021	31 Dec 2020
Ringo JV S.r.l., Italy	100.0%	100.0%
Sicily Green Power S.R.L., Italy	100.0%	100.0%
Solar Park Evetofte ApS, Denmark	100.0%	100.0%
Solar Park Freerslev ApS, Denmark	0.0%	100.0%
Solar Park Rødby Fjord ApS, Denmark	0.0%	73.5%
Svindbæk Holding ApS, Denmark	67.0%	67.0%
Tacaimbo 1 ApS, Denmark	100.0%	0.0%
Våstanby Vindbruksgrupp i Fjelie 2 AB, Sweden	100.0%	100.0%
Vinge Wind Park ApS, Denmark	73.5%	73.5%
Vores Sol Ejendomsselskab IVS, Denmark	100.0%	100.0%
Windenergie Rauschenberg A/S, Germany	90.0%	0.0%
Windpark Tornitz GmbH & CO. KG, Germany	100.0%	100.0%
Vores Sol Ejendomsselskab IVS, Denmark	0.0%	100.0%
Windpark Tornitz GmbH & CO. KG, Germany	100.0%	100.0%

2.4 Investments in joint ventures

EURk	2021	2020
Cost at 1 January	7,444	8,399
Additions	33	53
Disposals	-	-1,008
Cost at 31 December	**7,477**	**7,444**
Value adjustments at 1 January	-6,261	648
Net result for the year	-855	-7,239
Dividends received from joint ventures	-50	-50
Reversed value adjustments on disposals	-	1,002
Transfer	-	-630
Other value adjustments	902	8
Value adjustments at 31 December	**-6,264**	**-6,261**
Carrying amount at 31 December	**1,213**	**1,183**
Investments in joint ventures at 31 December	10,048	9,473
Set-off against receivables from joint ventures	-8,835	-8,290
Total	**1,213**	**1,183**

Our Joint Ventures performed better than last year. In 2020, results were significantly impacted by a EUR 8.4m negative fair value adjustment related to the Brazilian investments.

Ownership shares in joint ventures can be specified as follows:

Name and location	31 Dec 2021	31 Dec 2020
EE Haseloff Aps & Co. KG, Denmark	50.0%	50.0%
EE Pommerania ApS, Denmark	50.0%	50.0%
EE Sieben Drei GmbH & Co. KG, Germany	0.0%	50.0%
EE Sieben Null GmbH & Co. KG, Germany	50.0%	50.0%
EE Sieben Zwei GmbH & Co. KG, Germany	50.0%	50.0%
EE Süstedt ApS & Co. KG, Denmark	50.0%	50.0%
EEA Renewables A/S, Denmark	50.0%	50.0%
EEA Stormy ApS, Denmark	50.0%	50.0%
EEA SWEPOL A/S, Denmark	50.0%	50.0%
EEA Verwaltungs GmbH, Germany	50.0%	50.0%
EEGW Persano ApS, Denmark	50.0%	50.0%
EWF Fünf Vier GmbH & Co. KG, Germany	50.0%	50.0%
GWE Contractors K/S, Denmark	50.0%	50.0%
Komp. GWE Contractors ApS, Denmark	50.0%	50.0%
Kronborg Solpark ApS, Denmark	50.0%	0.0%
EE Barbassee ApS & Co. KG; Germany	50.0%	0.0%
Nordic Power Partners P/S, Denmark	51.0%	51.0%
NPP Brazil I K/S, Brazil	51.0%	51.0%
NPP Brazil II K/S, Brazil	51.0%	51.0%
NPP Komplementar ApS, Denmark	51.0%	51.0%
Solarpark Vandel Services ApS, Denmark	50.0%	50.0%
Süstedt Komplementar ApS, Denmark	50.0%	50.0%
Vergil ApS & Co KG, Denmark	50.0%	50.0%
Windpark Hellberge GmbH & Co. KG, Germany	50.0%	50.0%

2.5 Investments in associates

EURk	2021	2020
Cost at 1 January	3,913	3,850
Additions	419	63
Disposals	-17	-
Cost at 31 December	**4,315**	**3,913**
Value adjustments at 1 January	852	552
Net result for the year	856	721
Reversed value adjustments on disposals and transfers	-23	-
Dividend and other value adjustments	-207	-421
Value adjustments at 31 December	**1,478**	**852**
Carrying amount at 31 December	**5,793**	**4,765**
Investments in associates at 31 December	5,793	4,765
Total	**5,793**	**4,765**

Ownership shares in associates can be specified as follows:

Name and location	31 Dec 2021	31 Dec 2020
EWF Fünf Eins GmbH & Co. KG, Germany	25.0%	25.0%
EWF Invest No. 2 A/S, Denmark	36.6%	36.6%
UW Gilmerdingen GmbH & C KG, Germany	40.0%	40.0%
UW Lohkamp ApS & Co KG, Germany	40.0%	40.0%
Wind Energy EOOD, Bulgaria	49.0%	49.0%
Wind Power 2 EOOD, Bulgaria	49.0%	49.0%
Wind Stream EOOD, Bulgaria	49.0%	49.0%
Wind Systems EOOD, Bulgaria	49.0%	49.0%
WK Gommern GmbH & Co. KG, Germany	6.1%	6.1%
WK Ottenhausen GmbH & Co. KG, Germany	14.4%	14.4%
Renewable Energy Partnership I GP ApS, Denmark	25.0%	0.0%
Renewable Energy Partnership Management GP ApS, Denmark	33.3%	0.0%
Renewable Energy Partnership P/S, Denmark	33.3%	0.0%
Renewable Energy Partnership I K/S, Denmark	7.4%	0.0%

2.6 Other investments in wind and solar farms

EURk	2021	2020
Cost at 1 January	1,150	1,150
Cost at 31 December	**1,150**	**1,150**
Value adjustments at 1 January	2,977	1,321
Other value adjustments, unrealised	-	1,656
Value adjustments at 31 December	**2,977**	**2,977**
Total Fair Value at 31 December	**4,127**	**4,127**
Investments related to:		
Wind power generating assets	4,127	4,127
Total	**4,127**	**4,127**

2.7 Trade receivables, contract assets, other receivables and prepayments

Receiveables (EURk)	2021	2020
Trade receivables and contract assets	6,110	4,041
Other receivables (non-interest bearing)	1,980	5,048
Total receivables	**8,090**	**9,089**
No impairment losses are recognised relating to doubtful receivables		
Exposure:		
Receivables not due	7,314	8,857
1-30 days	557	30
31-90 days	74	8
>90 days	145	194
Total receivables	**8,090**	**9,089**

No receivables are due more than 5 years after the balance sheet date.

Contract assets (EURk)	2021	2020
Contract assets at 1 January	1,936	3,729
Movements during the year:		
Received during the year	-713	-782
Addition new contract assets	3,499	227
Other changes	-612	-1,238
Contract assets end of year	**4,110**	**1,936**
Non-current contract assets	119	138
Current contract assets	3,991	1,798
Total contract assets	**4,110**	**1,936**

2.8 Provisions

EURk	2021	2020
Provisions at 1 January	**4,400**	**2,800**
Additions	1,207	1,600
Disposals	-146	-
Provisions at 31 December	**5,461**	**4,400**
Non-current provisions	1,207	-
Current provisions	4,254	4,400

2.9 Change in net working capital

EURk	2021	2020
Inventories	-611	-1,884
Trade receivables and contract assets	-1,693	3,281
Other receivable	275	1,301
Prepayments	-182	-768
Trade payables	306	391
Other payables	19,011	-214
Total change in working capital	**17,106**	**2,107**

The change in net working capital was EUR 17.1m in 2021 and EUR 2.1m in 2020.

In 2021 the most significant changes in net working capital were related to increased other payables, most significantly personnel-related payables, project-related payables and derivatives.

The numbers from the change in net working capital cannot necessarily be derived directly from the balance sheet, due to amongst others non-cash transactions.

2.10 Other non-cash items

EURk	2021	2020
Fair value adjustment of companies	287	-1,656
Share based compensation expenses	1,030	322
Adjustments previous year	333	-
Other minor	-	405
Other non-cash items	**1,650**	**-929**

Total other non-cash items amounted to Eur 1.7m (2020: Eur -0.9m) and were mainly related to fair value adjustment of the parent company's investments in the Heidelberg Group and share based compensation expenses. The reversal of EUR 1.7m in 2020 were related to a write-up of the investment in Windpark Wriezener Höhe GmbH & Co. KG. Further, in 2020 other non-cash items included the result from equity accounted investments EUR 20.0m, which from 2021 is specified separately in the cash flow statement.

3.1 Financial income and expenses

For a description of development of financial income and expenses see note 3.2 in the group financial statements. In addition hereto the increase in total interest income can be explained by increase in interest income from affiliate entities.

Financial income (EURk)	2021	2020
Interest income, on financial assets measured at amortised costs	23,258	12,650
Modification gain	4,791	-
Dividends, other investments	-	150
Other financial income	59	52
Currency gains realised	355	172
Currency gains unrealised	1,693	20
Financial income	**30,156**	**13,044**

Financial expenses (EURk)	2021	2020
Interest on bonds	10,578	10,908
Interest on lease liabilities	30	-
Finance expenses from project financing and overdrafts measured at amortised costs	2,101	374
Amortisation of debt issue costs	2,503	818
Amortisation of modification gain	1,938	1,309
Other financial expenses	274	268
Currency losses realised	54	42
Currency losses unrealised	795	626
Financial expenses	**18,273**	**14,346**

3.2 Financial instruments

For the following disclosures we refer to the Group financial statements:

Hybrid capital (see note 3.1)
Capital and financial risk management (see note 3.3.)

The group financial statements cover any relevant description for the impact on the parent financial statements why they have been omitted from the parent financial statements.

3.3 Foreign currency risks

For a description of how the group and parent manages foreign currency risks and exposures see note 3.4 in the group financial statements.

	2021		
Nominal position (EURk)	**Cash/equivalents**	**Receivables**	**Debt**
USD/EUR	10,881	-	-
SEK/EUR	1,361	-	-
PLN/EUR	1,716	-	-
Sensitivity	**Increase in currency rate**	**Impact on profit before tax**	**Impact on equity**
USD/EUR	1%	109	837
SEK/EUR	1%	14	-
PLN/EUR	1%	17	-

	2020		
Nominal position (EURk)	**Cash/equivalents**	**Receivables**	**Debt**
USD/EUR	2,282	-	-
SEK/EUR	126	-	-
Sensitivity	**Increase in currency rate**	**Impact on profit before tax**	**Impact on equity**
USD/EUR	1%	23	18
SEK/EUR	1%	1	1

3.3 Foreign currency risks - continued

Currency forwards (EURk)	Notional amount	Average hedged rate	Fair value	Recognised in other compre-hensive income	Recognised in profit or loss
			2021		
Cash flow hedge, USD	94,881	1.1 USD/1 EUR	4,713	4,743	-
Fair value hedge, BRL	30,579	6.6 BRL/1 EUR	-677	-	-1,938
Forward exchange contracts			**4,036**	**4,743**	**-1,938**

Currency forwards (EURk)			2020		
Cash flow hedge, USD	8,955	1.2 USD / 1 EUR	-30	-30	-
Fair value hedge, BRL	25,000	6.4 BRL/1 EUR	-139	-	-139
Forward exchange contracts			-169	-30	-139

		2021	
Market value	**Asset**	**Liability**	**Total Hedge**
Cash flow hedge, USD	4,713	-	4,713
Fair value hedge, BRL	-	-677	-677
Total market values	**4,713**	**-677**	**4,036**

		2020	
Market value	**Asset**	**Liability**	**Total Hedge**
Cash flow hedge, USD	-	-30	-30
Fair value hedge, BRL	389	-529	-139
Total market values	**389**	**-558**	**-169**

3.4 Liquidity risks

For a description of how the group and parent manages liquidity risks see note 3.5 in the group financial statements.

	2021				
(EURk)	Contractual cash flow	Maturity within 1 year	Maturity between 1 and 3 year	Maturity between 3 and 5 year	Maturity after 5 years
Issued bonds	342,344	11,406	22,844	308,094	-
Lease liabilities	1,669	753	916	-	-

	2020				
(EURk)	Contractual cash flow	Maturity within 1 year	Maturity between 1 and 3 year	Maturity between 3 and 5 year	Maturity after 5 years
Issued bonds	229,128	10,700	218,428	-	-

Development in financing activities (EURk)	Bond	Lease liabilities	2021
Liabilities from financing activities at 1 January	194,144	-	**194,144**
Proceeds from borrowings	297,750	-	297,750
Payments	-205,035	-684	-205,719
Additional leases	-	2,323	2,323
Non-cash changes in financing activities	-1,476	30	-1,446
Liabilities from financing activities at 31 December	**285,383**	**1,669**	**-1,075**

Development in financing activities in (EURk)	Bond	*2020
Liabilities from financing activities at 1 January	192,017	192,017
Non-cash changes in financing activities	2,127	2,127
Liabilities from financing activities at 31 December	**194,144**	**194,144**

3.5 Interest rate risks

For a description of how the group and parent manages interest rate risks see note 3.6 in the group financial statements.

Sensitivity analyses

An interest increase of 1% would have the following impact on the results for the year and the equity:

	2021		2020	
EURk	**Impact on profit before tax**	**Impact on equity**	**Impact on profit before tax**	**Impact on equity**
Bonds	-1,290	-	-908	-708

3.6 Other financial derivatives

For a description of how the group and parent determines and manages Other financial derivatives including the valuation principles and accounting policies see note 3.7 in the group financial statements.

Other financial instruments (EURk)	2021	2020
Fair value at 1 January	**2,812**	**2,269**
Value adjustments of hedging instruments through OCI during the year, unrealised	-10,613	2,671
Value adjustments of hedging instruments through OCI during the year, realised	-	-2,127
Total Fair Value at 31 December	**-7,801**	**2,812**

The fair value of other financial instruments is included in the balance sheet in either long or short-term assets or liabilities depending on the fair value and the maturity.

Power purchase agreements	MW/h	Average hedged rate (EUR/MW)	Fair value (EURk)	Recognised in other comprehensive income (EURk)
2021				
Power purchase agreements	62.8	37.9	-7,801	-10,613
Total	**62.8**	**37.9**	**-7,801**	**-10,613**
2020				
Power purchase agreements	7.1	38.0	2,812	543
Total	**7.1**	**38.0**	**2,812**	**543**

3.7 Financial instruments by category

EURk	2021 Carrying amount	2021 Fair value	2020 Carrying amount	2020 Fair value
Financial assets measured at FVTPL	4,127	4,127	4,127	4,127
Financial assets measured at FVTOCI *)	5,516	5,516	2,812	2,812
Loans and receivables	502,331	502,331	270,593	270,593
Financial liabilities measured at amortised cost	333,903	335,028	217,936	224,936
Financial liabilities measured at FVTOCI *)	8,604	8,604	-	-
Trade payables	1,201	1,201	895	895
Hybrid capital	150,000	154,500	75,000	75,938

*) Included in balance sheet based on maturity

3.8 Determination of fair value

For a description of how the group and parent determines the fair value measurement see note 3.9 in the group financial statements.

	2021			
Fair value hierarchy	**Quoted prices (level 1)**	**Observable input (level 2)**	**Non-observable input (level 3)**	**Total**
Other investments	-	-	4,127	4,127
Derivatives				
Power purchase agreements	256	-	-	256
Financial assets measured at fair value:	**256**	**-**	**4,127**	**4,383**
Derivatives				
Power purchase agreements	-2,240	-	-5,817	-8,057
Currency hedges	-	-1,224	-	-1,224
Financial liabilities measured at fair value:	**-2,240**	**-1,224**	**-5,817**	**-9,281**

	2020			
Fair value hierarchy	**Quoted prices (level 1)**	**Observable input (level 2)**	**Non-observable input (level 3)**	**Total**
Other investments	-	-	4,127	4,127
Derivatives				
Power purchase agreements	-	-	2,812	2,812
Financial assets measured at fair value:	-	-	**6,939**	**6,939**
Derivatives				
Currency hedges	-	-169	-	-169
Financial liabilities measured at fair value:	**-**	**-169**	**-**	**-169**

4.1 Tax

Statement of profit or loss	2021	2020
Current income tax:		
Current income tax charge	256	171
Adjustments in respect of current tax in previous year	1,342	-1,007
Total current income tax for the year	**1,598**	**-836**
Deferred tax:		
Relating to origination and reversal of temporary differences	527	33
Adjustment previous years*	-948	-
Total adjustments to deferred tax during the year	**-421**	**33**
Tax on profit/loss can be explained as follows:		
Income tax expense reported in the statement of profit or loss	**1,177**	**-803**
Effective tax rate	2%	-5%
Tax on other comprehensive income		
Fair value adjustments of hedging instruments in deferred tax	-760	278
Fair value adjustments of currency hedges	1,040	-
Total	280	278

*) Adjustment previous years in actual and deferred taxes relates to the use of tax losses carry forward which had not been recognised.

EURk	2021	2020
Deferred tax start of period	781	471
Deferred tax for the year recognised in the income statement	-421	33
Deferred tax for the year recognised in other comprehensive income	-760	278
Other equity regulations / Joint taxation	-378	-1
Total recognised deferred tax in the balance	**-778**	**781**
Deferred tax is recognised as follows:		
Deferred tax assets	-2,902	-1,341
Deferred tax liability	2,124	2,122
Total recognised deferred tax in the balance	**-778**	**781**
Temporary differences recognised in the balance sheet		
Tax loss carried forward	-900	-1,809
Differences of plant & equipment	1,874	2,064
Dismantling provisions (Germany)	48	44
Other differences	-1,800	482
Deferred tax at 31 December	**-778**	**781**
Deferred tax assets not recognised in the balance sheet		
Value of tax losses not recognised in the balance sheet	1,572	-

We expect to utilize the tax loss carry forward within 3 years. The recognition of deferred tax assets is based on an analysis of future income. The analysis is based on an expectation on a steady development compared with previous years and in general reasonable assumptions.

Effective tax rate:
The parent company has interests in numerous subsidiaries and associated companies. The income from these is taxed in each company. For the year EUR 5.2 million (2020: EUR 21.5 million) of the EUR 59.1 million (2020: EUR 15.8 million) profit before tax is profit which is taxed in the equity accounted company.

4.2 Staff costs

EURk	2021	2020
Wages, salaries and remuneration	27,084	17,274
Share-based compensation	1,030	322
Contributions to defined contribution plans	32	23
Other social security costs	215	134
Other staff costs	1,208	671
Total	29,569	18,424
Part of salaries recognised as loans to subsidiaries	-	-6,154
Part of salaries recognised in direct costs	-17,319	-5,270
Total staff costs	**12,250**	**7,000**
Average number of full-time employees	209	150
Number of full-time employees at end of period	244	161

	2021				
Management remuneration (EURk)	Salary	Bonus	Share-based compensation	Benefits	Total
Board of directors	32	-	13	-	45
Executive board	269	1,203	52	-	1,524
Other key management personnel	2,034	3,217	365	-	5,616

	2020				
Management remuneration (EURk)	Salary	Bonus	Share-based compensation	Benefits	Total
Board of directors	32	-	-	-	32
Executive board	371	179	21	-	571
Other key management personnel	2,129	553	119	1	2,802

4.3 Share-based payment

Please refer to note 4.3 for the group.

4.4 Audit fees

EURk	2021	2020
Statutory audit	94	92
Assurance other than audit	10	1
Tax advice	-	20
Non-audit services*	62	30
Total to the auditors appointed by the Annual General Meeting	**166**	**143**

*Other non-audit services are primarily related to assistance related to existing IFRS standards, financing activity and ESG reporting.

4.5 Related party transactions

The company has transferred shares in a Lithuanian holding company to other Group companies for EUR 52m as part of the sale transaction of Lithuanian wind projects. And shares in 3 Brazilian companies has been transferred to another group company for EUR 18m.

The parent company has acquired shares from owners for EUR 12.0m. It comprises mainly the remaining 49.5% shares in Driftsselskabet Heidelberg ApS, which means that the company now possesses 100% of the shares. The acquisition was made at year end, and the transfer sum is included as loans from owners in the statements which is also specified below.

Loans to related parties increased to EUR 494.7m (2020: EUR 263.5m) by the end of 2021. The increase was primarily driven by the increase of loans to enable the joint venture construction of new wind farms.

EURk	2021	2020
Sale of services from development and construction to subsidiaries	23,092	9,460
Sale of services to joint ventures	1,394	704
Sale of services to associates	108	93
Sale of services to owners	89	45
Sale of shares to subsidiaries	70,842	3,054
Sale of shares to owners	296	-
Guarantee provision invoiced to subsidiaries	263	350
Cost of services from owners	-50	-124
Cost of shares purchased from subsidiaries	-	-369
Cost of shares purchased from owners	-11,415	-28
Interest, income from subsidiaries	21,165	11,001
Interest, income from joint ventures	1,233	1,129
Interest, income from associates	138	475
Interest, income from owners	26	44
Interest, expenses to subsidiaries	-1,541	-79
Interest, expenses to joint ventures	-82	-100

Shares purchased in:	From owners:	Cost of shares purchased:
Driftsselskabet Heidelberg ApS	KEA II Holding ApS	-7,940
Driftsselskabet Heidelberg ApS	JPZ Assistance ApS	-3,450
European Energy Trading A/S	KEA II Holding ApS	-19
European Energy Trading A/S	JPZ Assistance ApS	-2
European Energy Trading A/S	MDP Invest ApS	-3
Total		**-11,415**

4.5 Related party transactions - continued

Loans to related parties	Subsidi-aries	Joint Ventures	Associ-ates	Owners	2021 Total	Subsidi-aries	Joint Ventures	Associ-ates	2020 Total
Loans	455,516	57,978	3,341	-	516,835	224,321	38,428	16,064	278,813
Investments set-off against loans	-10,574	-8,835	-	-	-19,409	-4,224	-8,290	-	-12,514
Loans at 31 December	**444,942**	**49,143**	**3,341**	**-**	**497,426**	**220,097**	**30,138**	**16,064**	**266,299**
Provision for impairment at 1 January	-	-2,751	-	-	-2,751	-	-2,081	-	-2,081
Provision for impairment for the year	-	-	-	-	-	-	-2,616	-	-2,616
Disposals	-	-	-	-	-	-	1,946	-	1,946
Provision for impairment at 31 December	**-**	**-2,751**	**-**	**-**	**-2,751**	**-**	**-2,751**	**-**	**-2,751**
Carrying amount at 31 December	**444,942**	**46,392**	**3,341**	**-**	**494,675**	**220,097**	**27,387**	**16,064**	**263,548**

The loans to subsidiaries are established as a part of the financing of wind and solar farms. They are typically repaid when external financing is established or when the project is sold.

Loans from related parties	Subsidi-aries	Joint Ventures	Associ-ates	Owners	2021 Total	Subsidi-aries	Joint Ventures	Associ-ates	2020 Total
Loans	37,127	3	-	11,390	48,520	23,563	229	-	23,792
Total loans from related parties	**37,127**	**3**	**-**	**11,390**	**48,520**	**23,563**	**229**	**-**	**23,792**

4.6 Contingent liabilities

JOINT TAXATION

The parent company is jointly taxed with the Danish subsidiaries. The companies included in the joint taxation have joint and unlimited liability for Danish corporation taxes, etc. The corporation tax payable including taxes to other jurisdictions by the parent company is EUR 1.3m in 2021 (2020: EUR 0.3m).

PLEDGES AND GUARANTEES

The company has provided security in the form of parent company guarantees and share pledges up to EUR 121m (2020:EUR 60m) in order to secure certain subsidiaries' financial obligations towards third parties during the construction of facilities related to renewable energy projects.

EURk	2021	2020
Warranties regarding potential acquisition of new projects	10,515	-
Grid Connection guarantees	9,644	-
Warranties regarding divestment of energy parks	10,000	7,098
Claims regarding divested energy parks	7,700	7,700
Total	**37,859**	**14,798**

4.7 Events after the balance sheet date

Please refer to note 4.7 for the group.

4.9 Group structure and executive functions of the Board members

There are 500 companies (2020: 385) within European Energy Group, 373 (2020: 259) are controlled subsidiaries and 111 (2020: 113) are partnerships in the form of Joint Ventures, Associated companies or companies owned by these entities. These partnerships enable the group to maintain a diversified portfolio while also reducing risk. In addition, the group has 15 investments (2020: 12 investments) in companies where its ownership is below 20%, none of which are material investments for the group.

At the end of 2021, the total number of subsidiaries directly or indirectly owned by the parent company was 371 (2020: 259), all of which were consolidated line by line in the consolidated income statement.

The 111 Joint Ventures (2020: 113 Joint Ventures), Associated companies and companies owned by these entities are recognised in one line as "equity-accounted investments" in the gross profit section of the consolidated income statement. In the balance sheet, they are recognised in the line for Joint Venture investments or in the line for the Associated companies investment, both under non-current assets. As regards to the 15 companies (2020: 12 companies) where the group has no material ownership, the investments are recognised at fair value and are stated in the balance sheet as other investments.

S = Subsidiaries

A = Associates

JV = Joint Ventures

NC = Non-consolidated

KEA = Knud Erik Andersen

JPZ = Jens-Peter Zink

MDP = Mikael Dystrup Pedersen

CDY = Claus Dyhr

JHE = Jesper Helmuth

Companies in the European Energy Group

No.	Subsidiaries by segment and geographical area	Ownership 2021	Chairman	Other board-member	Directorships
	Parent company				
1	European Energy A/S		JPZ	KEA, MDP, CDY, JHE	KEA
	Wind Power				
	Bulgaria				
2	EE Krassen EOOD	100%	JPZ	JPZ	
3	EE Real Estate EOOD	100%	JPZ	JPZ	
	Brazil				
4	Eolica Ouro Branco 1 S.A	99%			
5	Eolica Ouro Branco 2 S.A	99%			
6	Eolica Quatro Ventos S.A	99%			
	Denmark				
7	Blåhøj Wind Park ApS	74%			KEA
8	Driftsselskabet Heidelberg ApS	100%			KEA
9	EE Lithuania Emerald ApS	100%			KEA, JPZ
10	EE Dupp ApS	100%			KEA, JPZ
11	EE Finland Holding ApS	100%			KEA, JPZ
12	EE France ApS	100%			KEA
13	EE Lithuania Holding ApS	100%			KEA,JPZ
14	EE Romania ApS	100%			KEA/JPZ
15	EE Sprogø OWF ApS	45%			KEA
16	EE Sweden Holding ApS	100%			KEA,JPZ
17	EE Verwaltung ApS	100%			KEA,JPZ
18	Ejendomsselskabet Kappel ApS	67%	JPZ	KEA	KEA
19	Enerteq ApS	100%			KEA
20	European Energy Byg ApS	100%			KEA
21	European Energy Byg II ApS	100%			KEA
22	European Energy Offshore A/S	72%	JPZ	KEA	KEA
23	European Wind Farms Bulgaria ApS	100%			KEA, JPZ
24	European Wind Farms Denmark A/S	100%	JPZ	KEA	KEA
25	European Wind Farms Greece ApS	100%			KEA, JPZ

No.	Subsidiaries by segment and geographical area	Ownership 2021	Chairman	Other board-member	Directorships
	Wind Power - continued				
26	European Wind Farms Italy ApS	100%			KEA, JPZ
27	Frederikshavn OWF ApS	85%			KEA
28	FWE Windpark TIS K/S	100%		KEA, JPZ	KEA
29	FWE Windpark Wittstedt K/S	100%		KEA, JPZ	KEA
30	FWE Windpark Wulfshagen K/S	100%		KEA, JPZ	KEA
31	FWE Windpark 3 Standorte K/S	100%		KEA, JPZ	KEA
32	FWE Windpark Kranenburg K/S	100%		KEA, JPZ	KEA
33	FWE Windpark Scheddebrock K/S	100%		KEA, JPZ	KEA
34	FWE Windpark Westerberg K/S	100%		KEA, JPZ	KEA
35	Holmen II Holding ApS	67%			KEA, JPZ
36	Holmen II Vindkraft I/S	37%	KEA	JPZ	
37	Holmen II V90 ApS	67%			KEA, JPZ
38	H&R Wind Parks ApS	100%			KEA
39	Jammerland Bay Nearshore A/S	72%	JPZ	MDP	KEA
40	Komp. Sprogø OWF ApS	45%			KEA
41	Komplementarselskabet Heidelberg ApS	100%			KEA
42	Komplementarselskabet Vindtestcenter Måde ApS	100%			KEA
43	Måde Wind Park ApS	100%			KEA
44	Måde WTG 1-2 K/S	100%			KEA
45	Omnia Vind ApS	67%			KEA
46	Omø South Nearshore A/S	72%	JPZ		KEA
47	Rødby Fjord Vindkraft Mølle 3 I/S	34%			KEA, JPZ
48	Sprogø OWF K/S	45%			KEA
49	Svindbæk Holding ApS	67%			KEA
50	Thor Holding P/S	100%	JPZ	KEA,MDP	KEA
51	Thor Holding 1 ApS	100%			KEA
52	Thor Holding Komplementar ApS	100%			KEA
53	Vinge Wind Park ApS	74%			KEA
54	Vindtestcenter Måde K/S	100%			KEA
55	Windenergie Rauschenberg A/S	90%	JPZ		

No.	Subsidiaries by segment and geographical area	Ownership 2021	Chairman	Other board-member	Directorships
	Wind Power - continued				
56	Branco Vind ApS	100%			JPZ
57	EE Nordic Holding 1 ApS	100%			KEA, JPZ
58	EE Nordic Holding 2 ApS	100%			KEA, JPZ
59	EE Nordic Holding 3 ApS	100%			KEA, JPZ
60	European Energy Global Offshore ApS	100%			KEA
61	Tolstrup Wind Park ApS	74%	JPZ	KEA, JPZ	KEA
	Finland				
62	EE Finland OY	100%	JPZ	KEA	
	Germany				
63	AEZ Dienstleistungs GmbH	100%			
64	AEZ Planungs GmbH & Co KG	100%			
65	Alternatives Energiezentrum Verwaltungsgesellschaft mbH (AEZ Verwaltung GmbH)	100%			
66	e.n.o. Kabeltrasse GbR Grosstreben	75%			KEA
67	EE Beesem GmbH & Co. KG	100%			
68	EE Oderwald GmbH & Co. KG	70%			
69	EE Oderwald Verwaltungs GmbH	70%			
70	EE Projekte Teuchern Gmbh	100%			
71	EE Construction Germany GmbH & Co. KG	100%			KEA
72	EE Deinste Hagen ApS & Co. KG	100%			KEA
73	EE Drei Hugel GmbH & Co. KG	100%			
74	EE Nautschketal GmbH & Co. KG	100%			
75	EE Fuhne ApS & Co. KG	100%			KEA
76	EE Keiko ApS & Co. KG	100%			KEA, JPZ
77	EE Ribbendorf ApS & Co. KG	100%			KEA, JPZ
78	EE Sinningen ApS & Co. KG	100%			KEA, JPZ
79	EE Schönelinde ApS & Co. KG	100%			KEA, JPZ
80	EE Teuchern GmbH & Co KG	100%			
81	EE Urja ApS & Co. KG	100%			KEA, JPZ
82	EE Zwackelmann GmbH & Co. KG	100%			KEA
83	EE Sarna ApS & CO. KG	100%			KEA, JPZ
84	E&U GmbH & Co. KabelZeitz KG	51%			

No.	Subsidiaries by segment and geographical area	Ownership 2021	Chairman	Other board-member	Directorships
	Wind Power - continued				
85	EE Projekte Deutschland GmbH	100%			KEA
86	European Wind Farms Komp GmbH	100%			KEA
87	European Wind Farms Verwaltungsgesellschaft mbH	100%			KEA
88	EWF Vier Sechs GmbH & Co. KG, Güstow	100%			KEA
89	Infrastrukturgesellschaft Windfeld 19/24 GmbH & Co. KG	94%			
90	Infrastrukturgesellschaft Windfeld 19/24 Verwaltungs-GmbH	94%			
91	Netzanbindung Tewel OHG	75%			KEA
92	Windpark Prittitz GmbH & Co KG	100%			
93	Windpark Prittitz Verwaltungsgesellschaft mbH	100%			KEA
94	Windpark Tornitz GmbH & CO. KG	100%			KEA
95	WP SA Sud 6 GmbH & Co KG	100%			
96	WP SA Sud 12 GmbH & Co KG	100%			
97	WP SA Sud 13 GmbH & Co KG	100%			
98	WP SA Sud 23 GmbH & Co KG	100%			
99	WP SA Sud 24 GmbH & Co KG	100%			
100	EE Bloosballich GmbH & Co. KG	100%			
101	EE Bonde GmbH & Co. KG	100%			
102	EE Gornsee ApS & Co. KG	100%			KEA, JPZ
103	EE Lieberose ApS & Co. KG	100%			KEA, JPZ
104	EE Schelm GmbH & Co. KG	100%			KEA
105	EE Sommersdorf GmbH & Co. KG	100%			
106	EE Rosche GmbH & Co. KG	100%			KEA
107	EE Wuggelmühle ApS & Co. KG	100%			KEA
108	EE Zwei Gipfel GmbH & Co. KG	100%			
109	European Energy Hamburg GmbH	100%			
	Greece				
110	EWF Energy Hellas Epe	97%			JPZ
111	Gadir Energiaki MEPE	100%			
112	Onuba Energeiaki Ltd Liability Co	100%			
	Italy				
113	Tanaga Wind S.r.l.	51%			

No.	Subsidiaries by segment and geographical area	Ownership 2021	Chairman	Other board-member	Directorships
	Wind Power - continued				
	Lithuania				
114	European Energy Lithuania UAB	100%			KEA
115	EE Telsiai Holding UAB	100%			KEA
116	UAB Degaiciy Vejas	100%			
117	UAB Rasveja	100%			KEA
	Netherlands				
118	Windpark Enkhuizen B.V.	100%			JPZ
119	B.V. Windpark De Bjirmen	100%			
	Norway				
120	European Energy Norge AS	100%			JPZ
	Poland				
121	EE Boleszkowice sp. z o.o.	100%			JPZ
122	EE Sunvalley Sp. z.o.o.	100%			JPZ
123	Farma Wiatrowa Drawsko Sp. z o.o.	100%			JPZ
	Romania				
124	EE Beresti Wind S.R.L.	100%			KEA
	Sweden				
125	European Energy Sverige AB	100%	JPZ	KEA	JPZ
126	European Wind Farms Kåre 1 AB	100%	JPZ	KEA	JPZ
127	Vindkraft I Grevekulla AB	100%	JPZ	KEA	JPZ
128	Västanby Vindbruksgrupp i Fjelie 2 AB	100%	JPZ	KEA	JPZ
129	Skåramålar Vind AB	100%	JPZ	KEA	JPZ
	United Kingdom				
130	Glenwhan Wind Farm Limited	100%			
131	James Blyth Three Ltd	100%			
132	James Blyth Four Ltd	100%			
133	Montreathmont Energy Centre Limited	50%			
134	Old Hall Energy Centre Limited	50%			
135	Pendine Wind Farm Limited	100%			JPZ
136	Parc Cynog Wind Farm Limited	100%			JPZ
137	Strathruddie Energy Centre Limited	50%			
138	Teindland Wind Farm Limited	100%			

No.	Subsidiaries by segment and geographical area	Ownership 2021	Chairman	Other board-member	Directorships
	Solar Power				
	Australia				
139	Cocamba Stage One Holding Pty Ltd	84%			KEA
140	Cocamba Stage One Project Pty Ltd	84%			KEA
141	Gatton Solar Farm Holding Pty Ltd	100%			KEA
142	Gatton Solar Farm Pty Ltd	100%			KEA
143	QSF Holding Pty Ltd	80%			KEA
144	Quandong Solar Farm Pty Ltd	80%			KEA
	Bulgaria				
145	EE Bulgaria EOOD	100%			JPZ
	Brazil				
146	Boa Hora 4 Geradora de Energia Solar S.A.	80%			
147	Boa Hora 5 Geradora de Energia Solar S.A.	80%			
148	Boa Hora 6 Geradora de Energia Solar S.A.	80%			
	Denmark				
149	Agersted Køberetsselskab I/S	89%			KEA
150	Barreiras ApS	100%			KEA, JPZ
151	EE Construction DK ApS	100%			KEA, JPZ
152	EE Croatia ApS	100%	KEA	JPZ	JPZ
153	EE Cocamba ApS	100%			
154	EE Guldborgsund ApS	74%	KEA	JPZ	KEA
155	EE Netherlands ApS	100%			JPZ
156	EE Polska ApS	100%			JPZ
157	EE PV Holding ApS	100%			KEA
158	European Energy Trading A/S	100%		KEA, JPZ, MDP	KEA
159	European Solar Farms Greece ApS	100%			KEA, JPZ
160	European Solar Farms Italy ApS	100%			KEA, JPZ
161	European Solar Farms Spain ApS	100%			KEA, JPZ
162	Guldborgsund Energi ApS	44%		KEA	KEA
163	Hanstholmvej Ejendomsselskab ApS	100%			KEA
164	Hanstholmvej Holding ApS	100%			KEA
165	K/S Solkraftværket GPI Mando 29	80%			JPZ
166	Komplementarselskabet Solkraftværket GPI Mando 29 ApS	80%			KEA, JPZ
167	Lidegaard ApS	100%			KEA, JPZ

No.	Subsidiaries by segment and geographical area	Ownership 2021	Chairman	Other board-member	Directorships
	Solar Power - continued				
168	Næssundvej Ejendomsselskab ApS	100%			KEA
169	Næssundvej Holding ApS	100%			KEA
170	REP I Toftlundvej 7 DK KS	100%			
171	Rødby Fjord Køberetsselskab I/S	74%		KEA	
172	Rødkilde PV Holding ApS	100%			KEA
173	SF Ibiza ApS	100%			KEA, JPZ
174	SF La Pobla ApS	100%			KEA, JPZ
175	Solar Park Agersted ApS	89%			KEA, JPZ
176	Solar Park Barmosen ApS	100%			KEA, JPZ
177	Solar Park Evetofte ApS	100%			KEA, JPZ
178	Solar Park Freerslev ApS	100%			KEA, JPZ
179	Solar Park Gindeskovgård ApS	100%			KEA, JPZ
180	Solar Park Holmen II ApS	100%			KEA, JPZ
181	Solar Park Kvosted ApS	100%			KEA, JPZ
182	Solar Park Lidsø ApS	90%			KEA, JPZ
183	Solar Park Milbakken ApS	100%			KEA
184	Solar Park Rødby Fjord ApS	74%			KEA, JPZ
185	Solar Park Skodsebølle ApS	100%			KEA, JPZ
186	Solar Park Stouby ApS	100%			KEA, JPZ
187	EE Ejendomme ApS	100%			KEA
188	EE MSF ApS	100%		KEA	
189	Floating PV Solutions ApS	100%		KEA, MDP, JPZ	
190	North America Holding ApS	100%			KEA
191	Solar Park DK 1 ApS	100%			KEA
192	Solar Park DK 2 ApS	100%			KEA
193	Solar Park DK 3 ApS	100%			KEA
194	Solar Park DK 4 ApS	100%			KEA
195	Solar Park DK 5 ApS	100%			KEA
196	Solar Park Kassø ApS	93%		KEA, JPZ, MDP	KEA
197	Tryggevælde Solar Park ApS	74%			KEA

No.	Subsidiaries by segment and geographical area	Ownership 2021	Chairman	Other board-member	Directorships
	Solar Power - continued				
	Estonia				
198	European Energia Estonia OU	100%	KEA	JPZ	KEA, JPZ
199	Sablokesto OU	100%	KEA	JPZ	KEA, JPZ
	Finland				
200	Lakkikeidas PV Oy	100%	JPZ	KEA	
	France				
201	Allier Agrisolaire SAS	100%	KEA		KEA
202	EE Agrisolaire 03 SAS	100%	KEA		KEA
203	EE Agrisolaire 04 SAS	100%	KEA		KEA
204	EE Agrisolaire 05 SAS	100%	KEA		KEA
205	EE Fanais SAS	100%			KEA
206	Nievre Agrisolaire SAS	100%	KEA		KEA
	Germany				
207	EE Grunhof GmbH	100%			KEA
208	EE Solar Cottbus Nord GmbH	100%			
209	ESF Spanien 01 GmbH	100%			KEA
210	ESF Spanien 09 GmbH	100%			KEA
211	Mando Solarkraftwerke Nr. 29 GmbH & Co. KG	76%			
	Greece				
212	Doras Production EPE	97%			KEA
213	Iridanos Production EPE	97%			KEA
214	Kallinikis Single Member P C	100%			
215	Kipheus Production EPE	97%			KEA
216	Nafsinikos Single Member P C	100%			
217	European Energy Greece MIKE	100%			
	Italy				
218	Cerano Energreen S.r.l.	51%			
219	EE Italy Greenfield PV S.r.l.	100%			
220	Energetica Campidano S.r.l	100%			
221	Energetica Iglesiente S.r.l	100%			

No.	Subsidiaries by segment and geographical area	Ownership 2021	Chairman	Other board-member	Directorships
	Solar Power - continued				
222	European Energy Italy PV Holding S.r.l.	100%			
223	European Energy Italia S.r.l.	100%			
224	Is Concias Energetica S.r.l	100%			
225	Italy Energy Holding S.r.l.	100%			
226	European Green Solar S.r.l.	100%			
227	Limes 1 S.r.l	100%			
228	Limes 2 S.r.l	100%			
229	Mineo Energia S.r.l.	100%			
230	Montalto Energy S.r.l.	100%			
231	Palo Holding S.r.l.	100%			
232	Palo Energia s.r.l.	100%			
233	Piano Energia s.r.l.	100%			
234	Piscinas Energetica S.r.l	100%			
235	Puglia Holding S.r.l.	100%			
236	Ramacca Energia S.r.l.	100%			
237	Ringo JV S.r.l.	100%			
238	Shardana Energetica S.r.l	100%			
239	Sicily Green Power S.R.L.	100%			
240	Solleone Energia S.r.l.	100%			
241	Sulcis Energetica S.r.l	100%			
242	Sun Project S.r.l.	51%			
243	Traversa Energia s.r.l.	100%			
244	ASI Troia FV 1 S.r.l.	100%			
245	Vizzini Holding S.r.l.	100%			
	Latvia				
246	Monteto Verdo SIA	100%	KEA	JPZ	
247	Smeralda Floro SIA	100%	KEA	JPZ	
248	Stelo Orienta SIA	100%	KEA	JPZ	
	Lithuania				
249	UAB Anyksciai PV	100%	KEA		
	Netherlands				
250	Landgoed Colusdijk B.V.	100%			JPZ
251	Solar Park De Bjirmen B.V.	100%			JPZ

No.	Subsidiaries by segment and geographical area	Ownership 2021	Chairman	Other board-member	Directorships
	Poland				
252	Contino Delta sp. z o.o.	100%			
253	EE Bonin Sp. z.o.o.	100%	JPZ		JPZ
254	EE Brod sp. z o.o.	100%	JPZ		JPZ
255	EE GC Projects Holding sp. z o.o	99%			JPZ
256	EE Debnica Kaszubska sp. z o.o.	100%			JPZ
257	EE Green 1 sp. z o.o.	99%	JPZ		JPZ
258	EE Green 2 sp. z o.o.	99%	JPZ		JPZ
259	EE Green 3 sp. z o.o.	99%	JPZ		JPZ
260	EE Krzecin sp. z o.o.	100%			JPZ
261	EE Liskowo Sp. z.o.o.	100%	JPZ		JPZ
262	EE Lobez sp. z o.o.	100%			JPZ
263	EE Projekt Sp. z.o.o.	100%	JPZ		JPZ
264	EE Ronica sp. z o.o.	100%	JPZ		JPZ
265	EE Sulimierz sp. z o.o.	100%			JPZ
266	European Energy Polska Sp. z o.o.	100%	JPZ		JPZ
267	EE Tucze sp. z o.o.	100%	JPZ		JPZ
268	EE Zarnowiec Sp. z.o.o.	100%	JPZ		JPZ
269	EE Jelonki sp. z o.o..	100%	JPZ		JPZ
	Romania				
270	EE Omicron Solar SRL	100%		KEA	
271	EE Romania Development SRL	100%	KEA		
272	EE Kappa Solar S.R.L	100%		KEA	KEA
	Spain				
273	Blue Viking Alexandra S.L	100%			
274	Blue Viking Beatrice S.L.	100%			
275	Blue Viking Solar S.L.	100%			
276	Blue Viking Ayora S.L.	70%			
277	Blue Viking Cristina S.L.	100%			
278	Blue Viking Gabriela S.L.	100%			
279	Blue Viking Matilda S.L.	100%			
280	Blue Viking Hildur S.L.	100%			
281	Blue Viking Violeta S.L.	100%			
282	Blue Viking Raquel S.L.	100%			

No.	Subsidiaries by segment and geographical area	Ownership 2021	Chairman	Other boardmember	Directorships
283	Blue Viking Linea S.L.	100%			
284	Blue Viking Fernanda S.L.U.	100%			
285	Blue Viking Diana S.L.U.	100%			
286	Blue Viking Ventures S.L.U.	100%			
287	Solcon Terrenos 2006 S.L.U.	100%			
288	Blue Viking Emilia S.L.	100%			
289	Blue Viking Lindsey S.L.	100%			
290	Blue Viking Lisa S.L.	100%			
291	Blue Viking Lya S.L.	100%			
292	Blue Viking Maria S.L.	100%			
293	Blue Viking Nieves S.L.	100%			
294	Blue Viking Pili S.L.	100%			
295	Blue Viking Rosa S.L.	100%			
296	Blue Viking Samara S.L.	100%			
297	Blue Viking Sandra S.L.	100%			
298	Blue Viking Sarah S.L.	100%			
299	Blue Viking Sofia S.L.	100%			
300	Blue Viking Tara S.L.	100%			
301	Blue Viking Elena S.L.U.	100%			
302	Blue Viking Elizabeth S.L.	100%			
303	Blue Viking Esther S.L.	100%			
304	Blue Viking Glenda S.L.	100%			
305	Blue Viking Gretchen S.L.	100%			
306	Blue Viking Isabella S.L.	100%			
307	Blue Viking Julia S.L.	100%			
308	Blue Viking Kira S.L.	100%			
309	Blue Viking Laura S.L.	100%			
310	Blue Viking Linda S.L.	100%			
311	Blue Viking Indira S.L.	100%			
312	Blue Viking Matias S.L.	100%			
313	Blue Viking Mikael S.L.	100%			

No.	Subsidiaries by segment and geographical area	Ownership 2021	Chairman	Other boardmember	Directorships
314	Blue Viking Santiago S.L.	100%			
315	Blue Viking Barbara S.L.	100%			
316	Blue Viking Clara S.L.	100%			
317	Blue Viking Eden S.L.	100%			
318	ESF Spanien 0423 S.L.U.	100%			KEA/JPZ
319	ESF Spanien 0428 S.L.U.	100%			KEA/JPZ
320	ESF Spanien 05 S.L.U.	100%			KEA/JPZ
321	Reese Solar S.L.U.	100%			KEA/JPZ
322	Solar Power 7 Islas S.L.U.	100%			
	Sweden				
323	European Energy Svedberga AB	100%	JPZ	KEA	JPZ
324	Svedberga PV AB	100%	JPZ	KEA	JPZ
	United Kingdom				
325	Bubney Energy Centre Limited	50%			
326	Chads Farm Energy Centre Limited	50%			
327	Church Farm Energy Centre Limited	50%			
328	Drinkstone Energy Centre Limited	50%			
329	European Energy Heating (UK) Ltd	100%			
330	European Energy Development Limited	100%			KEA
331	European Energy Photovoltaics Limited	100%			KEA, JPZ
332	Great House Energy Centre Limited	50%			
333	Halesfield Energy Centre Limited	50%			
334	Inchclett Wind Farm Limited	100%			KEA, JPZ
335	IQ Energy Centre Limited	50%			
336	Kincraig Energy Centre Limited	50%			
337	Maisemore Court Farm Energy Centre Limited	50%			
338	Mathurst Farm Energy Centre Ltd	50%			
339	Mannington Energy Centre Limited	50%			
340	Marksbury Energy Centre Limited	50%			
341	Melksham Energy Centre One Limited	50%			
342	Melksham Energy Centre Two Limited	50%			

No.	Subsidiaries by segment and geographical area	Ownership 2021	Chairman	Other board-member	Directorships
	Solar Power				
343	North Crawley Energy Centre Limited	50%			
344	Northington Energy Centre Limited	50%			
345	Pinaceae One Limited	100%			
346	Selms Muir Energy Centre Limited	50%			
347	Shireoaks Energy Centre Ltd	50%			
348	South Park Energy Centre Limited	50%			
349	Stocking Pelham Energy Centre Limited	50%			
350	Vicarage Drove Energy Centre Limited	50%			
	United States				
351	East Coast Solar LLC	55%			KEA
352	EE Solar US LLC	100%			KEA
353	Lennig Road Solar LLC	55%			KEA
354	Meadowbrook Road LLC	55%			KEA
355	Prospect Road Solar LLC	55%			
356	Puddledock Road LLC	55%			KEA
357	Pumping Hill Road Solar LLC	55%			
358	Route 34 Solar LLC	55%			KEA
359	Yellow Viking Development LLC	100%			
360	Yellow Viking Development One, LLC	100%			KEA
	Administration companies and Power to X				
361	REintegrate ApS	73%			KEA
362	REintegrate Skive ApS	73%			KEA
363	EE Heating A/S	43%		KEA, JPZ	KEA
364	EE Heating Holding ApS	43%		KEA	
365	Tacaimbo 1 ApS	100%			KEA, JPZ
366	EE Estonia ApS	100%	JPZ	KEA	JPZ
367	EE Latvia ApS	100%	KEA	JPZ	JPZ
368	EE Lithuania Holding UAB	100%			KEA
369	European Energy Giga Storage A/S	100%	JPZ	KEA	KEA
370	European Energy Systems II ApS	100%	KEA		KEA, JPZ
371	European Solar Farms A/S	100%	KEA	KEA, MDP	JPZ
372	European Wind Farms A/S	100%	JPZ	KEA, MDP	KEA
373	Renewables Insight ApS	100%			KEA, JPZ
374	European Energy Latvia SIA	100%	KEA	JPZ	

No.	Joint Ventures not owned directly by the parent. Listed by segment and geographical area	Ownership 2021	Chairman	Other board-member	Directorships
	Wind Power				
	Denmark				
1	European Wind Farms Polen ApS	50%			KEA, JPZ
2	GWE Contractors K/S*)	50%			KEA
3	Komplementarselskabet GWE Contractors ApS	50%			KEA
4	Süstedt Komplementar ApS	50%		JPZ	
5	EE Pommerania ApS	50%			KEA, JPZ
	Finland				
6	Greenwatt Ahvenneva Oy AB	50%			
7	Greenwatt Honkakangas Oy AB	50%			
	Germany				
8	EE Barbassee ApS & Co. KG	50%			
9	EE Haseloff Aps & Co. KG	50%			
10	EE Pommern GmbH	50%			KEA
11	EE Sieben Null GmbH & Co. KG	50%			KEA
12	EE Sieben Zwei GmbH & Co. KG	50%			KEA
13	EE Süstedt ApS & Co. KG	50%		JPZ	
14	EEA Verwaltungs GmbH	50%			KEA
15	EWF Eins Sieben GmbH & Co. KG	50%			KEA
16	EWF Fünf Vier GmbH & Co. KG, Wittstock	50%			KEA
17	Repowering Gunthersdorf Trebitz GmbH & Co. KG	50%			KEA
18	Vergil ApS & Co. KG	50%			
19	WP Repowering Wernikow EE-DW GmbH & Co. KG	50%			KEA
20	Windpark Hellberge GmbH & CO KG	50%			KEA
21	Windpark Losheim Nr. 30 ApS & Co. KG	25%			
	Italy				
22	European Energy Italy Holding Srl	50%			

No.	Joint Ventures not owned directly by the parent. Listed by segment and geographical area	Ownership 2021	Chairman	Other board-member	Directorships
	Wind Power				
	Poland				
23	EE Pomorze Sp. z o.o.	50%	JPZ		JPZ
24	European Wind Farms Polska Sp. z o.o.	50%	JPZ	KEA, MDP	JPZ
25	European Wind Farms Polska Sp. z o.o. Bialogard Sp. k	50%	JPZ	KEA, MDP	JPZ
26	European Wind Farms Polska Sp. z o.o. Grzmiaca Sp. k	50%	JPZ	KEA, MDP	JPZ
27	European Wind Farms Polska Sp. z o.o. Rabino Sp. k	50%	JPZ	KEA, MDP	JPZ
28	Farma Wiatrowa Drawsko II sp.z.o.o.	50%		JPZ	JPZ
29	Farma Wiatrowa Kolobrzeg sp. z o.o	50%			JPZ
30	Farma Wiatrowa SIEMYŚL sp. z o.o.	50%			JPZ
31	Windcom Sp. z o.o.	50%	JPZ		KEA
	Sweden				
32	European Wind Farms Sverige AB	50%		KEA, JPZ	JPZ
	Solar Power				
	Denmark				
33	Kronborg Solpark ApS	50%		KEA	KEA
34	NPP Brazil I K/S	51%	KEA	JPZ	JPZ
35	NPP Brazil II K/S	51%	KEA	JPZ	JPZ
36	Rødkilde Komplementarselskab ApS	50%		KEA, JPZ	KEA
37	Solarpark Vandel Services ApS	50%			KEA
38	Solar Park Rødkilde 1 P/S	50%		KEA, JPZ	KEA
	Italia				
39	Elios 102 Srl Soleto	50%			
40	Limes 20 S.r.l	50%			
41	Limes 24 S.r.l	50%			
42	Limes 25 S.r.l	50%			
43	Parco Fotovoltaico Fauglia SRL	50%			
	Maldives				
44	NPP Maldives Private Ltd.	51%			JPZ
	Netherlands				
45	Zonnepark Nederweert B.V.	50%			
	Solar Power				
	Poland				
46	PES 12 Sp.zoo	50%			
47	PES 13 Sp.zoo	50%			
48	PES 20 Sp. z o.o.	50%			
49	PES 21 Sp. z o.o.	50%			
50	PES 30 Sp.zoo	50%			
51	PES 32 Sp.zoo	50%			
52	PES 33 Sp.zoo	50%			
53	PES 34 Sp.zoo	50%			
54	PES 35 Sp.zoo	50%			
55	PES 36 Sp.zoo	50%			
56	PES 40 Sp.zoo	50%			
57	PES 41 Sp.zoo	50%			
58	PES 42 Sp.zoo	50%			
	United Kingdom				
59	Trinity Solar Farm Limited	50%			KEA
	Administration companies				
	Denmark				
60	EEA Renewables A/S	50%		KEA, JPZ	KEA
61	EEA Stormy ApS	50%			KEA
62	EEA Swepol A/S	50%		KEA	KEA
63	EEGW Persano ApS	50%			KEA
64	Komplementarselskabet EEAR ApS	50%			KEA
65	Nordic Power Partners P/S	51%	KEA	KEA, JPZ	JPZ
66	NPP Komplementar ApS	51%	KEA	JPZ	JPZ

No.	Associates not owned directly by the parent. Listed by segment and geographical area	Ownership 2021	Chairman	Other board-member	Directorships
	Wind Power				
	Bulgaria				
67	ASPI Energy EOOD	13%			
68	Wind Energy OOD	49%			JPZ
69	Wind Power 2 OOD	49%			JPZ
70	Wind Stream OOD	49%			JPZ
71	Wind Systems OOD	49%			JPZ
	Denmark				
72	Elisa ApS	20%			KEA
73	European Wind Farms Invest No.2 A/S	37%	JPZ	KEA	KEA
74	GW Energi A/S	25%	KEA	JPZ	
75	GWE Holding af 14. November 2011 ApS	25%		KEA	
76	K/S Losheim	25%		KEA	
77	Komplementarselskabet Losheim ApS	25%			
78	Nøjsomheds Odde WTG 2-3 ApS	34%			KEA
79	Swan Wind P/S	20%		KEA	
80	Vindpark Straldja ApS	25%			KEA
	Germany				
81	EWF Fünf Eins ApS & Co. KG	25%			KEA, JPZ
82	GWE Verwaltungs GmbH	25%			
83	Umspannwerk Westerberg GmbH & Co OHG	45%			
84	UW Gilmerdingen GmbH & C. KG	40%			KEA
85	UW Lohkamp ApS & Co. KG	40%			KEA
86	UW Nessa GmbH & Co KG	46%			
87	UW Nessa Verwaltungs-GmbH	46%			
88	UW Nessa II GmbH & Co. KG	50%			
89	Vento Erste Windparkbeteiligungsgesellschaft mbH & Co. KG	47%			KEA
90	Windkraft Gommern GmbH & Co. KG	33%			
91	Windkraft Ottenhausen GmbH & Co. KG	39%			
92	Windpark Emskirchen GmbH & Co KG	25%			

No.	Associates not owned directly by the parent. Listed by segment and geographical area	Ownership 2021	Chairman	Other board-member	Directorships
	Wind Power				
93	Windpark Prignitz GmbH & Co. KG	25%			
94	WP Vormark Generalunternehmer GmbH & Co. KG	13%			
95	WP Vormark GmbH	13%			
96	WP Vormark Infrastruktur GbR	12%			
97	WP Vormark UW GmbH & Co. KG	6%			
98	WP Vormark WEA 1 GmbH & Co. KG	13%			
99	WP Vormark WEA 2 GmbH & Co. KG	25%			
	Italia				
100	Parco Eolico Carpinaccio Srl	15%		KEA	KEA
	Lithuania				
101	UAB Taupi energija	20%			
102	UAB VEVP	40%			KEA
	Solar Power				
	Brazil				
103	Coremas I Geracao de Energia SPE LTDA.	43%			
104	Coremas II Geracao de Energia SPE LTDA.	43%			
105	Coremas III Geracao de Energia SPE LTDA.	43%			
	Denmark				
106	EEAR Olleria II ApS	45%		KEA	
107	Fundo de Investimento em participacoes conjunto Coremas - Multiestrategia	43%			
108	Renewable Energy Partnership I GP ApS	33%			
109	Renewable Energy Partnership Management GP ApS	33%			KEA
110	Renewable Energy Partnership P/S	33%			
	Spain				
111	ESF Spanien 0427 S.L.	45%			KEA, JPZ

No.	Other investments with ownership below 20% Listed by segment and geographical area.	Ownership 2021	Chairman	board-member	Directorships
	Wind Power				
	Germany				
1	Einspeisegemeinschaft Klein Mutz-Timpberg GmbH &Co. OHG	5%			
2	EWF Fünf Fünf GmbH & Co. KG, Wittstock	35%			KEA
3	Green Wind Energy GmbH & Co. Umspannwerk Altlandsberg KG	8%			
4	Netzanschluss Badingen GbR	3%			
5	TEN Verwaltungs GmbH	15%			KEA
6	UW Eichow GmbH & Co. KG	25%			KEA
7	UW Schäcksdorf GmbH & Co. KG	6%			KEA
8	Windpark Mildenberg GbR	9%			
9	Windpark Wittstock-Papenbruch GbR	28%			
10	Windpark Wriezener Höhe GmbH & Co. KG	15%			KEA
	Italy				
11	Parco Eolico Riparbella Srl	6%		KEA	
	Lithuania				
12	UAB Alytus Vejas	10%			
	Solar power				
	Denmark				
13	Renewable Energy Partnership I CIV K/S	7%			
14	REP I Land DK K/S	7%			
15	REP I Land DK GP ApS	7%			

No.	Companies outside European Energy Group (administrative entities) by country	Chairman	Other board-member	Directorships
	Denmark			
1	Sampension Renewables GP ApS			JPZ
2	Sampension Renewables P/S			JPZ
3	Snertingegård ApS			KEA
4	Solarpark Vandel ApS			KEA
5	Tønder PV K/S			KEA
6	Vores Sol A/S	KEA	JPZ	JPZ
7	Vores Sol A1 K/S	JPZ	KEA	KEA
8	Vores Sol A10 K/S	JPZ	KEA	KEA
9	Vores Sol A2 K/S	JPZ	KEA	KEA
10	Vores Sol A3 K/S	JPZ	KEA	KEA
11	Vores Sol A4 K/S	JPZ	KEA	KEA
12	Vores Sol A5 K/S	JPZ	KEA	KEA
13	Vores Sol A6 K/S	JPZ	KEA	KEA
14	Vores Sol A7 K/S	JPZ	KEA	KEA
15	Vores Sol A8 K/S	JPZ	KEA	KEA
16	Vores Sol A9 K/S	JPZ	KEA	KEA
17	Vores Sol Nakskov I K/S	JPZ	KEA	KEA
18	Vores Sol Nakskov II K/S	JPZ	KEA	KEA
19	Vores Sol Nakskov III K/S	JPZ	KEA	KEA
20	Vores Sol Nakskov IV K/S	JPZ	KEA	KEA
21	Vores Sol Nakskov V K/S	JPZ	KEA	KEA
22	Vores Sol Nakskov VI K/S	JPZ	KEA	KEA
23	Vores Sol Nakskov XIV K/S	JPZ	KEA	KEA
24	Vores Sol Nakskov XV K/S	JPZ	KEA	KEA
25	Vores Sol Nakskov XVI K/S	JPZ	KEA	KEA
26	Vores Sol Nakskov XVII K/S	JPZ	KEA	KEA
27	Vores Sol Nakskov XVIII K/S	JPZ	KEA	KEA

No.	Companies outside European Energy Group (administrative entities) by country	Chairman	Other board-member	Director-ships
	Denmark - continued			
28	A&M Landbrug	KEA		KEA
29	Autohuset Frederikssund A/S		CDY	
30	Autohuset Glostrup A/S		CDY	
31	Autohuset Glostrup-Valby A/S		CDY	
32	Autohuset Ringsted A/S		CDY	
33	Bondön Wind ApS			JPZ
34	Capviva Solarpark Vandel Holding ApS			KEA
35	Car Holding A/S		CDY	
36	Eneco Thor 1 ApS			KEA
37	Eneco Thor 2 ApS			KEA
38	Eneco Thor 3 ApS			KEA
39	Eneco Thor 4 ApS			KEA
40	Eneco Thor 5 ApS			KEA
41	Eneco Thor 6 ApS			KEA
42	Ejendomsselskabet Læsø K/S			KEA
43	European Energy Holding ApS			KEA
44	Dikman Invest ApS			JHE
45	Flensbjergvej Infrastrukturselskab ApS			KEA, JPZ
46	Forenet Kredit		CDY	
47	JPZ Assistance ApS	JPZ		JPZ
48	JPZ Assistance II ApS	JPZ		JPZ
49	KEA Holding I ApS			KEA
50	KEA II Holding ApS			KEA
51	K/S GPI Gerdshagen VII		KEA	KEA
52	K/S Svindbæk Vindkraft		JPZ	
53	Komplementarselskabet GPI Gerdshagen VII ApS	KEA		

No.	Companies outside European Energy Group (administrative entities) by country	Chairman	Other board-member	Director-ships
	Denmark - continued			
54	Komplementarselskabet Vores Sol ApS			KEA
55	Kronborg Auto A/S		CDY	
56	Malmøvej Infrastrukturselskab ApS			KEA, JPZ
57	MDP INVEST ApS			MDP
58	Meldgaard Architechts & Development A/S			KEA
59	Nor Power ApS	KEA	JPZ, MDP	JPZ
60	Right A/S	CDY		
61	Plasticueros ApS			KEA
62	Ulvemosen Wind Park ApS			JPZ
	Finland			
63	EE Primus OY	JPZ	KEA	
64	Vihreässaari Wind OY	JPZ	KEA	
	Germany			
65	Balkum-Thiene Verwaltung GmbH			JPZ
66	Briesensee Verwaltung GmbH			JPZ
67	EE Sieben Vier GmbH & Co. KG			KEA
68	EWF Eins Acht GmbH & Co. KG			KEA
69	EWF Eins Fünf GmbH & Co. KG			KEA
70	EWF Eins Neun GmbH & Co. KG			KEA
71	EWF Eins Sechs GmbH & Co. KG			KEA
72	EWF Fünf Acht GmbH & Co. KG			KEA
73	EWF Fünf Zwei GmbH & Co. KG			KEA
74	EWF Sechs Sieben GmbH & Co. KG			KEA
74	EWF Vier Sieben GmbH & Co. KG			KEA
75	EWF Zwei Fünf GmbH & Co. KG			KEA
75	EWF Zwei Null GmbH & Co. KG			KEA
76	EWF Zwei Vier GmbH & Co. KG			KEA

No.	Companies outside European Energy Group (administrative entities) by country	Chairman	Other board-member	Director-ships
	Germany - continued			
77	Gaurettersheim Verwaltung GmbH			JPZ
78	Gaurettersheim Windenergieanlagen GmbH & Co. KG			JPZ
79	German Wind Holdings GmbH & Co. KG			JPZ
80	Hohne-Schmarloh Verwaltung GmbH			JPZ
81	Hohne-Schmarloh Windenergieanlagen GmbH & Co. KG			JPZ
82	innoVent Windkraft Brake GmbH & Co. KG			KEA
83	Kall Verwaltung GmbH			JPZ
84	Leislau II Verwaltung GmbH			JPZ
85	NER Capital (Germany) Management GmbH			JPZ
86	Niedernstöcken (haftungsbeschrankt) & Co. KG			JPZ
87	Niedernstöcken Verwaltungs UG			JPZ
88	SEF Wind Niemegk Verwaltungsgesellschaft mbH			JPZ
89	SEF Wind Verwaltungsgesellschaft mbH			JPZ
90	Umspannwerk Liibben-Süd GmbH & Co. KG			JPZ
91	UW Nielitz GmbH & Co. KG			KEA
92	Windenergie Erik Andersen Verwaltungsgesellschaft mbH			KEA
93	Windpark Balkum-Thiene GmbH & Co. KG			JPZ
94	Windpark Briesensee GmbH			JPZ
95	Windpark Kall GmbH & Co. WP Ka KG			JPZ
96	Windpark Leislau II GmbH & Co. KG			JPZ
97	Windpark Märkische Heide GmbH			JPZ
98	Windpark Nowa Niwa GmbH			JPZ
99	Wulfelade Verwaltung GmbH			JPZ
100	Wulfelade Windenergieanlagen GmbH & Co. KG			JPZ
	Spain			
101	ESF Spanien 0426 S.L.U.			KEA, JPZ
	Sweden			
102	JPZ Sweden AB	JPZ		JPZ

Statement by Board of Directors and Management

The Board of Directors and the Management Board have today considered and approved the Annual Report for European Energy A/S for the financial year 1 January 2021 – 31 December 2021.

The Annual Report has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and with further disclosure requirements in the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the group and the parent company's financial position on 31 December 2021, and of the results of the group and the parent company's operations and cash flow for the financial year then ended.

In our opinion, the Management Review contains a true and fair review of the development in the group and the parent company's operations and financial matters, the results for the year, and the parent company's financial position, and the position as a whole of the entities included in the consolidated financial statements, as well as a review of the more significant risks and uncertainties faced by the group and the parent company.

In our opinion, the Annual Report of European Energy A/S for the financial year 1 January to 31 December 2021 identified as 'EE-2021-12-31-en' is prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend that the Annual Report is approved at the Annual General Meeting.

Søborg, 28 February 2022

Registered Executive Management

Knud Erik Andersen

Board of Directors

Jens-Peter Zink
Chairman

Knud Erik Andersen

Mikael Dystrup Pedersen

Jesper Helmuth Larsen

Claus Dyhr

Independent Auditor's Report

To the shareholders of European Energy A/S.

Opinion

In our opinion, the consolidated financial statements and the Parent Company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Group's and Parent Company's operations and cash flows for the financial year 1 January – 31 December 2021 in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Board or Directors and the Audit Committee.

AUDITED FINANCIAL STATEMENTS

European Energy A/S' consolidated financial statements and parent company financial statements for the financial year 1 January – 31 December 2021 comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and notes, including summary of significant accounting policies, for the Group as well as for the Parent Company (the financial statements). The financial statements are prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark.

Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We declare, to the best of our knowledge and belief, that we have not provided any prohibited non-audit services, as referred to in Article 5(1) of the Regulation (EU) 537/2014 and that we remained independent in conducting the audit.

We were appointed auditors of European Energy A/S for the first time on 26 October 2015 for the financial year 2015. We have been re-appointed by resolutions passed by the annual general meeting for a total uninterrupted engagement period of 7 years up to and including the financial year ending 31 December 2021.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the 2021 financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in the forming of our opinion thereon. We do not provide a separate opinion on these matters.

Key Audit Matters

How our Audit Addressed the Key Audit Matter

RECOGNITION OF REVENUE FROM SALE OF ENERGY FARMS AND PROJECTS

Determining the point in time when the sale of energy farms and projects should be recognised is key to the reported financial performance of European Energy.

Furthermore, sales contracts often comprise multiple performance obligations, variable consideration and different contract conditions that involve judgement and estimates when determining the amount of revenue to be recognised.

Due to the significance and complexity associated with the above, revenue recognition from sale of energy farms and projects is considered a Key Audit Matter.

Further reference is made to notes 1.1 and 1.3 in the consolidated financial statements and note 1.1 in the Parent Company financial statements.

For the purpose of our audit, the procedures we carried out included the following:

- tested that revenue related to the different performance obligations is recognised when control as well as all material risks and rewards as stipulated in the sales contracts have been unrestrictedly passed on to the buyers.
- tested that performance obligations in the sales contracts have been appropriately identified and that the considerations have been fairly allocated, e.g. in comparison with stand-alone selling prices.
- examined and challenged Management's key assumptions applied when measuring revenue and any associated uncertainties. This work also included test over variable considerations verifying that the recognized variable consideration is based on the most likely consideration that European Energy is entitled to and that it is highly probable that a significant reversal will not be made in subsequent periods.
- read notes 1.1 and 1.3 in the consolidated financial statements and note 1.1 in the Parent Company financial statements and assessed if the notes are fairly presented.

VALUATION OF INVENTORIES AND RELATED INVESTMENTS AND LOAN RECEIVABLES

Inventories comprises development projects, projects under construction and in operation projects in the group and in investments.

The valuation risk associated with development projects is considered high, especially as to whether or not a project will be completed or cancelled. This assessment depends on financial assumptions (estimated net realisable value, including estimate of return on invested capital requirements) as well as non-financial assumptions (permits, financing, finding a buyer, etc.).

For projects under construction or in operation projects the valuation risk is considered medium. Specific circumstances, e.g. geographical and/or political, can though lead to increased risk. When a sales agreement has been concluded, the risk is considered low.

The valuation of investments in and loan receivables from joint ventures and associates is similarly dependent on the valuation of the underlying renewable energy projects.

Management's assessment of whether development projects should be written off or not and whether projects under construction or in operation projects, should be written down to a lower net realisable value is considered a Key Audit Matter.

Further reference is made to notes 1.1 and 2.5 in the consolidated financial statements.

For the purpose of our audit, the procedures we carried out included the following:

- on sample basis, obtained an understanding of the risks and stage of completion of the individual projects, Management's assessment of project success, the financial expectations and whether or not a sales agreement has been concluded or is expected to be concluded in the near future.
- for material and high-risk projects under development, reviewed Management's impairment test and verified Management's assessment of significant financial and non-financial assumptions (success expectation).
- for projects under construction or in operation projects, either reviewed concluded sales agreements or examined Management's impairment test and focused in particular on, if applied assumptions are reasonable for projects with limited or no head room. The examination has included challenging Management's key estimates, including estimated write downs.
- read notes 1.1 and 2.5 in the consolidated financial statements and assessed if the notes are fairly presented.

Statement on the Management's Review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause

the Group and the Parent Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determined that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on compliance with the ESEF Regulation

As part of our audit of the Consolidated Financial Statements and Parent Company Financial Statements of European Energy A/S we performed procedures to express an opinion on whether the annual report of European Energy A/S for the financial year 1 January – 31 December 2021 with the file name ‘EE-2021-12-31-en’ is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor’s judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company’s iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements;
- Evaluating the appropriateness of the company’s use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of European Energy A/S for the financial year 1 January – 31 December 2021 with the file name ‘EE-2021-12-31-en’ is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, February 28, 2022

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Jon Wilson Beck	Martin Eiler
State Authorised	State Authorised
Public Accountant	Public Accountant
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Disclaimer and cautionary statement

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

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

Forward-looking statements include, among other things, statements concerning new potential accounting standards and policies, and European Energy's potential exposure to market risks and statements expressing Management's expectations, beliefs, estimates, forecasts, projections,

and assumptions. There are a number of factors that could affect European Energy's future operations and could cause European Energy's results to differ materially from those expressed in the forward-looking statements included in this document, including (without limitation):

i. changes in demand for European Energy's products;

j. currency and interest rate fluctuations;

k. loss of market share and industry competition;

l. environmental and physical risks;

m. legislative, fiscal and regulatory developments, including changes in tax or accounting policies;

n. economic and financial market conditions in various countries and regions;

o. political risks, including the risks of expropriation and renegotiation of the terms of contracts with governmental entities, and delays or advancements in the approval of projects;

p. ability to enforce patents;

q. project development risks;

r. cost of commodities;

s. customer credit risks;

t. supply of components from suppliers and vendors; and

u. 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 others than as required by Danish law. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this document.

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