Annual Report 2022

Scaling up the business in an extraordinary year

Reg. No. 18351331

EUROPEAN ENERGY

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Highlights

37 MW

Kingebol,
Sweden

A strong business model fit for tomorrow

Growing a company by more than 60% on EBITDA, profit before tax and number of employees in a year, is a challenge in particular in a year with a historically high level of instability and uncertainty.

We succeeded in upscaling our business on all parameters in 2022 – the most turbulent year in the history of European Energy.

Unpredictable market conditions

This was a year when forecasting prices for everything from transport of components to the delivery of polysilicon was difficult and challenged pricing for construction and procurement. We also stand at the end of a year in which European politicians decided to regulate power prices to curb the inflation, and this has challenged the financial foundation of our business. For the green transition to succeed stable framework conditions are a necessity.

Increased earnings from power sales

2022 was also a year in which power prices reached levels that no one had predicted, bringing an increase in our earnings from power sales, while the demand for independent and green energy rose to new levels and made us attractive to investors.

Met our key financial targets

At the beginning of 2022 we set ambitious financial targets for the year. Despite a turbulent market, we managed to meet the upper range of the target on profit before tax and the target for EBITDA. Our ambition was to reach EBITDA of EUR 135m and profit before tax of EUR 100m. At year-end we touched down with EUR 135m in EBITDA and EUR 110m in profit before tax. Compared to 2021, EBITDA increased by 66% and the profit before tax increased by 75%.

Successfully added new green energy

This significant result was secured thanks to a range of factors. In 2022, we managed to almost fivefold the connection of new installed capacity to the grid, from 133 MW in 2021 to 655 MW in 2022. Ultimately, this is our core business: To successfully connect new green energy capacity to the grid and thereby reduce emissions of CO_2 otherwise sent into the atmosphere. At the same time we also sold more power - our power producing capacity almost doubled compared to 2021 – to a higher price than the year before.

Increased our staff by 60%

To install 655 MW renewable energy in one year relies on the commitment of all employees in the company. At the end of 2022, we employed 550 employees who fought for the results we achieved in 2022. This is an increase by 60% from year-end 2021, when we were 343. We are proud of the dedication of our employees, who have handled our projects in difficult circumstances.

Opened eight new offices

The many new markets that we entered in 2022 proves that European Energy is becoming a global player. Now we are also active in Australia, US and Ireland, after opening eight new offices in six different countries in 2022.

As we scale up and move into new markets, we face a greater need for local business accountability in our key markets. As a consequence, we see a relatively greater increase in employees in key markets outside Denmark. We expect this trend to continue in the coming years.

Power-to-X has further proved its future potential

Scaling up the company also includes adding a new business area. During 2022,

> In 2022, we managed to almost fivefold the connection of new installed capacity to the grid

Power-to-X proved its future potential to become a central area of the business. Just before Christmas, we broke ground for our first green hydrogen plant in Esbjerg, Denmark, and a few days into 2023, we broke ground in Aabenraa, Denmark, for what will become the world's largest e-methanol plant when it starts to produce e-methanol at the end of the year.

We see great potential in Power-to-X as a means of turning the hard-to-abate sectors green and as general electrification gathers speed. It seems like it was only yesterday that green energy was something that only came out of our power sockets. Today, we talk about green energy as the solution of tomorrow for all industries.

A robust business model

With the more than 60% growth on EBITDA, profit before tax, number of employees and a five-fold of new green energy added to the grid, access to external funding at parent company and project level, and the addition of a new business area in a turbulent year, we see strong evidence that we have a robust business model.

This is consolidated by a project pipeline that in just one year has grown from 20.0 GW to 31.1 GW, and more than 1.2 GW under construction at the end of 2022.

As European Energy's positive development is expected to continue in 2023, we aim to install almost as much new renewable energy in 2022 and 2023 as we did in the previous 18 years of our business to benefit for the climate and the global demand for more independent renewable energy.

Jens Due Olsen
Chair

Knud Erik Andersen
CEO

We upscaled our business on all parameters in 2022 - the most turbulent year in the history of European Energy

Main events 2022

January
- Signed an agreement with Vertimass to research production of sustainable aviation fuel
- Divested Troia in Italy, the largest solar park at the time of construction in the history of European Energy

February & March
- Divested Rødby Fjord solar and wind parks in Denmark
- Siemens Energy secured our electrolyser order for the world's first large-scale e-methanol project
- Agreed with Maersk to supply up to 300,000 tonnes of e-methanol annually from 2025/26

June & July
- Secured funds to develop a test facility that can convert e-methanol to sustainable aviation fuel
- Bought a majority share in Ammongas
- First connection of 304 MW at Kassø Solar Park in Denmark

September
- Finalised the construction of the Pomerania wind portfolio in Poland, with a total capacity of 45 MW
- Added another green bond for EUR 75m to our bond programme
- Ammongas announced that they will supply a CO_2 capture and purification facility to a biogas plant in Tønder, Denmark to use for Power-to-X

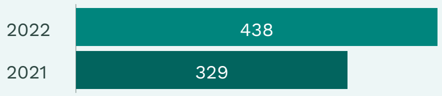
October
- Announced our ambition to develop 10 GW of renewable energy in the US by 2026
- Received EUR 53m financing for a Power-to-X plant in Kassø, Denmark

November
- Completed construction of Kingebol wind farm in Sweden

December
- Two additional independent members in the Board of Directors
- Connected the wind farm Ouro Branco I to the grid in Brazil
- Connected two solar parks to the grid in Denmark
- Divested Tryggevælde Solar Park in Denmark

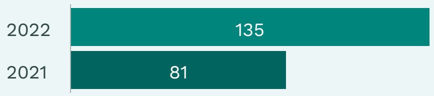
Financial highlights

Revenue
EURm



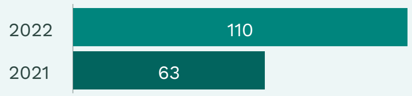
Revenue set yet another record and was up 33%, driven by sale of energy farms and projects as well as sale of energy.

EBITDA
EURm



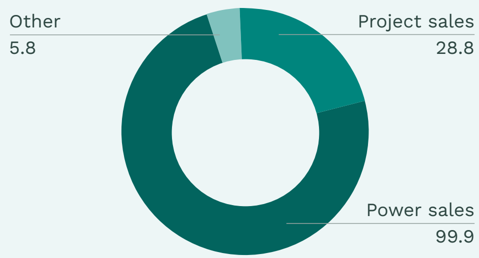
EBITDA increased to EUR 135m, matching the outlook for 2022. This was the result of increasing gross profits across all income segments partly offset by higher operational expenditures.

Profit before tax
EURm

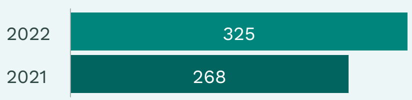


Profit before tax increased to EUR 110m, a growth of almost 75% and exceeding the outlook of EUR 100m.

EBITDA split
EURm

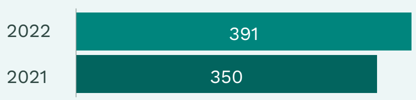


Project sales
EURm



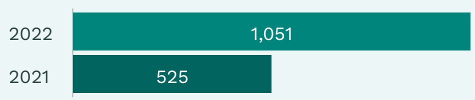
Project sales originate primarily from solar farms in Italy, with a combined capacity of 160 MW, and in Denmark, with a combined capacity of 127 MW.

Equity
EURm



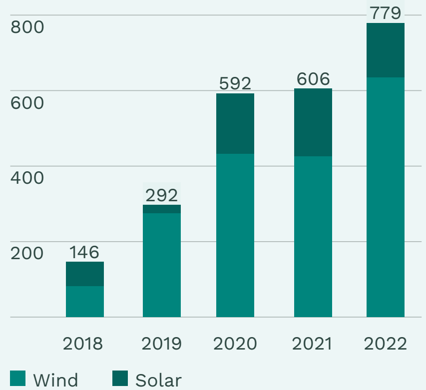
Equity increased as a result of the full-year results, however partly offset by fair-value adjustments from hedge instruments.

Inventory
EURm



Inventories increased by 100%, a reflection of the significant ongoing and increasing activities within project development as well as construction of renewable energy farms and projects.

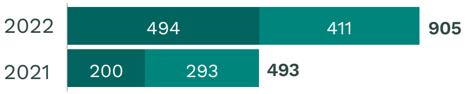
Power sales
GWh



Business highlights

Power producing assets

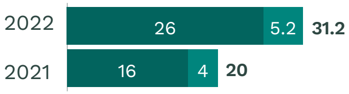
MW



Our power producing capacity almost doubled compared to 2021, as a result of 655 MW of renewable energy farms being successfully grid-connected in 2022 and a slightly longer holding period of assets due to the high power prices.

Development pipeline*

GW

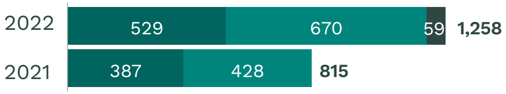


In 2022, we grew our development pipeline by more than 50% across our footprint. This will ensure a steady increasing flow of ready-to-build project and constructions of renewable energy farms in the years to come.

*Excluding screening phase.

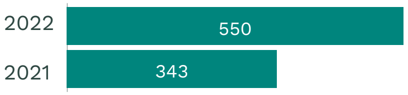
Under construction

MW



We continuously succeed in maturing projects and initiate the construction phase of our projects. During 2022, we began the construction of our first Power-to-X projects. A total of 1.3 GW is under construction end of 2022.

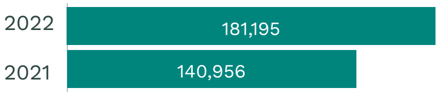
Number of employees (end of year)



550 people

We hired 268 new employees in 2022. We employed 550 end of year 2022, which is a 60% increase compared to 2021 (343 employees).

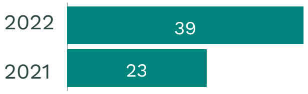
Avoided greenhouse gas emissions



181,195 tonnes of CO_2e

In 2022, we avoided 181,195 tonnes of CO_2e GHG emissions through our renewable energy production, which is an increase of 29% compared to 2022.

Supplier due diligence



39 %

We conducted ESG due diligence of 39% of our critical suppliers in 2022 and aim to reach 100% in 2023.

Living out our vision

In 2022, it became clear to the most how important energy supply is for a modern society. Today, one of the most important political agendas worldwide, is to secure green and independent energy.

The vision of European Energy has from the beginning been to support that European's would have access to energy that they own themselves. Since wind and sun are energy sources accessible to all, they are the foundation of our future energy supply. We still envision to secure independent energy supply – not only to European's, but to people worldwide.

From 2004, we have installed and purchased more than 3 GW of wind and solar energy.

But we are only getting started. In 2022, we installed and purchased almost 700 MW and with a building programme of more than 1,200 MW under construction at the end of 2022.

In 2022 and 2023, we hope to install almost as much new green energy as we did in the previous 18 years of our business to great benefit for the climate and the global demand for more independent renewable energy.

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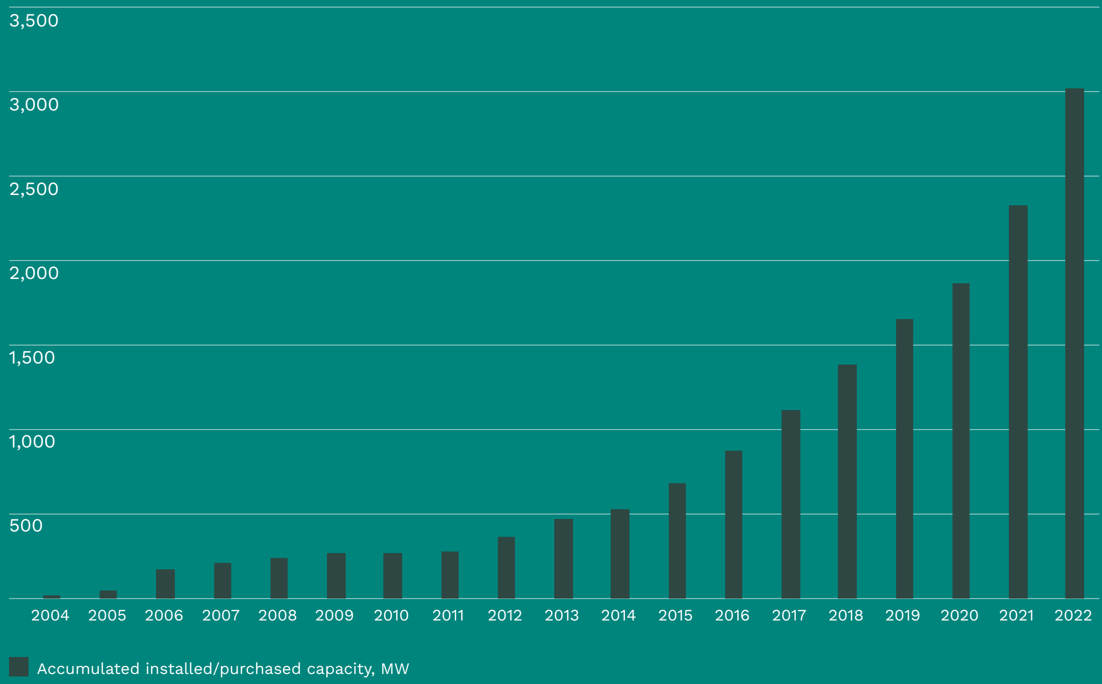
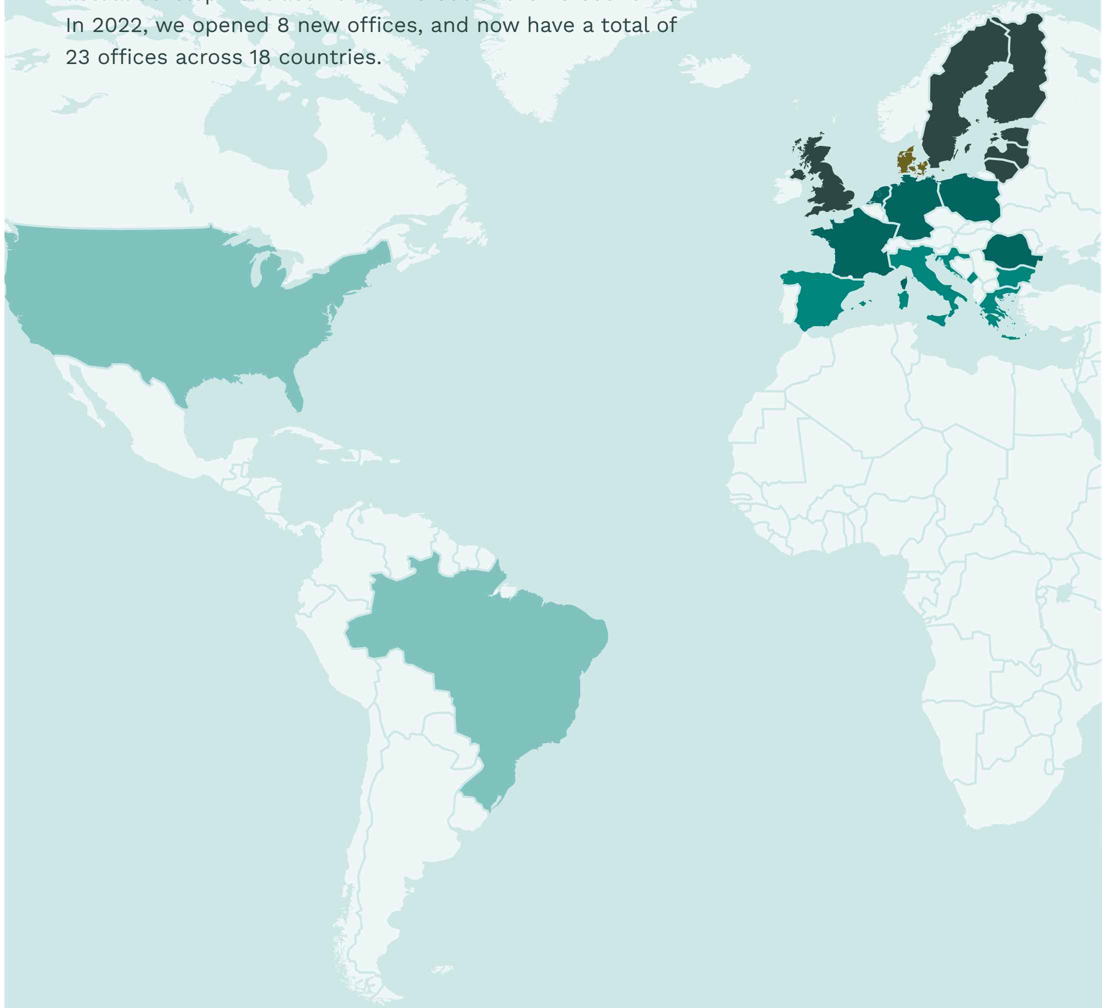


Growth across the world

We are screening for projects in 29 countries and we have actual development activities in 19 out of the 29 countries. In 2022, we opened 8 new offices, and have a total of 23 offices across 18 countries.



	Development solar/wind	Construction solar/wind	Operational wind activities*	Operational solar activities*	Offices
Home market					
Denmark	■	■	■	■	4
Northern Europe					
Finland	■				
Estonia					1
Latvia	■				1
Lithuania	■	■			1
Sweden	■	■	■		1
UK	■	■	■	■	1
Central Europe					
Germany	■	■	■	■	3
Poland	■	■	■		1
Romania	■				1
France	■				
The Netherlands	■	■	■		1
Southern Europe					
Italy	■	■	■	■	1
Spain	■			■	1
Greece	■				1
Bulgaria	■		■		1
Croatia					1
Montenegro	■				
Rest of the world					
Brazil	■	■		■	1
Australia	■				1
US	■				1

*Operational activities include power generation and asset management.
We only undertake asset management in markets with their own power generation.

Key figures and financial ratios

EURK	2022	2021	2020	2019	2018*)
Income Statement					
Revenue	438,077	328,653	206,962	238,804	96,182
Direct costs	-276,044	-226,407	-132,946	-190,614	-60,589
Gross profit	181,067	104,516	73,946	57,529	42,570
EBITDA	**134,502**	**81,224**	**61,197**	**44,305**	**33,607**
Operating profit	120,184	63,799	49,526	38,411	31,117
Net financial items	-10,441	-1,075	-11,751	-969	-5,193
Profit before tax	**109,743**	**62,724**	**37,775**	**37,442**	**25,924**
Tax	-15,266	-5,091	-8,109	-1,461	-3,403
Profit for the year	94,477	57,633	29,666	35,981	22,521
Balance sheet					
Property plant and equipment	155,756	157,283	130,594	134,213	85,947
Inventories	1,051,000	524,830	325,211	227,131	202,193
Total assets	1,737,707	1,174,002	739,817	605,671	447,081
Hybrid capital	150,000	150,000	75,000	-	-
Equity	391,369	350,488	235,268	137,603	107,685
Net interest-bearing debt (NIBD)	892,815	427,794	303,730	302,657	239,342
Net interest-bearing debt (excluding hybrid capital)/EBITDA, LTM	6.6	5.3	5.0	6.8	7.1
Gearing (NIBD as % of group equity)	228%	122%	129%	220%	222%
Cash flow statement					
Change in net working capital, excluding inventories	9,758	8,301	7,044	-14,561	-222,913
Cash flow from operating activities	-374,341	-114,775	-35,616	19,684	-150,961
Change in inventories	-479,039	-188,724	-92,446	153	-201,768
Cash flow from operating activities, excluding inventories	104,698	73,949	56,830	19,531	50,807
Investments in property, plant and equipment	10,337	46,484	3,831	1,330	12,576
Cash flow from investing activities	-25,054	-63,165	-22,975	-11,594	-490
Cash flow from financing activities	381,860	283,409	66,961	36,934	161,857
Change in cash and cash equivalents	-17,535	105,469	8,370	54,936	10,406
Financial key figures					
Gross margin	41%	32%	36%	24%	44%
EBITDA margin	31%	25%	30%	19%	35%
Group solvency ratio	23%	30%	32%	23%	24%
Return on equity	25%	20%	16%	29%	23%
Average number of full-time employees	431	265	168	117	95
Number of employees end of year	550	343	203	148	99
Earnings per share, basic	0.26	0.17	0.06	0.09	0.07
Earnings per share, diluted	0.25	0.16	0.05	0.09	0.07
Number of outstanding shares (1,000), excluding treasury shares	302,073	301,807	300,860	300,145	300,040

Key figures and ratios

For a definition of key figures and ratios, see Note 4.8.

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

Business

Opening of the Pomerania wind portfolio, Poland

Solving the global energy crisis and climate crisis can go hand-in-hand.

We need to find common ground in solving the energy crisis and climate crisis. We have the solutions. Now we need to move all the great commitments from airy numbers to tangible action.

Floods in Brazil, South Africa and Pakistan, drought in East Africa and storms in the Philippines and Cuba serve as continuing proof of the carbon emission-driven climate crisis, as one climate disaster unfolds after another.

Not only do these events kill thousands of people, they also force millions to flee from their homes because of the loss of livelihood and destroyed infrastructure.

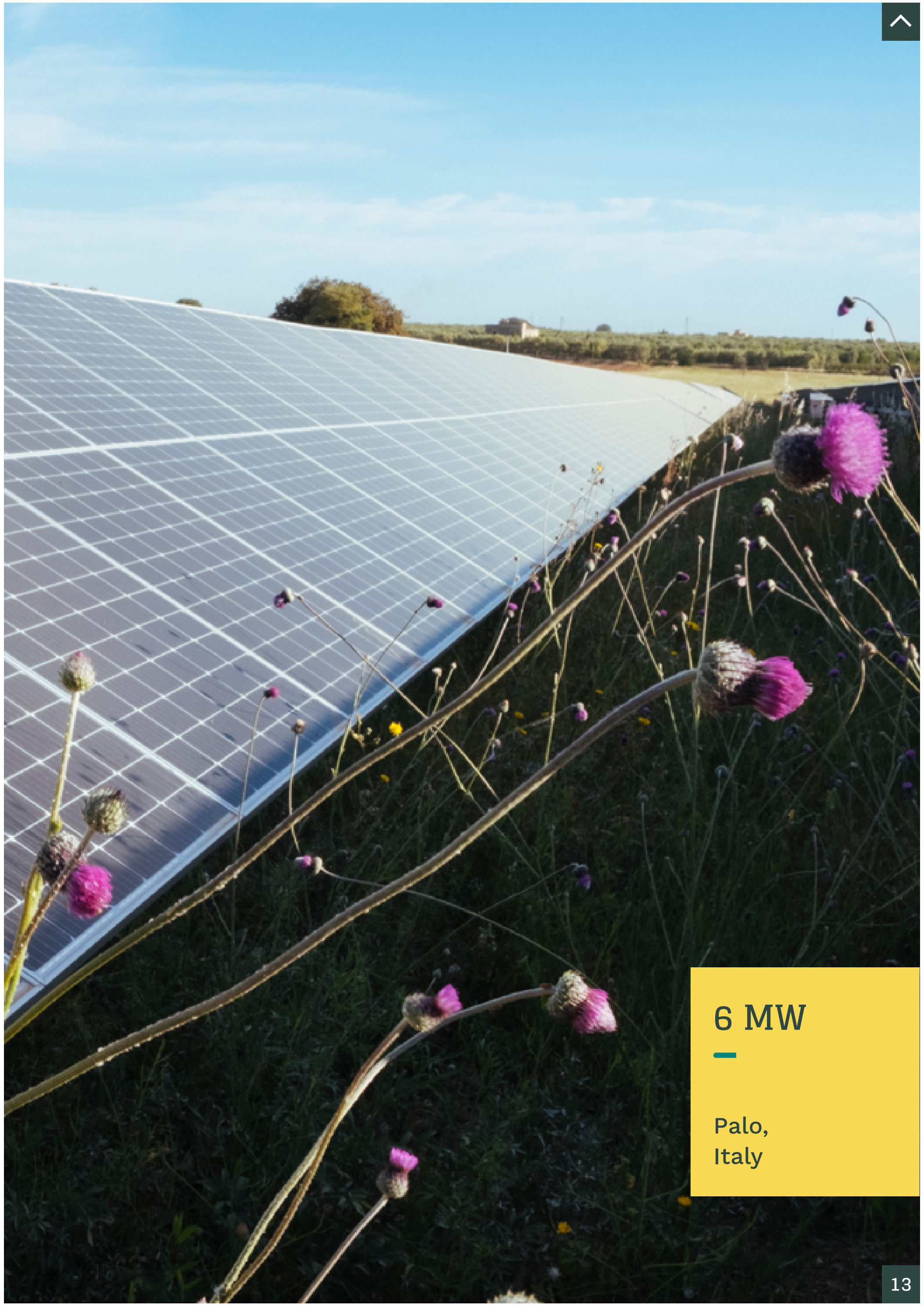
According to the UNHCR, the UN's refugee agency, an annual average of 21.5 million people have been forcibly displaced by weather-related events since 2008. These numbers are expected to grow significantly in the coming decades, with forecasts predicting that 1.2 billion people could be displaced globally by 2050, due to climate change and natural disasters.

Energy independence firmly on the agenda

In 2022, the world took some backward steps in the reduction of carbon emissions. Once again, we hit a new record for global carbon emissions, and in countries around us new coal mines are being approved for the first time in decades, while polluting alternatives to solar and wind energy are once again presented as viable solutions in many countries.

This is probably a direct result of the energy crisis into which the world has been thrown as a consequence of the Russian invasion of Ukraine and important steps towards creating an independent energy system in Europe. For too long, European countries have been dependent on massive imports of fossil fuels from less secure parts of the world.

According to a report from the global energy think tank, Ember, record solar energy production during the summer months of 2022 saved up to EUR 29b in gas imports across the EU. Such significant savings further emphasise that strengthened climate action should be put in place and implemented across the globe. In the EU, the RePowerEU initiative launched in May 2022 puts



renewable energy at the front and centre of the bloc's drive towards energy independence and decarbonisation.

Another record-breaking year for renewable energy

In 2022, wind and solar energy covered a higher degree of global energy consumption in more and more markets. Despite the intermittent nature of wind and solar energy, it is evident that countries are finding ways to introduce and balance higher and higher levels of renewable energy in their national grids.

In the European Union, a record-breaking 41.4 GW of solar energy was installed in 2022, which constitutes a 47% increase from the 28.1 GW installed in 2021. Consequently, production grew considerably across our key markets. In Germany, a total of 47% of gross electricity consumption was covered by renewable energy, while in Denmark a total of 80% came from renewable energy. In the UK, record was broken, as 40% of gross electricity consumption was covered by renewable energy.

During 2022, Europe saw unprecedented high levels of power prices. This was driven primarily by gas price increases following the supply disruptions as a consequence of the Russian invasion of Ukraine. Reduced power production from nuclear plants in France and the effects of widespread drought on hydroelectric power generation added to the perceived risk of future power shortages pushing up power prices. In late 2022, power prices came down significantly as the risk of gas shortages in the 22/23 winter appeared to be low, while new gas supply sources (LNG) to replace Russian gas emerged. However, power prices are still significantly above the levels before the increases began. At European Energy, we do not foresee any immediate decrease in power prices to these previous levels, since without cheap Russian gas, prices will remain at a higher level. In addition, the electrification of society is speeding up and increasing the demand for power.

Renewable energy is the answer

The means to secure independent and sustainable energy production is well-known: expansion of the energy capacity created by renewable energy. Consequently, there should be no going back to black and grey energy solutions, if we want sustainable and independent energy in the world. Thus, we must not resolve the temporary energy crisis by further accelerating the climate crisis.

At European Energy, for almost 20 years we have focused on creating fossil-free and renewable energy as a response to the instability and dependency that are a consequence of energy from fossil fuel sources.

A global commitment to resolve the climate crisis, amid conflicting political priorities

Today, we hear a broad and substantial commitment to a net-zero target. It is remarkable that, just a few years ago, renewable energy was solely a solution to transform electricity consumption worldwide. Today, renewable energy is the solution to decarbonise all energy consumption. If the climate crisis did not sufficiently emphasise the need for renewable energy, the focus on energy independence has underlined the need to speed up the green transition.

However, it is easy to commit to a net-zero target, but more difficult to point to a credible path to achieve it. We need to pave the road that has been decided by politicians worldwide – to show that the commitment to a net-zero target is more than just a number. Despite the many initiatives proposed to speed up the granting of permits for new renewable energy projects, European markets are still heavily burdened by lengthy bureaucratic processes that impede the necessary expansion of solar and wind power. According to WindEurope, investments in wind farms in the EU only covered 12 GW of new capacity. This is significantly below the rate needed to deliver the EU's 2030 climate and energy targets.

While the EU raised ambitions for renewable energy with one hand, windfall taxes and electricity market reforms were announced with the other. This constitutes a significant blow to developers of renewable energy, as investors receive little information on what these initiatives will translate into in the longer term. While we welcome the proposals to tax extraordinary high profits, the implementation of a windfall tax with a focus on capping revenue from renewable energy creates so much invisibility in the European market that investors might start to look elsewhere for Renewable Energy Investments.

At the same time, European leaders are announcing high ambitions for a European green hydrogen programme aimed at also ensuring decarbonisation in the hard-to-abate sectors of the economy. European Energy is meeting the call and in 2022 we began the construction of a first green

Market trends

The short-term outlook is affected by interest rates, inflation and political instability, but the long-term outlook for electricity demand and the switch to renewable energy remains robust.

High electricity prices are **boosting income** from existing projects

Political initiatives to mitigate the impact of **higher prices**

Inflation and supply chain issues during Covid-19 led to **increased construction** costs and delays in deliveries

Increasing interest rates and credit spreads are **pushing up financing costs**

Electricity demand is expected to grow significantly

120 MW

Telšiai,
Lithuania

hydrogen project in Denmark that will start delivering the green fuels already in high demand. However, Europe is losing momentum in the industry, compared with the US, where a massive build-out-plan has been announced under the Inflation Reduction Act, while European regulators continue to mull over new rules for green hydrogen. Hopefully, 2023 will bring much-needed clarity for European developers of Power-to-X-projects, to ensure that the delivery of green fuels can meet the growing demand that was announced by major shipping companies in particular in 2022.

Financial market volatility impacts investment decisions

The Russian aggression against Ukraine gave a severe hiccup in global energy supply, causing energy prices and inflation to rise to levels not seen for more than a decade. This resulted in rising interest rates and credit spreads, pushing up financing costs for projects and equity returns required by equity investors. This led to volatility and uncertainty, making investment decisions regarding alternative investments more challenging.

We saw increased cost levels for construction of solar projects during 2021 and the beginning of 2022, due to demand/supply imbalances and high transport costs resulting from the Covid-19 pandemic and the related lockdowns. These price trends reversed towards the end of 2022. We now see solar cost levels below the average of the last few years, and transport costs at pre-Covid levels. Cost levels linked to the construction of wind energy projects were also affected by significant price increases, as wind turbine manufacturers raised prices in an attempt to regain profitability. We expect this upward trend for wind turbine prices to have peaked.

In summary, while the global increases in the cost of materials, freight, fuel and labour may have temporarily set back prices for new-build wind and solar during and after the Covid-19 pandemic, the cost gap between renewables and fossil fuels continues to widen, as fuel and carbon prices have risen at a faster pace – with no signs of letting up. According to Bloomberg, in 2022 the cost of 1 MW of new capacity generated by solar or onshore wind was 40% lower than new coal- or gas-fired energy.

Where does all this lead us to?

At European Energy, we remain optimistic about the prospects for investing in renewable energy and have a growing pipeline of ready-to-build projects. We pay attention to managing the volatility in power and financial markets and to working to shape regulatory changes that support a faster transition to renewable energy.

Our business model

We champion the green transition by developing solar parks, wind farms and Power-to-X solutions to encourage the world to join the movement towards a fossil-free society.

Screening

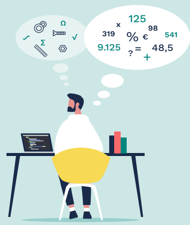
We screen our markets for relevant locations for solar, wind and Power-to-X-facilities, using our bespoke GIS-based IT-tools as well as our local knowledge and network. Based on a careful screening of environmental and technical concerns as well as a mapping of key stakeholders, we enter into a cooperation with the landowners to secure the land for development.

Development

During development, we secure the grid and work to obtain the necessary permits. We conduct environmental studies and discuss mitigation measures with key stakeholders. Technical specifications may be adjusted, and hybrid and storage solutions are considered as part of the optimisation of the project. When land, grid and all necessary permits are secured, the project is ready-to-build.

Engineering & procurement

Our design and engineering expertise ensures the strong operational performance of our projects. Our procurement team selects suppliers on the basis of thorough evaluation and closely monitors their delivery. We perform quality management of all our engineering and procurement processes



Financing

Funding is raised at both parent company and project level. We have a treasury and project financing team that designs and optimises the Group's capital structure, parent funding, liquidity and financial risk management.

Power Purchase Agreements

Power Purchase Agreements are long-term, fixed-price energy supply contracts. These agreements ensure that we have offtakers for our renewable energy projects. The agreements are often made prior to the construction of a project.

Construction

At this stage, we initiate construction of a project. We have a strong track record for managing contractors and suppliers on-site and, as the final construction step, connect the projects to the grid and produce Power-to-X solutions.

Project sales

We assess each project individually and take risk-and-reward profiles into consideration. In some cases, we divest the projects to long-term investors. In these cases, we often continue to manage the assets for the investors to optimise production output and minimise operating costs.

Power sales

In some cases, it is advantageous for us to retain ownership of a project for a period of time, and sell the renewable power as an independent power producer, or to use the power for production of Power-to-X solutions.

Asset management & operations

We have in-house expertise in the technical, commercial and financial aspects of managing our projects. We also deliver operational services for solar plants, including scheduled preventive maintenance, corrective maintenance, technical support and plant monitoring.

A key element of our strategy is to create a scalable organisation

European Energy has the goal to be recognised among the top global players by 2023 within new onshore wind and solar, while expanding our presence in the energy sector through the application of new technologies.

Building on our strong experience as a power company, we want to address the demand for green energy in areas and sectors where electricity does not suffice. With this focus we want to move away from being a power company, to operate more as an energy company that handles a wider range of activities related to various types of energy, in addition to electricity.

Our strategic focus for 2023 is anchored in three focus areas – all supported by a strong foundation:

1. Drive up capacity

Throughout 2021, we grew our pipeline in the development phase by 67% (+8 GW) and made final investment decisions on more than double our 2020 capacity. In 2022, the development phase pipeline continued on this trajectory, growing from 18.6 GW to more than 29 GW, close to a 60% increase from year-end 2021. We expect to maintain strong growth in 2023, but will also have a strong focus on qualifying the current pipeline.

In 2022, we also succeeded with our strategy of growing our presence in European markets and other selected OECD countries (e.g. the US and Australia), and our focus will be on gaining a strong position in these new markets, while continuing to mature our pipeline in established markets.

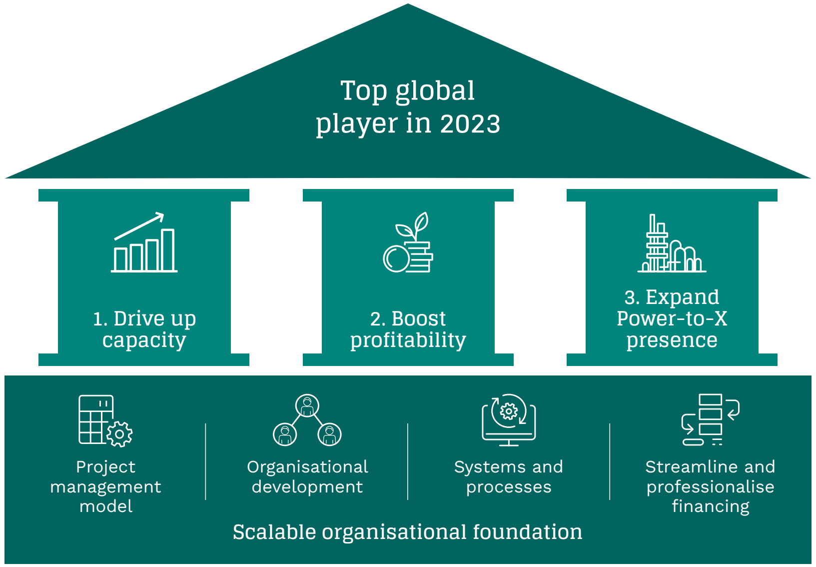
Our diversified geographical footprint and early project involvement make us confident that we have both the volume and market diversification to achieve our ambition.

2. Boost profitability

We continue to focus on bringing down the levelised cost of energy (LCOE) in order to maximise the competitiveness of our renewable energy solutions. A combination of the latest technology, larger projects and an in-house presence throughout the value chain is our main lever to further reduce costs.

3. Expand Power-to-X presence

Maturing our presence in new and related business areas continues to be a focus for our organisation, to maintain market leadership and further support the green transition of the energy sector. 2022 was a year in which our Power-to-X projects achieved significant milestones, paving the way for further development within this area. The Power-to-X industry is expected to grow significantly in the coming years, and we have a strong ambition to utilise our acquired expertise and strong global presence to bring forward solutions on a global scale.



A scalable organisational foundation

Creating a scalable organisational foundation is also a key focus for our organisation in 2023, as this will enable us to maintain our high growth rates and succeed with the priorities listed above. This means that we will focus on refining and implementing uniform processes, systems and structures across the organisation, to support our growth strategy. The continued focus on improving and adjusting our organisation will provide for more effective delivery of cross-functional activities, while ensuring higher levels of transparency for both internals and externals in our increasingly more complex organisation.

Among other things, this will entail continued focus on building stronger in-house competencies, developing our project management model to fit our current situation and technology portfolio, and streamlining and further professionalising our financing.

Focus on ESG progress and performance

In 2022, we scaled up our work with environmentally and socially responsible business practices and added additional resources to drive progress and performance within our strategic ESG priorities.

COP-27 gathered decision makers from all over the world to come up with solutions to the escalating climate crisis in 2022. One of the main takeaways is the breakthrough agreement to provide loss and damage funding for vulnerable countries severely affected by floods, droughts and other climate disasters.

Another key takeaway is that the threshold of a 1.5°C rise in the global temperature by 2030 was kept alive. Climate pledges are worth very little if they are not implemented and turned into concrete action.

At European Energy, we call on all our stakeholders and challenge them to be more bold and ambitious in their contribution to fight to prevent climate change. We need far more concrete action and demonstrated results, which is why we welcome the adoption of the European Sustainability Reporting Standards (ESRS).

The ESRS are imperative to achieve relevant and reliable reporting on companies' climate transition plans and their alignment with the 1.5°C limit by 2030. It is our strong belief that the ESRS will assist investors, consumers, financial institutions and society as a whole to make the much-needed switch to a sustainable economy that operates within planetary boundaries.

Greenhouse gas emissions in value chain

ESRS disclosures related to climate change mitigation and adaptation include Scope 1, 2 and 3 greenhouse gas emissions and are mandatory. This will allow reporting systems to capture the true carbon footprint of large areas of the economy.

In 2022, European Energy avoided 181,195 tonnes of greenhouse gas emissions through the renewable energy we produced at our solar parks and farms, which is an increase of 29% compared to the year before. With Scope 1 and 2 emissions amounting to 56 tonnes and 200 tonnes of CO_2e greenhouse gas emissions in 2022, the intensity was as low as 0,33g CO_2e/kWh.

While our Scope 1 and 2 greenhouse gas emissions are low, and while renewable energy accounts for far lower emissions

2022 ESG Report

European Energy's 2022 ESG Report presents an overview of the progress we are making with regard to our strategic ESG priorities, as well as a complete set of environmental, social and governance (ESG) performance data. We have also added a selection of economic performance data, renewable energy volumes and capacities, as these are closely linked to our ESG performance.

Our 2022 ESG Report is a supplement to our 2022 Annual Report and includes our statutory statements in accordance with Sections 99a (throughout the entire report), 99b (page 35 and 39) and 99d (page 41) of the Danish Financial Statements Act (Årsregnskabsloven).

European Energy has been a signatory member of the United Nations Global Compact since 2020. As required by the United Nations Global Compact, as from 2022 our yearly Communication on Progress (CoP) will be submitted via the Global Compact's electronic reporting platform.

Previous years reports are available online here.

Our four main focus areas

than fossil fuels in general, we recognise that we must take a critical look at our supply chain emissions and approach greenhouse gas emissions from a life-cycle perspective. Significant emission are related to the manufacture and transport of renewable energy assets. In 2023, we will assess our Scope 3 greenhouse gas emissions in our value chain and set reduction targets.

Human rights in renewable energy supply chains

In addition to Scope 3 emissions in our supply chain, the lack of transparency in the supply chains for solar PV modules is of great concern to us. We are greatly alarmed by the reports and articles describing the potential use of forced labour in the extraction and processing of raw materials for solar PV modules.

Since the first report was published, we have launched a number of internal initiatives to mitigate and manage the issue. For new orders, a Bill of Materials is attached to the solar PV module supplier contracts, specifying the location(s) of the manufacturers' factories and relevant traceability documents up to polysilicon level.

In 2022, we conducted risk screenings of 39% of our critical suppliers and aim to reach 100% in 2023. Together with the entire industry, we need to further engage with our suppliers to ensure compliance with global labour standards and human rights throughout the supply chain.

Our employees are our greatest resource

We welcomed a record number of new employees in 2022, and by the end of the year the European Energy workforce amounted to 493 employees (full time equivalents), which is an increase of 58% compared to the year before. Our employees are our greatest resource and their health and safety is of utmost importance to us. We are therefore pleased to see our total recordable incident rates of 0 and 4.2 TRIR decline for both direct employees and contracted employees.

Focus on ESG progress and performance

In 2022, we scaled up our work with environmentally and socially responsible business practices and added additional resources to drive progress and performance within our strategic ESG priorities, including Climate and Environment, Social Engagement, Health and Safety, and Business Accountability. It is not enough to deliver clean and environmentally friendly energy to society; we also have to make sure we do this in an ethical way that takes both social and environmental issues into account.

13 MW

Białogard, Poland

Financial performance

103 MW

Troia,
Italy

Group financial performance

Income statement

Revenue

In 2022, revenue increased to EUR 438.1m, corresponding to an increase of EUR 109.4m or 33% (2021: EUR 328.7m).

The increase was driven by expanded activities for all reportable segments, where sale of energy farms and projects increased by EUR 57.0m, corresponding to a 21% increase, up to EUR 325.1m in 2022 (2021: EUR 268.0m). This increase reflects interest and activity from investors in acquiring operational assets. A general increase and a future expected increase in power price levels positively impacted the enterprise values of operational parks however partly counterbalanced by the effects from increasing interest rates.

Sale of energy contributed a revenue increase of EUR 50.1m, or 90%, up to EUR 105.5m in 2022 (2021: EUR 55.5m). The increase mainly reflects the impact of higher power prices, but also an increase in renewable energy capacity under our ownership.

The revenue from external customers in our Asset management segment rose to EUR 6.4m in 2022 (2021: EUR 5.2m). The increase was due to an increasing base of energy farms and projects sold with an asset management service agreement with European Energy.

GROSS PROFIT

Gross profit amounted to EUR 181.1m, an increase of EUR 76.6m or 73% (2021: EUR 104.5m.) Of this, 2022 sales of energy farms and projects totalled EUR 69.3m (2021: EUR 47.5m) and power sales EUR 107.1m (2021: EUR 54.4m).

The 2022 results from investments in joint ventures and associates are a net income of EUR 16.2m (2021: EUR 1.3m), an increase of EUR 15.0m net of taxable income. This increase is primarily related to increasing power prices and an EUR 4.3m revaluation of a net equity interest following a change in control of an associate.

EBITDA

EBITDA for 2022 totalled EUR 134.5m (2021: EUR 81.2m), with a significant increase of EUR 53.3m, or 66%, stemming mainly from sale of energy. Sale of energy constitutes 74% of 2022 EBITDA, up from 50% in 2021, while sale of energy farms and projects constitutes 21%, down from 46%. The high EBITDA share from sale of energy is a consequence of the high power prices experienced in 2022.

In addition, EBITDA is impacted by increasing staff expenses, up by EUR 10.5m to EUR 22.4m (2021: EUR 12.0m).The increase in staff costs is a natural consequence of the increase in new hires following our higher activity level.

Finally, other external costs increased to EUR 24.1m (2021: EUR 11.3m). The increase in other external costs should be seen in the context of the Group's continued expansion, e.g. costs related to entering new markets, higher number of employees and new development projects. Other external expenses were impacted by EUR 3.1m in one-off advisory fees.

The realised EBITDA margin for 2022 was 31% (2021: 25%). The main reason for the margin increase is a larger ratio of relatively high-margin sale of energy and a smaller ratio of relatively lower-margin sale of energy farms and projects.

Profit before tax

Profit before tax totalled EUR 109.7m (2021: 62.7m), an increase of EUR 47.0m, or 75%. This increase is a result of the increases in revenue, gross profit and EBITDA, but also lower depreciation and impairment. The latter totalled EUR 14.3m (2021: EUR 17.4m), corresponding to a decrease of EUR 3.1m. This development is a result of a stable asset base, combined with a reversal of a prior year impairment of wind assets.

Net financial expenses were EUR 10.4m (2021: EUR 1.1m), an increase of EUR 9.3m. This increase in net financial expenses is due to the recognition of a loan modification gain in 2021 in connection with the senior bond refinancing in September 2021. Furthermore, during 2022 we recognised an ineffectiveness of our hedge portfolio as well as made changes to the functional currencies for a range of our entities in the Group. This has generally increased the currency translation risk and for 2022 resulted in currency losses.

Tax on the profit for the year amounted to EUR 15.3m in 2022 (2021: EUR 5.1m). The effective tax rate for 2022 landed at 14%, compared to 8% for 2021.

Other comprehensive income

Other comprehensive income for 2022 totalled a loss of EUR 37.6m, after an increase of EUR 35.1m (2021: EUR 2.5m in income). During 2022, the value adjustments from hedging of power prices, currencies and interest rates resulted in a net loss of EUR 44.7m (2021: EUR 0.9m), with a corresponding tax asset of EUR 10.6m (2021: tax liability of EUR 1.3m).

The 2022 value adjustments deriving from power hedging agreements (PPAs) contributed a loss of EUR 28.9m (due to higher power prices), while currency hedges contributed a net loss of EUR 22.7m and interest rate hedges contributed a gain of EUR 7.0m.

The value adjustments from PPAs are related to wind farms under construction and as we expect, over time, to divest all parks classified as inventories, any negative value adjustments will later be presented as gains at the time of the divestment.

Balance sheet

Goodwill

Acquired goodwill in 2022 relates to the Ammongas acquisition, which contributed goodwill of EUR 6.4m. In 2021, goodwill related to the acquisition of REIntegrate amounted to EUR 4.5m.

Property, plant and equipment

At end-2022, the book value of property, plant and equipment was EUR 155.8m (2021: EUR 157.3m). This decrease is the result of depreciation being partly offset by reversals of earlier impairments.

Inventories

Inventories at 31 December 2022 amounted to EUR 1,051.0m (2021: EUR 524.8m), an increase of EUR 526.2m. EUR 195.1m (2021: EUR 215.5m) of the inventories were energy farms in operation. These energy farms are power producing and contribute to Group power sales. Often, the Group keeps operating plants for a shorter period of time after COD, to document plant performance and to achieve a better valuation on divestment. As the plants are intended to be sold, they are recorded as inventories.

The value of energy farms under construction increased to EUR 705.7m at year-end 2022 (2021: EUR 197.5m). The large increase is a result of our successful efforts expanding our project pipeline, which is now materialising as a significantly increase in assets under construction.

European Energy reviews and evaluates the likelihood of a project's success on an ongoing basis with the aim of making impairments if needed. There is special focus on projects in their early development stages (before construction). At the end of 2022, the value of projects in the pre-construction phases had increased to EUR 148.8m (2021: EUR 111.8m).

In 2022, EE recognised an impairment loss on inventories of EUR 8.1m (2021: EUR 13.2m). Write-offs during the year were related to projects not materialising and totalled EUR 1.0m. In total end of 2022 impairment for inventories was EUR 32.6m (2021: EUR 24.5m).

See the disclosure section 2.5 for more information.

Equity

At the end of 2022, equity totalled EUR 390.3m (2021: EUR 350.5m) up by EUR 39.8m. The increase is a result of significant earnings, partly offset by mark-to-market value losses on hedging instruments.

The non-controlling interests increased by EUR 5.2m to EUR 18.0m (2021: EUR 12.8m). The increase was related mainly to an acquired subsidiary, which was previously accounted for as an associated entity, thereby gaining a minority interest.

Bond financing

At end-2022, the book value of outstanding senior bonds totalled EUR 363.7m (2021: EUR 285.4m), an increase of EUR 78.3m. This increase stems mainly from the issuance in September 2022 of a new EUR 75m senior bond with maturity in 2026.

Project financing

Project financing (current and non-current) increased to EUR 723.8m (2021: EUR 347.0m) up by EUR 376.8m as a result of the increase in construction activity noted under inventories. We are cooperating with several financial institutions on project financing, depending on the geographical area of the construction site, and the size of the project and of any co-investors.

During 2022 the combined value of financed project assets – primarily PPE and inventories – rose by EUR 524.6m. The remainder of the project asset investments were financed by the proceeds from the increased senior bond, hybrid capital and operating results.

Cash flow statement

Cash flow from operating activities

Cash flow from operating activities ended at a negative EUR 374.3m (2021: EUR -114.8m), a decrease of EUR 259.5m

The main driver of the negative operating cash flow was the net increase in inventories of EUR 479m (2021: EUR 188.7m), an increase of EUR 290.3m. The significant increase in investments in inventories are a result of our growing efforts increasing the development pipeline as well as the increasing construction activities of energy farms and projects.

Excluding changes to inventories, cash flow from operating activities ended at EUR 104.7m (2021: EUR 73.9m), an increase of EUR 30.8m or 42%. The increase in cash flows mainly stems from the increasing profits from sale of energy as well as energy farms and projects

Cash flow from investing activities

Cash flow from investing activities was negative at EUR -25.1m (2021: EUR 63.2m).

During 2021, we acquired an European wind asset portfolio for EUR 46.0m. Acquisitions in 2022 of EUR 9.6m primarily concerned power producing assets and Ammongas, together with a small portion of minority interests.

Cash flow from financing activities

Cash flow from financing activities ended with a significant cash inflow of EUR 381.9m (2021: EUR 283.4m), an increase of EUR 98.4m.

This was mainly stemming from an increase in net proceeds from project financing of EUR 210.6m partly counterbalanced by lower net proceeds from issuance of hybrid and senior bond in European Energy A/S of EUR 94.3m.

Project financing was obtained for all projects entering the construction phase and is spread across several European countries, primarily Lithuania, Denmark, Sweden, Germany and the UK, as well as Brazil.

During 2022, coupon payments to hybrid bond holders amounted to EUR 9.2m. The coupon payments are considered to be dividend, rather than interest.

Total cash flow

During the year, cash and cash equivalents decreased by EUR 17.6m (2021: an increase of EUR 105.5m) and resulted in a cash position of EUR 209.8m (including cash with restrictions), compared to EUR 227.4m at the end of 2021.

Outlook

Achieving 2022 targets

We announced the financial outlook for 2022 on 22 February 2022. EBITDA and profit before tax were expected to be EUR 135m and EUR 100m, respectively. With a final EBITDA for the year of EUR 135m and a profit before tax of EUR 110m, the targets for the year were achieved and also exceeded once again. This is the fourth consecutive year that European Energy has reached or exceeded our financial guidance.

Outlook for 2023

Once again we expect significant growth in our financial results for 2023, compared to 2022, as a consequence of the continued significant growth in European Energy's activity level.

In 2022, we increased our GW under construction from 0.8 GW at the beginning of the year to 1.3 GW at year-end, and expect this figure to increase even further towards 2 GW during 2023.

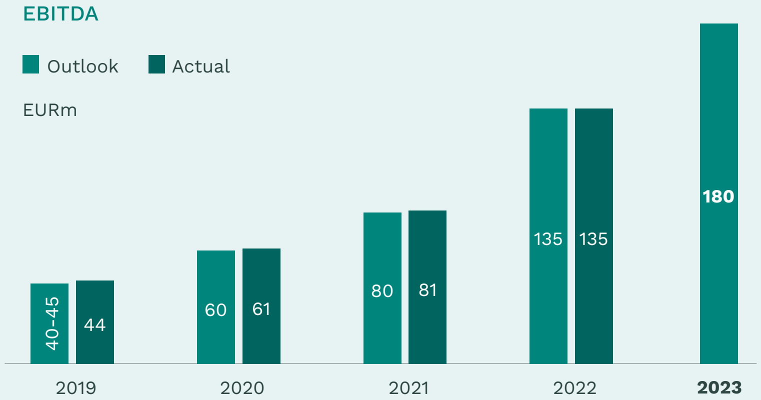
Our outlook is based on a balanced set of assumptions, although there are factors associated with developing and constructing solar and wind projects which could meaningfully impact our realised results.

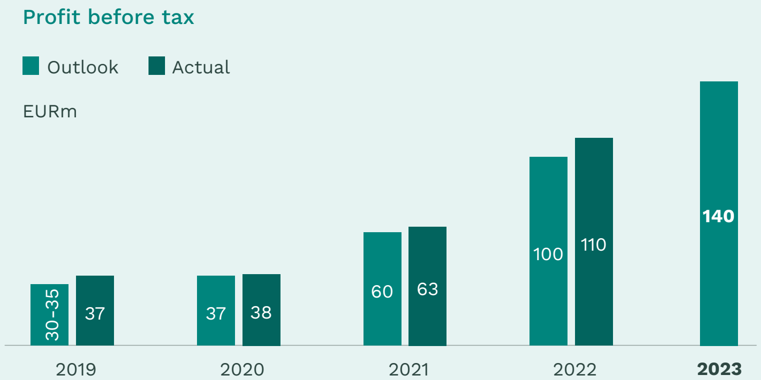
On the risk side, during the last 12-18 months we have seen significant increases in financial market volatility, impacting power prices and interest rates, which can have adverse impacts on power sales and project sales. The effects of regulatory responses to the extreme power prices experienced during parts of 2022 in terms of windfall taxes, and the potential revision of the power market pricing regime, could also have adverse impacts on our financial performance.

Other factors that could have negative impacts on the Group's ability to meet its goals are the succes in obtaining relevant permits, delay in grid connection upgrade works or the supply chain, negative events in the power markets or delays in the timing of asset divestments.

Based on the above, we expect an EBITDA of EUR 180m and a profit before tax* of EUR 140m for 2023. We assess that the aforementioned increased risks and volatility could impact realised results by a margin of +/- 20% compared to outlook.

*Based on an assessment of EUR 0m in financial impact from power hedging instruments.





Project development

During 2022, European Energy continued its efforts to grow its project development activities, including greenfield development, partnering and acquisitions of ready-to-build assets. We are predominantly active in OECD countries, with a core focus on low-risk markets in Europe, but we are also present in Brazil, the US and Australia.

Project development activities are ongoing in 19 countries and we have established local offices in 18 countries (up from 12 at end-2021), as a broad geographical reach and a local presence are key enablers for securing new projects and to diversify country-specific risk.

Since 2018, a key focus has been to grow and mature our project pipeline, as this is considered to be a key value driver to ensure continued stable earnings growth.

Solar and wind

At the end of 2022, European Energy had just over 60.1 GW of renewable energy pipeline, of which 29.0 GW is in screening, 29.3 GW is in development and 1.8 GW is in structuring, which is up by 25.8 GW compared to one year ago. The main contributors to this pipeline growth come from Denmark, Germany, Latvia, the US and Australia. This pipeline positions European Energy in the top group among European onshore wind and solar energy developers. European Energy plans to develop this pipeline in the course of the coming years, which is expected to result in increasing construction activity. Of the total development pipeline (excluding screening), wind energy accounts for around 5.2 GW (17%), while solar PV accounts for 25.6 GW (82%). In terms of geography, the development pipeline is distributed on Denmark (34%), Northern Europe (9%), Southern Europe (13%), Central Europe (23%) and the rest of world (21%).

A project development team of more than 150 employees (FTEs) stands ready to take on new development opportunities as they arise.

Power-to-X

Since 2021, European Energy has been building up downstream activities within Power-to-X, primarily within green hydrogen, e-methanol and SAF (methanol-to-jet fuel). At the end of 2022, we had a number of Power-to-X projects in screening in Denmark, the US and Brazil, with an estimated total production capacity of up to 500-700,000 tonnes of e-methanol. A team of 32 employees (FTEs) focuses solely on our Power-to-X activities.

Structuring activities

Financing activities

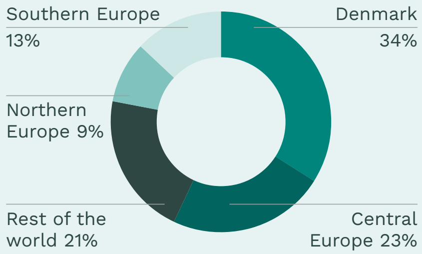
At parent level, overall net nominal financing of EUR 75m was raised. In September 2022, European Energy A/S issued a new EUR 75m unsecured senior bond with maturity in 2026.

At project level, we also experienced high fund-raising activity, such as:

- Construction and project financing from Danish financial institutions totalling EUR 321m for various projects across Denmark and Sweden.
- A construction loan of EUR 53m from the Danish Green Investment Fund to finance the construction of the upcoming Power-to-X facility in Kassø, Denmark, which is expected to be the largest e-methanol facility in the world to date.
- Two instances of project financing of EUR 53m and EUR 53.5m, respectively, for the construction of two Polish wind projects of 39 MW and 45 MW, respectively.
- A EUR 97m construction loan under our portfolio financing facility with EIG Global Energy Partners. The loan will be used to finance wind project in European Energy's rapidly growing renewables business in Lithuania.

Development pipeline

GW per regions



PPA activities

2022 marked a turbulent year for the European power markets. Extreme market fluctuation saw buyers' and sellers' PPA price expectations diverge significantly in the first half of the year, while the EU windfall tax (without actual detailed legislation) introduced regulatory risk for executing PPAs in the second half of the year. Towards the end of year, the PPA market started to pick up, with more interest from buyers and some clarity on the windfall tax legislation.

European Energy did not experience the consequences of these interruptions of the PPA market, as we e.g. divested some projects without a PPA, German projects were hedged by EEG (the German subsidy regime), some projects were hedged by PPAs entered into at an earlier stage, and finally, one project did not require a PPA, as its production will be input in an adjacent Power-to-X plant. We expect to close appropriate PPAs to manage our exposure as and when they are needed.

Construction activities

European Energy's construction activities continued their steady growth throughout 2022, reaching an all-time high in terms of number of project sites and MW under construction.

During 2022, European Energy was engaged in construction activities at 44 different sites (up from 23 in 2021) in eight European countries, as well as Brazil. By end-2022, projects for 1.3 GW were under construction – up from 815 MW the previous year.

To handle this increase in construction activity during the past year, the staffing of the EPC (Engineering, Procurement and Construction) department was almost doubled in 2022.

Wind

At the end of 2022, European Energy had 19 wind power projects under construction across five European countries and Brazil. In total, the active construction activities constitute some 670 MW of new renewable energy capacity expected to be grid connected during 2023 or 2024. The main construction sites are located in Lithuania (306 MW), Sweden (85 MW), Germany (133 MW) and Brazil (95 MW), respectively.

During 2022, European Energy completed the construction of seven new wind farms across three countries. In total, the constructed wind farms added 88 MW to the grid. Furthermore, 40 MW as operating projects was acquired in 2022, primarily in Germany.

Solar

At the end of 2022, European Energy had 11 solar PV projects under construction across five European countries. In total, the active construction activities constitute some 529 MW of new renewable energy capacity to be grid connected during 2023, according to the schedule. The main construction sites are located in Denmark (311 MW), Lithuania (78 MW) and the UK (76 MW), respectively.

During 2022, European Energy completed the construction of six new solar PV plants. In total, the constructed solar farms added 546 MW to the grid. Of this, 304 MW relates to the Kassø Solar Park in Denmark.

Power-to-X

At the end of 2022, we had started construction of a green hydrogen plant in Esbjerg, Denmark, with expected completion in 2023. The production will be sold to industrial offtakers, including the Port of Esbjerg. Excess heat will be supplied to the local district heating company.

At Kassø in Denmark, we completed a 304-MW solar plant in 2022, which will provide green power to an adjacent e-methanol plant, where we initiated the site preparation works in late 2022 and will commence the mechanical installation in the first half of 2023. Once operational, the plant will produce up to 32,000 tonnes of e-methanol annually and supply an estimated 50 GWh of heating to the local district heating network. Offtake agreements have been made with, among others, the Danish integrated logistics company Mærsk, which will use the e-methanol for their first methanol-operated vessel. In addition, the e-methanol produced at the plant will be sold to other offtakers, which will use the product to produce plastics.

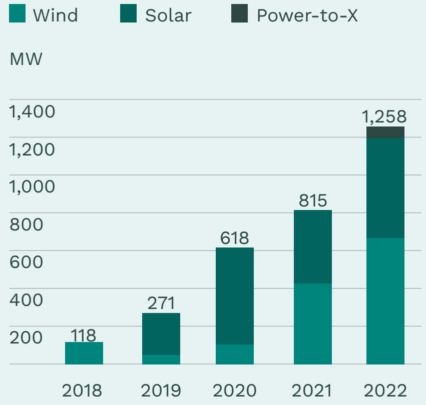
Construction activities in 2023

We are optimistic that the supply chain and production capacity issues experienced during 2022 have lapsed. We aim for a volume towards 2 GW of wind and solar plants under construction by the end of 2023, supporting our continued growth into 2024.

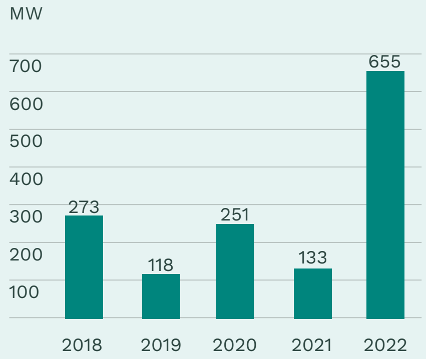
Regarding Power-to-X, we expect to complete the hydrogen plant in Esbjerg, Denmark, with the first (out of two) electrolysers and to mechanically complete our e-methanol plant in Kassø , Denmark.

In total, since the company's establishment in 2004, by the end of 2022 European Energy had acquired, developed or grid-connected more than 3 GW of renewable energy capacity, making European Energy a key player among the European market's renewable energy developers.

Construction pipeline



Grid-connected wind and solar parks



Power sales

Power sales in 2022 once again ended at a record-high level. Compared to last year, consolidated power sales increased by 90% to EUR 105.5m (2021: EUR 55.5m). Power sales in 2022 were affected by two significant factors:

- Normal wind resources in our key markets during 2022, which is an improvement compared to 2021, when wind resources were significantly below historical averages
- All-time high power prices in our key markets, e.g. illustrated by German power prices that on average were EUR 97/MWh in 2021 and EUR 235/MWh in 2022, reflecting an increase of almost 150%.

Our total power production increased from 606 GWh in 2021 to 779 GWh in 2022, or by 29%. This is primarily due to an increased MW capacity from fully operational wind farms.

In key markets like Denmark and Germany, power prices were below the levels of government subsidies up to 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 power produced at market prices significantly above subsidy levels and receive zero subsidies during this period. A large proportion of the operational wind farms in the Group have high subsidy schemes, reflecting the higher construction prices from when they were built.

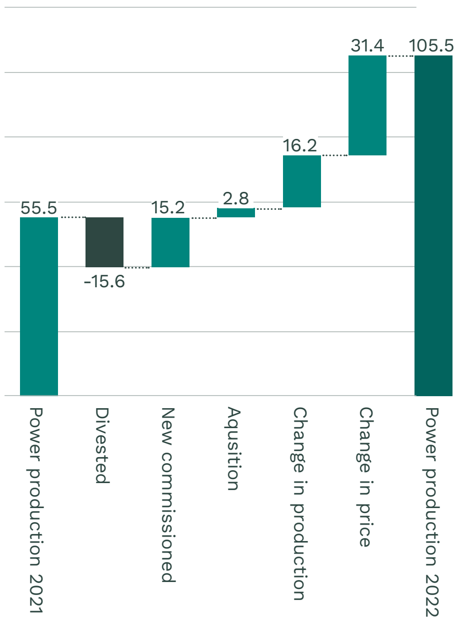
As a consequence of the rising prices, these wind farms for the first time received a price per MWh higher than the subsidy level. For the new capacity added during the year, the fixed price levels are lower than for the old subsidy schemes, and in cases where the farms have a Power Purchase Agreement with a third party offtaker, there has been no extra revenue from the increased spot prices.

The power sales bridge shows that the development in power sales can be explained by:

- Changes in the portfolio (divested assets, newbuild capacity and acquired assets).
- Changes in average power prices.

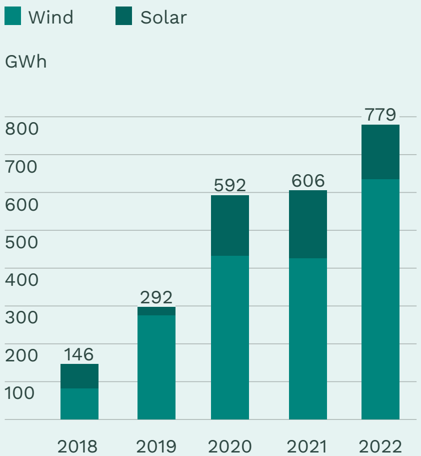
Power sales bridge

EURm



Power sales

Power productions



Project sales

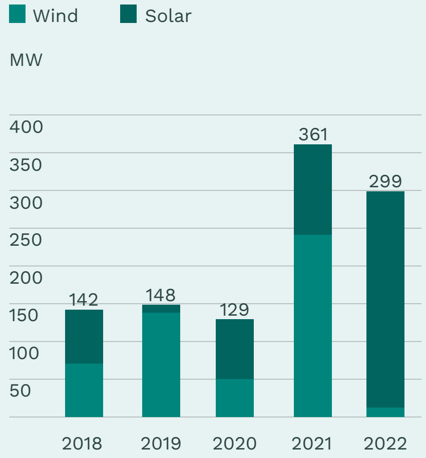
2022 was another year with significant project sales activity for European Energy. The wind farms and solar parks divested resulted in total revenue of EUR 325m (2021: EUR 268m) and capacity of 290 MW (2021: 361 MW). The solar parks and wind farms divested in 2022 generate enough green power to supply 114,000 European households.

The highlight of the year was the sale of three solar parks located in Italy; a combined sale in Q1-2022 of two solar projects featuring a total capacity of 121 MW, and one park in Q3 of 39 MW. In 2022, two solar parks in Denmark with a total capacity of 127 MW were also signed and closed. The divestments in 2022 also included the sale of two minor wind projects located in Germany for a combined 12 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 projects located in a number of countries. In Denmark, Italy and Lithuania, for example, a number of sizeable new projects are under development and construction, with commissioning expected in 2023. The potential is further underlined by great interest from investors in acquiring assets from our pipeline at or after the Commercial Operation Date (COD), when 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, the high energy prices we have seen throughout 2022, and significantly higher demand for, than supply of, commissioned projects.

Revenue from project sales

Capacity generated from project sales



Asset management & operations

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

In 2022, European Energy increased its portfolio of power generating assets under management. At the end of 2022, European Energy managed a total of 2.2 GW of power generating assets (an increase of 34% compared to 2021), of which 1.1 GW was wind power and 1.1 GW was solar power. European Energy controlled 905 MW and the remainder is managed on behalf of investors.

By the end of 2022 we had a team of skilled technicians located at four service hubs across Denmark, where we deliver both scheduled preventive maintenance and corrective maintenance. In addition, we have a control room at our headquarters with a team of engineers providing technical support and plant monitoring. At the end of 2022 the O&M service portfolio consisted of 22 operating PV plants totalling 755 MW, consisting of more than 4,000 inverters and approximately 1,600,000 PV panels. During 2023, the O&M service business will increase significantly, as we currently have 3 PV plants in Denmark totalling more than 155 MW under construction, as well as a pipeline of new 2 projects (239 MW), and we plan to set up similar O&M service hubs outside Denmark.

Our approach

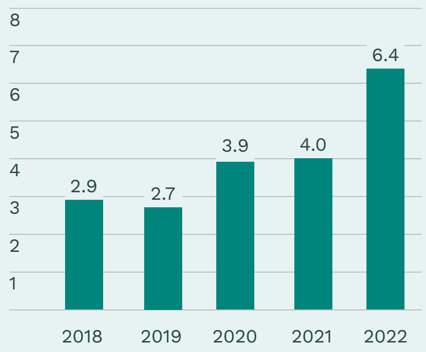
European Energy monitors and analyses asset performance with a view to implementing optimal strategies regarding production, cost structure, refinancing and repowering. European Energy also manages legal, technical and safety compliance and consistently reports to stakeholders, such as investors and financing banks.

Services range from ensuring access to turbines requiring maintenance, to conducting operation and management tasks, and to bookkeeping and negotiating with insurance companies and power traders. European Energy seeks 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.

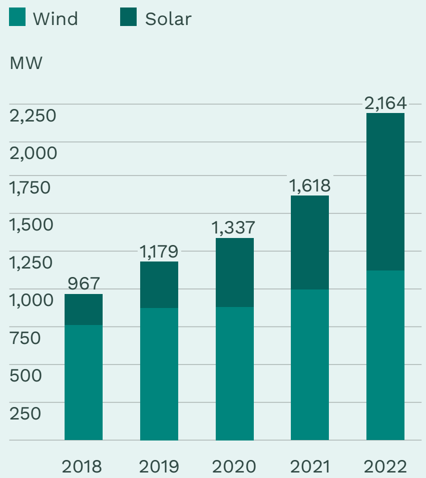
In 2023, European Energy will continue to expand its asset management. In line with the high level of construction activities, European Energy's asset management team stands ready to take over operation and management of assets once construction has been completed. With European Energy's presence in the full value chain, from development and construction to operations and our own power producing assets, we have in-house competencies such as engineering and/or hedging/PPA deal origination. These in-house competencies can be applied to our assets under management, to achieve the optimal lifecycle for the assets, for the benefit of our customers.

Asset management fee

EURm



Assets under management



Parent company's financial performance

Income statement

Revenue

Revenue in 2022 totalled EUR 229.5m (2021: EUR 140.9m), an increase of EUR 88.6m. This increase was mainly driven by the sale of energy farms and projects that amounted to EUR 180.9m (2021: 103.4m), while development and construction fees also contributed to the increase.

Revenue from sale of energy farms and projects primarily relates to the sale of Troia and Palo Solar Parks in Italy. The divestments were completed in Q1 2022.

Development and construction fees increased to EUR 41.0m (2021: EUR 32.5m), driven by the increased activities.

Asset management fees totalled EUR 7.5m (2021: EUR 5.1m).

Equity-accounted investments

Results from investments in subsidiaries totalled EUR 55.2m (2021: EUR 5.2m). In 2022, more divestments of subsidiaries (containing energy farms and projects) were completed, compared to 2021. Consequently, the profits in subsidiaries increased significantly compared to 2021. Also, the higher power prices and higher renewable energy capacity under our ownership contributed to the improved results.

Direct costs and gross profit

Direct costs amounted to EUR 177.0m (2021: EUR 78.5m), an increase of EUR 98.5m. The increase was driven by costs related to the sale of energy farms and projects. The gross profit ended at EUR 107.7m (2021: EUR 67.7m).

Staff costs

Total staff costs increased to EUR 42.8m (2021: EUR 29.6m), an increase of EUR 13.2m. This stems from the increase in the number of employees due to the increasing activity levels.

Of total staff costs, EUR 28.6m (2021: EUR 17.3m) is recognised as indirect costs while EUR 14.2m (2021: EUR 12.3m) is recognized in P&L.

Net financial income

Net financial income amounted to EUR 12.6m (2021: EUR 11.9m). While net financial income is similar to 2021, both financial income and financial expenses increased. The primary driver of the increase in financial income is the interest income on loans to subsidiaries. The main driver of the increased financial expenses is higher base rates and increasing debt.

Profit before tax

Profit before tax totalled EUR 91.5m (2021: EUR 59.1m), an increase of EUR 32.4m or 55%.

Tax

Tax for the year was an expense of EUR 4.2m (2021: EUR 1.2m).

Other comprehensive income

In 2022, the company recognised a negative value adjustment, net of tax, of EUR -36.9m (2021: EUR -2.3m) related to hedging instruments. The loss derives primarily from the value adjustment of power purchase agreements and losses on currency hedges.

Balance sheet

Investment in subsidiaries increased to EUR 145.1m (2021: EUR 115.1m). The net value increased due to increases in the cost value of investments in subsidiaries totalling EUR 35.7m. The result for the year in the subsidiaries was EUR 42.3m and dividend received was EUR 15.2m.

Loans to subsidiaries increased to EUR 554.2m (2021: EUR 444.9m), as part of the parent company's financing of the acquisition and development of new projects, as well as ongoing construction projects in subsidiaries.

Equity increased to EUR 373.4m (2021: EUR 337.7m), an increase of EUR 35.7m. The primary changes in equity are related to the profit for the year (EUR 87.3m) partly counterbalanced by net value adjustment of hedging instruments (EUR 36.9m).

Cash flow statement

Cash flow from operating activities

Cash flow from operating activities ended at EUR 46.2m (2021: EUR 82.0m), a decrease of EUR 35.8m.

Profit before tax totalled EUR 91.5m, an increase of EUR 32.4m reflecting the profitable growth we are experiencing. Of total 2022 profits before tax, EUR 55.2m stems from results in subsidiaries, JV and associates, an increase of EUR 50.0m due to higher sales of energy farms and projects and energy sales. These profits are reflected in the parent company cash flows as either dividends recorded under cash flows from operating activities or repayments of loans to subsidiaries, JV and associates recorded under investing cash flows. Dividends totaled EUR 17.7m, an increase of EUR 6.3m.

Profits before tax excluding results from subsidiaries, JV and associates totalled EUR 36.3m, a decrease of EUR 18.3m. This stems from lower profits from sale of energy farms and projects of as well as higher salaries and external costs due to higher activity level.

Finally, cash flow from operating activities declined due to higher net financial costs primarily due to higher realized currency losses and lower cash inflow from net working capital.

Cash flow from investing activities

Cash flow from investing activities was EUR -136.4m (2021: EUR -241.2m), a lower outflow of EUR 104.8m mainly related to lower net loans to subsidiaries, JV and associates of EUR 88.2m. The net loans to subsidiaries of EUR -140.3m primarily consists of newly established and increased loans to subsidiaries of EUR 345m (2021: EUR 300m), which is partially offset by repayments of loans mainly stemming from profits from operating companies (profits from energy sales) or from sale of energy farms and projects.

Cash flow from financing activities

The cash flow from financing activities ended at EUR 75.7m (2021: 175.8m), a decrease of EUR 100.1m mainly due to lower net proceeds from issuance of hybrid and senior bond in European Energy A/S of EUR 94.3m.

Total cash flow

The change in cash and cash equivalents for the year was a cash outflow of EUR -14.4m (2021: net cash inflow of EUR 16.5m) and total cash and cash equivalents decreased to EUR 46.0m (2021: EUR 60.4m).

Governance

Winner

One of Denmark's best managed companies in 2022 - Deloitte

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 day-to-day 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 ensure 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 risk, operational risk, political, regulatory, legal risk, and financial risks. Financial risk consists of funding 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 risk

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 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 adjustment and responsive project development. To limit its exposure to potential technological changes that favour one technology over the other, European Energy has project development activities within both wind and solar technologies. In addition, European Energy limits counterparty and technology dependency risk by contracting with various technology suppliers across different projects.

Operational risk

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 profitable new projects, European Energy relies on a broad project development pipeline, ensuring cross-border market intelligence, agility and responsiveness if conditions change in individual markets. European Energy limits its risk exposure to specific projects or countries by selectively entering partnerships, and 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, especially for greenfield development, and European Energy is typically able to discontinue a project if this is warranted by the circumstances.

Once development projects enter the construction phase, European Energy faces construction risk, such as potential delays due to unfavourable weather conditions or supply chain issues, cost overruns or quality issues (design, components or construction). European Energy reduces these risks via conservative construction planning and budgeting, to make provision for contingencies. Furthermore, it builds on established and proven relationships with top-tier technology providers and experienced subcontractors, to ensure best-in-class quality.

Reputational, regulatory and legal risk

In addition to our ordinary business risks, we are exposed to risks which have a very small probability of occurring, but which could potentially impact our reputation. These risks include HSQE-issues in connection with the construction of our parks, lack of supply chain transparency especially inside the PV supply chain and local resistance against the development of our parks.

As it appears in our sustainability report these issues becomes a more integrated part of our business. To ensure we continue to deliver on our sustainability priorities and to mitigate potential reputational risks, we need to continue to strengthen our efforts to integrate sustainability into our business model.

The successful development of renewable energy projects is dependent on the political and regulatory environment, even though renewable energy development can be undertaken on a fully commercial basis today and is far less dependent on state subsidies than just a few years ago. To reduce European Energy's exposure to country-specific changes in government policies and subsidy-related regulation, we pursue a geographical and technological diversification strategy. In 2022, European Energy was developing actively in 19 different countries across the world. To reduce its political risk in relatively higher risk countries outside Europe, European Energy strives for joint venture development projects in collaboration with local partners. European Energy has a high concentration of risk to the EU and is therefore exposed to its decision to implement windfall taxes locally on extraordinary high profits realised from power production and sales in periods with extraordinary high power prices.

The plans to potentially change the power market's pricing model may result in uncertainty and have unintended consequence for the attractiveness of investing in the green power transition. To reduce the risk of this happening, European Energy seeks to share its knowledge of the functioning of the power market with policy makers either directly or through business organisations.

19 MW

Kołobrzeg, Poland

Financial risk

Funding risk

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 not available, the development and construction of projects may be delayed or jeopardised altogether.

In order for European Energy to mitigate underlying funding risk, it dedicates considerable effort to ongoing liquidity monitoring and forecasting of financing needs at both Group and project level, and by maintaining an ample liquidity buffer, e.g. through revolving credit facilities. On a recurring basis we also evaluate whether our existing funding sources are extensive enough to serve us going forward, or whether new sources need to be identified and developed.

In addition, particularly at project level, European Energy reduces funding risk related to construction activities via pre-agreed payment schedules and milestone payments, and by securing construction financing from renowned and trusted banks as early as possible.

Foreign currency risk

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 EUR, but increasingly also to other currencies such as USD, SEK, GBP, BRL and PLN. European Energy does not hedge the EUR risk, since this is our Group functional currency and the Danish fixed exchange rate policy is considered unlikely to change. The aim of our hedging activities is to protect the equity value of European Energy, and the local currency value of our renewable energy projects and their profitability.

Currency exposure and hedging activities at parent company level mainly relate to non-EUR investments in foreign subsidiaries via equity or shareholder loans. At project level, we aim to neutralise all currency risk vis-à-vis the project's functional currency (often the local currency). This primarily means hedging of currency risk – if any – on offtake agreements, project financing and construction costs against the project's functional currency.

Interest rate risk

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

Inflation risk

An increase in inflation will impact the construction costs for new energy farms. To mitigate this, the Group enters into fixed-price procurement agreements for most of the capital expenditure for new parks shortly after the final investment decision is made. The Power Purchase Agreements are established at the same time, thereby securing the value of the energy park. A positive correlation between inflation and energy prices can provide an implicit hedge for the Group.

Corporate Governance

Shareholders and general meeting

European Energy is a privately held company, with Knud Erik Andersen as the majority shareholder holding 74.2% of the voting rights. We have the usual governance set-up for Danish companies, where a board of non-executive directors (the Board of Directors) and executive directors (Executive Board) are responsible for the management of the company.

All of our shareholders may exercise their voting rights at the general meeting, according to a one-share-one-vote principle. The general meeting adopts decisions, such as election of the Board of Directors and the auditor, in accordance with the ordinary Danish rules.

Each year at the annual general meeting, the shareholders elect three to eight board members. After an extraordinary general meeting in December 2022, the Board of Directors consists of seven members. The majority of the Board of Directors including the Chair is independent.

Board committees

The Audit Committee monitors the company's risk management, financial reporting, regulatory compliance and internal controls as defined in an annual plan, and oversees the work of the external auditors. Its principal tasks are:

- To monitor the financial reporting process and compliance with existing legislation, standards and other regulations for listed companies relating to presentation and publication of financial reporting
- To monitor whether the company's internal control and risk management systems are properly designed and function effectively
- To monitor the statutory audit of the annual financial statements
- To monitor the independence of auditors, including in particular the supply to the company of non-audit services
- To make recommendations to the Board of Directors concerning the election of auditors
- To monitor the company's legal compliance programme, including the Business Code of Conduct, training and whistleblower scheme
- To monitor cyber security measures
- To monitor the ESG reporting

Leadership Team

European Energy has a Leadership Team of six members, with Knud Erik Andersen as CEO, who undertakes the day-to-day management of the company. These members cover the main functions of the company. The responsibility for maintaining sufficient and effective internal controls and risk management in connection with financial reporting lies with the Leadership Team.

Extended Leadership Team

In 2022, we also formed an Extended Leadership Team, representing a broader set of managers and functions, for communicating, collaborating and aligning on key business decisions. See our ESG report 2022 for further details about the leadership teams.

Board of Directors

In 2022, we added two new members to our Board of Directors. The enormous growth that the company has undergone in recent years means that we now face a different task compared to just a few years ago. That is one of the reasons why we added two new members to the Board of Directors.

The two new members of the Board are Louise Hahn and Jens Due Olsen. Jens Due Olsen also took over the position as Chair of the Board.

Jens Due Olsen
Chair of the Board

Experience
Chair of the Board of Directors at NKT, NIL Technology and other companies. Previous oper-ational roles at A.P. Møller - Mærsk, FLSmidth and GN Store Nord.

Louise Hahn
Member of the Board

Experience
Member of Vireo Venture's Advisory Board, and former CEO of GlobalConnect.

Jesper Helmuth
Member of the Board and Chairman of the Audit Committee

Experience
Interim CFO at BHS Logistics and previously held executive positions with AJ Vaccines, Faerch Plast, Welltec and TDC.

Claus Dyhr
Member of the Board and member of the Audit Committee

Experience
Partner at Right, former CFO of BasisBank and Tivoli, and Certified Public Accountant.

Knud Erik Andersen
Member of the Board

Experience
CEO and co-founder of European Energy. Former co-founder of Sentic and Inside Technology.

Jens-Peter Zink
Member of the Board and member of the Audit Committee

Experience
Deputy CEO at European Energy. Held a position as manager at KPMG for 10 years.

Mikael D. Pedersen
Member of the Board

Experience
Vice President, Head of Chief Engineers and co-founder of European Energy. Former co-founder of Sentic and Inside Technology.

Leadership Team

The Leadership Team consists of managers from the main functions in the organisation. The composition was adjusted in 2022 to reflect the current state and focus of our business.

In 2022, we also established an Extended Leadership Team to ensure full representation of all critical functions in the organisation, while also creating a forum for communicating, collaborating and aligning on key business decisions.

From left to right:

Jonny Thorsted Jonasson
Chief Financial Officer

Jens-Peter Zink
Deputy Chief Executive Officer

Emil Vikjær-Andresen
Executive Vice President, Head of Power-to-X

Poul Jacobsen
Executive Vice President, Head of EPC

Thorvald Spanggaard
Executive Vice President, Head of Project Development

Knud Erik Andersen
Chief Executive Officer

Consolidated financial statements

40 MW

Bubney,
United Kingdom

Table of contents for consolidated financial statements

Consolidated income statement and statement of comprehensive income

Note	EURk	2022	2021
1.3	Revenue	438,077	328,653
2.6	Results from investments in joint ventures	10,460	-1,293
2.7	Results from investments in associates	5,787	2,568
1.5	Other income	2,787	995
1.2	Direct costs	-276,044	-226,407
	Gross profit	**181,067**	**104,516**
4.2, 4.3	Staff costs	-22,437	-11,977
4.4	Other external costs	-24,128	-11,315
	EBITDA	**134,502**	**81,224**
2.3, 2.4	Depreciation and impairment	-14,318	-17,425
	Operating profit	**120,184**	**63,799**
3.4	Financial income	16,106	12,933
3.4	Financial expenses	-26,547	-14,008
	Profit before tax	**109,743**	**62,724**
4.1	Tax	-15,266	-5,091
	Profit for the year	**94,477**	**57,633**
	Attributable to:		
	Shareholders of European Energy A/S	78,118	51,288
	Hybrid capital holders	9,188	6,608
	Non-controlling interests	7,171	-263
	Profit for the year	**94,477**	**57,633**
	Earnings per share:		
	Earnings per share, basic	0.26	0.17
	Earnings per share, diluted	0.25	0.16

Note	EURk	2022	2021
	Profit for the year	94,477	57,633
	Items that may be reclassified to profit or loss:		
	Value adjustments of hedging instruments	-44,688	-892
4.1	Tax of value adjustments of hedging instruments	10,680	-1,296
	Currency translation of foreign operations	-3,554	-277
	Other comprehensive income for the year	**-37,562**	**-2,465**
	Comprehensive income for the year	**56,915**	**55,168**
	Attributable to:		
	Shareholders of European Energy A/S	37,640	48,759
	Hybrid capital holders	9,188	6,608
	Non-controlling interests	10,087	-199
	Comprehensive income for the year	**56,915**	**55,168**

Consolidated statement of financial position

Note	EURk	2022	2021
2.2	Goodwill	10,856	4,528
2.3	Property, plant, and equipment	155,756	157,283
2.4	Lease assets	11,834	9,875
2.6	Investments in joint ventures	15,778	13,743
2.7	Investments in associates	29,352	17,083
2.9	Other investments	13,447	8,468
4.5	Loans to joint ventures	37,367	51,913
4.5	Loans to associates	2,138	4,939
2.10	Trade receivables and contract assets	4,699	2,966
	Derivatives	6,904	7,765
2.10	Other receivables	4,515	2,975
4.1	Deferred tax	13,701	6,294
	Total non-current assets	**306,347**	**287,832**
2.5	Inventories	1,051,000	524,830
3.5	Derivatives	8,905	343
2.10	Trade receivables and contract assets	79,308	55,806
2.10	Other receivables	59,354	31,687
2.10	Prepayments	22,967	46,143
	Cash and cash equivalents	165,285	173,718
	Restricted cash and cash equivalents	44,541	53,643
	Total current assets	**1,431,360**	**886,170**
	Total assets	**1,737,707**	**1,174,002**

Note	EURk	2022	2021
	Share capital	40,602	40,559
	Retained earnings and reserves	182,768	147,179
	Equity attributable to shareholders of the Company	**223,370**	**187,738**
3.1	Hybrid capital	150,000	150,000
2.8	Non-controlling interests	17,999	12,750
	Total equity	**391,369**	**350,488**
3.3	Bond	363,683	285,383
3.3	Project financing	668,669	301,409
	Other debt	5,133	4,078
2.4	Lease liabilities	10,996	9,220
2.11	Provisions	40,212	23,868
3.5	Derivatives	31,783	8,299
4.1	Deferred tax	19,670	12,378
	Total non-current liabilities	**1,140,146**	**644,635**
3.5	Project financing	55,090	45,589
2.4	Lease liabilities	3,282	2,123
	Trade payables	77,426	62,526
3.5	Derivatives	3,432	3,226
4.5	Payables to related parties	921	11,431
4.1	Corporation tax	8,129	9,756
2.11	Provisions	2,950	4,254
	Deferred income	9,347	4,239
	Other payables	45,615	35,735
	Total current liabilities	**206,192**	**178,879**
	Total liabilities	**1,346,338**	**823,514**
	Total equity and liabilities	**1,737,707**	**1,174,002**

Consolidated statement of cash flow

Note	EURk	2022	2021
	Profit before tax	109,743	62,724
	Adjustment for:		
	Financial income	-16,106	-12,933
	Financial expenses	26,547	14,008
	Depreciation and impairment	14,318	17,425
	Results from investments in joint ventures	-10,460	1,293
	Results from investments in associates	-5,787	-2,568
2.12	Change in net working capital, excluding inventories	1,382	8,301
2.12	Change in inventories	-479,039	-188,724
	Interest paid on lease liabilities	-464	-401
	Dividends	5,537	1,057
2.13	Other non-cash items	25	-854
	Cash flow from operating activities before financial items and tax	**-354,304**	**-100,672**
4.1	Taxes paid	-7,010	-4,552
	Interest paid and realised currency losses	-24,830	-14,272
	Interest received and realised currency gains	11,803	4,721
	Cash flow from operating activities	**-374,341**	**-114,775**
2.3	Acquisition/disposal of property, plant, and equipment	-9,599	-46,022
2.9	Acquisition/disposal of other investments	-4,670	-
2.1	Acquisition of enterprises	-8,120	-35
	Cash and cash equivalents related to acquired companies	1,544	-1,343
2.6, 2.7	Investments in joint ventures and associates	-5,699	-3,643
4.5	Loans to joint ventures and associates	1,490	-12,122
	Cash flow from investing activities	**-25,054**	**-63,165**

Note	EURk	2022	2021
	Proceeds from issue of bonds	74,411	297,750
	Repayment of bonds	-	-205,035
	Proceeds from project financing	505,829	232,302
	Repayment of project financing	-169,631	-106,725
	Repayment of lease liabilities	-2,346	-1,516
	Payments to associates	-10,510	30
	Capital increase through exercise of warrants	365	130
	Purchase of treasury shares	-140	-21
	Proceeds from issue of hybrid capital	-	75,967
	Coupon payments, hybrid capital	-9,188	-6,608
2.8	Transactions with non-controlling interests	-6,930	-2,865
	Cash flow from financing activities	**381,860**	**283,409**
	Change in total cash and cash equivalents	**-17,535**	**105,469**
	Total cash and cash equivalents at 1 January	227,361	121,892
	Total cash and cash equivalents at 31 December	**209,826**	**227,361**
	Cash and cash equivalents	165,285	173,718
	Restricted cash and cash equivalents	44,541	53,643
	Total cash and cash equivalents at 31 December	**209,826**	**227,361**

Consolidated statement of changes in equity

EURk	Share capital	Share premium	Translation reserve	Hedging reserve	Treasury shares	Retained earnings	Total	Hybrid capital	Non-controlling interest	2022
Equity at 1 January	**40,559**	**1,436**	**27**	**-150**	**-39**	**145,905**	**187,738**	**150,000**	**12,750**	**350,488**
Profit for the year	-	-	-	-	-	78,118	78,118	9,188	7,171	94,477
Other comprehensive income										
Value adjustments of hedging instruments	-	-	-	-48,205	-	-	-48,205	-	3,517	-44,688
Tax of value adjustments of hedging instruments	-	-	-	11,336	-	-	11,336	-	-656	10,680
Currency translation of foreign operations	-	-	-3,609	-	-	-	-3,609	-	55	-3,554
Other comprehensive income	-	-	**-3,609**	**-36,869**	**-**	**-**	**-40,478**	**-**	**2,916**	**-37,562**
Total comprehensive income	-	-	**-3,609**	**-36,869**	**-**	**78,118**	**37,640**	**9,188**	**10,087**	**56,915**
Transactions with owners										
Dividends	-	-	-	-	-	-	-	-	-2,343	-2,343
Purchase of treasury shares	-	-	-	-	-142	-	-142	-	-	-142
Exercise of warrants	43	322	-	-	-	-	365	-	-	365
Share-based compensation expenses	-	-	-	-	-	2,356	2,356	-	-	2,356
Coupon payments, hybrid capital	-	-	-	-	-	-	-	-9,188	-	-9,188
Additions	-	-	-	-	-	-	-	-	6,232	6,232
Disposals	-	-	-	-	-	-4,587	-4,587	-	-8,727	-13,314
Total transactions with owners	**43**	**322**	**-**	**-**	**-142**	**-2,231**	**-2,008**	**-9,188**	**-4,838**	**-16,034**
Equity at 31 December	**40,602**	**1,758**	**-3,582**	**-37,019**	**-181**	**221,792**	**223,370**	**150,000**	**17,999**	**391,369**

The share capital consists of nom. 302,168,583 shares of DKK 1 each, corresponding to EUR 40,602 thousand. The share capital is fully paid in. The Equity Treasury share reserve comprises the cost of the parent company's shares held by the Group, and is recognised as retained earnings and reserves in the equity. At 31 December 2022, the Group held nom. 95,512 shares of DKK 1 each corresponding to EUR 13 thousand of the parent company's shares. The shares have been bought back under the warrant program, where the parent company has a right, but not an obligation, to buy back shares from resigned employees. The payments of coupons on hybrid capital is at the discretion of European Energy A/S, and treated as dividend. Accumulated coupon payments as per 31 December 2022 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 2023.

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	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
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 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 payments of coupons 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.

Notes

34 MW

Svinningegården, Denmark

1.1 Basis for preparation

General information

The Annual Report 2022 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 2023, the Board of Directors approved the 2022 Annual Report. The Annual Report is presented at the Annual General Meeting on 16 March 2023.

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 2022, as well as those endorsed by the EU.

The accounting policies remain unchanged compared to the Annual Report 2021, to which reference is made.

Some prior year numbers have in the 2022 financial statements been restated due to newly introduced line items in the balance sheet. Further, a couple of numbers in the comparison figures have been restated all being immaterial for financial statements.

New accounting standards not yet adopted

The IASB has issued a number of new or amended accounting standards and interpretations, effective after 31 December 2022. The approved, though not yet effective, standards and IFRICs will be applied as they become mandatory for the group.

IFRS 17 is effective for periods beginning on or after 1 January 2023. The parent company has provided guarantees of EUR 429m (2021: EUR 121m) to secure certain subsidiaries' financial obligations towards third parties during the construction of facilities related to renewable energy products.

These issued guarantees are currently accounted for in the parent's financial statements under IFRS 4. As it is assessed to be more likely than not that no payouts will be made on the issued guarantees, no provision has been recognised in the parent's financial statements. In accordance with IFRS 17.7(e), on transition from IFRS 4 to IFRS 17, entities that previously applied IFRS 4 to financial guarantee contracts can elect to apply either IFRS 9 or IFRS 17 on a contract-by-contract basis. This election is irrevocable. It has not yet been possible to reasonably estimate the impact on the parent's financial statements given that the election to apply IFRS 9 or IFRS 17 has not yet been made for the issued guarantees.

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 founded 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

A functional currency is determined for each of the reporting entities in the Group. The functional currency is the primary currency used for the reporting entity's operations. Transactions denominated in currencies other than the functional currency are considered transactions denominated in foreign currencies. The presentation currency is EUR.

Monetary items denominated in foreign currencies are translated at the exchange rates at the reporting date. The difference between the exchange rates at the reporting date and at the date at which the monetary item arose or the exchange rate in the latest consolidated financial statements is recognised as financial income or expenses.

On recognition of entities with a functional currency other than the presentation currency, the income statement and statement of cash flows are translated at the exchange rates at the transaction date, and the statement of financial position items are translated at the exchange rates at the reporting date. Foreign exchange differences arising on translation of the opening balance of equity, and of the income statement on the reporting date, are recognised in other comprehensive income and attributed to a separate translation reserve in equity. Foreign exchange differences arising on the translation of the proportionate share of associates and joint ventures are likewise recognised in other comprehensive income.

Foreign exchange adjustment of balances with entities that are considered part of the investment in the entity is recognised in other comprehensive income. Correspondingly, foreign exchange gains and losses on the part of loans and derivative financial instruments that are designated as hedges of investments in foreign entities, and that effectively hedge against corresponding foreign exchange gains and losses on the investment in the entity, are also recognised in other comprehensive income and attributed to a separate translation reserve in equity.

When the gain or loss from a complete or partial disposal of an entity is recognised, the share of the cumulative exchange differences recognised in other comprehensive income is recognised in the income statement. The same approach is adopted on repayment of balances that constitute part of the net investment in the entity.

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 statements, 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

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 REGARDING CLASSIFICATION OF POWER GENERATING ASSETS

Energy farm projects that have been developed for the purpose of sale and not for revenue generation from the sale of electricity production are classified as inventories.

Management is regularly judging this portfolio and reassessing the divestment opportunities. Management has judged that the current asset portfolio in operation is expected to be divested in the near future, and as such classified as inventories.

Power generating assets that are not classified as inventory are classified an non-current assets.

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 3.5)
When determining the accounting treatment of purchase price agreement (PPA's) management performs a range of judgments. Management has judged based on specific contractual terms and conditions whether PPA's entered and contains physical offtake requirements is considered a physical contract. 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 2022:

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.

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.

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 2 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 or even available at all. 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 comprised of quotes to the market for similar contracts, estimates on future price curves adjusted for inflation and other market expectations. Further, management expectations and assumptions regarding future developments in the power market.

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 energy 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. Direct costs related to asset management and other services comprise allocated staff costs and other indirect costs.

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, and 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).

SEGMENT INFORMATION

Following the continuous development of the Group, the internal reporting to the chief operating decision-maker (CODM) was changed in Q1 2022 and onwards.

The change in internal reporting meant that the Group changed its reporting segments from Wind or Solar segment to the new reporting segments listed below:

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

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

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

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

1.2 Segment information – continued

EURk	2022						2021					
	Sale of energy farms and projects	Sale of energy	Asset management and other fees	Reportable segments	Eliminations	Total	Sale of energy farms and projects	Sale of energy	Asset management and other fees	Reportable segments	Eliminations	Total
Revenue external	325,064	105,529	7,484	438,077	-	438,077	268,040	55,460	5,153	328,653	-	328,653
Inter-segment revenue	-	-	3,246	3,246	-3,246	-	-	-	3,103	3,103	-3,103	-
Revenue	**325,064**	**105,529**	**10,730**	**441,323**	**-3,246**	**438,077**	**268,040**	**55,460**	**8,256**	**331,756**	**-3,103**	**328,653**
Results from investments in joint ventures	-	10,460	-	10,460	-	10,460	-	-1,293	-	-1,293	-	-1,293
Results from investments in associates	-	5,787	-	5,787	-	5,787	-	2,568	-	2,568	-	2,568
Other income	2,478	309	-	2,787	-	2,787	995	-	-	995	-	995
Direct costs	-258,244	-15,002	-2,798	-276,044	-	-276,044	-221,560	-2,247	-2,600	-226,407	-	-226,407
Gross profit	**69,298**	**107,083**	**7,932**	**184,313**	**-3,246**	**181,067**	**47,475**	**54,488**	**5,656**	**107,619**	**-3,103**	**104,516**
Staff costs	-17,197	-3,353	-1,887	-22,437	-	-22,437	-8,059	-3,000	-918	-11,977	-	-11,977
Other external costs *)	-23,336	-534	-258	-24,128	-	-24,128	-9,915	-700	-700	-11,315	-	-11,315
Inter-group costs	-	-3,246	-	-3,246	3,246	-	-	-3,103	-	-3,103	3,103	-
EBITDA	**28,765**	**99,950**	**5,787**	**134,502**	**-**	**134,502**	**29,501**	**47,685**	**4,038**	**81,224**	**-**	**81,224**
Depreciation and impairment	-	-14,318	-	-14,318	-	-14,318	-	-17,425	-	-17,425	-	-17,425
Segment profit (Operating profit)	**28,765**	**85,632**	**5,787**	**120,184**	**-**	**120,184**	**29,501**	**30,260**	**4,038**	**63,799**	**-**	**63,799**
Financial income						16,106						12,933
Financial expenses						-26,547						-14,008
Tax						-15,266						-5,091
Profit for the year						**94,477**						**57,633**

*) Impacted by EUR 3.1m related to one-off advisory fees in 2022

Non-current assets by geography (EURk)	2022	2021
Denmark	165,613	164,020
Northern Europe	17,250	15,969
Central Europe	100,352	94,932
Southern Europe	23,131	12,905
Rest of the world	1	6
Total	**306,347**	**287,832**

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 2022 took a step up by 33% to EUR 438.1m (2021: EUR 328.7m). The higher revenue was driven by both sale of energy parks and sale of power.

The sale of power is close to being doubled with an increase of 90%. The increase is due to high power prices and more operating parks under European Energy's ownership.

Asset management and other fees have increased compared to last year. The increase was due to new assets becoming operational and for part of the contracts the fee contains a variable part which is dependent on sale of power in the managed parks and thereby a positive derived effect from high power prices in 2022.

Sale of energy farms 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 energy

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. The Group 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)

Sale of energy farms and projects	2022	2021
Wind	47,605	175,565
Solar	266,435	92,475
Other activities	11,024	-
Total	**325,064**	**268,040**
Sale of energy		
Wind	91,122	37,646
Solar	14,407	17,814
Total	**105,529**	**55,460**
Asset management and other fees		
Wind	3,709	2,995
Solar	3,700	1,996
Other activities	75	162
Total	**7,484**	**5,153**
Total segment and type		
Wind	142,436	216,206
Solar	284,542	112,285
Other activities	11,099	162
Total revenue	**438,077**	**328,653**

Geographic information is based on the physical location of the projects sold:

Revenue by geography (EURk)	2022	2021
Denmark	152,113	119,744
Northern Europe	27,478	175,329
Central Europe	78,751	17,726
Southern Europe	179,735	15,854
Total	**438,077**	**328,653**

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

Large customers (EURk)	2022	2021
Customer #1 (Solar)	176,065	-
Customer #2 (Solar)	47,380	20,614
Customer #3 (Wind)	18,376	167,180
Customer #4 (Wind)	19,388	40,772
Total	**261,209**	**228,566**

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 343.1m (2021: EUR 370.9m).

CONTRACT LIABILITIES

Revenue recognised in 2022 that was included in the Contract liability balance at the beginning of the period amounts to EUR 2.1M (2021: 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 FARMS 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 ENERGY

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.

Unsatisfied performance obligations (EURk)	Within one year	In more than one year	2022
Sale of energy farms and projects	7,837	16,059	23,895
Sale of energy	19,376	267,181	286,557
Service agreements	2,992	29,681	32,673
Total	**30,205**	**312,921**	**343,125**

Unsatisfied performance obligations (EURk)	Within one year	In more than one year	2021
Sale of energy farms and projects	65,247	-	65,247
Sale of energy	14,837	270,875	285,712
Service agreements *)	3,496	16,467	19,963
Total	**83,580**	**287,342**	**370,922**

*) Comparative 2021 figures have been corrected

1.4 Government grants

Government grants comprise subsidies for sale of electricity intended as a compensation for the price of power and grants for development of projects.

Government grants are recognised when there is a reasonable assurance that the grants will be received. Grants related to sale of electricity are recognised under revenue in step with the generated power.

Grants related to development of projects are recognised as deferred income and amortised throughout the operational period for the project through other income. Amortisation of grants recognised under other income amount to EURk 67 in 2022 (2021: 0).

In 2022, subsidies related to sale of electricity account for less than 1% of total electricity revenues (2021: 17%). The large decrease compared to 2021 is mainly due to high power prices in 2022 across all of Europe which have exceeded the given tariffs. Also, newer projects are often subsidy-free.

Government grants recognised as revenue (EURk)	Wind	Solar	2022
Subsidies recognised as revenue	347	150	497
Government grants	**347**	**150**	**497**

Government grants recognised as revenue (EURk)	Wind	Solar	2021
Subsidies recognised as revenue	8,356	1,217	9,573
Government grants	**8,356**	**1,217**	**9,573**

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 non-controlling interests in wind and solar farms (other investments), which are measured at fair value with value adjustment through other income (FVTPL). Other income also comprise gain from re-valuation of remaining shareholdings from step wise project sales, where the group has sold power generating projects in fully controlled subsidiaries and lose control of the entity.

EURk	2022	2021
Other income	2,787	995

Other income amounted to EUR 2.8m (2021: EUR 1.0m). The increase compared to last year was mainly due to gain from revaluation of remaining shareholding from step wise project sales.

2.1 Business combination

Acquisition of Ammongas A/S

The Group has obtained control of the company Ammongas A/S as per July 1, 2022. Ammongas is located in Denmark and the investment underlines the Group's strong focus on the important new sustainable technology Power-to-X where Ammongas is a key contributor, as Ammongas is working with upgrades of the biogas facilities and carbon capture. The acquisition supports the development of Biogas in Denmark generally and thereby utilizes Ammongas' experience and technologies in present and future Power-to-X projects.

The acquisition ensures access to strong competencies in CO2 capture and processing which is in clear synergy with the Group's growing Power-to-X business.

The preliminary purchase price allocation has yet not been fully completed and is expected to be finalised during H1 2023. The identifiable assets acquired and liabilities transferred are based on the initial recognition of the preliminary fair values.

These can be adjusted up until 12 months after the acquisition date. It has been decided not to recognize and measure goodwill on the non-controlling interests.

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 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.

Opening balance (EURk)	**2022**	**2021**
Fair value of development projects	510	570
Fair value of non-current assets	318	564
Fair value of current assets	8,399	-
Fair value of liabilities assumed	-5,965	-319
Net assets acquired	**3,262**	**815**
Goodwill	6,328	4,528
Fair value of non-controlling interest	-1,471	-
Transaction price	**8,119**	**5,343**
Cash and cash equivalent acquired	-1,544	-300
Deferred payment	-	-300
Remeasurement gain from REintegrate acquisition	-	-594
Transactions with non-controlling interests	-	-2,806
Net cash consideration	**6,575**	**1,343**

2.2 Goodwill

Goodwill arising from business acquisitions is recognised in the financial statements. Goodwill is recognised as a result of the acquisition of Ammongas A/S which contributes to goodwill with EUR 6.3m (2021: Reintegrate ApS acquisition of EUR 4.5m). Combined goodwill totals EUR 10.9m.

In 2022, the impairment test showed no impairment need of the goodwill relating to Ammongas A/S nor Reintegrate ApS (the CGU's).

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 goodwill, Management has made the a number of key assumptions when estimating the value in use as highlighted in the table.

Sensitivity test

The goodwill impairment calculations including applied assumptions have been supported by sensitivity analysis both of each CGU's.

The sensitivity test considers when a change in a given assumption will decrease the value-in-use to an extent so that the value-in-use equals the carrying amount. Changes in more assumptions at once is not considered. It is Management's assessment that likely changes in the key assumption will not cause the carrying amount of goodwill to exceed the recoverable amount and the target WACC in order for the value-in-use to equal the carrying amount for Reintegrate is 10.5%, which is not considered a likely scenario.

For Ammongas the target WACC for the recoverable amount to equal the carrying amount of the goodwill is 18.6% which is similarly not considered likely.

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 will not be 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.

EURk	2022	2021
Cost at 1 January	4,528	-
Additions	6,328	4,528
Carrying amount at 31 December	**10,856**	**4,528**

Key assumptions		2022
	Ammongas	Reintegrate
Sales volume (e-methanol in tonnes)	N/A	31,217
Annual revenue growth	2-12%	1%
EBITDA margin	10%	N/A
Budget period	5 years	30 years
Growth in terminal period	2%	N/A
Pre-tax discount rate (%)	8%	7%

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

2.3 Property, plant, and equipment

Property, plant and equipment decreased from EUR 157.3m to EUR 155.8m. The decrease is related primarily to depreciations during the year. Depreciation and impairment decreased from EUR 16.2m to EUR 12.6m. The depreciation decrease was mainly due to the reversal of earlier impairments on some German wind assets due to the increasing power prices during 2022.

Impairment test on property, plant and equipment and sensitivity analysis

During 2022, 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 2022 shows mostly excess values for the Danish and German wind farms, though a few German wind parks and one German solar park have been impaired.

The book value of the solar farms amounts to 6% (2021: 7%) of the total book value of property, plant and equipment. The book value of wind farms in Germany and Denmark amounts to 75% (2021: 88%) of the total book 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.

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 5,35-5,81% (2021: 4.0-5.0%).

The impairment tests are based on budgets for the remaining life of wind and solar 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 2022 the impairment tests show that a few assets need to be impaired, since the recoverable amount is less than the carrying amount. Other assets show that earlier impairments have to be reversed due to an increase in the recoverable amount. The total impairment booked in 2022 therefore amounts to a net reversal of EUR 2.3m (2021: EUR 3.7m 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 were all recognised at fair value after being consolidated for the first time in 2019 and 2020. After that, the values have been depreciated over the remaining lifetime of the assets. In 2022 some of these assets have been written down due to identified impairment losses. Therefore, at year end, any increase in WACC for Germany will result in further impairment losses regarding the German wind farm portfolio.

For the Danish wind farms in Property, Plant and Equipment the first impairment indication is identified at a WACC of 10,2% 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.

	2022					2021				
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	**168,726**	**13,098**	**3,880**	**5,623**	**191,327**	**133,543**	**4,025**	**2,107**	**8,860**	**148,535**
Reclassification	-	-	-	-1	-1	-	-	-	-	-
Exchange rate adjustments	-1,114	-584	-	-1	-1,699	7	-	-	2	9
Additions	8,146	-	2,101	90	10,337	35,176	9,078	1,775	455	46,484
Disposals	-737	-	-	-	-737	-	-5	-2	-600	-607
Transfer to/from inventories	1,595	-	-	1,000	2,595	-	-	-	-3,094	-3,094
Cost at 31 December	**176,616**	**12,514**	**5,981**	**6,711**	**201,822**	**168,726**	**13,098**	**3,880**	**5,623**	**191,327**
Accumulated depreciation and impairment losses at 1 January	**-30,690**	**-1,387**	**-1,961**	**-6**	**-34,044**	**-15,494**	**-955**	**-1,482**	**-10**	**-17,941**
Reclassification	-	-	-	-	-	-	-	-	9	9
Exchange rate adjustments	408	129	-88	-	449	-3	-2	-1	-	-6
Disposals	389	-	-	-	389	-	-	-	132	132
Depreciation	-13,290	-750	-833	-44	-14,917	-11,526	-430	-478	-12	-12,446
Impairment/reversal of impairment	2,713	-400	-	-	2,313	-3,667	-	-	-125	-3,792
Transfer to/from inventories	-	-	-	-256	-256	-	-	-	-	-
Accumulated depreciation and impairment losses at 31 December	**-40,470**	**-2,408**	**-2,882**	**-306**	**-46,066**	**-30,690**	**-1,387**	**-1,961**	**-6**	**-34,044**
Carrying amount at 31 December	**136,146**	**10,106**	**3,099**	**6,405**	**155,756**	**138,036**	**11,711**	**1,919**	**5,617**	**157,283**

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 (2021: EUR 0.8m). The interest expenses paid on lease liabilities amounted to EUR 0.3m (2021: EUR 0.4m). Depreciation amounts to EUR 2.4m (2021: EUR 1.6m).

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.

	2022			2021		
EURk	**Lease assets, part of inventory**	**Lease assets**	**Total**	**Lease assets, part of inventory**	**Lease assets**	**Total**
Carrying amount at 1 January	**1,822**	**8,797**	**10,619**	**1,551**	**8,487**	**10,038**
Additions	1,585	4,416	6,001	755	1,860	2,615
Disposals, divestments	-	-	-	-484	-	-484
Depreciations	-	-2,442	-2,442	-	-1,550	-1,550
Carrying amount at 31 December	**3,407**	**10,771**	**14,178**	**1,822**	**8,797**	**10,619**
Lease assets reclassified from prepayments	2,713	1,063	3,776	4,715	1,078	5,793
Lease assets recognised in the balance sheet	**6,120**	**11,834**	**17,954**	**6,537**	**9,875**	**16,412**

EURk	**Lease liabilities, related to inventory**	**Lease liabilities**	**Total**	**Lease liabilities, related to inventory**	**Lease liabilities**	**Total**
Carrying amount at 1 January	**2,115**	**9,228**	**11,343**	**1,219**	**8,827**	**10,046**
Additions	1,545	3,892	5,437	952	1,861	2,813
Lease payments	-237	-2,574	-2,811	-109	-1,808	-1,917
Interests	75	234	309	53	348	401
Carrying amount at 31 December	**3,498**	**10,780**	**14,278**	**2,115**	**9,228**	**11,343**
Lease liabilities recognised in the balance sheet:						
Non-current lease liabilities	3,268	7,728	10,996	1,951	7,269	9,220
Current lease liabilities	230	3,052	3,282	164	1,959	2,123
Lease liabilities recognised in the balance sheet	**3,498**	**10,780**	**14,278**	**2,115**	**9,228**	**11,343**

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 3.3 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 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 net write-down for the year amounted to EUR 8.1m (2021: EUR 13.2m). The decrease in write downs mainly relates to large one-off write-downs in 2021. Management finds the impairment appropriate.

Contractual obligations

Our contractual obligations related to Inventory at 31 December 2022 amounts to EUR 169m (2021: EUR 243m) mainly relates to turbine supply agreements and solar panels supply agreements to use for construction of our energy parks. The Company have also signed development – and consultancy contracts depending on future events which are uncertain by nature and can result in possible milestone payments through the development phase when milestones are fulfilled. If the Company exits the main part of these development – and consultancy contracts the Company can be met by penalties up to approximately EUR 6 million.

Inventories (EURk)	Under development	Under construction	In operation	2022
Solar farms	101,725	307,582	90,125	499,432
Wind farms	48,465	398,107	104,996	551,568
Total	**150,190**	**705,689**	**195,121**	**1,051,000**

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**

Inventory write-downs (EURk)	2022	2021
Inventory write-downs at 1 January	-24,480	-11,849
Write-downs for the year	-8,125	-13,213
Disposal of the year	13	582
Total	**-32,592**	**-24,480**

Inventory recognised in profit or loss (EURk)	2022	2021
Disposals	-226,488	-199,827
Write-offs for the year	-915	-1,745
Write-downs reversed, projects written off	13	582
Write-downs for the year	-8,125	-13,213
Total	**-235,515**	**-214,203**

Contractual obligations (EURk)	2022	2021
Turbine - and solar panels supply agreements and other orders in progress	169,399	242,818
Total	**169,399**	**242,818**

2.6 Investments in joint ventures

Our investments in joint ventures totalled EUR 15.8m (2021: 13.7m). The result from investments in joint ventures was EUR 10.5m (2021: EUR -1.3m). In 2022, results were significantly impacted by a EUR 9.5m positive fair value adjustment related to Brazilian and Polish investments.

Material joint ventures

The Group invests 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	2022	2021
Cost at 1 January	11,504	8,373
Additions for the year	2,634	3,224
Disposal for the year	-222	-
Transfer	-1	-93
Cost at 31 December	**13,915**	**11,504**
Value adjustments at 1 January	-8,250	-7,857
Share of net result for the year	10,460	-1,293
Dividends	-1,917	-50
Transfer	-3,842	-
Other value adjustments	3	950
Value adjustments at 31 December	**-3,546**	**-8,250**
Carrying amount at 31 December	**10,369**	**3,254**
Carrying amount	10,369	3,254
Set-off against receivables from joint ventures	5,409	10,489
Investments in joint ventures at 31 December	**15,778**	**13,743**

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)	2022	2021
The Group's share of:		
Profit/loss of material joint ventures	6,035	-655
Profit/loss for the year of other joint ventures	4,425	-638
Total comprehensive income	**10,460**	**-1,293**
Investments in joint ventures:		
Investments in material joint ventures	4,243	3,494
Other joint ventures	11,535	10,249
Total investments in joint ventures	**15,778**	**13,743**

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.

	2022						
	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 **)	Solar Park Rødkilde P/S **)	Barreiras ApS (Group)	Total
Ownership %	51%	51%	51%	50%	50%	50%	
Comprehensive income statement							
Revenue	-	-	116	-	752	-	868
Depreciation	-	-	-27	-	-	-	-27
Interest income	10	10	328	-	2	-	352
Interest expenses	-1,126	-1,126	-11	-6	-143	-	-2,412
Income tax	-	-	-1	-4	-	-	-5
Profit for the year	**4,542**	**4,542**	**1,127**	**1,169**	**494**	**-6**	**11,866**
The groups share of profit for the year	**2,316**	**2,316**	**575**	**584**	**247**	**-3**	**6,035**
Balance sheet							
Non-current assets	24,447	24,447	9,488	4,962	4,370	7,363	75,077
Current assets	16	15	4,579	18	1,004	20	5,653
Non-current liabilities	27,400	27,400	10,805	-	-	7	65,612
Current liabilities	2,107	2,107	335	5	4,732	3,110	12,397
Cash and cash equivalents	16	15	484	16	1,095	18	1,644
Non-current liabilities (excluding trade and other payables and provisions)	27,400	27,400	10,801	-	-	-	65,602
Equity	-5,044	-5,045	2,927	4,975	524	-237	-1,900
Share of equity	-2,573	-2,573	1,493	2,487	262	-119	-1,022
Set-off against receivables from joint ventures	2,573	2,573	-			119	5,264
Carrying amount of interest in investee end of year	**-**	**-**	**1,493**	**2,487**	**262**	**-**	**4,243**

*) 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 77.4m at 31 December 2022. 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 42.3m, 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 31.12.2022 an impairment test of the solar farms has been carried out, and an income of EUR 5.1m (2021: EUR 0.6m) has been recognized 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

	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 Rød-kilde P/S **)	Total
Ownership %	51%	51%	51%	50%	50%	50%	
Comprehensive 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 year	**-**	**-**	**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.

2.7 Investments in associates

Our investments in associates totalled EUR 29.4m (2021: 17.1m). The profit from investments in associates was EUR 5.9m (2021: EUR 2.6m). 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.

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 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.

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	2022	2021
Cost at 1 January	11,370	10,894
Additions for the year	5,441	1,199
Transferred from/to subsidiaries/other investment	-2,492	-539
Disposal for the year	-135	-184
Cost at 31 December	**14,183**	**11,370**
Value adjustments at 1 January	5,713	4,292
Share of profit for the year	5,786	2,568
Transferred from subsidiaries/other investment	6,676	-608
Dividends	-3,620	-683
Other value adjustments	88	144
Value adjustments at 31 December	**14,643**	**5,713**
Carrying amount at 31 December	**28,826**	**17,083**
Carrying amount at 31 December	28,826	17,083
Set-off against receivables from associates	526	-
Investments in associates at 31 December	**29,352**	**17,083**

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)	2022	2021
The group's share of:		
Profit/loss of material associates	2,985	1,153
Profit/loss for the year of other associates	2,801	815
Gain from remeasurement of previous held equity interests in associate	-	600
Total comprehensive income	**5,786**	**2,568**
Investments in associates:		
Investments in material associates	11,646	11,425
Other associates	17,706	5,658
Total investments in associates	**29,352**	**17,083**

2.7 Investments in associates - continued

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

	2022				2021			
	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	7,208	4,208	7,830	19,246	4,137	2,208	4,200	10,545
Depreciation	-1,940	-924	-1,696	-4,560	-1,940	-940	-1,037	-3,917
Profit for the year	3,577	2,055	3,727	9,359	1,276	417	2,136	3,829
Total comprehensive income	3,577	2,055	3,727	9,359	1,276	417	2,136	3,829
The group's share of comprehensive income	**1,196**	**810**	**980**	**2,985**	**427**	**165**	**561**	**1,153**
Balance sheet								
Non-current assets	20,989	10,016	11,402	42,407	22,619	10,797	16,634	50,050
Current assets	3,544	1,899	4,617	10,060	4,201	2,028	800	7,029
Non-current liabilities	3,441	3,247	-	6,688	3,270	2,982	-	6,252
Current liabilities	2,974	1,220	1,204	5,397	4,390	2,789	256	7,435
Equity	15,814	6,259	14,815	36,888	16,909	6,038	12,913	35,860
Investment in material associates	**5,285**	**2,467**	**3,893**	**11,646**	**5,651**	**2,380**	**3,394**	**11,425**

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.

Carrying amount of non-controlling interests (EURk)	2022	2021
Income attributable to non-controlling interests		
Profit/loss attributable to material non-controlling interests	5,668	989
Profit/loss attributable to other non-controlling interests	1,503	-1,252
Profit/loss attributable to non-controlling interests	**7,171**	**-263**
Non-controlling interests		
Material non-controlling interests	14,019	9,411
Other non-controlling interests	3,980	3,339
Total non-controlling interests	**17,999**	**12,750**

	2022					
	Denmark	Denmark	Denmark	Denmark	Denmark	
EURk	EE Pommerania 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 %	50.00%	49.89%	55.25%	44.36%	33.00%	
Comprehensive income statement						
Revenue	4,540	1,437	2,169	2,205	3,583	13,933
Depreciation and amortisation	-3	-168	-728	-	-174	-1,072
Interest income	203	-	-	-	-	203
Profit for the year	7,101	1,000	333	1,998	1,661	12,093
Non-controlling interests' share of profit for the year	**3,551**	**499**	**184**	**886**	**548**	**5,668**
Balance sheet						
Non-current assets	87,328	3,116	8,664	4,868	7,031	111,007
Current assets	12,461	174	907	977	2,610	17,129
Non-current liabilities	42,251	29	5,380	-	456	48,116
Current liabilities	45,882	162	487	36	482	47,049
Equity (incl non-controlling interests)	11,656	3,099	3,703	5,810	8,702	32,971
Carrying amount of non-controlling interests	**5,828**	**1,546**	**2,046**	**2,577**	**2,021**	**14,019**

2.8 Material non-controlling interests - continued

	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	-	917	6,763
Current liabilities	592	59	530	10	199	1,390
Equity (incl non-controlling interests)	5,342	3,387	4,177	5,574	7,071	25,551
Carrying amount of non-controlling interests	**1,424**	**1,689**	**2,308**	**2,473**	**1,517**	**9,411**
Contingent liability	**13,252**	**-**	**-**	**-**	**-**	**13,252**

2.9 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	2022	2021
Cost at 1 January	**3,008**	**3,069**
Additions for the year	4,673	30
Transferred to/from subsidiaries/associated companies	-	-91
Cost at 31 December	**7,681**	**3,008**
Value adjustment at 1 January	5,460	4,428
Value adjustments during the year, unrealised	306	996
Transferred to/from subsidiaries/associated companies	-	36
Value adjustments at 31 December	**5,766**	**5,460**
Carrying amount at 31 December	**13,447**	**8,468**
The investments relates to:		
Solar power generating assets	107	107
Wind power generating assets	13,340	8,361
Other investments at 31 December	**13,447**	**8,468**

2.10 Trade receivables, contract assets, other receivables and prepayments

Trade receivables and contract assets (current and non-current) increased to EUR 84.0m (2021: EUR 58.8m). The increase was mainly related to consideration from sale of wind projects in Lithuania and other project sales as well as the increased power prices resulting in higher income.
Other receivables (current and non-current) increased to EUR 63.9m (2021: EUR 34.7). The increase is mainly related to large increases in recoverable VAT from the increasing construction activities around the world.

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 usual structure of such transactions further mitigates the credit risk related to project sales, as assets are only transferred 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	2022	2021
Trade receivables and contract assets	84,007	58,772
Other receivables (non-interest bearing)	63,869	34,662
Total non-interest bearing receivable	**147,876**	**93,434**
Total receivables	**147,876**	**93,434**

No material impairment losses are recognised relating to doubtful receivables in 2022.

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 and these rates have been applied when estimating future payments combined with additional customer specific knowledge at balance sheet date.

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.

Valuation of the earn-outs has been reassessed at year-end. At the end of 2022 the group has earn-out agreements valued at nil relating to three project sales, where settlement will be from 2023 to 2026. The earn-outs can be both an upside and a downside, but are expected to have immaterial effect.

Receivables

Receivables totals EUR 147,9 m (2021: EUR 101,5 m) and include EUR 1.5 m (2021: EUR 1.7 m) expected to be recovered more than 5 years after the balance sheet date.

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)	2022	2021
Contract assets at 1 January	**40,159**	**16,796**
Received during the year	-12,800	-11,204
Additions and adjustments to contract assets	27,674	35,179
Other changes	94	-612
Contract assets end of year	**55,127**	**40,159**
Non-current contract assets	4,699	2,966
Current contract assets	50,428	37,193
Total contract assets	**55,127**	**40,159**

	2022			
Credit loss (EURk)	**Loss (%)**	**Receivables**	**Expected loss**	**Total**
Receivables not past due	0.0%	146,493	-	146,493
Receivable past due:				
1-30 days	0.0%	475	-	475
31-90 days	0.0%	70	-	70
>90 days	0.0%	838	-	838
Total receivables		**147,876**	**-**	**147,876**

	2021			
Credit Loss (EURk)	**Loss (%)**	**Receivables**	**Expected loss**	**Total**
Receivables not past due	0.0%	92,658	-	92,658
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		**93,434**	**-**	**93,434**

2.11 Provisions

Demolition costs liabilities

The provision relates to 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	2022	2021
Provision at 1 January	**28,122**	**24,790**
Additions	21,312	5,846
Unused amounts reversed	-1,441	-
Disposals	-4,831	-2,514
Provisions end of year	**43,162**	**28,122**
Hereof current liabilities	**2,950**	**4,254**
Hereof non-current liabilities	**40,212**	**23,868**

Provision is specified as follows (EURk):	2022	2021
Demolition costs	13,510	9,484
Contingent consideration on acquired companies	19,987	14,384
Other provisions	9,665	4,254
Provisions end of year	**43,162**	**28,122**

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. Based upon Management's expectations for the maturity of the provisions, the provision is recognised as a non-current liability.

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

Other provisions

Other provisions include provisions made for estimated warranty costs in respect of sold power generating assets and projects. Based upon Management's expectations for the maturity of the provisions, the provision is recognised as a non-current liability.

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 this provision, the provision is recognised as current liabilities.

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 2021. The VAT adjustments for previous years have been settled with the Danish Authorities during 2022, and remaining provision has been reversed.

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 9.8m in 2022 and EUR 8.3m in 2021.

In 2022 the most significant changes in net working capital were amongst others related to other receivables, trade receivables and contract assets and prepayments, 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 2022.

The change in other receivables was driven by several factors, most significantly increased VAT receivables derived from the groups increased project activity. 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 investments into inventories amounted to EUR 479.0 m for 2022. The increase were driven by an all-time high construction activity.

EURk	2022	2021
Trade receivables and contract assets	-18,812	-36,675
Other receivables	-29,441	-2,634
Prepayments from goods and services	23,176	-40,842
Trade payables	14,900	50,897
Deferred income	5,108	1,585
Other payables	6,451	35,970
Total change in working capital	**1,382**	**8,301**

EURk	2022	2021
Change in inventories	**-479,039**	**-188,724**

2.13 Other non-cash items

Other non-cash items amounted to EUR -8.4m (2021: EUR -0.9m) and were mainly related to write down of inventories, exchange rate adjustments of subsidiaries, associates and Joint venture companies and share based compensation expenses. The non-cash adjustments in 2021 mainly came from fair value adjustment of one of the groups other investments, share based compensation expenses and a remeasurement gain from obtaining control of a former associate, Reintegrate.

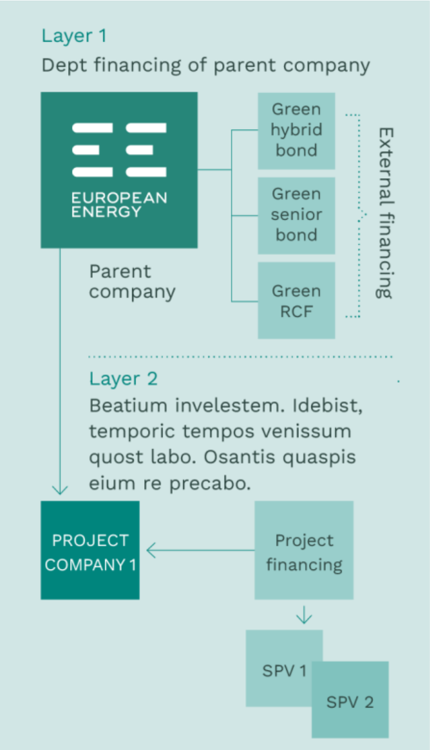
EURk	2022	2021
Write down of inventories	8,125	-
Fair value adjustment of companies	-309	-993
FX adjustments of group entities	-9,730	-
Share based compensation expenses	2,356	1,030
Gain from REintegrate acquisition	-	-600
Other minor	-417	-291
Other non-cash items	**25**	**-854**

3.0 Capital 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:

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

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

In short, these financial covenants stipulate that:

a) parent capitalization must be one times equity to 3 times debt and,

b) 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. Hybrid capital securities: EUR 150m with stated maturity in 3020, a fixed coupon of 6.125% p.a. until First Call Date on September 22 2023, after which the coupon is 3Y EUR swap rate + 11.585%. None of the issued nominal amount has been swapped to floating interest rate. 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. Senior unsecured bonds: EUR 300m with maturity in September 2025 and a coupon of EURIBOR 3M plus a margin of 3.75% and EUR 75m with maturity in September 2026 and a coupon of EURIBOR 3M plus a margin of 5.75%. None of the issued nominal amount has been swapped to fixed interest rate. For the duration of the bonds, 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

In January 2023, we launched a tender offer for outstanding green hybrid bonds with maturity in 3020 and combined issuance of EUR 100m new green hybrid bonds with maturity in 3023 and tap issuance of EUR 75m new green senior bonds with maturity in 2026.

For liquidity management purposes, the parent company also has 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. As part of the January 2023 bond transaction, European Energy also entered into an increased green revolving credit facility of EUR 75m with our three Nordic relationship banks up from the abovementioned EUR 45m.

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 2022 the free cash was EUR 165.3 m (2021: EUR 173.7m). The Management and the Board of Directors evaluate that the group has sufficient available cash to meet the group’s short-term liabilities.

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.

In Q3 2022 coupon payments were paid. The payments amount to EUR 9.2m and 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 a margin of 11.585%, which is the sum of initial margin 6.585% and step-up margin of 5.0%. It has a final maturity on 22 September 3020.

In January 2023, European Energy launched a tender offer at par for the outstanding green hybrid bonds with maturity in 3020 and issued EUR 100m new green hybrid bonds with maturity in 3023 and a coupon of 10.75%. EUR 92.5 million of the existing hybrid bond holders tendered and after the tender the outstanding nominal is therefore EUR 57.5 million. European Energy can redeem the remaining outstanding 3020 hybrid bonds at par at the first call date on September 22, 2023.

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 Net interest-bearing debt

Interest-bearing debt

Interest-bearing debt of the Group totalled EUR 1,102m at the end of 2022, which equals an increase of EUR 447.4m compared to year-end 2021. The change was mainly driven by an increased financing activity related to higher construction activity.

In September 2022, the parent company issued a new EUR 75m senior unsecured bond under the Green Finance Framework with a framework amount of up to EUR 200m. This entailed a total of EUR 375m outstanding unsecured senior bonds in the Nordic unrated high yield market of which EUR 300 million matures in 2025 and EUR 75 million in 2026.

On project level, project financing totaled EUR 723.8m. The Group raised a total of EUR 505.8m in new construction- or project financing during the year to support new construction activity, while EUR 169.6m was repaid due to refinancing or divestment of projects.

In general, all project debt is obtained with security in the form of pledges of assets and/or shares. End of 2022 the Group provided pledges for project financing of EUR 526m (2021: EUR 278m).

For short term construction financing at project level, the parent company may provide a security in the form of a parent company guarantee. End of 2022 the total outstanding recourse construction financing amounted to EUR 263m (2021: EUR 121m). The construction financings usually mature 12 months after commercial operation date, whereafter it is refinanced into a non-recourse long term project financing without parent company guarantee.

In addition, a Green committed Revolving Credit Facility of EUR 45m at the parent company level has been in place since 2021 with latest maturity in 2026. This was undrawn at year-end 2022.

The net interest bearing debt and movements in interest bearing debt is excluding hybrid capital.

EURk	2022	2021
Net interest-bearing debt:		
Project financing	723,759	346,998
Bond debt	363,683	285,383
Total bond and project financing	**1,087,442**	**632,381**
Lease liabilities	14,278	11,343
Other interest-bearing debt	921	11,431
Total interest-bearing debt	**1,102,641**	**655,155**
Cash and cash equivalents	-209,826	-227,361
Total net interest-bearing debt at 31 December	**892,815**	**427,794**

Changes in Interest-bearing debt (EURk)	2022	2021
Interest-bearing debt at 1 January	**655,155**	**425,622**
Cash transactions:		
Proceeds from issuing of bonds	74,411	297,750
Proceeds from project financing	505,829	232,302
Repayment of project financing	-169,631	-68,496
Repayment of bonds	-	-205,035
Payment on leases	-2,346	-1,917
Change in other interest-bearing debt	-10,510	11,419
Non-cash transactions:		
Raising debt, etc.	5,437	2,814
Project financing from acquisitions/reclassification	40,563	-38,229
Foreign exchange rate adjustments and amortisation	3,733	-1,075
Total interest-bearing debt at 31 December	**1,102,641**	**655,155**

3.3 Liquidity risks

The group's liquidity 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 liquidity risks arising from the trading of currency derivatives, power purchase agreements (PPA's) amongst others does only incur with a minimal risk as the group. All hedge derivates where the realization of the underlying exposure doesn't match the cash settlement of the derivate pose a liquidity risk. When entering these hedge arrangements, European Energy monitors the potential liquidity impact and include this in the liquidity planning. End of 2022 the Group had no PPA contracts where cash collateral is paid/received. Consequently the PPA agreements entered does not pose a significantly liquidity risk for European Energy Group even though the value of the derivative is high.

The group's liquidity management strategy is to ensure 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 project-, parent- and group level. The group meets its liquidity requirements for the construction of its renewable energy plants via external project level financing and residual internal equity contribution from the parent company. The external project level financing is secured via short-term construction financing or long-term project financing at the level of its project companies or project holding companies.

Project level financing is sourced from a wide range of renowned local or international banks and asset managers. This financing is repaid from proceeds from divestment of the projects, proceeds from refinancing into new project financing or from available operating cash flows from plants in operation. Some loan agreements include liquidity covenants that are continuously monitored closely to ensure compliance.

The maturity profiles of issued bonds, project financing and as well as derivatives are provided in the table above.

	2022				
EURk	Contractual undiscounted cash flow	Maturity within 1 year	Maturity between 1 and 3 year	Maturity between 3 and 5 year	Maturity after 5 years
Issued bonds	420,909	15,474	327,648	77,786	-
Project financing *	874,055	84,557	430,324	74,694	284,480
Derivative liabilities	55,717	5,097	12,488	10,266	27,865
Lease liabilities	19,633	3,470	5,644	2,342	8,177
Other debt	5,133	-	5,133	-	-
Current liabilities**	132,091	132,091	-	-	-

* Project financing is including the cash flow effect from any entered interest rate swaps.
**Current liabilities includes Trade payables, payables to related parties, corporation tax payables and other payables

	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
Derivative liabilities	16,030	4,435	981	1,159	9,455
Lease liabilities	14,623	2,112	3,581	2,339	6,591
Interest rate swap (cash flow hedge)	1,859	229	421	364	845
Other debt	4,078	-	4,078	-	-
Current liabilities*	119,448	119,448	-	-	-

*Current liabilities includes Trade payables, payables to related parties, corporation tax payables and other payables

Liquidity resources

By the end of 2022, the group's total liquidity resources amounted to EUR 210.3m (2021: EUR 218.7m) which consisted of EUR 165.3m (2021: EUR 173,7m) in unrestricted cash and a EUR 45m undrawn committed RCF The restricted cash amounted to EUR 44.5m (2021: EUR 53.6m) and primarily relates to construction financing proceeds reserved for upcoming construction activities and debt service reserve accounts in operating companies. European Energy expects to have sufficient liquidity headroom during 2023 to fund the planned activities.

Liquidity resources (EURk)	2022	2021
Committed undrawn credit facilities (>3 years)	45,000	45,000
Total committed credit facilities	**45,000**	**45,000**
Cash non-restricted	165,285	173,718
Total liquidity resources available	**210,285**	**218,718**
Restricted cash	44,541	53,643

3.4 Financial income and expenses

The net financial expenses were EUR 10.4m (2021: EUR 1.1m).

The financial income of EUR 16.1m (2021: EUR 12.9m) was primarily derived from a gain of hedging contracts classified as ineffective hedging as per year end 2022 amounting to EUR 6.7m. During 2022, we also recognised a larger amount of realised and unrealised currency gains following the change in functional currencies for some entities in the group. Interest income, on financial assets measured at amortised costs, of EUR 1.7m (2021: 2.4m) relates to interest on loans to joint ventures and associates.

The financial expenses of EUR 26.5m (2021: EUR 14.0m) were primarily related to increasing realised as well as unrealised currency losses supplemented by increasing interest expenses, on our senior bonds and on construction and project financings due to higher base rates, average margins as well as higher debt among other due to higher construction activities. 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.

Fair value adjustments of derivatives where hedge accounting have not been applied and any ineffective part in a hedge relationship is also presented as financial income and or financial expenses.

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 calculated as a weighted cost of funds principle, based on the outstanding senior and hybrid bonds of the parent company plus a mark-up.

Finance income (EURk)	**2022**	**2021**
Interest income, on financial assets measured at amortised costs	1,656	2,406
Modification gain	-	6,640
Dividends	896	325
Hedge ineffectiveness	6,691	-
Currency gains realised	2,383	898
Currency gains unrealised	4,480	2,664
Finance income	**16,106**	**12,933**

Finance expenses (EURk)	**2022**	**2021**
Interest on bonds	13,419	10,578
Interest on lease liabilities	464	401
Finance expenses from project financing and overdrafts measured at amortised cost	15,235	7,123
Financial expenses that have been capitalised on inventories	-29,548	-12,830
Amortisation of debt issue costs	2,934	3,052
Amortisation of modification gain	2,233	2,002
Other financial expenses	6,181	2,268
Hedge ineffectiveness	3,019	-
Currency losses realised	3,379	776
Currency losses unrealised	9,231	638
Finance expenses	**26,547**	**14,008**

3.5 Financial risk management

Financial risk management

European Energy is exposed to and manages several financial risks due to its development, constructing, operating, and financing activities. The overall goal of our risk management is to protect:

- the overall equity value of the Group
- Maintenance covenants (i.e., avoid breaches)
- Value of the individual renewable energy project (preserve project profitability) against risks from financial markets.

Financial Risk management is carried out following the applicable financial risk policy. The general principle of the financial risk management policy is that all certain and significant risks are mitigated, though with acceptance of an open position within a defined threshold of acceptable risk. The Group uses financial derivates to hedge risk exposures. The risk policy does not allow for speculation in financial risks.

The financial risks, as described further below, are divided into:

1. Power price risk
2. Currency risk
3. Interest rate risk
4. Commodity risks

In 2022, EUR zone interest rates and volatility have increased drastically due to the rapidly increasing inflation rates following the Russian war in Ukraine. This naturally influenced the significance of the exposures faced by the group.

POWER PRICE HEDGING PRINCIPLES

The purpose of the power price hedges is to reduce our risk from generation and sale of energy. Fluctuations in value are expected to be offset by the underlying exposure. Our portfolio of hedges recognised and where the application of hedge accounting is done is on our portfolio fixed-volume hedges.

CURRENCY HEDGING PRINCIPLES

The currency exposure of the Group is generally relating to the Parent company level or the Project level. The overall goal is to eliminate potential impact from currency fluctuations on the Parent- and project level, to achieve the overall goals from financial risk management. The hedging principles comprises both net investment hedges and cash flow hedges related to exposures arising from our investment into production assets.

INTEREST RATE HEDGING PRINCIPLES

When assessing interest rate exposure, the Group distinguish between exposure on the parent company- and project level. The overall goal is to protect the equity value of the Group and protect the value and profitability of the projects.

Accounting policies

We apply hedge accounting to our power, currency and interest rate hedges. To any extent possible we use hedge instruments which hedge the desired risk, thereby aiming at establishing a very dependant economic relationship between the hedged item and the hedging instrument. Thus, creating no significant hedge ineffectiveness.

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.

When we enter a hedging transaction, we assess whether the hedged exposure and the hedging instrument are still financially correlated. If the hedged exposure has changed, we adjust the hedge to obtain desired correlation again. If the exposure no longer is expected to be realised, the accumulated hedge effect is transferred to income statement for the year

The recognition and classification in the balance sheet follows the fair value and the maturity of the contract similarly whether fair value of the hedging instrument is positive (asset) or negative (liability).

Changes in the fair value of derivative financial instruments designated as a hedge of cash flows or net investment hedging of a recognised asset or liability are recognised in other comprehensive income. Any 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 fair values 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 realises and 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.

3.5 Financial risk management (continued)

Power price risk

Power price hedging instruments are entered to offset the power price risk exposure. At 31 December 2022 power price hedging instruments recognised at fair value have been recognised partly as assets and partly as liabilities. Power price hedging instruments presented as assets amounts to EUR 6.7 m per 31 December 2022 (2021: EUR 8.0 m) . Power price hedging instruments presented as liabilities amounts to 31.8 m per 31 December 2021 (2021: EUR 10.9 m).

Power price hedging instruments comprises Power purchase agreements which 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. However, the portfolio of hedges also comprises a number of contracts where the contracts are not recognised in accordance with IFRS 9.

The hedge instruments are entered into with both power traders and utilities or other corporate enterprises. Our combined portfolio of power purchase agreements have a duration of up to 15 years and are entered into in European countries such as Denmark, Germany, Poland, Sweden, and Lithuania.

This table shows the movements during 2022 regarding instruments measurement according to level 3 in the fair value hierarchy. See more of this in note 3.7.

HEDGING INEFFECTIVITY

During 2022 there were recognised a net amount corresponding to EUR 3.7m as ineffectivity deriving from our PPA portfolio. The amounts are recognised as EUR 6.7m as income under financial items and EUR 3.0 as costs under financial items.

SENSITIVITY ON SIGNIFICANT VALUATION INPUT

The most significant valuation input is the market price for the power price curve. 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.

A change of the power price of 25% up/or down would impact the valuation of the PPA portfolio by EUR 30.5m.

Our average applied discount rate amounts to 11.3% and the recognized fair values of the portfolio of power purchase agreements is not materially sensitive to any impact from a change in discount rate.

Level 3 Financial instruments through OCI	2022	2021
Fair value at 1 January	**-2,870**	**2,812**
Value adjustments of hedging instruments through OCI during the year, unrealised	-23,726	-5,683
Value adjustments of hedging instruments through OCI during the year, realised	-5,187	-
Total Fair value at 31 December	**-31,783**	**-2,870**

	2022				
Power price hedging instruments	**MWh/h**	**Average hedged rate (EUR/MW)**	**Fair value (EURk)**	**Recognised in other comprehensive income (EURk)**	**Recognised in P/L (EURk)**
Power purchase agreements	58.9	37.6	-25,092	-31,783	6,691
Total power purchase agreements	**58.9**	**37.6**	**-25,092**	**-31,783**	**6,691**
Power price hedging instruments	2021				
Power purchase agreements	74.8	38.9	-2,870	-5,683	-
Total power purchase agreements	**74.8**	**38.9**	**-2,870**	**-5,683**	**-**

Recognised in the balance sheet:	2022		
Market value	**Asset**	**Liability**	**Total Hedge**
Power purchase agreements	6,691	-31,783	-25,092
Total power purchase agreements	**6,691**	**-31,783**	**-25,092**

	2021		
Market value	**Asset**	**Liability**	**Total Hedge**
Power purchase agreements	8,021	-10,891	-2,870
Total power purchase agreements	**8,021**	**-10,891**	**-2,870**

3.5 Financial risk management (continued)

Currency risks

Currency risks refer to the risks of losses (or opportunities for gains) resulting from changes in currency rates. Currency risks arise through transactions, financial assets and liabilities denominated in currencies other than the functional currency of the individual businesses. The Group is predominantly exposed to non-EUR currencies such as USD, GBP, BRL, SEK, and PLN. DKK is not included due to the fixed exchange rate policy in place versus EUR. The exposures are identified and measured on a continuous basis and mitigated in relation to thresholds defined in the financial risk management policy.

PARENT COMPANY LEVEL

The functional currency of the parent company is EUR, and consequently all currency exposures on the income statement and the balance sheet in non-EUR is identified as an exposure. Balance sheet exposures stems from the parent company continuously investing in foreign subsidiaries via equity or shareholder loans provided to the projects to fund development, construction and operating activities. These capital injections are recorded on the balance sheet of the parent as an asset, and all non-EUR assets involve a currency risk. To measure this risk, European Energy quantifies and measures the sensitivity of the consolidated exposure using a Value at Risk measure (VaR). End of 2022 the gross currency exposure measured as VaR sums to EUR 36m, after hedging and correlation effects the net VaR constitutes EUR 8m. Investments in assets under development are generally not hedged. European Energy monitors the exposure and enters into forward hedging agreements according to risk thresholds set in the financial risk management policy. This hedging is defined as Net Investment hedging.

In the income statement, the main exposure originates from project sales in non-EUR currencies. The equity investment of non-EUR projects is hedged via above mentioned balance sheet hedging, while any realized gain on sales is hedged between signing and closing of the sale.

	2022				
Currency forwards (EURk)	**Notional amount**	**Average hedged rate**	**Fair value**	**Recognised in other comprehensive income**	**Recognised in profit or loss**
Cash flow hedge, USD	59,309	1 USD/ 1 EUR	-3,333	-3,333	
Net investment hedge, BRL	61,144	5.5 BRL/ 1 EUR	-14,691	-14,691	
Total forward exchange contracts			**-18,025**	**-18,025**	**-**

Currency forwards (EURk)	2021				
Cash flow hedge, USD	94,881	1.1 USD/ 1 EUR	4,713	4,743	0
Net investment hedge, BRL	30,579	6.6 BRL/ 1 EUR	-677	0	-1,938
Total forward exchange contracts			**4,036**	**4,743**	**-1,938**

Recognised in the balance sheet:

	2022		
Market value (EURk)	**Asset**	**Liability**	**Total Hedge**
Cash flow hedge, USD		-3,333	-3,333
Net investment hedge, BRL	2,215	-16,906	-14,691
Total market values	**2,215**	**-20,239**	**-18,025**

	2021		
Market value (EURk)	**Asset**	**Liability**	**Total Hedge**
Cash flow hedge, USD	4,713	0	4,713
Net investment hedge, BRL	0	-677	-677
Total market values	**4,713**	**-677**	**4,036**

PROJECT LEVEL

The goal is to protect the project value and profitability from currency risks. Currency risk on project level is not considered being hedged until the time of FID i.e., hedging of currency risks to project value during the development and structuring phases is not done. The functional currency of the project is set so the costs of neutralizing currency exposures at project level is minimized. Setting of the functional currency is done before FID and considers mainly the currency of the expected offtake, financing, and potential project sale. All significant and certain risks to project cash flow from currency exposures are identified and measured continuously and actively mitigated with forward hedge instruments on a maximum 24-month horizon. Our largest currency risks to project cash flows stems from solar parks where modules primarily are purchased in USD from Chinese suppliers, and from wind farms where turbines are purchased in EUR from European suppliers. The latter being a risk in SPV's with a functional currency different than EUR.

3.5 Financial risk management (continued)

SENSITIVITIES TO CURRENCIES

European Energy considers the USD and BRL currency as the currencies where a significant exposures lies. An increase of the USD rate of 10% would result in a gain on the derivate financial instrument as of December 31, 2022 of EUR 5.7m. A similar depreciation of the USD exchange rate would cause a loss on the derivative financial instrument of EUR 5.7m.

An increase of the BRL exchange rate of 10% would result in a loss on the derivate financial instrument as of December 31, 2022 of EUR 5.9m. A similar depreciation of the BRL exchange rate would cause a gain on the derivative financial instrument of EUR 5.9m.

Interest rate risks

Interest rate risks refer to the influence of changes in market interest rates on future cash flows concerning the interest-bearing debt of the Group. When assessing our interest rate exposure, we are only focusing on the effect of changes in the risk-free base rate and not the applicable credit margin for European Energy. Interest rate exposures are identified and measured on a continuous basis and mitigated according to the thresholds set in the financial risk policy.

PARENT COMPANY LEVEL

All interest-bearing debt at parent company level is obtained in EUR and primarily stems from the outstanding bond programs described in ''Net-Interest-bearing debt'. Consequently, the parent company is exposed to changes in EURIBOR and EUR swap rates.

European Energy quantifies and measures the sensitivity of the consolidated interest rate exposure using Cash flow at Risk measure (CFaR). End of 2022 the exposure from interest rates changes measured as CFaR besides the current forward curve constitutes to EUR 6m. Complementary to this measure, the sensitivity analysis implies that 1% increase in base rates will result in additional EUR 3.8m p.a. in interest rate cost. European Energy monitors the exposure and enter forward hedging according to risk threshold set in the financial risk policy.

PROJECT LEVEL

Interest rate risk on project level is not considered being hedged until at the earliest at the time of FID i.e. hedging of interest rate risks to project value during the development and structuring phases is not done.

The current project debt portfolio is divided into construction- and project financing. A construction financing is characterized by only covering the period from construction start up until commercial operational date (COD) plus normally up to a 12-month period thereafter. This financing type is generally obtained as floating debt due to the short construction times for solar and wind projects.
A project financing is characterized by being a longer-term financing covering a larger part of the operational lifetime of a project. These are generally obtained as fixed rate debt or swapped to fixed rate with a financial counterpart.

Commodity risks

When constructing a solar park, wind farm or PtX plants, we are exposed to the price development of various commodities in addition to power (which also is a commodity). The exposure arises when procuring key components such as modules, trackers, turbines, and tower foundations. To eliminate the risk of adverse fluctuations in component pricing, we are generally procuring all key components via fixed price contracts however not until the time of Final investment decision i.e., hedging of commodity risks to project value during the development and structuring phases is not done.

3.6 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.

	2022		2021	
EURk	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets measured at FVTPL	20,138	20,138	8,468	8,468
Financial assets measured at FVTOCI *)	9,137	9,137	12,734	12,734
Financial assets measured at amortised cost	138,739	138,739	88,808	88,808
Financial liabilities measured at amortised cost	1,170,922	1,162,672	718,715	719,840
Financial liabilities measured at FVTOCI *)	35,452	35,452	10,929	10,929
Hybrid capital	150,000	147,000	150,000	154,500

*) FVTOCI = Fair value through other comprehensive income

3.7 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.

Power purchase agreements measured in 2021 have been restated from level 1 into level being level 3. This change is considered an immaterial correction.

Level 1

Quoted (unadjusted) market prices in active markets for identical assets or liabilities, being NASDAQ prices for PPA contracts with a duration of 1-3 in the Nordic countries and 1-5 year duration in Germany.

Level 2

Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable. This being simple OTC instruments, where the most significant input is the currency changes or interest rates.

Level 3

Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. 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
Non-contracted market prices (market power price)
Contracted market prices (entered fixed price)
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 values the level 3 hierarchy is primarily the PPA contracts where the basis for the calculation is forward market price curves for the relevant markets. In addition to the forward curves management provides a range of assumptions and estimates to these price curves in order to cater for the risk embedded into the market data regarding long-term power market.

INITIAL FAIR VALUE ADJUSTMENTS

The fair value adjustments in 2022 are adjusted for initial fair value adjustments following a change in model utilised as fair value estimation for our power price hedging instruments.

	2022			
Fair value hierarchy (EURk)	**Quoted prices (level 1)**	**Observable input (level 2)**	**Non-observable input (level 3)**	**Total**
Other investments	-	-	13,447	13,447
Derivatives				
Power purchase agreements	-	-	6,691	6,691
Interest rate swaps	-	6,923	-	6,923
Currency hedges	-	2,215	-	2,215
Financial assets measured at fair value:	**-**	**9,137**	**20,138**	**29,275**
Derivatives				
Power purchase agreements	-	-	-31,783	-31,783
Currency hedges	-	-3,670	-	-3,670
Financial liabilities measured at fair value:	**-**	**-3,670**	**-31,783**	**-35,452**

	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:	**-**	**-**	**16,489**	**16,489**
Derivatives				
Power purchase agreements	-	-	-10,891	-10,891
Interest rate swaps	-	-38	-	-38
Currency hedges	-	-1,224	-	-1,224
Financial liabilities measured at fair value:	**-**	**-1,262**	**-10,891**	**-12,153**

4.1 Tax

Accounting policy

Corporation tax, comprising the current tax liability, change in deferred tax for the year and adjustments relating to prior years, is recognized in the income statement, unless it relates to items recognized either in other comprehensive income or directly in equity.

Deferred tax is measured using the balance sheet liability method and comprises all temporary differences between the carrying amount and the tax base of assets and liabilities. Deferred tax is measured according to current tax rules and with the tax rate expected to be in force when the temporary differences reverses. Changes in the valuation of deferred tax assets are recognized in the income statement, unless they relate to items recognized either in other comprehensive income or directly in equity.

The tax value of tax losses carried forward and other deferred tax assets is recognized in the balance sheet at the expected value of their utilization, either by elimination against future earnings or by offsetting deferred tax liabilities within the same legal tax entity and jurisdiction. In countries where taxes can be offset between companies due to joint taxation schemes, we have settled current tax liabilities and assets on a net basis.

Uncertain tax positions are assessed individually and recognized if it is probable that an amount will be paid or received.

Tax position of the Group

Tax on profit for the year amounted to EUR 15.3m in 2022 (2021: EUR 5.1m). The effective tax rate for 2022 landed on 14% compared with 8% for 2021.

The deferred tax liabilities, net on 31 December 2022 amounted to EUR 6.0m (2021: EUR 6.1m). The development in the deferred tax liability, net is affected by two opposite main developments; utilisation of tax losses carried forward in a number of countries and losses related to the fair-market valuation of certain hedging instruments.

Consolidated statement of profit (EURk)

Current income tax	**2022**	**2021**
Current income tax	7,910	3,663
Adjustments relating to prior years	443	2,167
Total current income tax	**8,353**	**5,830**
Deferred tax		
Deferred tax	5,455	-272
Adjustments relating to prior years	1,458	-467
Total deferred tax	**6,913**	**-739**
Total tax on profit recognised in the statement of profit or loss	**15,266**	**5,091**
Effective tax rate	14%	8%
Tax on other comprehensive income		
Fair value adjustments of hedging instruments in deferred tax	-9,771	256
Fair value adjustments of currency hedges	-909	1,040
Total current and deferred tax on other comprehensive income	**-10,680**	**1,296**

Management has considered future taxable income and has estimated the amount of deferred income tax assets that should be recognised. The estimate is based on an assessment of whether sufficient taxable income will be available in the future, against which the temporary differences and unused tax losses can be utilized.

The losses on the fair-market valuation of certain hedging instruments have reduced the corporate taxes payable for 2022.

In the course of conducting business globally, tax and transfer pricing disputes with tax authorities may occur. Management has estimated the expected outcome of the disputes and considers the provisions made to be adequate. However, the actual obligation may deviate and depends on the result of litigation and settlements with the relevant tax authorities.

Please refer to our ESG report for more information about the payable taxes and paid taxes on a country by country basis and our approach to income taxes.

4.1 Tax - continued

Deferred tax specification (EURk)	2022	2021
Deferred tax start of period	6,084	7,201
Deferred tax for the year recognised in the income statement	6,913	-739
Deferred tax for the year recognised in other comprehensive income	-9,786	256
Adjustment relating to the disposal/purchase of equity-accounted investments	-401	-511
Other equity regulations / Joint taxation etc.	3,159	-123
Deferred tax end of period	**5,969**	**6,084**
Deferred tax is recognised as follows:		
Deferred tax assets	-13,701	-6,294
Deferred tax liability	19,670	12,378
Total recognised deferred tax in the balance	**5,969**	**6,084**
Split of various temporary differences recognised in the balance sheet		
Tax loss carried forward	-12,028	-18,129
Differences of plant & equipment	30,098	26,882
Dismantling provisions	-117	294
Differences related to other assets or liabilities	-11,984	-2,963
Total	**5,969**	**6,084**
Deferred tax assets not recognised in the balance sheet:		
Tax value of tax losses and other timing differences	**2,022**	**1,764**

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 28.2m, 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 tot al remuneration and depend on the profit for the period.

There has been a change of the composition, regarding the board, during the year 2022.

EURk	2022	2021
Wages, salaries and remuneration	46,817	30,522
Share-based compensation	2,356	1,030
Contributions to defined contribution plans	295	73
Other social security costs	1,486	731
Other staff costs	2,455	1,325
Capitalised salaries on inventories and reclass to direct costs.	-30,972	-21,704
Total staff costs	**22,437**	**11,977**
Average number of full-time employees	431	265
Number of employees end of year	550	343

Management Remuneration:

	2022			
EURk	Salary	Bonus	Share-based compensation	Total
Board of directors	32	-	19	51
Executive board	323	1,317	90	1,730
Other key management personnel	1,836	2,420	517	4,773

	2021			
EURk	Salary	Bonus	Share-based compensation	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

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 7.84 (2021: DKK 3.67) the total fair value of warrants granted in 2022 amounted to EUR 2.8m (2021: EUR 1.3m), of which EUR 2.0m is recognised in the income statement at 31 December 2022 (2021: EUR 0.9m).

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

Year of grant	2022	2021	2020	2019	2018
Number of warrants granted	3,020,000	2,935,000	2,443,000	2,980,000	2,598,100
Estimated Share price	DKK 19.20	DKK 10.50	DKK 4.32	DKK 5.29	DKK 3.20
Volatility, based on two years historical volatility for the peer group *)	50.8%	42.5%	25.1%	28.8%	28.8%
Risk free rate, based on Danish government bonds	-0.2%	-0.5%	-0.1%	0.5%	0.5%
Vesting schedule	36 months	36 months	36 months	36 months	36 months
Exercise price	DKK 19.20 increased 5 % per year from 1 January 2023	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 2022	DKK 20.16 - 24.96	DKK 11.55 - 14.18	DKK 4.97 - 6.05	DKK 6.13 - 7.40	DKK 3.65 - 4.37
Exercise period: One annual exercise period following the ordinary general meeting where the annual report is adopted **)	April 2022 - May 2028	April 2021 - May 2028	May 2020 - May 2028	May 2019 - May 2028	May 2018 - May 2028
Expected dividends ***)	-	-	-	-	-
Expected life of warrants	Up to 6 years	Up to 7 years	Up to 8 years	Up to 9 years	Up to 10 years
Fair value per warrant on grant date	DKK 7.84	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, Solaria Energía y Medio Ambiente, S.A., OX2 AB.
Global Ecopower Société Anonyme is excluded from peer group from 2021 and Athena Investments A/S is excluded from 2020, both companies being delisted. Solaria Energía y Medio Ambiente, S.A. and OX2 AB have been included in peer group from 2022 as replacement for delisted peers.

**) 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 expect to approve issuing approx. 3 million warrants in 2023. Hereafter the outstanding amount of warrants to be allocated under the program is approx. 12 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:

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

Weighted average remaining contractual life for outstanding warrants at year end is 5 years.

The warrant activity is outlined below:

	2022						
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	**40,000**	**675,000**	**3,801,944**	**4,439,387**	**110,950**	**9,067,281**	**6.71**
Granted	20,000	100,000	760,000	2,140,000	-	3,020,000	19.20
Exercised	-	-	-86,069	-235,505	-	-321,574	8.45
Transfer	-	-	-1,930,764	1,596,608	334,156	-	-
Cancelled	-	-	-	-50,000	-334,156	-384,156	9.36
Outstanding warrants at 31 December	**60,000**	**775,000**	**2,545,111**	**7,890,490**	**110,950**	**11,381,551**	**10.15**
Exercisable at year end	33,333	663,333	2,048,444	5,827,158	110,950	8,683,218	7.89

	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

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.

EURk	2022	2021
Statutory audit	389	311
Assurance other than audit	8	24
Tax advice	1	-
Other non-audit services *)	44	62
Total to the auditors appointed by the Annual General Meeting	**442**	**397**

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

4.5 Related party transactions

Services to Joint Ventures and Associates comprises project development services, construction management and asset management.

Loans to related parties decreased to EUR 39.6m (2021: EUR 56.8m) by end of 2022. The decrease is primarily due to the reclassification of a portfolio of Polish Companies from Joint Ventures to Consolidated companies.

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 in the Parent financial statements 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)	2022	2021
Sale of services to joint ventures	5,244	1,469
Sale of services to associates	1,271	118
Sale of services to owners	78	93
Sale of shares to associates	-	13,494
Sale of shares to owners	-	296
Cost of services from owners	-50	-50
Cost of shares purchased from owners	-14	-11,965
Interest, income from joint ventures	605	1,376
Interest, income from associates	435	214
Interest, income from owners	24	32
Interest, expenses to joint ventures	-	-84
Interest, expenses to associates	-397	-

4.5 Related party transactions - continued

Loans to related parties	Joint ventures	Associates	Owners	2022	Joint ventures	Associates	2021
Loans	45,443	2,664	-	48,107	66,954	4,939	71,893
Investments set-off against loans	-5,409	-526	-	-5,935	-10,416	-	-10,416
Loans at 31 December	**40,034**	**2,138**	**-**	**42,172**	**56,538**	**4,939**	**61,477**
Provision for impairment at 1 January	-4,625	-		-4,625	-4,625	-	-4,625
Disposals	1,958	-	-	1,958	-	-	-
Provision for impairment at 31 December	**-2,667**	**-**	**-**	**-2,667**	**-4,625**	**-**	**-4,625**
Carrying amount at 31 December	**37,367**	**2,138**	**-**	**39,505**	**51,913**	**4,939**	**56,852**

Loans from related parties	Joint ventures	Associates	Owners	Total	Associates	Owners	Total
Loans	3	827	91	921	41	11,390	11,431
Total loans from related parties	**3**	**827**	**91**	**921**	**41**	**11,390**	**11,431**

Share of ownership to related parties

The table to the right 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.

2022	Knud Erik Andersen	Mikael Dystrup Pedersen	Jens-Peter Zink
European Energy A/S (voting rights)	74.2%	13.8%	11.3%
Vindpark Straldja ApS	30.0%	0.0%	20.0%
European Wind Farms Invest No.2 A/S	5.8%	0.0%	0.0%

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%

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 subsidiaries, the Group 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. Such customary warranties and guarantees can be provided by the selling entity or by the parent company.

The Group may also provide a buyer with specific indemnities that relate to project specific issues that can only be clarified after the divestment is completed.

Guarantees, warranties and specific indemnities are included as contingent liability below if they relate to circumstances that the Group 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 contract asset; 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 statement of jointly taxed Danish income for 2022 shows a negative taxable income. Consequently, no Danish corporate tax liability will arise for 2022 (2021: EUR 1.3m).

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 usually run from acceptance of grid application until grid connection of the power plant. 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. In 2022 no issued grid guarantees have been drawn.

GUARANTEES REGARDING POWER PURCHASE AGREEMENTS

European Energy 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 addition to the delivery of power European Energy are often also delivering green certificates of origin (GOs).

European Energy are in some cases, depending on the requirement of the off taker, providing the counterpart with a financial guarantee to cover the performance obligations set out in the PPA. As long as European Energy are delivering the power and transferring any relevant amount of GOs in accordance with the PPA's there will be no payment commitments for the Group. The lifetime of the guarantee usually match the maturity of the PPA.

WARRANTIES REGARDING DIVESTMENT OF ENERGY PARKS

For the energy parks which European Energy have divested European Energy 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.

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 12.2m (2021: 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.

Contingent liabilities

EURk	2022	2021
Warranties regarding potential acquisition of new projects	34,696	19,944
Grid Connection guarantees	185,785	101,416
Guarantees regarding Power Purchase Agreements	38,017	54,635
Warranties regarding divestment of energy parks	52,299	52,726
Claims regarding divested energy parks	12,200	7,700
Total	**322,997**	**236,421**

4.6 Contingent assets and liabilities - continued

Security for debt

PLEDGES AS SECURITY OF DEBT

As described in the Capital Management note 3.0, we operate a two-layered capital structure, where financing is obtained both at parent- and project level.

End of 2022 total outstanding debt at the parent level equalled EUR 364m (2021: EUR 285m), while total debt on project level amounted to EUR 724m (2021: EUR 347m) including short-term construction financings and long-term project financing.

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

End of 2022 the total outstanding project level financing with pledged assets or shares amounted to EUR 723m (2021: EUR 278m). The corresponding carrying amount of the pledged assets or shares amounted to EUR 985m (2021: EUR 468m).

GUARANTEES AS SECURITY OF DEBT

Besides asset- and share pledges, we also provide parent company guarantees toward financial counterparts for short-term construction financing. For long-term project financing, this guarantee is removed, and the debt is obtained as non-recourse. End of 2022 the total recourse debt at the project levels amounted to EUR 429m (2021: EUR 121m).

4.7 Events after the balance sheet date

HYBRID BOND

In January 2023, European Energy launched a tender offer to repurchase the outstanding green hybrid bonds with maturity in 3020 at par, and issued EUR 100m new green hybrid bonds with maturity in 3023 and a coupon of 10.75%. EUR 92.5 million of the existing hybrid bond holders accepted the tender, and after the tender the outstanding nominal of the 3020 hybrid bonds is therefore now EUR 57.5 million. The 92.5m of 3020 hybrid bonds repurchased by European Energy have not been canceled and legally remain in existence. European Energy can redeem the remaining outstanding 3020 hybrid bonds at par at the first call date on September 22, 2023. The 3023 hybrid bonds constitute compound instruments with a liability component of essentially €nil, and an equity component of €100m. The repurchase transaction will be accounted for in equity, with no impact on the profit or loss.

As part of the January 2023 bond transaction, European Energy also entered into an increased green revolving credit facility of EUR 75m up from EUR 45 m at year end 2022.

Apart from above, Management is not aware of any subsequent matters that could be of material importance to European Energy Group's financial position.

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 number of shares.

EARNINGS PER SHARES DILUTED

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

Parent company

Financial statements

101 MW

Kvosted, Denmark

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FINANCIAL STATEMENTS

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MANAGEMENT'S STATEMENT AND AUDITOR'S REPORT

Income statement and statement of comprehensive income

Note	EURk	2022	2021
1.1	Revenue	229,458	140,922
2.3	Results from investments in subsidiaries	42,353	5,201
2.4	Results from joint ventures	10,853	-855
2.5	Results from associates	2,026	856
	Other income	21	-
	Direct costs	-177,015	-78,461
	Gross profit	**107,696**	**67,663**
4.2, 4.3	Staff costs	-14,151	-12,250
4.4	Other external costs	-13,306	-7,484
	EBITDA	**80,239**	**47,929**
2.1	Depreciation	-1,372	-739
	Operating profit	**78,867**	**47,190**
3.1	Financial income	37,657	30,156
3.1	Financial expenses	-25,042	-18,273
	Profit before tax	**91,482**	**59,073**
4.1	Tax	-4,177	-1,177
	Profit for the year	**87,305**	**57,896**
	Attributable to:		
	Shareholders of European Energy A/S	78,117	51,288
	Hybrid capital holders	9,188	6,608
	Profit for the year	**87,305**	**57,896**

Note	EURk	2022	2021
	Profit for the year	87,305	57,896
	Items that may be reclassified to profit or loss		
	Value adjustments of hedging instruments	-48,205	-919
4.1	Tax of value adjustments of hedging instruments	11,336	-1,339
	Currency translation of foreign operations	-3,610	-271
	Other comprehensive income for the period	**-40,479**	**-2,529**
	Comprehensive income for the year	**46,826**	**55,367**
	Attributable to:		
	Shareholders of European Energy A/S	37,638	48,759
	Hybrid capital holders	9,188	6,608
	Profit for the year	**46,826**	**55,367**

Statement of financial position

Note	EURk	2022	2021
2.1	Property, plant and equipment	2,097	1,764
2.2	Lease assets	3,862	1,738
2.3	Investments in subsidiaries	145,132	115,089
2.4	Investments in joint ventures	10,022	10,048
2.5	Investments in associated companies	7,844	5,793
2.6	Other investments	8,838	4,127
4.5	Loans to subsidiaries	554,252	444,942
4.5	Loans related to joint ventures and associates	32,475	49,733
2.7	Trade receivables and contract assets	571	118
2.7	Other receivables	466	434
4.1	Deferred tax	4,588	2,902
	Total non-current assets	**770,147**	**636,688**
	Inventories	1,773	2,301
3.3	Derivatives	2,215	-
2.7	Trade receivables and contract assets	8,485	5,992
2.7	Other receivables	1,551	1,546
	Prepayments from goods and services	1,957	1,827
	Free cash and cash equivalents	46,006	59,288
	Restricted cash and cash equivalents	-	1,096
	Total current assets	**61,987**	**72,050**
	Total assets	**832,134**	**708,738**

Note	EURk	2022	2021
	Share capital	40,602	40,559
	Retained earnings and reserves	182,768	147,180
	Equity attributable to shareholders of the Company	**223,370**	**187,739**
3.0	Hybrid capital	150,000	150,000
	Total equity	**373,370**	**337,739**
3.2	Bond	363,683	285,383
2.2	Lease liabilities	2,295	916
2.8	Provisions	5,072	1,207
	Derivatives	10,871	5,817
4.1	Deferred tax	2,263	2,124
	Other liabilities	1,953	4,814
	Total non-current liabilities	**386,137**	**300,261**
2.2	Lease liabilities	1,693	753
	Trade payables	1,328	1,201
3.3	Derivatives	3,432	1,224
4.5	Payables to subsidiaries	47,453	37,127
4.5	Payables to related parties	94	11,393
	Corporation tax	1,910	1,294
2.8	Provisions	2,950	4,254
	Deferred income	3,378	-
	Other payables	10,389	13,492
	Total current liabilities	**72,627**	**70,738**
	Total liabilities	**458,764**	**370,999**
	Total equity and liabilities	**832,134**	**708,738**

Statement of cash flow

Note	EURk	2022	2021
	Profit before tax	91,482	59,073
	Adjustment for:		
3.1	Financial income	-37,657	-30,156
3.1	Financial expenses	25,042	18,273
2.1	Depreciations	1,372	739
2.3	Results from investments in subsidiaries	-42,353	-5,201
2.4	Results from investments in joint ventures	-10,853	855
2.5	Results from investments in associates	-2,026	-856
2.9	Change in net working capital	-286	17,106
2.3-2.5	Dividends received	17,702	11,429
2.10	Other non-cash items	27	1,652
	Cash flow from operating activities before financial items and tax	**42,450**	**72,914**
4.1	Taxes paid	-1,617	-1,595
	Interest paid and realised currency losses	-32,704	-12,599
	Interest received and realised currency gains	38,118	23,233
	Cash flow from operating activities	**46,247**	**81,953**
2.1	Acquisition/disposal of property, plant, and equipment	-1,226	-1,572
	Purchase of other investments	-4,711	-
2.3-2.5	Investments in subsidiaries, joint ventures and associates	794	-20,165
4.5	Loans to subsidiaries	-140,336	-213,004
4.5	Loans to joint ventures and associates	9,080	-6,508
	Cash flow from investing activities	**-136,399**	**-241,249**

Note	EURk	2022	2021
3.2	Proceeds from issue of bonds	74,411	297,750
	Repayment of bonds	-	-205,035
	Capital increase through exercise of warrants	365	130
	Purchase of treasury shares	-140	-
	Payments to subsidiaries	10,326	13,564
	Proceeds from issue of hybrid capital	-	75,967
	Coupon payments, hybrid capital	-9,188	-6,608
	Cash flow from financing activities	**75,774**	**175,768**
	Change in cash and cash equivalents	**-14,378**	**16,472**
	Total cash and cash equivalents at 1 January	60,384	43,912
	Total cash and cash equivalents at 31 December	**46,006**	**60,384**
	Cash and cash equivalents	46,006	59,288
	Restricted cash and cash equivalents	-	1,096
	Total cash and cash equivalents end of year	**46,006**	**60,384**

Statement of changes in equity

EURk	Share capital	Reserves (equity methods)	Hedging reserve	Treasury shares	Retained earnings	Total	Hybrid capital	2022
Equity at 1 January	**40,559**	**43,530**	**-3,980**	**-39**	**107,669**	**187,739**	**150,000**	**337,739**
Profit for the year	-	55,232	-	-	22,885	78,117	9,188	87,305
Other comprehensive income								
Value adjustments of hedging instruments	-	-22,398	-25,807	-	-	-48,205	-	-48,205
Tax of value adjustments of hedging instruments	-	4,087	7,249	-	-	11,336	-	11,336
Currency translation of foreign operations	-	-3,610	-	-	-	-3,610	-	-3,610
Other comprehensive income	**-**	**-21,921**	**-18,558**	**-**	**-**	**-40,479**	**-**	**-40,479**
Total comprehensive income	**-**	**33,311**	**-18,558**	**-**	**22,885**	**37,638**	**9,188**	**46,826**
Transactions with owners								
Regulation on disposal of companies	-	-11,838	-	-	11,838	-	-	-
Dividends	-	-17,702	-	-	17,702	-	-	-
Other adjustments		-8,868			8,868	-	-	-
Purchase of treasury shares	-	-	-	-142	-	-142	-	-142
Exercise of warrants	43	-	-	-	322	365	-	365
Share-based compensation expenses	-	-	-	-	2,356	2,356	-	2,356
Coupon payments, hybrid capital	-	-	-	-	-	-	-9,188	-9,188
Other transactions	-	-	-	-	-4,586	-4,586	-	-4,586
Total transactions with owners	**43**	**-38,407**	**-**	**-142**	**36,499**	**-2,007**	**-9,188**	**-11,195**
Equity at 31 December	**40,602**	**38,434**	**-22,538**	**-181**	**167,053**	**223,370**	**150,000**	**373,370**

The share capital consists of nom. 302,168,583 shares of DKK 1 each, corresponding to EUR 40,602 thousand. The share capital is fully paid in. The Equity Treasury share reserve comprises the cost of the parent company's shares held by the Group, and is recognised as retained earnings and reserves in the equity. At 31 December 2022, the Group held nom. 95,512 shares of DKK 1 each corresponding to EUR 13 thousand of the parent company's shares. The shares have been bought back under the warrant program, where the parent company has a right, but not an obligation, to buy back shares from resigned employees. The payments of coupons on hybrid capital is at the discretion of European Energy A/S, and treated as dividend. Accumulated coupon payments as per 31 December 2022 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 2023.

Statement of changes in equity - continued

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 payments of coupons 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.

Notes

Office opening,
Vilnius, Lithuania

1.0 Basis for preparation

General information

The annual report for the year ended 31 December 2022 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.

Accounting policies applied when preparing the parent financial statements are identical to the accounting policies applied when preparing the group financial statements (see Note 1 in the Group financial statements). The only difference in this respect if the following:

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 recognised 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.

Staff costs and other indirect production costs are expensed as the services are delivered.

Revenue by segment and type (EURk)	**2022**	**2021**
Sale of energy farms and projects		
Wind	8,893	103,353
Solar	172,044	-
Other activities	-	-
Total	**180,937**	**103,353**
Development and construction services		
Wind	12,802	15,438
Solar	28,224	17,038
Other activities	-	-
Total	**41,026**	**32,476**
Asset management and other fees		
Wind	3,882	2,377
Solar	3,557	2,716
Other activities	56	-
Total	**7,495**	**5,093**
Total segment and type		
Wind	25,577	121,168
Solar	203,825	19,754
Other activities	56	-
Total	**229,458**	**140,922**

Unsatisfied performance obligations (EURk)	**Within one year**	**In more than one year**	**2022**
Sale of energy farms and projects	1,130	1,942	3,072
Service agreements	3,463	33,801	37,264
Total	**4,593**	**35,743**	**40,336**

Unsatisfied performance obligations (EURk)	**Within one year**	**In more than one year**	**2021**
Service agreements *)	3,863	20,228	24,091
Total	**3,863**	**20,228**	**24,091**

*) Comparative 2021 figures have been corrected.

2.1 Property, plant, and equipment

	2022			2021			
EURk	**Solar power generating assets**	**Tools and equipment**	**Total**	**Solar power generating assets**	**Tools and equipment**	**Land and buildings**	**Total**
Cost at 1 January	**506**	**3,432**	**3,938**	**511**	**1,831**	**1,138**	**3,480**
Reclassification	-	-	-	-	-	-738	-738
Additions	-	1,227	1,227	-	1,601	-	1,601
Disposals	-506	-	-506	-5	-	-400	-405
Cost at 31 December	**-**	**4,659**	**4,659**	**506**	**3,432**	**-**	**3,938**
Accumulated depreciation and impairment losses at 1 January	**-325**	**-1,849**	**-2,174**	**-226**	**-1,431**	**-1**	**-1,658**
Exchange rate adjustments	-	-	-	-	-	1	1
Depreciation	-	-713	-713	-99	-418	-	-517
Disposals	325	-	325	-	-	-	-
Accumulated depreciation and impairment losses at 31 December	**-**	**-2,562**	**-2,562**	**-325**	**-1,849**	**-**	**-2,174**
Carrying amount at 31 December	**-**	**2,097**	**2,097**	**181**	**1,583**	**-**	**1,764**

2.2 Lease assets and liabilities

Leases in parent company comprises primarily rentals and other equipment.

The interest expenses paid on lease liabilities amounted to EUR 0.1m (2021: EUR 0.0m). Depreciation amounts to EUR 1.4m (2021: EUR 0.6m).

Lease assets (EURk)	2022	2021
Carrying amount at 1 January	**1,738**	**-**
Additions	3,512	2,323
Depreciations	-1,388	-585
Carrying amount at 31 December	**3,862**	**1,738**

Lease liabilities (EURk)	2022	2021
Carrying amount at 1 January	**1,669**	**-**
Additions	3,512	2,323
Lease payments	-1,288	-684
Interests	95	30
Carrying amount at 31 December	**3,988**	**1,669**
Lease liabilities recognised in the balance sheet:		
Non-current lease liabilities	2,295	916
Current lease liabilities	1,693	753
Lease liabilities recognised in the balance sheet	**3,988**	**1,669**

2.3 Investments in subsidiaries

EURk	2022	2021
Cost at 1 January	54,992	42,944
Additions	35,702	30,068
Disposals	-3,276	50
Transfers	-8,546	-18,070
Cost at 31 December	**78,872**	**54,992**
Value adjustments at 1 January	48,316	55,173
Adjustment regarding prior years	-	-4,474
Share of profit for the year	42,353	5,201
Hedges net of tax	-16,592	3,893
Dividends received from subsidiaries	-15,235	-11,172
Reversed value adjustments on disposals	-10,041	84
Transfers	4,440	-736
Other value adjustments	-14,786	347
Value adjustments at 31 December	**38,455**	**48,316**
Carrying amount at 31 December	**117,327**	**103,308**
Investments in subsidiaries at 31 December	145,132	115,089
Set-off against receivables from subsidiaries	-25,340	-10,574
Provision for negative value for subsidiaries	-2,464	-1,207
Total	**117,327**	**103,308**

Ownership shares in subsidiaries can be specified as follows:

Name and location	31 Dec 2022	31 Dec 2021
AEZ Dienstleistungs GmbH, Germany	100.0%	100.0%
Alternatives Energiezentrum Verwaltungsgesellschaft GmbH, Germany	100.0%	100.0%
Ammongas A/S, Denmark	54.9%	0.0%
Barreiras ApS, Denmark	100.0%	100.0%
Blue Viking Solar S.L, Spain	100.0%	100.0%
Boa Hora 4 Geradora de Energia Solar S.A., Brazil	80.0%	80.0%
Boa Hora 5 Geradora de Energia Solar S.A., Brazil	80.0%	80.0%
Boa Hora 6 Geradora de Energia Solar S.A., Brazil	80.0%	80.0%
Boa Hora 7 Geradora de Energia Solar S.A., Brazil	80.0%	0.0%
Boa Hora 8 Geradora de Energia Solar S.A., Brazil	80.0%	0.0%
Boa Hora 9 Geradora de Energia Solar S.A., Brazil	80.0%	0.0%
Branco Vind ApS, Denmark	100.0%	100.0%
Driftsselskabet Heidelberg ApS , Denmark	100.0%	100.0%
EE Australia Pty Ltd, Australia	100.0%	0.0%
EE Bonde GmbH & Co. KG , Germany	100.0%	100.0%
EE Bulgaria EOOD, Bulgaria	100.0%	100.0%
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, Denmark	100.0%	100.0%
EE Dupp ApS, 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 2022	31 Dec 2021
EE Estonia ApS, Denmark	100.0%	100.0%
EE Finland OY, Finland	100.0%	100.0%
EE Keiko ApS & Co. KG, Germany	100.0%	100.0%
EE Latvia ApS, Denmark	100.0%	100.0%
EE Lithuania Emerald ApS., Denmark	100.0%	100.0%
EE Lithuania Holding UAB, Lithuania	100.0%	0.0%
EE Lithuania Hybrid ApS, Denmark	100.0%	100.0%
EE MSF ApS, Denmark	100.0%	100.0%
EE Nederland B.V., Netherlands	100.0%	0.0%
EE Nordic Holding 1 ApS, Denmark	100.0%	100.0%
EE Polska ApS , Denmark	100.0%	100.0%
EE Pommerania ApS (Group), Denmark	50.0%	0.0%
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 Sprogø OWF ApS , Denmark	100.0%	100.0%
EE Suomi ApS, Denmark	100.0%	0.0%
EE Telsiai Holding UAB, Lithuania	0.0%	100.0%
EE Urja ApS & Co. KG, Germany	100.0%	100.0%

Ownership shares in subsidiaries can be specified as follows (continued): Name and location	31 Dec 2022	31 Dec 2021
EE Vacaresti ApS, Denmark	100.0%	0.0%
EE Verwaltung ApS, Denmark	100.0%	100.0%
EEA Italy Wind s.r.l., Italy	93.0%	0.0%
EEC DK ApS, Denmark	100.0%	0.0%
Ejendomsselskabet Kappel ApS, Denmark	67.0%	67.0%
Enerteq ApS, Denmark	55.7%	55.7%
European Energia Estonia OU, Estonia	100.0%	100.0%
European Energy Netherlands ApS , Denmark	100.0%	100.0%
European Energy Sverige AB , Sweden	100.0%	100.0%
European Energy Trading A/S, Denmark	100.0%	100.0%
European Energy Balkans d.o.o., Croatia	100.0%	0.0%
European Energy Byg ApS, Denmark	100.0%	100.0%
European Energy Byg II ApS, Denmark	100.0%	100.0%
European Energy Byg Lithuania ApS, Denmark	100.0%	0.0%
European Energy Byg Poland ApS, Denmark	100.0%	0.0%
European Energy Byg Sweden ApS, Denmark	100.0%	0.0%
European Energy Deutschland GmbH, Germany	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 2022	31 Dec 2021
European Energy Development Limited, UK	100.0%	100.0%
European Energy do Brasil Servicos Especializados LTDA, Brazil	100.0%	0.0%
European Energy France SAS, France	100.0%	0.0%
European Energy Giga Storage A/S, Denmark	100.0%	100.0%
European Energy Global Offshore ApS, Denmark	100.0%	100.0%
European Energy Greece SMPC, Greece	100.0%	100.0%
European Energy Heating (UK) Ltd, UK	68.0%	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 Latvia SIA, Latvia	100.0%	100.0%
European Energy Lillebælt ApS, Denmark	100.0%	0.0%
European Energy Lithuania UAB, Lithuania	100.0%	100.0%
European Energy Norge AS, Norway	100.0%	100.0%
European Energy Offshore A/S, Denmark	72.0%	72.0%
European Energy Romania Development SRL, Romania	100.0%	100.0%
European Energy Systems II ApS, Denmark	100.0%	100.0%
European Green Solar S.r.l., Italy	100.0%	100.0%
European Solar Farms A/S, Denmark	100.0%	100.0%
European Wind Farm Denmark A/S, Denmark	100.0%	100.0%
European Wind Farms A/S, Denmark	100.0%	100.0%

Ownership shares in subsidiaries can be specified as follows (continued):

Name and location	31 Dec 2022	31 Dec 2021
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	0.0%	100.0%
Frederikshavn OWF ApS, Denmark	100.0%	85.0%
Greenfield Brazil ApS, Denmark	100.0%	0.0%
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, Denmark	100.0%	100.0%
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 ApS, Denmark	67.0%	67.0%
PSH 1 Holdings DK ApS, Denmark	100.0%	0.0%
Puglia Holding S.r.l., Italy	0.0%	100.0%
Renewables Insight ApS, Denmark	100.0%	100.0%
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%
Svindbæk Holding ApS, Denmark	67.0%	67.0%
Tacaimbo 1 ApS, Denmark	100.0%	100.0%
Tacaimbo 2 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	0.0%	100.0%
Windenergie Rauschenberg A/S, Denmark	87.0%	90.0%
Windpark Tornitz GmbH & CO. KG, Germany	0.0%	100.0%

2.4 Investments in joint ventures

EURk	2022	2021
Cost at 1 January	7,477	7,444
Additions	3	33
Transferred to subsidiaries/other investment	-3	-
Cost at 31 December	**7,477**	**7,477**
Value adjustments at 1 January	-6,264	-6,261
Net result for the year	10,854	-855
Dividends received from joint ventures	-1,917	-50
Transfer	-3,842	-
Other value adjustments	-1,476	902
Value adjustments at 31 December	**-2,645**	**-6,264**
Carrying amount at 31 December	**4,832**	**1,213**
Investments in joint ventures at 31 December	10,022	10,048
Set-off against receivables from joint ventures	-5,190	-8,835
Total	**4,832**	**1,213**

Our Joint Ventures performed better than last year and includes a positive fair value adjustment of EUR 9.5m related to two Brazilian investments and an investment in Poland. In 2021, results were impacted by a EUR 0.6m positive fair value adjustment related to the Brazilian investments.

Ownership shares in joint ventures can be specified as follows:

Name and location	31 Dec 2022	31 Dec 2021
EE Haseloff Aps & Co. KG, Denmark	50.0%	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%
Gaardbogaard Wind Park ApS	50.0%	0.0%
GWE Contractors K/S, Denmark	50.0%	50.0%
Komp. GWE Contractors ApS, Denmark	50.0%	50.0%
Kronborg Solpark ApS, Denmark	50.0%	50.0%
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	2022	2021
Cost at 1 January	4,315	3,913
Additions	1,085	419
Transferred to subsidiaries/other investment	- 708	-
Disposals	-	- 17
Cost at 31 December	**4,692**	**4,315**
Value adjustments at 1 January	1,478	852
Net result for the year	2,026	856
Reversed value adjustments on disposals and transfers	- 277	- 23
Dividend and other value adjustments	- 600	- 207
Value adjustments at 31 December	**2,627**	**1,478**
Carrying amount at 31 December	**7,319**	**5,793**
Investments in associates at 31 December	7,844	5,793
Set-off against receivables from associates	- 525	-
Total	**7,319**	**5,793**

Ownership shares in associates can be specified as follows:

Name and location	31 Dec 2022	31 Dec 2021
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	33.3%	25.0%
Renewable Energy Partnership Management GP ApS, Denmark	33.3%	33.3%
Renewable Energy Partnership P/S, Denmark	33.3%	33.3%
Renewable Energy Partnership I K/S, Denmark	7.4%	7.4%

2.6 Other investments in wind and solar farms

EURk	2022	2021
Cost at 1 January	1,150	1,150
Additions for the year	4,711	-
Cost at 31 December	**5,861**	**1,150**
Value adjustments at 1 January	2,977	2,977
Value adjustments at 31 December	**2,977**	**2,977**
Total Fair Value at 31 December	**8,838**	**4,127**
Investments related to:		
Wind power generating assets	8,838	4,127
Total	**8,838**	**4,127**

2.7 Trade receivables, contract assets, other receivables and prepayments

Receivables (EURk)	2022	2021
Trade receivables and contract assets	9,056	6,110
Other receivables (non-interest bearing)	2,017	1,980
Total receivables	**11,073**	**8,090**
No impairment losses are recognised relating to doubtful receivables		
Exposure:		
Receivables not past due	9,690	7,314
1-30 days	475	557
31-90 days	70	74
>90 days	838	145
Total receivables	**11,073**	**8,090**

No receivables are due more than 5 years after the balance sheet date.

Contract assets (EURk)	2022	2021
Contract assets at 1 January	3,854	1,936
Received during the year	-3,280	-713
Addition new contract assets	2,724	3,243
Other changes	515	-612
Contract assets end of year	**3,813**	**3,854**
Non-current contract assets	571	118
Current contract assets	3,242	3,736
Total contract assets	**3,813**	**3,854**

2.8 Provisions

EURk	2022	2021
Provisions at 1 January	**5,461**	**4,400**
Additions	4,732	1,207
Unused amounts reversed	-800	-
Disposals	-1,371	-146
Provisions at 31 December	**8,022**	**5,461**
Non-current provisions	5,072	1,207
Current provisions	2,950	4,254
Total provisions	**8,022**	**5,461**

2.9 Change in net working capital

The change in net working capital was EUR -0.3m in 2022 and EUR 17.1m in 2021. In 2022 the most significant changes in net working capital were related to Other payables. 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.

EURk	2022	2021
Inventories	5,882	-611
Trade receivables and contract assets	-4,430	-1,693
Other receivable	510	275
Prepayments	-130	-182
Trade payables	127	306
Other payables	-6,010	19,011
Deferred income	3,765	-
Total change in working capital	**-286**	**17,106**

2.10 Other non-cash items

Total other non-cash items amounted to EUR 0.0m (2021: EUR 1.7m) were mainly related to FX adjustment of Group companies, off-set by share based compensation expenses and other minor adjustments. In addition a number of group enterprises have changed functional currencies resulting in a translation impact hereof.

EURk	2022	2021
Fair value adjustment of companies	-	287
FX adjustments of group entities	-4,346	-
Share based compensation expenses	2,356	1,030
Adjustments previous year	-	335
Other minor	2,017	-
Other non-cash items	**27**	**1,652**

3.0 Capital management and Hybrid capital

For the following disclosures refer to the Group financial statements:

Capital management (see Group note 3.0.)
Hybrid capital (see Group note 3.1)

3.1 Financial income and expenses

Financial items for the Parent is impacted materially by the activities as described in note 3.0 Capital Management in the Group financial statements. The increasing financial income and expenses is a reflection of increasing activity level- Net financial items is on par with 2021.

Overall increasing activities are contributing to increasing interest levels and hence an increased income for European Energy A/S.

Finance income (EURk)	**2022**	**2021**
Interest income, on financial assets measured at amortised costs	34,533	23,258
Modification gain	-	4,791
Dividends, other investments	555	-
Other financial income	406	59
Currency gains realised	33	355
Currency gains unrealised	2,130	1,693
Finance income	**37,657**	**30,156**

Finance expenses (EURk)	**2022**	**2021**
Interest on bonds	13,419	10,578
Interest on lease liabilities	30	30
Finance expenses and overdrafts measured at amortised costs	3,717	2,101
Amortisation of debt issue costs	2,222	2,503
Amortisation of modification gain	1,723	1,938
Other financial expenses	973	274
Currency losses realised	91	54
Currency losses unrealised	2,867	795
Finance expenses	**25,042**	**18,273**

3.2 Liquidity risks

For a description of how the group and parent manages liquidity risks and exposures see note 3.3 in the group financial statements.

	2022				
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	420,909	15,474	327,648	77,786	-
Derivative liabilities	18,528	1,535	5,409	3,335	8,250
Lease liabilities	4,105	1,713	2,392		
Other liabilities	1,953	-	1,953	-	-
Current liabilities*	61,174	61,174	-	-	-

*Current liabilities includes Trade payables, payables to subsidiaries ,payables to related parties, corporation tax and other payables

	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	-
Derivative liabilities	12,925	1,741	1,016	1,123	9,045
Lease liabilities	1,669	753	916	-	-
Other liabilities	4,814	-	4,814	-	-
Current liabilities*	64,507	64,507	-	-	-

3.3 Financial risk management

For a description of how the group and parent manages financial risks, moreover the power price risks, currency risks, interest risks and commodity risks see note 3.5 in the group financial statements.

Level 3 financial instruments through OCI (EURk)	2022	2021
Fair value at 1 January	**-7,801**	**2,812**
Value adjustments of hedging instruments through OCI during the year, unrealised	-2,814	-10,613
Value adjustments of hedging instruments through OCI during the year, realised	-256	-
Total Fair value at 31 December	**-10,871**	**-7,801**

	2022			
Power purchase agreements	MWh/h	Average hedged rate (EUR/MW)	Fair value (EURk)	Recognised in other comprehensive income (EURk)
Power purchase agreements	18.8	39.1	-10,871	-3,070
Total	**18.8**	**39.1**	**-10,871**	**-3,070**

	2021			
Power purchase agreements	62.8	37.9	-7,801	-10,613
Total	**62.8**	**37.9**	**-7,801**	**-10,613**

	2022		
Market value (EURk)	Asset	Liability	Total Hedge
Power purchase agreements		-10,871	-10,871
Power purchase agreements	**-**	**-10,871**	**-10,871**

	2021		
Market value (EURk)	Asset	Liability	Total Hedge
Power purchase agreements	256	-8,057	-7,801
Power purchase agreements	**256**	**-8,057**	**-7,801**

3.3 Financial risk management – continued

Currency forwards (EURk)	Notional amount	Average hedged rate	Fair value	Recognised in other comprehensive income	Recognised in profit or loss
	2022				
Cash flow hedge, USD	59,309	1 USD/ 1 EUR	-3,333	-3,333	
Net investment hedge, BRL	61,144	5.5 BRL/ 1 EUR	-14,691	-14,691	
Total forward exchange contracts			**-18,025**	**-18,025**	**-**

Currency forwards (EURk)	2021				
Cash flow hedge, USD	94,881	1.1 USD/ 1 EUR	4,713	4,743	-
Net investment hedge, BRL	30,579	6.6 BRL/ 1 EUR	-677	-	-1,938
Total forward exchange contracts			**4,036**	**4,743**	**-1,938**

Recognised in the balance sheet:

Market value (EURk)	Asset	Liability	Total Hedge
	2022		
Cash flow hedge, USD		-3,333	-3,333
Net investment hedge, BRL	2,215	-16,906	-14,691
Total market values	**2,215**	**-20,239**	**-18,025**

Market value (EURk)	Asset	Liability	Total Hedge
	2021		
Cash flow hedge, USD	4,713	-	4,713
Net investment hedge, BRL	-	-677	-677
Total market values	**4,713**	**-677**	**4,036**

3.4 Financial instruments by category

EURk	2022 Carrying amount	2022 Fair value	2021 Carrying amount	2021 Fair value
Financial assets measured at FVTPL	15,529	15,529	4,127	4,127
Financial assets measured at FVTOCI *)	2,215	2,215	5,516	5,516
Financial assets measured at amortised cost	597,334	597,334	502,331	502,331
Financial liabilities measured at amortised cost	412,558	404,308	335,104	336,229
Financial liabilities measured at FVTOCI *)	14,540	14,540	8,604	8,604
Hybrid capital	150,000	147,000	150,000	154,500

*) Included in balance sheet based on maturity

3.5 Determination of fair value

For a description of how the group and parent determines the fair value measurement see note 3.7 in the group financial statements.

2022

Fair value hierarchy (EURk)	Quoted prices (level 1)	Observable input (level 2)	Non-observable input (level 3)	Total
Other investments	-	-	8,838	8,838
Derivatives:				
Power purchase agreements	-	-	6,691	6,691
Currency hedges		2,215		2,215
Financial assets measured at fair value:	**-**	**2,215**	**15,529**	**17,743**
Derivatives:				
Power purchase agreements	-	-	-10,871	-10,871
Currency hedges	-	-3,670	-	-3,670
Financial liabilities measured at fair value:	**-**	**-3,670**	**-10,871**	**-14,540**

2021

Fair value hierarchy (EURk)	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:	**-**	**-**	**4,383**	**4,383**
Derivatives				
Power purchase agreements	-	-	-8,057	-8,057
Currency hedges	-	-1,224	-	-1,224
Financial liabilities measured at fair value:	**-**	**-1,224**	**-8,057**	**-9,281**

4.1 Tax

Statement of profit or loss (EURk)	2022	2021
Current income tax:		
Current income tax charge	1,936	256
Adjustments relating to prior years	-51	1,342
Total current income tax for the year	**1,885**	**1,598**
Deferred tax:		
Deferred tax	1,239	527
Adjustments relating to prior years	1,053	-948
Total deferred tax	**2,292**	**-421**
Total tax on profit recognised in the statement of profit or loss	**4,177**	**1,177**
Effective tax rate	5%	2%
Tax on other comprehensive income		
Fair value adjustments of hedging instruments	-6,340	-760
Fair value adjustments of currency hedges	-909	1,040
Total current and deferred tax on other comprehensive income	**-7,249**	**280**

Deferred tax specification (EURk)	2022	2021
Deferred tax start of period	-778	781
Deferred tax for the year recognised in the income statement	2,292	-421
Deferred tax for the year recognised in other comprehensive income in deferred tax	-6,340	-760
Adjustment relating to the disposal/purchase of equity-accounted investments	-	
Other equity regulations / Joint taxation etc.	2,501	-378
Total recognised deferred tax in the balance	**-2,325**	**-778**
Deferred tax is recognised as follows:		
Deferred tax assets	-4,588	-2,902
Deferred tax liability	2,263	2,124
Total recognised deferred tax in the balance	**-2,325**	**-778**
Split of various temporary differences recognised in the balance sheet		
Tax loss carried forward	-25	-900
Differences of plant & equipment	2,001	1,874
Dismantling provisions (Germany)	47	48
Other differences	-4,348	-1,800
Total	**-2,325**	**-778**
Deferred tax assets not recognised in the balance sheet		
Value of tax losses not recognised in the balance sheet	**-**	**1,572**

4.2 Staff costs

EURk	2022	2021
Wages, salaries and remuneration	38,131	27,084
Share-based compensation	2,356	1,030
Contributions to defined contribution plans	33	32
Other social security costs	365	215
Other staff costs	1,900	1,208
Total	**42,785**	**29,569**
Part of salaries recognised in direct costs	-28,634	-17,319
Total staff costs	**14,151**	**12,250**
Average number of full-time employees	306	209
Number of employees end of year	369	244

	2022			
Management remuneration (EURk)	**Salary**	**Bonus**	**Share-based compensation**	**Total**
Board of directors	32	-	19	51
Executive board	323	1,327	90	1,740
Other key management personnel	1,836	2,872	517	5,225

	2021			
Management remuneration (EURk)	**Salary**	**Bonus**	**Share-based compensation**	**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

4.3 Share-based payment

Please refer to note 4.3 for the group.

4.4 Audit fees

EURk	2022	2021
Statutory audit	172	94
Assurance other than audit	6	10
Non-audit services *)	37	62
Total to the auditors appointed by the Annual General Meeting	**215**	**166**

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

4.5 Related party transactions

Sale of shares to subsidiaries, EUR 15.1m, includes transfers of shares in two Danish and one Polish project company, that were acquired from third parties, to other Group companies for EUR 13.9m, and transfer of other shares for EUR 1.2m.

Loans to related parties increased to EUR 586.7m (2021: EUR 494.7m) by the end of 2022. The increased loans are primarily to finance increased construction of power plants. The reduction in loans to Joint Ventures is primarily due to the reclassification of a portfolio of Polish Companies from Joint Ventures to Consolidated.

EURk	2022	2021
Sale of services from development and construction to subsidiaries	33,574	23,092
Sale of services to joint ventures	1,158	1,394
Sale of services to associates	1,254	108
Sale of services to owners	74	89
Sale of shares to subsidiaries	15,056	70,842
Sale of shares to owners	-	296
Guarantee provision invoiced to subsidiaries	318	263
Write-off of loan to subsidiaries	-312	-
Cost of services from Subsidiaries	-224	-
Cost of services from Owners	-50	-50
Cost of shares purchased from Subsidiaries	-814	-
Cost of shares purchased from Owners	-	-11,415
Interest, income from subsidiaries	34,056	21,165
Interest, income from joint ventures	202	1,233
Interest, income from associates	263	138
Interest, income from owners	-	26
Interest, expenses to subsidiaries	-2,475	-1,541
Interest, expenses to joint ventures	-	-82
Interest, expenses to associates	-397	-

4.5 Related party transactions - continued

Loans to related parties	**Subsidi-aries**	**Joint Ventures**	**Associ-ates**	**Owners**	**2022**	**Subsidi-aries**	**Joint Ventures**	**Associ-ates**	**Owners**	**2021**
Loans	579,758	38,825	1,950	-	620,533	455,516	57,978	3,341	-	516,835
Investments set-off against loans	-25,340	-5,190	-525	-	-31,055	-10,574	-8,835	-	-	-19,409
Loans at 31 December	**554,418**	**33,635**	**1,425**	**-**	**589,478**	**444,942**	**49,143**	**3,341**	**-**	**497,426**
Provision for impairment at 1 January	-	-2,751	-	-	-2,751	-	-2,751	-	-	-2,751
Provision for impairment for the year	-	-	-	-	-	-	-	-	-	-
Disposals	-166	166	-	-	-	-	-	-	-	-
Provision for impairment at 31 December	-166	-2,585	-	-	-2,751	-	-2,751	-	-	-2,751
Carrying amount at 31 December	**554,252**	**31,050**	**1,425**	**-**	**586,727**	**444,942**	**46,392**	**3,341**	**-**	**494,675**

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	2022	Subsidi-aries	Joint Ventures	Associ-ates	Owners	2021
Loans	47,453	3	-	91	47,547	37,127	3	-	11,390	48,520
Total loans from related parties	**47,453**	**3**	**-**	**91**	**47,547**	**37,127**	**3**	**-**	**11,390**	**48,520**

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 statement of jointly taxed Danish income for 2022 shows a negative taxable income. Consequently, no Danish corporate tax liability will arise for 2022, (2021: EUR 1.3m).

PLEDGES AND GUARANTEES
All financing on the parent company level is obtained without security and is structurally subordinated to the project level financing. To support the project level when obtaining short term construction financing, the parent company usually provide security in the form of parent company guarantees toward the financial counterparties. End of 2022 the total debt at the project levels with parent company guarantee amounted to EUR 429m (2021: EUR 121m).

Please refer to note 4.6 for the group.

CONTRACTUAL OBLIGATIONS
European Energy's contractual obligations EUR 169m (2021: EUR 243m) related to Inventory at 31 December 2022 mainly relates to turbine supply agreements and solar panels supply agreements to use for construction of our energy parks.

Contingent liabilities

EURk	2022	2021
Warranties regarding potential acquisition of new projects	7,958	10,515
Grid Connection guarantees	185,785	101,416
Warranties regarding Power Purchase Agreements	38,017	54,635
Warranties regarding divestment of energy parks	12,011	10,000
Claims regarding divested energy parks	12,200	7,700
Total	**255,971**	**184,266**

4.7 Events after the balance sheet date

Please refer to note 4.7 for the group.

4.8 Group structure and executive functions of the internal Board members

There are 627 companies (2021: 500) within European Energy Group, 502 (2021: 373) are controlled subsidiaries and 110 (2021: 111) 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 (2021: 15 investments) in companies where its ownership is below 20%, none of which are material investments for the group.

At the end of 2022, the total number of subsidiaries directly or indirectly owned by the parent company was 502 (2021: 373), all of which were consolidated line by line in the consolidated income statement.

The 110 Joint Ventures (2021: 111 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 (2021: 15 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.

The below lists shows alle the companies and the administrative entities in the group and the corresponding board member- and directorships for our internal members of the BoD in European Energy A/S.

KEA = Knud Erik Andersen

JPZ = Jens-Peter Zink

MDP = Mikael Dystrup Pedersen

H = Hybrid (both solar and wind power)

W = Wind power

S = Solar power

A = Administration companies

No.	Subsidiaries by geographical area	Ownership 2022	Chair man	Other board member	Directorships	Type
	Parent company					
1	European Energy A/S	100%		KEA, MDP, JPZ		H
	Australia					
2	Cocamba Stage One Holding Pty Ltd	84%			KEA	S
3	Cocamba Stage One Project Pty Ltd	84%			KEA	S
4	EE Australia Pty Ltd	100%			KEA	S
5	Gatton Solar Farm Holding Pty Ltd	100%			KEA	S
6	Gatton Solar Farm Pty Ltd	100%			KEA	S
7	QSF Holding Pty Ltd	80%			KEA	S
8	Quandong Solar Farm Pty Ltd	80%			KEA	S
	Bulgaria					
9	EE Krassen EOOD	100%		JPZ	JPZ	W
10	EE Real Estate EOOD	100%		JPZ	JPZ	W
	Brazil					
11	Barreiras II Energias Renovaveis Ltda.	100%				S
12	Boa Hora 4 Geradora de Energia Solar S.A.	80%				S
13	Boa Hora 5 Geradora de Energia Solar S.A.	80%				S
14	Boa Hora 6 Geradora de Energia Solar S.A.	80%				S
15	Boa Hora 7 Geradora de Energia Solar S.A.	80%				S
16	Boa Hora 8 Geradora de Energia Solar S.A.	80%				S
17	Boa Hora 9 Geradora de Energia Solar S.A.	80%				S
18	European Energy do Brasil Servicos Especializados LTDA	100%				S
19	EDN Energias Renovaveis S.A.	100%				S
20	Eolica Ouro Branco 1 S.A	99%				W
21	Eolica Ouro Branco 2 S.A	99%				W
22	Eolica Quatro Ventos S.A	99%				W
23	Greenfield Brasil Servicos de Gerenciamento Intermediacão e Desenvolvimento de Projetos de Energia S	100%				S
	Bulgaria					
24	EE Abrit EOOD	100%		JPZ	JPZ	W
25	EE Bulgaria EOOD	100%			JPZ	S

No.	Subsidiaries by geographical area	Ownership 2022	Chair man	Other board member	Directorships	Type
	Croatia					
26	Chielo Klara d.o.o	100%	KEA	JPZ	KEA, JPZ	H
27	European Energy Balkans d.o.o.	100%			KEA, JPZ	H
	Denmark					
28	Barreiras ApS	100%			KEA, JPZ	S
29	Blåhøj Wind Park ApS	74%	JPZ	KEA	KEA	W
30	Branco Vind ApS	100%			JPZ	W
31	Driftsselskabet Heidelberg ApS	100%			KEA	W
32	European Energy Byg Lithuania ApS	100%			KEA	H
33	European Energy Byg Poland ApS	100%			KEA	H
34	European Energy Byg Sweden ApS	100%			KEA	H
35	EE Cocamba ApS	100%				S
36	EE Construction DK ApS	100%			KEA, JPZ	S
37	EE Croatia ApS	100%	KEA	JPZ	JPZ	S
38	EE Dupp ApS	100%			KEA, JPZ	W
39	EE Ejendomme ApS	100%			KEA	S
40	EE Finland Holding ApS	100%			KEA, JPZ	W
41	EE France ApS	100%			KEA	W
42	EE Guldborgsund ApS	74%	KEA	JPZ	KEA	S
43	European Energy Lillebælt ApS	100%			KEA	W
44	EE Lithuania Emerald ApS	100%			KEA, JPZ	W
45	EE Lithuania Holding ApS	100%			KEA, JPZ	W
46	EE Lithuania Hybrid ApS	100%			JPZ	H
47	EE MSF ApS	100%		KEA		S
48	EE Netherlands ApS	100%			JPZ	S
49	EE Nordic Holding 1 ApS	100%			KEA, JPZ	W
50	EE Nordic Holding 2 ApS	100%			KEA, JPZ	W
51	EE Nordic Holding 3 ApS	100%			KEA, JPZ	W
52	EE Polska ApS	100%			JPZ	S
53	EE Pommerania ApS	50%	JPZ	KEA	KEA, JPZ	W
54	EE PV Holding ApS	100%			KEA	S
55	EE Romania ApS	100%			KEA, JPZ	W

No.	Subsidiaries by geographical area	Ownership 2022	Chair man	Other board member	Directorships	Type
56	EE Sprogø OWF ApS	100%			KEA	W
57	EE Suomi ApS	100%			KEA, JPZ	W
58	EE Sweden Holding ApS	100%			KEA, JPZ	W
59	EE Vacaresti ApS	100%	KEA	JPZ	JPZ	H
60	EE Verwaltung ApS	100%			KEA, JPZ	W
61	EEC DK ApS	100%			KEA, JPZ	S
62	Ejendomsselskabet Kappel ApS	67%	JPZ	KEA	KEA	W
63	Enerteq ApS	100%			KEA	W
64	European Energy Byg ApS	100%			KEA	W
65	European Energy Byg II ApS	100%			KEA	W
66	European Energy Global Offshore ApS	100%			KEA	W
67	European Energy Offshore A/S	72%	JPZ	KEA	KEA	W
68	European Energy Trading A/S	100%		KEA, MDP, JPZ	KEA	S
69	European Solar Farms Greece ApS	100%			KEA, JPZ	S
70	European Solar Farms Italy ApS	100%			KEA, JPZ	S
71	European Solar Farms Spain ApS	100%			KEA, JPZ	S
72	European Wind Farms Bulgaria ApS	100%			KEA, JPZ	W
73	European Wind Farms Denmark A/S	100%	JPZ	KEA	KEA	W
74	European Wind Farms Greece ApS	100%			KEA, JPZ	W
75	European Wind Farms Italy ApS	100%			KEA, JPZ	W
76	Floating PV Solutions ApS	100%		KEA		S
77	Frederikshavn OWF ApS	100%			KEA	W
78	FWE Windpark TIS K/S	100%		KEA, JPZ	KEA	W
79	FWE Windpark Wittstedt K/S	100%		KEA, JPZ	KEA	W
80	FWE Windpark Wulfshagen K/S	100%		KEA, JPZ	KEA	W
81	FWE Windpark 3 Standorte K/S	100%		KEA, JPZ	KEA	W
82	FWE Windpark Kranenburg K/S	100%		KEA, JPZ	KEA	W
83	FWE Windpark Scheddebrock K/S	100%		KEA, JPZ	KEA	W
84	FWE Windpark Westerberg K/S	100%		KEA, JPZ	KEA	W
85	Gaardbogaard Wind Park ApS	50%			KEA	W
86	Greenfield Brazil ApS	100%			KEA, JPZ	S
87	Guldborgsund Energi ApS	44%		KEA	KEA	S
88	H&R Wind Parks ApS	100%			KEA	W
89	Hanstholmvej Ejendomsselskab ApS	100%			KEA	S
90	Hanstholmvej Holding ApS	100%			KEA	S
91	Holmen II Holding ApS	67%			KEA, JPZ	W
92	Holmen II V90 ApS	67%			KEA, JPZ	W
93	Holmen II Vindkraft I/S	37%	KEA	JPZ		W
94	Holsted Solar Park ApS	100%			KEA	S
95	Jammerland Bay Nearshore A/S	72%	JPZ	MDP	KEA	W
96	K/S Solkraftværket GPI Mando 29	80%			JPZ	S
97	Kassø MidCo ApS	100%			JPZ	S
98	Komplementarselskabet Sprogø OWF ApS	45%			KEA	W
99	Komplementarselskabet Heidelberg ApS	100%			KEA	W
100	Komplementarselskabet Solkraftværket GPI Mando 29 ApS	80%			KEA, JPZ	S
101	Komplementarselskabet Vindtestcenter Måde ApS	100%			KEA	W
102	Lidegaard ApS	100%			KEA, JPZ	S
103	Måde Wind Park ApS	100%			KEA	W
104	Måde WTG 1-2 K/S	100%			KEA	W
105	Næssundvej Ejendomsselskab ApS	100%			KEA	S
106	Næssundvej Holding ApS	100%			KEA	S
107	North America Holding ApS	100%			KEA	S
108	Omnia Vind ApS	67%			KEA	W
109	Omø South Nearshore A/S	72%	JPZ		KEA	W
110	PSH 1 Holdings DK ApS	100%			KEA	S
111	REP I Toftlundvej 7 DK KS	100%				S
112	Rødby Fjord Vindkraft Mølle 3 I/S	34%			KEA, JPZ	W
113	Rødkilde PV Holding ApS	100%			KEA	S
114	SF Ibiza ApS	100%			KEA, JPZ	S
115	SF La Pobla ApS	100%			KEA, JPZ	S
116	Solar Park Agersted ApS	89%			KEA, JPZ	S
117	Solar Park Barmosen ApS	100%			KEA, JPZ	S

No.	Subsidiaries by geographical area	Owner-ship 2022	Chair man	Other board member	Director-ships	Type
118	Solar Park DK 1 ApS	100%			KEA	S
119	Solar Park DK 2 ApS	100%			KEA	S
120	Solar Park DK 3 ApS	100%			KEA	S
121	Solar Park DK 4 ApS	100%			KEA	S
122	Solar Park DK 5 ApS	100%			KEA	S
123	Solar Park Evetofte ApS	100%			KEA, JPZ	S
124	Solar Park Freerslev ApS	100%			KEA, JPZ	S
125	Solar Park Gindeskovgård ApS	100%			KEA, JPZ	S
126	Solar Park Holmen II ApS	80%			KEA	S
127	Solar Park Kallerup Grusgrav ApS	100%			KEA, JPZ	S
128	Solar Park Kassø ApS	100%		KEA, MDP, JPZ	KEA	S
129	Solar Park Kildevad ApS	100%			KEA, JPZ	S
130	Solar Park Kvosted ApS	84%			KEA, JPZ	S
131	Solar Park Lidsø ApS	90%			KEA, JPZ	S
132	Solar Park Milbakken ApS	100%			KEA	S
133	Solar Park Ravsted ApS	100%			KEA, JPZ	S
134	Solar Park Skodsebølle ApS	100%			KEA, JPZ	S
135	Solar Park Stouby ApS	100%			KEA, JPZ	S
136	Solar Park Svejlund ApS	100%			KEA, JPZ	S
137	Sprogø OWF K/S	45%			KEA	W
138	Svindbæk Holding ApS	67%			KEA	W
139	Tacaimbo 2 ApS	100%				S
140	Thor Holding 1 ApS	100%			KEA	W
141	Tolstrup Wind Park ApS	74%			KEA	W
142	Vindtestcenter Måde K/S	100%			KEA	W
143	Vinge Wind Park ApS	74%			KEA	W
144	Windenergie Rauschenberg A/S	87%	JPZ			W
	Estonia					
145	European Energia Estonia OU	100%	KEA	JPZ	KEA, JPZ	S
146	Sablokesto OU	100%	KEA	JPZ	KEA, JPZ	S

No.	Subsidiaries by geographical area	Owner-ship 2022	Chairman	Other board member	Director-ships	Type
	Finland					
147	EE Finland OY	100%	JPZ	KEA		W
148	Lakkikeidas PV Oy	100%	JPZ	KEA		S
	France					
149	Allier Agrisolaire SAS	100%		KEA	KEA	S
150	EE Agrisolaire 03 SAS	100%		KEA	KEA	S
151	EE Agrisolaire 04 SAS	100%		KEA	KEA	S
152	EE Agrisolaire 05 SAS	85%		KEA	KEA	S
153	EE Agrisolaire 05 SAS	85%		KEA	KEA	S
154	EE Agrisolaire 06 SAS	85%			KEA	S
155	EE Agrisolaire 07 SAS	85%			KEA	S
156	EE Agrisolaire 09 SAS	100%		KEA	KEA	S
157	EE Agrisolaire 10 SAS	100%		KEA	KEA	S
158	EE Agrisolaire 11 SAS	100%		KEA	KEA	S
159	EE Fanais SAS	100%			KEA	S
160	European Energy France SAS	100%			KEA	S
161	EE Green Energy 01 SAS	85%			KEA	S
162	EE Green Energy 02 SAS	100%			KEA	S
163	EE Solest 01 SAS	100%		KEA	KEA	S
164	EE Solest 02 SAS	100%		KEA	KEA	S
165	EE Solest 03 SAS	100%		KEA	KEA	S
166	EE Solest 04 SAS	100%		KEA	KEA	S
167	EE Solsud 01 SAS	100%		KEA	KEA	S
168	EE Valsolaire SAS	100%				S
169	Les Chalindrés SAS	100%		KEA	KEA	S
170	Nievre Agrisolaire SAS	100%		KEA	KEA	S
	Germany					
171	AEZ Dienstleistungs GmbH	100%				W
172	AEZ Planungs GmbH & Co KG	100%				W
173	AEZ Verwaltung GmbH	100%				W
174	AN Wind GmbH & Co. KG	100%				W

No.	Subsidiaries by geographical area	Ownership 2022	Chairman	Other board member	Directorships	Type
175	E&U GmbH & Co. KabelZeitz KG	51%				W
176	e.n.o. Kabeltrasse GbR Grosstreben	75%			KEA	W
177	EE Beesem GmbH & Co. KG	100%				W
178	EE Bloosballich GmbH & Co. KG	100%				W
179	EE Bonde GmbH & Co. KG	100%				W
180	EE Construction Germany GmbH & Co. KG	100%			KEA	W
181	EE Deinste Hagen ApS & Co. KG	100%		KEA, JPZ		W
182	EE Drei Hugel GmbH & Co. KG	100%				W
183	EE Fuhne ApS & Co. KG	100%		JPZ	KEA, JPZ	W
184	EE Görnsee ApS & Co. KG	100%			KEA, JPZ	W
185	EE Grüner Strom Nalbach GmbH & Co. KG	100%			KEA	W
186	EE Grünhof GmbH	100%			KEA	S
187	EE Hava ApS & Co. KG	100%			KEA, JPZ	W
188	EE Keiko ApS & Co. KG	100%			KEA, JPZ	W
189	EE Lieberose ApS & Co. KG	100%			KEA, JPZ	W
190	EE Malk Gohren GmbH & Co. KG	100%				W
191	EE Nautschketal GmbH & Co. KG	100%				W
192	EE Oderwald GmbH & Co. KG	70%				W
193	EE Oderwald Verwaltungs GmbH	70%				W
194	EE Pommern GmbH	50%			KEA	W
195	EE Projekte Deutschland GmbH	100%			KEA	W
196	EE Projekte Teuchern Gmbh	100%				W
197	EE Rapshagen ApS & Co. KG	86%			KEA, JPZ	W
198	EE Ravi ApS & Co. KG	100%			KEA	W
199	EE Ribbendorf ApS & Co. KG	100%			KEA, JPZ	W
200	EE Rosche GmbH & Co. KG	100%				W
201	EE Sarna ApS & CO. KG	100%			KEA, JPZ	W
202	EE Scheid ApS & Co. KG	75%			KEA, JPZ	W
203	EE Schelm GmbH & Co. KG	100%			KEA	W
204	EE Schnaudertal GmbH & Co. KG	100%				W
205	EE Schönelinde ApS & Co. KG	100%			KEA, JPZ	W

No.	Subsidiaries by geographical area	Ownership 2022	Chairman	Other board member	Directorships	Type
206	EE Sinningen ApS & Co. KG	100%			KEA, JPZ	W
207	EE Solar Cottbus Nord GmbH	100%				S
208	EE Sommersdorf GmbH & Co. KG	100%				W
209	EE Teuchern GmbH & Co. KG	100%				W
210	EE Urja ApS & Co. KG	100%			KEA, JPZ	W
211	EE Windpark Sonnblick GmbH & Co. KG	77%			KEA	W
212	EE Wuggelmühle ApS & Co. KG	100%			KEA, JPZ	W
213	EE Zwackelmann GmbH & Co. KG	100%			KEA	W
214	ESF Spanien 01 GmbH	100%			KEA	S
215	ESF Spanien 09 GmbH	100%			KEA	S
216	European Energy Hamburg GmbH	100%				W
217	European Wind Farms Komp GmbH	100%			KEA	W
218	European Wind Farms Verwaltungsgesellschaft mbH	100%			KEA	W
219	EWF Eins Funf GmbH & Co. KG	100%			KEA	W
220	EWF Fünf Eins ApS & Co. KG	75%			KEA	W
221	EWF Fünf Null GmbH & Co. KG	100%				W
222	EWF Vier Sechs GmbH & Co. KG	100%			KEA	W
223	Infrastrukturgesellschaft Windfeld GmbH & Co. KG	94%				W
224	Infrastrukturgesellschaft Windfeld Verwaltungs-GmbH	94%				W
225	Mando Solarkraftwerke Nr. 29 GmbH & Co. KG	76%				S
226	Netzanbindung Tewel OHG	75%				W
227	SB Wind GmbH & Co. KG	100%			KEA	W
228	WP Liesten GmbH & Co. 2. Betriebs KG	100%			KEA	W
229	WP Liesten GmbH & Co. 4. Betriebs KG	100%			KEA	W
230	WP Liesten GmbH & Co. 5. Betriebs KG	100%				W
231	WP Prittitz GmbH & Co. KG	100%			KEA	W
232	WP Prittitz Verwaltungsgesellschaft mbH	100%			KEA	W
233	WP Sachsen-Anhalt Süd Zwölf GmbH & Co. KG	100%				W
234	WP Sachsen-Anhalt Süd Dreizehn GmbH & Co. KG	100%				W
235	WP Sachsen-Anhalt Süd Dreiundzwanzig GmbH & Co. KG	100%				W
236	WP Sachsen-Anhalt Süd Vierundzwanzig GmbH & Co. KG	100%				W

No.	Subsidiaries by geographical area	Ownership 2022	Chairman	Other board member	Directorships	Type
237	WP Sachsen-Anhalt Süd Sechs GmbH & Co. KG	100%				W
	Greece					
238	Doras Paragogi Ilektrikis Energias Apo Ananeosimes Piges Energias EPE - under liquidation	97%			KEA	S
239	EE Alexandroupolis Wind Single Member P.C.	100%				W
240	EE Florina PV Single Member P.C.	100%				S
241	European Energy Greece SMPC	100%				S
242	EE Grevena PV Single Member P.C.	100%				S
243	EE Kilkis PV Single Member P.C.	100%				S
244	EE Kozani PV Single Member P.C.	100%				S
245	EE Real Estate Greece Single Member P.C.	100%				W
246	EE Rodopi-Evros Wind Single Member P.C.	100%				W
247	EE Trikala PV Single Member P.C.	100%				S
248	EE Tsoukes Wind Single Member P.C.	100%				W
249	European Wind Farms Energy Hellas EPE	97%			JPZ	W
250	Gadir Energiaki EPE	100%				W
251	Iridanos Paragogi Ilektrikis Energias Apo Ananeosimes Piges Energias EPE	97%			KEA	S
252	Kallinikis Single Member P.C.	100%				S
253	Kipheus Paragogi Ilektrikis Energias Apo Ananeosimes Piges Energias EPE	97%			KEA	S
254	Nafsinikos Single Member P.C.	100%				S
255	Onuba Energeiaki EPE	100%				W
	Italy					
256	Mazar Wind S.r.l	100%				S
257	Cerano Energreen S.r.l.	51%				S
258	EE Italy Greenfield PV S.r.l.	100%				S
259	EEA Italy Wind s.r.l.	93%		KEA	KEA	W
260	Energetica Campidano S.r.l	100%				S
261	Energetica Iglesiente S.r.l	100%				S
262	European Energy Italia S.r.l.	100%				S
263	European Energy Italy PV Holding S.r.l.	100%				S
264	European Green Solar S.r.l.	100%				S
265	Is Concias Energetica S.r.l	100%				S

No.	Subsidiaries by geographical area	Ownership 2022	Chairman	Other board member	Directorships	Type
266	Italy Energy Holding S.r.l.	100%				S
267	Mineo Energia S.r.l.	100%				S
268	Montalto Energy S.r.l.	100%				S
269	Palo Holding S.r.l.	100%				S
270	Piscinas Energetica S.r.l	100%				S
271	Ramacca Energia S.r.l.	100%				S
272	Ringo JV S.r.l.	100%				S
273	Shardana Energetica S.r.l	100%				S
274	Sicily Green Power S.R.L.	100%				S
275	Sulcis Energetica S.r.l	100%				S
276	Sun Project S.r.l.	51%				S
277	Tanaga Wind S.r.l.	51%				W
278	Vizzini Holding S.r.l.	100%				S
	Latvia					
279	Baltazar SIA	100%		KEA, JPZ	KEA, JPZ	S
280	Blua Fulmo SIA	100%		KEA, JPZ	KEA, JPZ	S
281	Eta Stelo SIA	100%		KEA, JPZ	KEA, JPZ	S
282	Lago Malgrada SIA	100%		KEA, JPZ	KEA, JPZ	S
283	Monta Spico SIA	100%		KEA, JPZ	KEA, JPZ	S
284	Monteto Verdo SIA	100%			KEA, JPZ	S
285	Pluvarbaro SIA	100%		KEA, JPZ	KEA, JPZ	S
286	Smeralda Floro SIA	100%			KEA, JPZ	S
287	Stelo Orienta SIA	100%			KEA, JPZ	S
288	Rivereto SIA	100%		KEA, JPZ	KEA, JPZ	S
289	Tenante SIA	100%		KEA, JPZ	KEA, JPZ	S
290	Venko Lago SIA	100%		KEA, JPZ	KEA, JPZ	S
291	Virga Tero SIA	100%		KEA, JPZ	KEA, JPZ	S
	Lithuania					
292	European Energy Lithuania UAB	100%			KEA	W
293	EE Telsiai Holding UAB	100%			KEA	W
294	UAB Anyksciai PV	100%			JPZ	S

No.	Subsidiaries by geographical area	Owner-ship 2022	Chair man	Other board member	Director-ships	Type
295	UAB Anyksciai Renew	100%				H
296	UAB Aukstaitija Energy	100%			KEA	H
297	UAB Degaiciy Vejas	100%			KEA	W
298	UAB LTU Renewable	100%			KEA	H
299	UAB LTU Sustainable	100%			KEA	H
300	UAB Rasveja	100%			KEA	W
301	UAB Skuodas Renew	100%				H
302	UAB Vakaris Wind	100%			KEA	H
303	UAB VEVP	100%			KEA	W
	Montenegro					
304	EE Korita d.o.o.	100%	KEA	JPZ	KEA, JPZ	S
	Netherlands					
305	B.V. Windpark De Bjirmen	100%				W
306	European Energy Nederland B.V.	100%			JPZ	H
307	HiNerg B.V.	100%				S
308	Landgoed Colusdijk B.V.	100%				S
309	Solar Park De Bjirmen B.V.	100%				S
310	Windpark Enkhuizen B.V.	100%		JPZ	JPZ	W
	Norway					
311	European Energy Norge AS	100%			JPZ	W
	Poland					
312	Contino Bialogard sp. z o. o.	100%		JPZ	JPZ	W
313	Contino Delta sp. z o.o.	100%			JPZ	S
314	EE Boleszkowice sp. z o.o.	100%			JPZ	W
315	EE Bonin Sp. z.o.o.	100%		JPZ	JPZ	S
316	EE Brod sp. z o.o.	100%		JPZ	JPZ	S
317	EE Debnica Kaszubska sp. z o.o.	100%			JPZ	S
318	EE Development Sp. z o.o.	100%			JPZ	S
319	EE Dystrybucja sp. z o. o.	100%				S
320	EE GC Projects Holding sp. z o.o	100%		JPZ	JPZ	S
321	EE Green 1 sp. z o.o.	100%	JPZ		JPZ	S
322	EE Green 2 sp. z o.o.	100%	JPZ		JPZ	S
323	EE Green 3 sp. z o.o.	100%	JPZ		JPZ	S
324	EE Green 4 Sp. z o.o.	100%			JPZ	S
325	EE Green 5 Sp. z o.o.	100%			JPZ	S
326	EE Green 6 Sp. z o.o.	100%			JPZ	S
327	EE Green 7 sp. z o.o.	100%			JPZ	S
328	EE Green 8 sp. z o.o.	100%			JPZ	S
329	EE Green 9 sp. z o.o.	100%			JPZ	S
330	EE Jelonki sp. z o.o..	100%	JPZ		JPZ	S
331	EE Krzecin sp. z o.o.	100%			JPZ	S
332	EE Liskowo Sp. z.o.o.	100%	JPZ		JPZ	S
333	EE Lobez sp. z o.o.	100%			JPZ	S
334	EE Michalow Sp.z.o.o.	100%			JPZ	S
335	EE Pomorze Sp. z o.o.	50%	JPZ		JPZ	W
336	EE Skarszów sp. z o.o.	100%			JPZ	S
337	EE Projekt III sp. z o.o.	100%			JPZ	S
338	EE Projekt Sp. z.o.o.	100%	JPZ			S
339	EE Real Estate sp. z o.o.	100%	JPZ		JPZ	S
340	EE Ronica sp. z o.o.	100%	JPZ		JPZ	S
341	EE Sulimierz sp. z o.o.	100%			JPZ	S
342	EE Sunvalley Sp. z.o.o.	100%	JPZ		JPZ	W
343	EE Trzebnice Sp.z.o.o.	100%			JPZ	S
344	EE Tucze sp. z o.o.	100%	JPZ		JPZ	S
345	EE Zarnowiec Sp. z.o.o.	100%	JPZ		JPZ	S
346	European Energy Polska Sp. z o.o.	100%	JPZ		JPZ	S
347	European Wind Farms Polska Sp. z o.o.	50%	JPZ	KEA, MDP	JPZ	W
348	European Wind Farms Polska Sp. z o.o. Bialogard Sp. k	50%	JPZ	KEA, MDP	JPZ	W
349	European Wind Farms Polska Sp. z o.o. Grzmiaca Sp. k	50%	JPZ	KEA, MDP	JPZ	W
350	Farma Wiatrowa Drawsko II sp.z.o.o.	50%	JPZ		JPZ	W
351	Farma Wiatrowa Drawsko Sp. z o.o.	100%			JPZ	W
352	Farma Wiatrowa Kolobrzeg sp. z o.o	50%			JPZ	W

No.	Subsidiaries by geographical area	Ownership 2022	Chairman	Other board member	Directorships	Type
353	Farma Wiatrowa SIEMYŚL sp. z o.o.	50%			JPZ	W
354	PV East II Sp. z o.o.	100%	JPZ		JPZ	S
	Romania					
355	Atom Energy Ventures Dragalina SRL	100%	KEA		KEA	S
356	Atom Energy Ventures Segarcea SRL	100%	KEA		KEA	S
357	CIC Green Energy Beta S.R.L.	100%				H
358	EE Agri Solar Development Two S.R.L.	100%				S
359	EE Beresti Wind S.R.L.	100%			KEA	W
360	EE Agri Solar Development One S.R.L.	100%	KEA			S
361	European Energy Romania Development SRL	100%		KEA		S
362	Sun Energy Green Complet S.R.L.	100%		KEA	KEA	S
363	Sun Pro Beta S.R.L.	100%		KEA	KEA	S
364	Sun Pro PV PP 2 S.R.L.	100%		KEA	KEA	S
	Spain					
365	Blue Viking Alexandra S.L	100%				S
366	Blue Viking Ayora S.L.	100%				S
367	Blue Viking Barbara S.L.	100%				S
368	Blue Viking Beatrice S.L.	100%				S
369	Blue Viking Clara S.L.	100%				S
370	Blue Viking Cristina S.L.	100%				S
371	Blue Viking Diana S.L.U.	100%				S
372	Blue Viking Eden S.L.	100%				S
373	Blue Viking Elena S.L.U.	100%				S
374	Blue Viking Elizabeth S.L.	100%				S
375	Blue Viking Emilia S.L.	100%				S
376	Blue Viking Esther S.L.	100%				S
377	Blue Viking Fernanda S.L.U.	100%				S
378	Blue Viking Gabriela S.L.	100%				S
379	Blue Viking Glenda S.L.	100%				S
380	Blue Viking Gretchen S.L.	100%				S
381	Blue Viking Hildur S.L.	100%				S
382	Blue Viking Indira S.L.	100%				S
383	Blue Viking Isabella S.L.	100%				S
384	Blue Viking Julia S.L.	100%				S
385	Blue Viking Kira S.L.	100%				S
386	Blue Viking Laura S.L.	100%				S
387	Blue Viking Linda S.L.	100%				S
388	Blue Viking Lindsey S.L.	100%				S
389	Blue Viking Linea S.L.	100%				S
390	Blue Viking Lisa S.L.	100%				S
391	Blue Viking Lya S.L.	100%				S
392	Blue Viking Maria S.L.	100%				S
393	Blue Viking Matias S.L.	100%				S
394	Blue Viking Matilda S.L.	100%				S
395	Blue Viking Mikael S.L.	100%				S
396	Blue Viking Nieves S.L.	100%				S
397	Blue Viking Pili S.L.	100%				S
398	Blue Viking Raquel S.L.	100%				S
399	Blue Viking Rosa S.L.	100%				S
400	Blue Viking Samara S.L.	100%				S
401	Blue Viking Sandra S.L.	100%				S
402	Blue Viking Santiago S.L.	100%				S
403	Blue Viking Sarah S.L.	100%				S
404	Blue Viking Sofia S.L.	100%				S
405	Blue Viking Solar S.L.	100%				S
406	Blue Viking Tara S.L.	100%				S
407	Blue Viking Ventures S.L.U.	100%				S
408	Blue Viking Violeta S.L.	100%				S
409	ESF Spanien 0423 S.L.U.	100%				S
410	ESF Spanien 0428 S.L.U.	100%				S
411	ESF Spanien 05 S.L.U.	100%				S
412	Solar Power 7 Islas S.L.U.	100%				S

No.	Subsidiaries by geographical area	Ownership 2022	Chairman	Other board member	Directorships	Type
413	Solcon Terrenos 2006 S.L.U.	100%				S
	Sweden					
414	European Energy Floda-Sund PV AB	100%		KEA, JPZ	JPZ	W
415	EE Grevekulla PV AB	100%		KEA, JPZ	JPZ	S
416	European Energy Hästhagsmossen PV AB	100%		KEA, JPZ	JPZ	W
417	EE Myren PV AB	100%		KEA, JPZ	JPZ	S
418	EE Skaramala PV AB	100%		KEA, JPZ	JPZ	S
419	European Energy Sverige AB	100%	JPZ	KEA	JPZ	W
420	EE Trojemala PV AB	100%		KEA, JPZ	JPZ	S
421	European Energy Svedberga AB	100%	JPZ	KEA	JPZ	S
422	European Wind Farms Kåre 1 AB	100%		KEA, JPZ	JPZ	W
423	Skåramålar Vind AB	100%	JPZ	KEA	JPZ	W
424	Skedemosse PV AB	100%	JPZ	KEA	KEA, JPZ	S
425	Svedberga PV AB	100%		KEA, JPZ	JPZ	S
426	Västanby Vindbruksgrupp i Fjelie 2 AB	100%	JPZ	KEA	JPZ	W
427	Vindkraft I Grevekulla AB	100%	JPZ	KEA	JPZ	W
428	Yttersavne PV AB	100%	JPZ	KEA		S
	United Kingdom					
429	Bubney Energy Centre Ltd.	50%				S
430	Chads Farm Energy Centre Ltd.	50%				S
431	Church Farm Energy Centre Ltd.	50%				S
432	Drinkstone Energy Centre Ltd.	50%				S
433	European Energy Heating (UK) Ltd.	68%				S
434	European Energy Development Ltd.	100%			KEA	S
435	European Energy Construction Ltd.	100%			KEA, JPZ	S
436	European Energy UK Holdco One Ltd	100%				S
437	European Energy UK Yield Group Ltd	100%				S
438	European Energy UK Yieldco One Ltd	100%				S
439	European Energy Yieldco Ltd	100%				S
440	Great House Energy Centre Ltd.	50%				S
441	Halesfield Energy Centre Ltd.	50%				S
442	Rempstone Hill Solar Farm Ltd.	100%			KEA, JPZ	S
443	IQ Energy Centre Ltd.	50%				S
444	North Woods Hill Solar Farm Ltd.	100%				W
445	Moor Isles Farm Energy Storage Ltd.	100%				W
446	Kincraig Energy Centre Ltd.	50%				S
447	Lowfield Energy Centre Ltd.	50%				S
448	Maisemore Court Farm Energy Centre Ltd.	50%				S
449	Mannington Energy Centre Ltd.	50%				S
450	Manor Farm Energy Centre Ltd.	50%				S
451	Marksbury Energy Centre Ltd.	50%				S
452	Mathurst Farm Energy Centre Ltd	50%				S
453	Melksham Energy Centre One Ltd.	50%				S
454	Melksham Energy Centre Two Ltd.	50%				S
455	Montreathmont Energy Centre Ltd.	50%				W
456	North Crawley Energy Centre Ltd.	50%				S
457	Northington Energy Centre Ltd.	50%				S
458	Old Hall Energy Centre Ltd.	50%				W
459	Parc Cynog Wind Farm Ltd.	100%			JPZ	W
460	Pendine Wind Farm Ltd.	100%			JPZ	W
461	Twelve Month Hill Solar Farm Ltd.	100%				S
462	Selms Muir Energy Centre Ltd.	50%				S
463	Shireoaks Energy Centre Ltd	50%				S
464	South Park Energy Centre Ltd.	50%				S
465	Stocking Pelham Energy Centre Ltd.	50%				S
466	Strathruddie Energy Centre Ltd.	50%				W
467	Teindland Wind Farm Ltd.	80%				W
468	Treading Energy Centre Ltd.	50%				S
469	Vicarage Drove Energy Centre Ltd.	50%				S

No.	Subsidiaries by geographical area	Ownership 2022	Chairman	Other board member	Directorships	Type
	United States					
470	East Coast Solar LLC	55%			KEA	S
471	EE NA Land Holdings LLC	100%				S
472	EE North America LLC	100%				S
473	EE US DevCo LLC	100%			KEA	S
474	EE US HoldCo LLC	100%				S
475	Gila Bend Solar LLC	60%				S
476	La Osa Solar LLC	60%			KEA	S
477	Lennig Road Solar LLC	55%			KEA	S
478	Meadowbrook Road LLC	55%			KEA	S
479	Mountain Gap Road LLC	55%				S
480	Prospect Road Solar LLC	55%				S
481	Puddledock Road LLC	55%			KEA	S
482	Pumping Hill Road Solar LLC	55%				S
483	Route 34 Solar LLC	55%			KEA	S
484	EE US ProjectCo LLC	100%				S
485	Yellow Viking Development One, LLC	100%			KEA	S
486	Yellow Viking Development Two, LLC	100%				S
	Administration companies and Power to X					
487	Ammongas A/S	55%	JPZ	KEA		P
488	EE Estonia ApS	100%	JPZ	KEA, JPZ		A
489	European Energy Heating A/S	93%		KEA, JPZ	JPZ	P
490	European Energy Heating Holding ApS	93%		KEA, JPZ	JPZ	P
491	EE Latvia ApS	100%	KEA	JPZ	JPZ	A
492	European Eenergy Latvia SIA	100%	KEA	JPZ		A
493	EE Lithuania Holding UAB	100%			KEA	A
494	European Energy Spain PTX, S.L.	95%				P
495	European Energy Giga Storage A/S	100%	JPZ	KEA, MDP	KEA	A
496	European Energy Systems II ApS	100%			KEA, JPZ	A
497	European Solar Farms A/S	100%	KEA	JPZ, MDP	JPZ	A
498	European Wind Farms A/S	100%	JPZ	KEA, MDP	KEA	A
499	REintegrate ApS	100%			KEA	P
500	REintegrate Skive ApS	100%			KEA	P
501	Renewables Insight ApS	100%			KEA, JPZ	A
502	Tacaimbo 1 ApS	100%			KEA, JPZ	A

No.	Joint ventures not owned directly by the parent. Listed by geographical area	Ownership 2022	Chairman	Other board member	Directorships	Type
	Denmark					
1	Ejendomsanpartsselskabet Håndværkervej 3, Frederikshavn	50.0%		KEA, MDP, JPZ		H
2	European Wind Farms Polen ApS	50.0%			KEA	S
3	GWE Contractors K/S	50.0%			KEA	S
4	Komplementarselskabet GWE Contractors ApS	50.0%			KEA	S
5	Kronborg Solpark ApS	50.0%			KEA	S
6	Lillebaelt Vind A/S	50.0%			KEA	S
7	NPP Brazil I K/S	51.0%			KEA	S
8	NPP Brazil II K/S	51.0%			KEA	S
9	Rødkilde Komplementarselskab ApS	50.0%		JPZ	JPZ	W
10	Soft & Teknik A/S	50.0%		JPZ	JPZ	W
11	Solar Park Rødkilde 1 P/S	50.0%				S
12	Solarpark Vandel Services ApS	50.0%				S
13	Süstedt Komplementar ApS	50.0%				S
	Finland					
14	Greenwatt Ahvenneva Oy AB	50.0%				S
15	Greenwatt Honkakangas Oy AB	50.0%				S
	Germany					
16	EE Barbassee ApS & Co. KG	50.0%				S
17	EE Haseloff Aps & Co. KG	50.0%				S
18	EE Sieben Null GmbH & Co. KG	50.0%				S
19	EE Sieben Zwei GmbH & Co. KG	50.0%				S
20	EE Süstedt ApS & Co. KG	50.0%				W
21	EEA Verwaltungs GmbH	50.0%				W
22	EWF Eins Sieben GmbH & Co. KG	50.0%				W
23	EWF Fünf Vier GmbH & Co. KG, Wittstock	50.0%				S
24	Repowering Gunthersdorf Trebitz GmbH & Co. KG	50.0%		JPZ	JPZ	W
25	Vergil ApS & Co. KG	50.0%			JPZ	S
26	Windpark Hellberge GmbH & CO KG	50.0%	KEA	JPZ	KEA, JPZ	H
27	Windpark Losheim Nr. 30 ApS & Co. KG	25.0%			KEA, JPZ	H
28	WP Repowering Wernikow EE-DW GmbH & Co. KG	50.0%			KEA, JPZ	S

No.	Joint ventures not owned directly by the parent. Listed by geographical area	Ownership 2022	Chairman	Other board member	Directorships	Type
	Italy					
29	Elios 102 S.r.l.	50.0%	JPZ	KEA	KEA	W
30	European Energy Italy Holding S.r.l.	50.0%			JPZ	W
31	Limes 20 S.r.l	100.0%			KEA	W
32	Limes 24 S.r.l	50.0%			KEA	H
33	Limes 25 S.r.l	50.0%			KEA	H
34	Parco Fotovoltaico Fauglia s.r.l.	50.0%			KEA	H
	Maldives					
35	NPP Maldives Private Ltd.	51.0%				S
	Netherlands					
36	Zonnepark Nederweert B.V.	50.0%			KEA, JPZ	S
	Poland					
37	European Wind Farms Polska Sp. z o.o. Rabino Sp. k	50.0%	KEA	JPZ	JPZ	S
38	PES 12 Sp.zoo	50.0%			KEA, JPZ	W
39	PES 13 Sp.zoo	50.0%			KEA	S
40	PES 20 Sp. z o.o.	0.0%			KEA, JPZ	W
41	PES 21 Sp. z o.o.	50.0%			KEA	W
42	PES 30 Sp.zoo	50.0%	KEA	JPZ	KEA	S
43	PES 32 Sp.zoo	50.0%			KEA	W
44	PES 33 Sp.zoo	0.0%			KEA, JPZ	W
45	PES 34 Sp.zoo	50.0%			KEA, JPZ	W
46	PES 35 Sp.zoo	50.0%			JPZ	H
47	PES 36 Sp.zoo	50.0%		KEA		S
48	PES 40 Sp.zoo	50.0%			JPZ	S
49	PES 41 Sp.zoo	50.0%			KEA, JPZ	W
50	PES 42 Sp.zoo	50.0%			KEA, JPZ	W
51	Windcom Sp. z o.o.	80.0%			KEA, JPZ	W
	Sweden					
52	European Wind Farms Sverige AB	50.0%			JPZ	S

No.	Joint ventures not owned directly by the parent. Listed by geographical area	Ownership 2022	Chair man	Other board member	Directorships	Type
	United Kingdom					
53	Trinity Solar Farm Limited	50.0%			KEA	S
	Administration companies					
	Denmark					
54	EEA Renewables A/S	50.0%		KEA, JPZ	KEA	A
55	EEA Stormy ApS	50.0%			KEA	A
56	EEA Swepol A/S	50.0%		KEA	KEA	A
57	EEGW Persano ApS	50.0%			KEA	A
58	Komplementarselskabet EEAR ApS	50.0%			KEA	A
59	Nordic Power Partners P/S	51.0%	KEA	JPZ	JPZ	A
60	NPP Komplementar ApS	51.0%	KEA	JPZ	JPZ	A

No.	Associates not owned directly by the parent. Listed by geographical area	Ownership 2022	Chair man	Other board member	Directorships	Type
	Brazil					
61	Coremas I Geracao de Energia SPE LTDA.	43.7%			KEA, JPZ	S
62	Coremas II Geracao de Energia SPE LTDA.	43.7%	JPZ	KEA	KEA	W
63	Coremas III Geracao de Energia SPE LTDA.	43.7%			KEA	W
64	Fundo de Investimento em participacoes conjunto Coremas - Multiestrategia	43.7%			KEA	W
	Bulgaria					
65	Wind Energy OOD	49.0%			KEA	W
66	Wind Power 2 OOD	49.0%			KEA	W
67	Wind Stream OOD	49.0%	JPZ	KEA	KEA	W
68	Wind Systems OOD	49.0%		KEA, MDP, JPZ	KEA	S
	Denmark					
69	EEAR Olleria II ApS	45.0%			KEA, JPZ	S
70	European Wind Farms Invest No.2 A/S	36.6%			KEA, JPZ	S
71	GW Energi A/S *)	25.0%			KEA, JPZ	S
72	GWE Holding af 14. November 2011 ApS	25.0%			KEA, JPZ	W
73	K/S Losheim	25.0%	JPZ	KEA	KEA	W
74	Komplementarselskabet Losheim ApS	25.0%			KEA, JPZ	W
75	Nøjsomheds Odde WTG 2-3 ApS	33.5%			KEA, JPZ	W
76	Renewable Energy Partnership I GP ApS	33.3%		KEA		S
77	Renewable Energy Partnership Management GP ApS	33.3%			KEA	W
78	Renewable Energy Partnership P/S	33.3%		KEA, JPZ	KEA	W
79	Vindpark Straldja ApS	25.0%		KEA, JPZ	KEA	W
	Germany					
80	EE Dosse GmbH & Co. KG	25.1%		KEA, JPZ	KEA	W
81	EWF Fünf Fünf GmbH & Co. KG	34.5%		KEA, JPZ	KEA	W
82	GWE Verwaltungs GmbH	25.0%		KEA, JPZ	KEA	W
83	Umspannwerk Westerberg GmbH & Co OHG	45.0%		KEA, JPZ	KEA	W
84	UW Gilmerdingen GmbH & C. KG	40.0%		KEA, JPZ	KEA	W
85	UW Lohkamp ApS & Co. KG	40.0%			KEA	W
86	UW Nessa GmbH & Co KG	22.9%			KEA, JPZ	S
87	UW Nessa II GmbH & Co. KG	50.0%				W
88	UW Nessa Verwaltungs-GmbH	22.9%				W
89	Vento Erste Windparkbeteiligungsgesellschaft mbH & Co. KG	47.4%			KEA	W
90	Windkraft Gommern GmbH & Co. KG	33.4%				W
91	Windkraft Ottenhausen GmbH & Co. KG	39.4%				W
92	Windpark Emskirchen GmbH & Co KG	25.0%				W
93	Windpark Prignitz GmbH & Co. KG	25.0%				W
94	Windpark Scheibe-Trattendorf GmbH & Co. KG	33.7%				W
95	WP Vormark Generalunternehmer GmbH & Co. KG	12.5%				W
96	WP Vormark GmbH	12.5%				W
97	WP Vormark Infrastruktur GbR	12.5%				W
98	WP Vormark UW GmbH & Co. KG	5.6%				W
99	WP Vormark WEA 1 GmbH & Co. KG	12.5%				W
100	WP Vormark WEA 2 GmbH & Co. KG	25.0%				W
	Italy					
101	Limes 1 S.r.l	49.0%				S
102	Limes 2 S.r.l	49.0%				S
103	Parco Eolico Carpinaccio Srl	26.3%			KEA	W
	Lithuania					
104	UAB Anyksciai hybrid	20.0%			JPZ	H
105	UAB Jonava hybrid	20.0%			JPZ	H
106	UAB Rokiskis hybrid	20.0%			JPZ	H
107	UAB Telsiai1 hybrid	20.0%			JPZ	H
108	UAB Telsiai2 hybrid	20.0%			JPZ	H
109	UAB Taupi energija	20.0%				W
	Spain					
110	ESF Spanien 0427 S.L.	45.0%				S

No.	Other Investments with ownership below 20% listed by geographical area	Ownership 2022	Chairman	Other board member	Directorships	Type
	Denmark					
1	BioCirc Holding II ApS	6.1%		KEA		P
2	REP I Land DK K/S	7.4%				S
3	REP I Land DK GP ApS	7.4%				S
4	Renewable Energy Partnership I CIV K/S	7.4%				S
	Germany					
5	Einspeisegemeinschaft Klein Mutz-Timpberg GmbH &Co. OHG	5.0%				W
6	Green Wind Energy GmbH & Co. Umspannwerk Altlandsberg KG	8.4%				W
7	Netzanschluss Badingen GbR	3.3%				W
8	TEN Verwaltungsgesellschaft mbH	15.0%			KEA	W
9	UW Eichow GmbH & Co. KG	25.0%			KEA	W
10	UW Schäcksdorf GmbH & Co. KG	6.3%			KEA	W
11	Windpark Mildenberg GbR	8.8%				W
12	Windpark Wittstock-Papenbruch GbR	28.2%				W
13	Windpark Wriezener Höhe GmbH & Co. KG	15.0%			KEA	W
	Italy					
14	Parco Eolico Riparbella Srl	11.1%			KEA	W
	Lithuania					
15	UAB Alytus Vejas	10.0%				W

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 2022 – 31 December 2022.

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 2022, 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 2022 identified as 'EE-2022-12-31-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, 2023

Registered Executive Management

Knud Erik Andersen

Board of Directors

Jens Due Olsen
Chair

Knud Erik Andersen

Mikael Dystrup Pedersen

Jens-Peter Zink

Jesper Helmuth Larsen

Claus Dyhr

Louise Hahn

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 2022 and of the results of the Group's and Parent Company's operations and cash flows for the financial year 1 January – 31 December 2022 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 2022 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 8 years up to and including the financial year ending 31 December 2022.

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 2022 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

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.

How our Audit Addressed the Key Audit Matter

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 2022 with the file name ‘EE-2022-12-31-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 including notes;
- 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 2022 with the file name ‘EE-2022-12-31-en’ is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 28 February, 2023

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Jon Wilson Beck	**Kenn Wolff Hansen**
State Authorised	State Authorised
Public Accountant	Public Accountant
mne32169	mne30154

Disclaimer and cautionary statement

This document contains forward-looking statements concerning European Energy's financial condition, results of operations and business.

All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on Management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements.

Forward-looking statements include, among other things, statements concerning new potential accounting standards and policies, and European Energy's potential exposure to market risks and statements expressing Management's expectations, beliefs, estimates, forecasts, projections, and assumptions. There are a number of factors that could affect European Energy's future operations and could cause European Energy's results to differ materially from those expressed in the forward-looking statements included in this document, including (without limitation):

a. changes in demand for European Energy's products;

b. currency and interest rate fluctuations;

c. loss of market share and industry competition;

d. environmental and physical risks;

e. legislative, fiscal and regulatory developments, including changes in tax or accounting policies;

f. economic and financial market conditions in various countries and regions;

g. political risks, including the risks of expropriation and renegotiation of the terms of contracts with governmental entities, and delays or advancements in the approval of projects;

h. ability to enforce patents;

i. project development risks;

j. cost of commodities;

k. customer credit risks;

l. supply of components from suppliers and vendors; and

m. customer readiness and ability to accept delivery and installation of products and transfer of risk.

All forward-looking statements contained in this document are expressly qualified by the cautionary statements contained or referenced to in this statement. Undue reliance should not be placed on forward-looking statements. Each forward-looking statement speaks only as of the date of this document. European Energy 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.

EUROPEAN ENERGY

The Power of Tomorrow, Today

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