



EUROPEAN
ENERGY

INTERIM
REPORT
Q2 2022



ONSHORE WIND
PARK, KINGEBOL,
SWEDEN

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Summary

In the second quarter of 2022, European Energy continues the very positive development from Q1 2022 in all areas of the business.

European Energy is once again delivering solid results as EBITDA in Q2 2022 increased to almost EUR 12 million compared to EUR 7 million in Q2 2021, and profit before tax increased from EUR 0.9 million in the second quarter of 2021 to EUR 6.4 million in Q2 2022.

Now, halfway through 2022, the company has delivered almost 60% (EUR 77.1 million) of the EBITDA outlook for 2022 and nearly 70% (EUR 69.2 million) of the profit before tax outlook.

We continue to maintain the strong pace of our solar and wind farm construction, despite an up-ended renewable energy market due to a new geo-political situation featuring heavily increasing power prices, and a challenging global financial situation with increasing inflation and interest rates.

Fundamentally, European Energy is experiencing enormous interest from global

stakeholders and business partners in our renewable projects. We are also witnessing increasing interest in our newest business area, Power-to-X, with a new green hydrogen contract for Port Esbjerg (DK) and a new research project regarding green aviation fuel.

Our business leans on two revenue pillars: divestment of projects and power sales. These render us less vulnerable whenever our industry is shaken by internal or external changes. In Q2 2022, increasing electricity prices contributed to our positive results.

On the one hand, construction costs of new renewable energy plants are increasing. On the other hand, so are power prices.

The interest in European Energy is also distinct in our sales activities: Even though there has been only one smaller project divestment in Q2 we see a steady interest in our projects and an increasing net value for our assets. The price level on power sales and the related income provides the Group with a possibility to hold on to assets a bit longer, consequently increase the power sales in the Group even more in the future.

Another demonstration of interest for European Energy is our ability to secure land

plots for our projects. In just one year, we have increased our development pipeline from around 16 GW (Q2 2021) to more than 24 GW (Q2 2022).

European Energy enables its partners to realise common goals within the green energy transition. Therefore, we are happy to establish new partnerships with political and business stakeholders.

Besides collaborating with Port Esbjerg in producing green hydrogen, we have in Q2 announced the construction of Latvia's largest solar farm, which shall be conducted in close collaboration with the Latvian authorities (connection expected in 2024). We have also established a close collaboration with the municipality of Frederikshavn and Vestas where we aim to test their newest offshore wind turbine near the shores of Frederikshavn.

“ On the one hand, construction costs of new renewable energy plants are increasing. On the other hand, so are power prices.

To succeed with the green transition, there must be closer collaboration between sectors and partners – also partners that have traditionally been competitors. In European Energy, we strongly believe that we must unify to realise the huge expectations of our industry in the years ahead.



March 31st

European Energy opens its first office in Oceania in Melbourne, Australia.

May 12th

Vestas and European Energy plans to make the Danish city of Frederikshavn a focal point in the future of offshore wind technology and aim at developing and constructing three of Vestas' newest V236-15.0 MW offshore wind turbine at three of the five test positions near the coast of Frederikshavn.

June 16th

European Energy announces its plans to build a 110 MW solar farm in Latvia – the largest solar farm to date in Latvia. The solar farm is expected to be connected to the grid in 2024.

June 21st

European Energy secures research funding for new test facility to produce sustainable aviation fuel from the Danish EUDP programme.

June 28th

European Energy signs contract with Port Esbjerg to deliver green hydrogen that will be used in a fuel cell to generate fossil free power to vessels in the port reducing the emissions of CO2 and air pollution particles.

Key financials

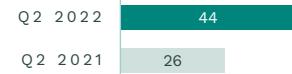


NIELS AND
SIMON GROUP
CONTROLLING

Financial highlights

Revenue

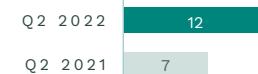
EURm



Q2 2022 revenue amounts to EUR 44 million up by EUR 18 million compared to Q2 2021. The increase is mainly driven by the higher power prices.

EBITDA

EURm



EBITDA climbed as a result of higher power prices, totaling EUR 12 million in Q2 2022.

Profit before tax

EURm

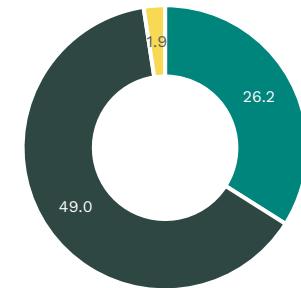


Profit before tax increased with 5 million in Q2 2022 compared to Q2 2021.

EBITDA split – H1

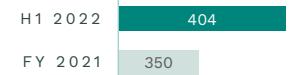
EURm

Project sales: 26.2 Power sales: 49 Other: 1.9



Equity

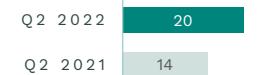
EURm



Equity increased by EUR 54m or 15% during H1 2022 – an absolute increase at level with full-year 2021. The increase was driven by the profit for the period.

Project sales

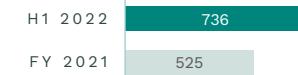
EURm



Q2 2022 project sales comprises a wind farm in Germany compared to the sale of a single solar farm located in Denmark in Q2 2021.

Inventory

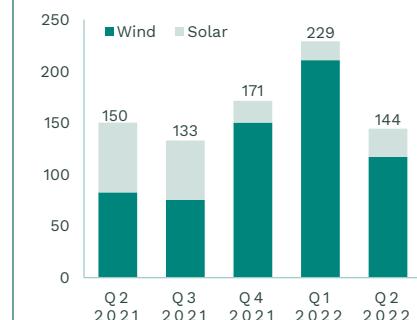
EURm



Inventories increased by 40%, a rise related mainly to the growth in construction of new farms and increased development pipeline.

Power sales

GWh



Key financials

EURk	Q2 2022	Q2 2021	H1 2022	H1 2021	FY2021
Revenue	43,699	26,048	285,534	38,123	328,653
Direct costs	-21,112	-17,311	-197,419	-19,485	-226,407
Gross profit	23,161	11,968	98,963	21,763	104,516
EBITDA	11,889	7,013	77,006	12,579	81,224
Operating profit	7,799	3,773	73,307	6,117	63,799
Net financial items	-1,368	-2,849	-4,152	-5,178	-1,075
Profit before tax	6,431	924	69,155	939	62,724
Tax	-1,519	464	-6,034	-6	-5,091
Profit / loss for the period	4,912	1,388	63,121	933	57,633
Property, plant, and equipment	157,034	122,738	157,034	122,738	157,283
Inventories	735,566	493,775	735,566	493,775	524,830
Net interest-bearing debt (NIBD)	576,142	377,727	576,142	377,727	427,794
Total assets	1,353,260	910,684	1,353,260	910,684	1,174,002
Hybrid capital	150,000	150,000	150,000	150,000	150,000
Equity	404,077	315,898	404,077	315,898	350,488
Cash flow from operating activities	-159,942	-54,755	-88,461	-140,689	-114,775
Change in inventories	-201,111	-82,834	-157,358	-167,933	-188,724
Cash flow from operating activities, excluding inventories	41,169	28,079	68,897	27,244	73,949
Investments in property, plant, and equipment	2,635	384	3,579	704	46,484
Cash flow from investing activities	-4,708	-7,556	-11,955	-10,105	-63,165
Cash flow from financing activities	54,319	81,117	31,885	139,896	283,409
Change in cash and cash equivalents	-110,331	18,806	-68,531	-10,898	105,469
Non-financials					
Average number of full-time employees	400	250	375	232	265
Number of employees end of period	435	264	435	264	343
Financial ratios					
Gross margin	53%	46%	35%	57%	32%
EBITDA margin	27%	27%	27%	33%	25%
Group solvency ratio	30%	35%	30%	35%	30%
Net interest-bearing debt (excluding hybrid capital)/EBITDA, LTM	3.7	7.0	3.7	7.0	5.3
Return on equity (average/ LTM)	33%	12%	33%	12%	20%
Share ratios					
Earnings per share, basic	0.012	0.004	0.193	0.001	0.170
Earnings per share, diluted	0.012	0.004	0.193	0.001	0.170
Number of outstanding shares (1,000), excluding treasury shares	302,046	301,037	302,046	301,037	301,807

Definitions

Gross margin

Gross profit or loss as a percentage of revenue.

EBITDA

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

EBITDA margin

EBITDA as a percentage of revenue.

NIBD (excl. Hybrid Capital)/EBITDA

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

Solvency ratio

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

Return on equity

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

Earnings per share

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

Earnings per share diluted

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

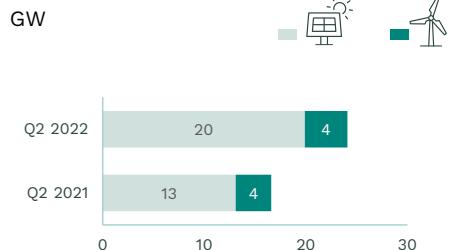
Management review



CEO, KNUD ERIK
AND EXECUTIVE
VICE PRESIDENT,
JENS-PETER

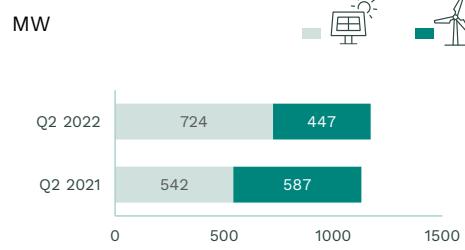
Business highlights

Development pipeline*



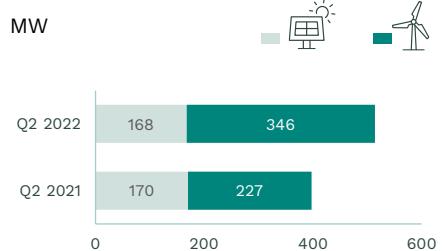
Our pipeline continues to grow steadily as a result of greenfield development, partnering and acquisitions of ready-to-build assets.

Under construction



Construction activities remain high with 1,171 MW of projects under construction. A challenging supply chain continuously causes risks to the timing of the finalization of construction activities.

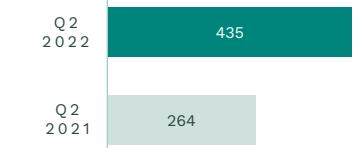
Power producing assets



Our power producing capacity increased from 397 MW in Q2 2021 to 514 MW in Q2 2022. We continue to add new capacity throughout 2022 as solar and wind farms under construction are grid connected.

Employees

Headcount



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



Financial performance

Q2 Group Financial performance

REVENUE

In Q2 2022, revenue amounted to EUR 43.7 million compared to EUR 26.0 million in Q2 2021, an increase of EUR 17.7 million.

The increase in revenue was due to multiple factors, with higher power prices in Q2 2022 as the key contributor with revenues from power sales of EUR 22.3 million compared to EUR 10.3 million in Q2 2021.

Revenue arising from project sales in Q2 2022 amounted to EUR 19.7 million as an 8 MW wind project in Germany has been divested. In Q2 2021, we divested a 21 MW solar plant and recognised revenues of EUR 13.4 million.

Revenue from asset management and other fees was EUR 1.7 million in Q2 2022, compared to EUR 1.3 million in Q2 2021, corresponding to a 31% increase. The increase was as a result of a larger asset base under management.

RESULTS FROM INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The result from investments in joint ventures and associated companies was EUR 0.3 million in Q2 2022 compared to a gain of EUR 2.2 million in Q2 2021.

GROSS PROFIT

Gross profit in Q2 2022 amounted to EUR 23.2 million compared to EUR 12.0 million in Q2 2021, an increase of EUR 11.2 million.

The increase in gross profit can be directly attributed to rising power prices, whereas the impact from divestments contributed EUR 2.7 million.

EBITDA

EBITDA in Q2 2022 totalled EUR 11.9 million compared to EUR 7.0 million in Q2 2021, an increase of EUR 4.9 million. The rise in both staff costs and other external costs was more than offset by the rising revenue. The significant increase in EBITDA was related mainly to our strengthened and increased workforce over the last year due to scaling of our activities. This growth in staff costs and other external expenses is in line with our plans.

PROFIT FOR THE PERIOD

Profit for Q2 2022 was EUR 4.9 million compared to a profit of EUR 1.4 million in Q2 2021.

The profit for the period relates mainly to increasing power prices.

Net financial expenses totalled EUR 1.4 million in Q2 2022 compared to EUR 2.8 million in Q2 2021. The decrease of EUR 1.4 million was due to a range of factors including a larger amount of interest costs being capitalised on projects.

The tax expense recognised in Q2 2022 was EUR 1.5 million, compared to a tax gain of EUR 0.5 million in Q1 2022. The increased tax expenses were caused by a larger part of the income in Q2 2022 being taxable compared to Q2 2021, since we have completed more taxable sales, power sales and taxable divestments of farms in tax transparent companies.

CASH FLOW

The Q2 2022 operating cash flow ended with a cash outflow of EUR 162.8 million compared to an outflow of EUR 54.8 million for the same period of 2021. The negative development in operating cash flows in Q2 2022 is mainly related to higher inventories due to increased construction activity and cost of renewable energy plants.

Investing activities during Q2 2022 were at a low level and amounted to a net cash outflow of EUR 4.7 million compared to a cash outflow of EUR 7.6 million in Q2 2021.

The financing activities of the quarter ended with a net cash inflow of EUR 57.2 million deriving from proceeds from project financing obtained during the quarter.

The combined cash flow impact during the quarter was consequently a decrease of cash and cash equivalents of EUR 110.3 million to EUR 158.9 million from 269.2 million at the beginning of the quarter.

H1 Group Financial performance

REVENUE

In H1 2022, revenue totalled EUR 285.5 million, an increase of EUR 247.4 million from EUR 38.1 million in H1 2021. The increase was primarily derived from divestments concluded in Q1 2022 contributing EUR 219.1 million and higher power prices in Q2 2022 contributing EUR 27.5 million.

RESULTS FROM INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

In H1 2022, the results from investments in joint ventures and associated companies was EUR 10.5 million compared to a profit of EUR 2.1 million in H1 2021.

The increase relates to a revaluation of an equity investment in an associate, prior to control being gained over this investment. Furthermore, the increase was impacted by the appreciation of the Brazilian FX exchange rate, which caused a reversal of the prior year's write-downs.

GROSS PROFIT

Gross profit in H1 2022 amounted to EUR 99.0 million compared to EUR 21.8 million in H1 2021, an increase of EUR 77.2 million.

The divestments of solar farms in Q1 2022 contributed to gross profit with EUR 42.9 million in H1 2022 and the power sales contribute with EUR 42.3 million out of the total

gross profit for the period. Gross profit was positively impacted by high power prices.

EBITDA

EBITDA in H1 2022 totalled EUR 77.0 million compared to EUR 12.6 million in H1 2021, an increase of EUR 64.6 million. The increase was driven by increasing profits from the sale of energy farms in addition to high power prices improving profit from power sales. This has been partly offset by increases in staff costs from EUR 5.2 million in H1 2021 to EUR 11.7 million in H1 2022, as well as other external expenses increasing from EUR 4.0 million in H1 2021 to EUR 10.3 million in H1 2022.

The growth in staff costs and other external expenses is in line with the Group's plans.

PROFIT FOR THE PERIOD

Profit for the H1 2022 period was EUR 63.1 million compared to a profit of EUR 0.9 million in H1 2021.

The strong profit for the period was mainly a result of the timing of project sales and increasing power prices.

Net financial items showed a loss of EUR 4.2 million in H1 2022 compared to a loss of EUR 5.2 million in H1 2021. The positive change of EUR 1.0 million was due to the net effect of an increase in capitalised interest expenses, partly off-set by higher interest expenses from increased financing activity – as well as an increase in currency losses.

The tax expense recognised in H1 2022 was EUR 6.0 million compared to a tax expense of EUR 0 in H1 2021. The increased tax expenses was a result of a higher taxable income derived from a higher amount of sale of power, and taxable income from the divestment of the wind farm in Germany.

CASH FLOW

The H1 2022 operating cash flow ended with a net cash outflow of EUR 91.3 million compared to a net cash outflow of EUR 140.7 million for the same period in 2021. Ongoing investments in renewable energy plants recorded under inventories are the key contributor to the net cash outflow from operating activities, but the improved cash flow for H1 2022 against H1 2021 was primarily caused by the cash inflow deriving from project sales concluded in Q1 2022. Also, realised currency losses from hedging our BRL net investment contributed negatively to the cashflow from operating activities during H1 2022.

Investing activities during H1 2022 totalled a net cash outflow of EUR 12.0 million compared to an outflow of EUR 10.1 million in H1 2021.

The financing activities of the period ended with a net cash inflow of EUR 34.7 million. This is significantly lower than the comparative period, which ended with a net cash inflow of EUR 139.9 million. This higher inflow in H1 2021 was mainly the result of European

Energy A/S raising EUR 76 million of hybrid capital during Q2 2021.

TOTAL ASSETS

Total assets increased from EUR 1,174.0 million as of December 31, 2021 to EUR 1,353.3 million as of June 30, 2022.

Inventories increased to EUR 735.6 million on June 30, 2022 compared to EUR 524.8 million as of December 31, 2021. The increase was a result of heightening construction activities.

Property, plant, and equipment remained on same level as at end 2021. The book value totalled EUR 157.0 million on June 30, 2022 compared to EUR 157.3 million as of December 31, 2021.

Other asset categories are on the same level as per December 31, 2021 with minor fluctuations as a result of normal operations.

The cash position as of June 30, 2022 amounted to EUR 158.8 million of which EUR 22.9 million is restricted, compared to EUR 227.4 million as of December 31 2021 of which EUR 53.6 million was restricted.

LIABILITIES

Current and non-current project financing increased by EUR 87.2 million from EUR 347.0 million on December 31, 2021 to EUR 434.2 million as of June 30, 2022. The continued growth in construction activities was

the driver for this increase in project financing.

EQUITY

Equity increased by 15% from EUR 350.5 million on December 31, 2021 to EUR 404.1 million as of June 30, 2022. The growth in equity was caused as a result of solid profits for H1 2022, partly offset by a negative impact from fair value adjustments from power purchase agreements during the period. The single most important input for the value adjustments of the financial instruments was power prices, which increased significantly during H1 2022.

Debt management and liquidity resources

Our debt structure consists of a green senior unsecured bond of EUR 300 million with maturity in 2025, together with a hybrid bond of EUR 150 million with maturity in 2020. Both bonds are listed on the Copenhagen Nasdaq stock exchange.

In addition to the two bonds, our capital structure comprises of an EUR 45 million revolving credit facility with maturity in 2026 and a Bridge credit facility of EUR 150 million with maturity in February 2023.

In addition to the parent company funding, we obtain projectspecific financing on an ongoing basis. As of H1 2022, our project financing portfolio increased to EUR 434.2

million from EUR 347.0 million as of December 31, 2021. The development reflects the group-wide increase in construction activities.

Our liquidity resources as of H1 2022 are comprised as follows:

Liquidity resources EURk	End of H1 2022
Committed undrawn facilities (0-1 years)	150,000
Committed undrawn credit facilities (1-3 years)	45,000
Total committed credit facilities	195,000
Cash non-restricted	135,919
Total liquidity resources available	330,919
Restricted cash	22,911

Outlook

The Group announced its financial outlook for 2022 in a corporate announcement on February 28, 2022, and this outlook is maintained.

The reconfirmation is based on our financial results achieved year-to-date and expectations for the remainder of the year.

Management is expecting the high prices of power to continue throughout the year, which will lead to more income from power sales than originally forecasted.

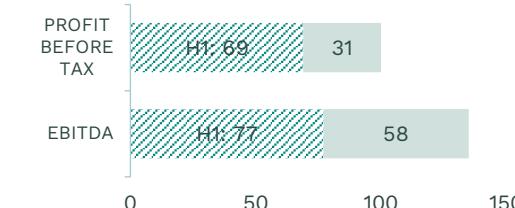
On the other hand the Group is also experiencing higher costs from daily business, with unstable market conditions expected to result in more sunk costs on projects. Delays in construction due to the imperfect current state of the logistics market is also expected to result in less divested projects in the year. Due to the increased income on power sales the management is less willing to divest operational projects, resulting in less profit from divestments, but more profit from power sale in the long run.

The planned construction activities in various markets for the second half of 2022 will include the grid connection of record high +600 MW new generating capacity. The actual grid connection date for the individual projects may impact the final year end result. The current guidance does not include power sales from these new assets so if all assets are grid-connected without delays power sales may exceed forecast if the power market continues at the current level throughout the year.

Finally, the outlook is subject to a series of risks as explained in conjunction with our communication of said outlook in our corporate announcement of February 28, 2022. These risk factors remain unchanged and we refer to the aforementioned corporate announcement.

Outlook FY 2022

EURm



Parent company financial performance

For a general description of the performance of the parent company's financial statements, see text provided for the Group's financial performance. Explanation of the Parent Company's performance in all material aspects is similar to that of the Group for H1 2022.

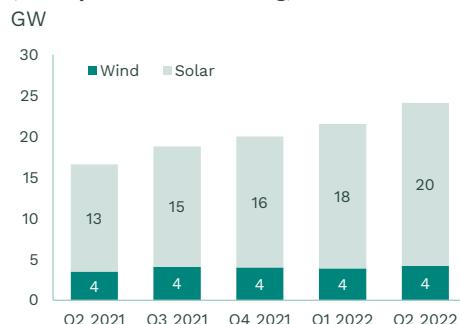
In H1 2022, results from equity-accounted investments contributed a net profit of EUR 29.2 million. The primary driver for this increase was the Rødbø Fjord project sale, as well as increased profit from power sales across the overall portfolio of subsidiaries.

Business review

PROJECT DEVELOPMENT

At the end of Q2 2022, European Energy had almost 44 GW of renewable energy pipeline (4.4 GW more than end Q1 2022) – of which 18.7 GW was in the screening phase, 22.4 GW was in development and 1.6 GW was in the structuring phase. The growth in Q2 stemmed primarily from solar. This size of pipeline positions European Energy as one of the largest European onshore wind and solar energy developers worldwide.

Development Pipeline (development and structuring)



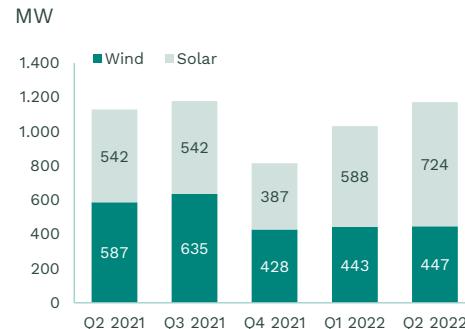
Excluding screening, projects within wind energy accounted for ~4.2 GW (17%) of the development pipeline, while solar projects accounted for 19.9 GW (83%).

CONSTRUCTION

During Q2 2022, European Energy was engaged in construction activities at 28 different sites (29 at end Q1 2022) across 9 European countries and Brazil. By end Q2 2022,

1.2* GW of projects were under construction (up from 1.0 GW* end Q1 2022).

Construction Pipeline



WIND

At the end of Q2 2022, European Energy had 16 wind power projects under construction across 5 European countries and Brazil. In total, active construction activities constituted some 447 MW of new renewable energy capacity expected for grid connection during 2022-23. The main construction sites are located in Lithuania (120 MW), Sweden (122 MW), Poland (58 MW) and Brazil (95 MW).

SOLAR

By the end of Q2 2022, European Energy had 12 solar projects under construction. In total, active construction activities constituted some 724 MW of new renewable energy capacity scheduled for grid connection in 2022-23. Of the projects under construction, 304 MW relates to the Kassø solar plant. This project was initially planned to be

operational during Q2 2022 but has been delayed due to technical issues regarding a component from one of our suppliers.

During Q2 2022, European Energy completed the construction of 59 MW wind and solar project in Denmark, Germany and Poland. This brings the Group's completed constructions to 78 MW during H1 2022.

Supply chain and production capacity issues have been noticeable in some instances during Q2 2022. Most of the required goods and services are ordered and are well under way, so we remain confident that we can meet our projects' construction timelines throughout the remainder of 2022.

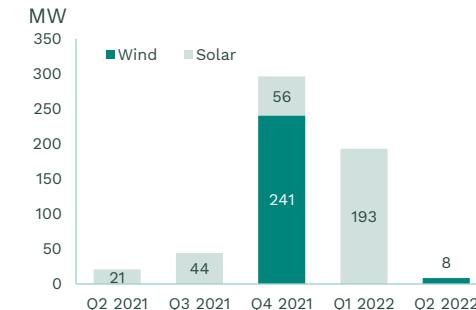
Our construction portfolio will grow towards 1.5 GW by end 2022 and support our continued strong results into 2023 and beyond.

PROJECT SALES

The wind and solar farms divested in Q2 2022 had a cumulative enterprise value of approximately EUR 20 million and capacity of 8 MW. In Q2 2021, a solar plant of 21 MW was divested.

The disposal recognised during Q2 2022 was Zwei Gipfel wind plant in Germany (8 MW), which brought total project sales to 201 MW during H1 2022.

Project Sales



During Q1 2022, a wind turbine in Lithuania (related to a project sale concluded in 2021) collapsed. Thorough investigations are currently being undertaken to identify any effects that the incident may have upon our financial statements. At end Q2 2022, our best estimates conclude that revenue recognised from the divestment fairly represents the consideration we will receive. Therefore, we do not expect any financial impact from the event in 2022.

POWER SALES

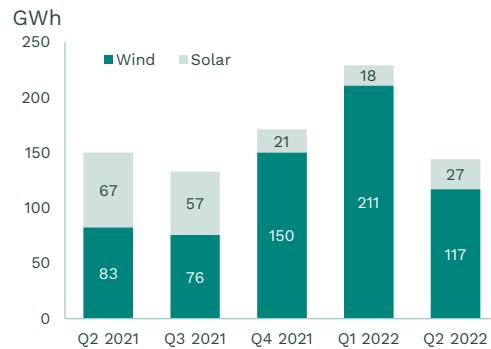
Power sales in Q2 2022 ended at a record-high level. Compared to last year, consolidated power sales increased by 117% to EUR 22.3 million (EUR 10.3 million in Q2 2021).

Q2 2022 power sales were impacted positively by the highest average power prices ever recorded. Total power production ended at 144 GWh, a 4% decrease over Q2

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

2021 due to a combination of fluctuating wind and solar resources, with a mix in portfolio assets resulting from our building programme, divestments and acquisitions.

Power sales



Power prices in key markets such as Denmark and Germany have increased to figures significantly above subsidy levels. Consequently, these assets sell produced power at market prices and receive zero subsidy during this period.

In cases of farms that have a Power Purchase Agreement with a third party off-taker, there has been no extra revenue from increased spot prices.

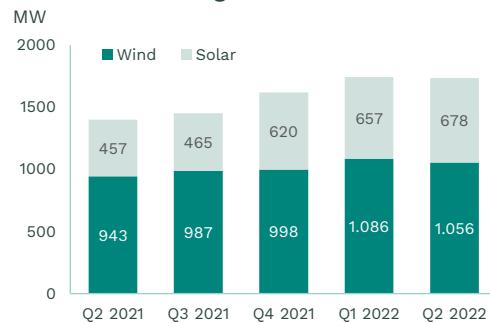
ASSET MANAGEMENT

At end Q2 2022, European Energy managed 1.7 GW of assets, an increase of 24% year-over-year split between 1,056 MW wind power and 678 MW solar power production. European Energy's consolidated share is 514

MW with the remainder managed on behalf of investors.

The total revenue recognised, which primarily comprises services for operational assets, was EUR 1.7m in Q2 2022 (a 31% increase from EUR 1.3m in Q2 2021).

Assets under Management



CONSTRUCTION,
KOŁOBRZEG,
POLAND

Financial statements



MAINTENANCE,
HARRE,
DENMARK

Consolidated income statement and statement of comprehensive income

EURk	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Revenue	43,699	26,048	285,534	38,123	328,653
Results from investments in joint ventures	-233	1,901	7,957	1,189	-1,293
Results from investments in associates	498	337	2,582	943	2,568
Other income	309	993	309	993	995
Direct costs	-21,112	-17,311	-197,419	-19,485	-226,407
Gross profit	23,161	11,968	98,963	21,763	104,516
Staff costs	-5,279	-2,740	-11,679	-5,188	-11,977
Other external costs	-5,993	-2,215	-10,278	-3,996	-11,315
EBITDA	11,889	7,013	77,006	12,579	81,224
Depreciation and impairment	-4,090	-3,240	-3,699	-6,462	-17,425
Operating profit	7,799	3,773	73,307	6,117	63,799
Financial income	1,018	784	2,852	1,813	12,933
Financial expenses	-2,386	-3,633	-7,004	-6,991	-14,008
Profit before tax	6,431	924	69,155	939	62,724
Tax	-1,519	464	-6,034	-6	-5,091
Profit / loss for the period	4,912	1,388	63,121	933	57,633
Attributable to:					
Shareholders of European Energy A/S	3,614	1,126	58,237	220	51,288
Hybrid capital holders	-	-	-	-	6,608
Non-controlling interests	1,298	262	4,884	713	-263
Profit / loss for the period	4,912	1,388	63,121	933	57,633
Earnings per share:					
Earnings per share, basic	0.012	0.004	0.193	0.001	0.170
Earnings per share, diluted	0.012	0.004	0.193	0.001	0.170

EURk	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Profit / loss for the period	4,912	1,388	63,121	933	57,633
Items that may be reclassified to profit or loss:					
Value adjustments of hedging instruments	766	-3,858	-9,173	1,994	-892
Tax of value adjustments of hedging instruments	-1,629	822	581	-428	-1,296
Currency differences on translating foreign operations	-128	-213	-36	-248	-277
Other comprehensive income for the period	-991	-3,249	-8,628	1,318	-2,465
Comprehensive income for the period	3,921	-1,861	54,493	2,251	55,168
Attributable to:					
Shareholders of European Energy A/S	598	-2,120	46,514	1,493	48,759
Hybrid capital holders	-	-	-	-	6,608
Non-controlling interests	3,323	259	7,979	758	-199
Comprehensive income for the period	3,921	-1,861	54,493	2,251	55,168

Consolidated statement of financial position

EURk	H1 2022	H1 2021	FY 2021	EURk	H1 2022	H1 2021	FY 2021
Non-current assets				Equity			
Goodwill	4,526	-	4,528	Share capital	40,591	40,455	40,559
Property, plant, and equipment	157,034	122,738	157,283	Retained earnings and reserves	194,337	100,878	147,179
Lease assets	12,845	8,670	9,875	Equity attributable to owners of the company	234,928	141,333	187,738
Investments in joint ventures	19,447	10,560	13,743	Hybrid capital	150,000	150,000	150,000
Investments in associates	17,672	15,797	17,083	Non-controlling interests	19,149	24,565	12,750
Other investments	13,453	8,558	8,468	Total Equity	404,077	315,898	350,488
Loans to joint ventures	39,149	53,601	51,913	Liabilities			
Loans to associates	3,314	4,352	4,939	Bond	287,332	195,207	285,383
Trade receivables and contract assets	26,878	3,169	10,731	Project financing	326,547	233,091	301,409
Other receivables	3,259	12,127	2,975	Other debt	21,971	2,982	12,377
Deferred tax	10,288	6,237	6,294	Lease liabilities	10,353	7,242	9,220
Total non-current assets	307,865	245,809	287,832	Provisions	21,610	20,771	23,868
Current assets				Deferred tax	17,946	11,736	12,378
Inventories	735,566	493,775	524,830	Total non-current liabilities	685,759	471,029	644,635
Trade receivables and contract assets	56,081	24,729	56,149	Project financing	107,697	50,361	45,589
Other receivables	42,552	26,435	31,687	Lease liabilities	3,039	1,591	2,123
Prepayments	52,366	8,942	46,143	Trade payables	93,566	29,842	62,526
Cash and cash equivalents	135,919	70,914	173,718	Payables to related parties	4	1,229	11,431
Restricted cash and cash equivalents	22,911	40,080	53,643	Corporation tax	6,520	7,552	9,756
Total current assets	1,045,395	664,875	886,170	Provisions	3,750	4,090	4,254
TOTAL ASSETS	1,353,260	910,684	1,174,002	Deferred income	7,964	3,058	4,239
				Other payables	40,884	26,034	38,961
				Total current liabilities	263,424	123,757	178,879
				Total liabilities	949,183	594,786	823,514
				TOTAL EQUITY AND LIABILITIES	1,353,260	910,684	1,174,002

Consolidated statement of cash flow

EURk	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021	EURk	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Profit before tax	6,431	924	69,155	939	62,724	Cash flow from financing activities					
Adjustment for:						Proceeds from issue of bonds	-	-	-	-	297,750
Financial income	-1,018	-784	-2,852	-1,813	-12,933	Repayment of bonds	-	-	-	-	-205,035
Financial expenses	2,386	3,633	7,004	6,991	14,008	Proceeds from project financing	69,003	15,967	152,160	78,263	232,302
Depreciation and impairment	4,090	3,240	3,699	6,462	17,425	Repayment of project financing	-12,940	-11,761	-105,477	-16,232	-106,725
Results from investments in joint ventures	233	-1,901	-7,957	-1,189	1,293	Repayment of lease liabilities	-572	-421	-1,118	-860	-1,516
Results from investments in associates	-498	-337	-2,582	-943	-2,568	Payables to associates	-65	-247	-11,427	975	30
Change in net working capital, excluding inventories	8,062	26,089	6,431	21,411	8,301	Capital increase through exercise of warrants	208	130	208	130	130
Change in inventories	-201,111	-82,834	-157,358	-167,933	-188,724	Purchase of treasury shares	-	-13	-	-13	-21
Interest paid on lease liabilities	-73	-85	-176	-178	-401	Proceeds from issue of hybrid capital	-	75,967	-	75,967	75,967
Dividends	1,168	-113	2,112	354	1,057	Coupon payments, hybrid capital	-	2,580	-	2,580	-6,608
Other non-cash items	17,939	-2,743	8,457	-2,040	-854	Transactions with non-controlling interests	-1,315	-1,085	-2,461	-914	-2,865
Cash generated from operation before financial items and tax	-162,391	-54,911	-74,067	-137,939	-100,672	Cash flow from financing activities	54,319	81,117	31,885	139,896	283,409
Taxes paid	-478	-146	-4,241	-1,249	-4,552	Change in cash and cash equivalents	-110,331	18,806	-68,531	-10,898	105,469
Interest paid and realised currency losses	2,225	-365	-11,787	-2,862	-14,272	Cash and cash equivalents at beginning of period	269,161	92,188	227,361	121,892	121,892
Interest received and realised currency gains	702	667	1,634	1,361	4,721	Cash and cash equivalents end of period	158,830	110,994	158,830	110,994	227,361
Cash flow from operating activities	-159,942	-54,755	-88,461	-140,689	-114,775	Cash and cash equivalents	135,919	70,914	135,919	70,914	173,718
Cash flow from investing activities						Restricted cash and cash equivalents	22,911	40,080	22,911	40,080	53,643
Acquisition/disposal of property, plant, and equipment	-1,991	149	-2,662	-129	-46,022	Total cash and cash equivalents end of period	158,830	110,994	158,830	110,994	227,361
Acquisition/disposal of other investments	-266	-27	-4,985	-29	-35						
Cash and cash equivalents related to acquired companies	-	-	-	-	-1,343						
Investments in joint ventures and associates	-1,481	-161	-4,962	-183	-3,643						
Loans to joint ventures and associates	-970	-7,517	654	-9,764	-12,122						
Cash flow from investing activities	-4,708	-7,556	-11,955	-10,105	-63,165						

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	H1 2022
Equity at 1 January	40,559	1,436	27	-150	-39	145,905	187,738	150,000	12,750	350,488
Profit for the period	-	-	-	-	-	58,237	58,237	-	4,884	63,121
Other comprehensive income										
Value adjustments of hedging instruments	-	-	-	-12,958	-	-	-12,958	-	3,785	-9,173
Tax of value adjustments of hedging instruments	-	-	-	1,359	-	-	1,359	-	-778	581
Currency translation of foreign operations	-	-	-124	-	-	-	-124	-	88	-36
Other comprehensive income	0	0	-124	-11,599	0	0	-11,723	0	3,095	-8,628
Total comprehensive income	0	0	-124	-11,599	0	58,237	46,514	0	7,979	54,493
Transactions with owners										
Dividends	-	-	-	-	-	-	-	-	-1,315	-1,315
Exercise of warrants	32	176	-	-	-	-	208	-	-	208
Share-based compensation expenses	-	-	-	-	-	1,613	1,613	-	-	1,613
Additions	-	-	-	-	-	-	-	-	4,135	4,135
Disposals	-	-	-	-	-	-1,145	-1,145	-	-4,400	-5,545
Total transactions with owners	32	176	0	0	0	468	676	0	-1,580	-904
Equity at 30 June	40,591	1,612	-97	-11,749	-39	204,610	234,928	150,000	19,149	404,077

The share capital consists of nom. 302,086,822 shares of DKK 1 each, corresponding to EUR 40,591 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 June 30, the Group held nom. 40,443 shares of DKK 1 each corresponding to EUR 5 thousand of the parent company's shares. The shares have been bought back under the warrant program, where the parent company has a right, but not an obligation, to buy back shares from resigned employees. The obligation to pay coupon payments on hybrid capital is at the discretion of European Energy A/S, and treated as dividend. Accumulated coupon payments as per June 30, 2022 amounts to EUR 7.1 million, which will reduce retained earnings if European Energy A/S does not resolve to defer coupon payment on the next interest payment date in September 2022.

Consolidated statement of changes in equity - continued

EURk	Share capital	Share premium	Translation reserve	Hedging reserve	Treasury shares	Retained earnings	Total	Hybrid capital	Non-controlling interest	H1 2021
Equity at 1 January	40,430	340	298	2,038	-18	91,992	135,080	75,000	25,188	235,268
Profit for the period	-	-	-	-	-	220	220	-	713	933
Other comprehensive income										
Value adjustments of hedging instruments	-	-	-	1,951	-	-	1,951	-	43	1,994
Tax of value adjustments of hedging instruments	-	-	-	-428	-	-	-428	-	-	-428
Currency translation of foreign operations	-	-	-250	-	-	-	-250	-	2	-248
Other comprehensive income	0	0	-250	1,523	0	0	1,273	0	45	1,318
Total comprehensive income	0	0	-250	1,523	0	220	1,493	0	758	2,251
Transactions with owners										
Dividends	-	-	-	-	-	-	-	-	-996	-996
Transactions with non-controlling interests	-	-	-	-	-	411	411	-	-732	-321
Purchase of treasury shares	-	-	-	-	-13	-	-13	-	-	-13
Exercise of warrants	25	103	-	-	-	-	128	-	-	128
Share-based compensation expenses	-	-	-	-	-	687	687	-	-	687
Issue of hybrid capital	-	-	-	-	-	3,547	3,547	75,000	-	78,547
Additions	-	-	-	-	-	-	-	-	347	347
Total transactions with owners	25	103	0	0	-13	4,645	4,760	75,000	-1,381	78,379
Equity at 30 June	40,455	443	48	3,561	-31	96,857	141,333	150,000	24,565	315,898

The share capital consists of nom. 301,071,373 shares of DKK 1 each, corresponding to EUR 40,455 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 June 30, the Group held nom. 34,610 shares of DKK 1 each corresponding to EUR 5 thousand of the parent company's shares. The obligation to pay coupon payments on hybrid capital is at the discretion of European Energy A/S, and treated as dividend. Accumulated coupon payments as per June 30, 2021 amounts to EUR 7.1 million, which amount will reduce retained earnings (equity) if European Energy A/S does not resolve to defer coupon payment on the next interest payment date in September 2021.

Notes



STATE OF
THE NATION,
SPRING 2022

Note 1 Basis for preparation

GENERAL INFORMATION

The interim financial report of European Energy comprises a summary of the unaudited consolidated financial statements of European Energy A/S and its subsidiaries.

These unaudited consolidated financial statements for the second quarter of 2022 have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies.

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 31 December 2021 and public announcements made during the interim reporting period.

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

KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

When preparing the interim financial reporting of European Energy, management makes a number of accounting estimates and assumptions, which form the basis of the recognition and measurement of European Energy's assets and liabilities. The estimates and assumptions made are based on experience and other factors that management considers reasonable in the circumstances.

We are constantly monitoring market developments for power prices, inflation, interest levels, raw materials, etc. and are assessing the financial impact that this implies. We are impacted by this

in certain parts of our financial statements where we are recognising assets and liabilities at fair value and using quoted market prices.

When revisiting previously made key accounting estimates, we have considered the recent market developments. These developments have had a minor impact in our Q2 consolidated financial statement as previously explained, and we are expecting this to continue in the future. All key accounting estimates and judgments will be reassessed quarterly.

For all other estimates and judgments applied, reference is made to the consolidated financial statements in the annual report for the year ended December 31, 2021, Note 1.1.

ACCOUNTING POLICIES

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

IMPLEMENTATION OF NEW OR CHANGED ACCOUNTING STANDARDS

European Energy Group has adopted all new, amended or revised accounting standards and interpretations ('IFRS') as published by the IASB, and endorsed by the EU effective for the accounting period beginning on 1 January 2022.

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

SEGMENT INFORMATION

Following the continuous development of the Group, the internal reporting to the chief operating decision-maker (CODM) was changed in Q1 2022. The decision has been maintained during the Q2 2022.

The change in internal reporting resulted in that the Group in Q1 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, E-methanol, heat, etc.)
- Asset management and other fees

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

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

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

Note 2 Segment information

EURk	Q2 2022						Q2 2021						
	Sale of en- ergy farms and pro- jects		Asset man- agement and other fees		Reportable segments	Elimina- tions	Total	Sale of en- ergy farms and pro- jects		Asset man- agement and other fees		Reportable segments	
	Sale of en- ergy	Reportable segments	Asset man- agement and other fees	Reportable segments				Asset man- agement and other fees	Reportable segments	Asset man- agement and other fees	Reportable segments		
Revenue external	19,658	22,343	1,698	43,699	-	-	43,699	14,449	10,308	1,291	26,048	-	26,048
Inter-segment revenue	-	-	335	335	-335	-	-	-	-	605	605	-605	-605
Revenue	19,658	22,343	2,033	44,034	-335	43,699	14,449	10,308	1,896	26,653	-605	26,048	
Results from investments in joint ventures	-	-233	-	-233	-	-233	-	1,901	-	1,901	-	1,901	1,901
Results from investments in associates	-	498	-	498	-	498	-	337	-	337	-	337	337
Other income	-	309	-	309	-	309	-	993	-	993	-	993	993
Direct costs	-16,953	-3,277	-882	-21,112	-	-21,112	-13,557	-3,104	-650	-17,311	-	-17,311	
Gross profit	2,705	19,640	1,151	23,496	-335	23,161	892	10,435	1,246	12,573	-605	11,968	
Staff costs	-4,104	-998	-177	-5,279	-	-5,279	-1,865	-750	-125	-2,740	-	-2,740	
Other external costs	-5,504	-393	-96	-5,993	-	-5,993	-1,401	-639	-175	-2,215	-	-2,215	
Inter-group costs	-	-335	-	-335	335	-	-	-605	-	-605	605	-	
EBITDA	-6,903	17,914	878	11,889	0	11,889	-2,374	8,441	946	7,013	0	7,013	
Depreciation and impairment	-	-4,090	-	-4,090	-	-4,090	-	-3,240	-	-3,240	-	-3,240	
Segment profit (Operating profit)	-6,903	13,489	878	7,464	335	7,799	-2,374	4,596	946	3,168	605	3,773	
Financial income						1,018							784
Financial expenses						-2,386							-3,633
Tax						-1,519							464
Profit for the period						4,912							1,388

Note 2 Segment information - continued

EURk	H1 2022						H1 2021					
	Sale of en- ergy farms and pro- jects		Asset man- agement and other fees		Reportable segments		Sale of en- ergy farms and pro- jects		Asset man- agement and other fees		Reportable segments	
Revenue external	233,737	48,653	3,144	285,534	-	285,534	14,685	21,133	2,305	38,123	-	38,123
Inter-segment revenue	-	-	979	979	-979	-	-	-	1,282	1,282	-1,282	-
Revenue	233,737	48,653	4,123	286,513	-979	285,534	14,685	21,133	3,587	39,405	-1,282	38,123
Results from investments in joint ventures	-	7,957	-	7,957	-	7,957	-	1,189	-	1,189	-	1,189
Results from investments in associates	-	2,582	-	2,582	-	2,582	-	943	-	943	-	943
Other income	-	309	-	309	-	309	-	993	-	993	-	993
Direct costs	-189,302	-6,395	-1,722	-197,419	-	-197,419	-13,620	-4,565	-1,300	-19,485	-	-19,485
Gross profit	44,435	53,106	2,401	99,942	-979	98,963	1,065	19,693	2,287	23,045	-1,282	21,763
Staff costs	-9,386	-1,948	-345	-11,679	-	-11,679	-3,438	-1,500	-250	-5,188	-	-5,188
Other external costs	-8,888	-1,202	-188	-10,278	-	-10,278	-2,631	-1,015	-350	-3,996	-	-3,996
Inter-group costs	-	-979	-	-979	979	-	-	-1,282	-	-1,282	1,282	-
EBITDA	26,161	48,977	1,868	77,006	0	77,006	-5,004	15,896	1,687	12,579	0	12,579
Depreciation and impairment	-	-3,699	-	-3,699	-	-3,699	-	-6,462	-	-6,462	-	-6,462
Segment profit (Operating profit)	26,161	44,300	1,868	72,328	979	73,307	-5,004	8,152	1,687	4,835	1,282	6,117
Financial income						2,852						1,813
Financial expenses						-7,004						-6,991
Tax						-6,034						-6
Profit for the period						63,121						933

Note 3 Revenue by segment

Revenue by segment and type (EURk)	Wind	Solar	Other activities	Q2 2022
Sale of energy farms and projects	19,097	513	48	19,658
Sale of energy	19,253	3,090	-	22,343
Asset management and other fees	1,280	359	59	1,698
Revenue	39,630	3,962	107	43,699

Revenue by segment and type (EURk)	Wind	Solar	Other activities	Q2 2021
Sale of energy farms and projects	663	13,786	-	14,449
Sale of energy	5,785	4,523	-	10,308
Asset management and other fees	883	408	-	1,291
Revenue	7,331	18,717	-	26,048

Revenue by segment and type (EURk)	Wind	Solar	Other activities	H1 2022
Sale of energy farms and projects	20,037	213,147	553	233,737
Sale of energy	42,110	6,543	-	48,653
Asset management and other fees	2,287	733	124	3,144
Revenue	64,434	220,423	677	285,534

Revenue by segment and type (EURk)	Wind	Solar	Other activities	H1 2021
Sale of energy farms and projects	899	13,786	-	14,685
Sale of energy	14,243	6,890	-	21,133
Asset management and other fees	1,727	578	-	2,305
Revenue	16,869	21,254	-	38,123

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

Note 4 Property, plant, and equipment

EURk	H1 2022					H1 2021					FY 2021
	Wind power generating assets	Solar power generating assets	Tools and equipment	Land and buildings	Total	Wind power generating assets	Solar power generating assets	Tools and equipment	Land and buildings	Total	
Cost at 1 January	168,726	13,098	3,880	5,623	191,327	133,543	4,025	2,107	8,860	148,535	148,535
Reclassification	-	-	-	-1	-1	-	-	-	-	-	-
Exchange rate adjustments	-683	-240	-	-2	-925	8	-	-	2	10	9
Additions	3,045	-	532	2	3,579	9	-	632	63	704	46,484
Disposals	-737	-	-	-	-737	-	-	-	-600	-600	-607
Transfer to/from inventories	-	-	-	-	-	-	-	-	-2,358	-2,358	-3,094
Cost at 30 June	170,351	12,858	4,412	5,622	193,243	133,560	4,025	2,739	5,967	146,291	191,327
Accumulated depreciation and impairment losses at 1 January											
Reclassification	-30,690	-1,387	-1,961	-6	-34,044	-15,494	-955	-1,482	-10	-17,941	-17,941
Exchange rate adjustments	304	50	2	1	1	-1	-	-	16	16	9
Disposals	389	-	-	-	389	-	-	-	-	-	132
Depreciation	-6,596	-454	-353	-2	-7,405	-5,330	-93	-196	-8	-5,627	-12,446
Impairment/reversal of impairment	4,494	-	-	-	4,494	-	-	-	-	-	-3,792
Accumulated depreciation and impairment losses at 30 June	-32,099	-1,791	-2,312	-7	-36,209	-20,825	-1,048	-1,678	-2	-23,553	-34,044
Carrying amount at 30 June	138,252	11,067	2,100	5,615	157,034	112,735	2,977	1,061	5,965	122,738	157,283

Note 5 Inventories

Inventories (EURk)	Under development	Under construction	In operation	H1 2022
Solar farms	88,941	206,018	39,574	334,533
Wind farms	37,485	293,150	70,398	401,033
Total	126,426	499,168	109,972	735,566

Inventories (EURk)	Under development	Under construction	In operation	H1 2021	FY 2021
Solar farms	78,788	48,974	133,730	261,492	352,969
Wind farms	61,320	112,386	58,577	232,283	171,861
Total	140,108	161,360	192,307	493,775	524,830

Inventory write-downs (EURk)	H1 2022	H1 2021	FY 2021
Inventory write-downs at 1 January	-24,480	-11,849	-11,849
Write-downs for the period	-3,800	-1,411	-13,213
Disposal of the period	-	463	582
Total	-28,280	-12,797	-24,480

Inventory recognised in profit or loss (EURk)	H1 2022	H1 2021	FY 2021
Disposals	-183,036	-17,117	-199,827
Write-offs for the period	-35	-463	-1,745
Write-downs reversed, projects written off	-	-	582
Write-downs for the period	-3,800	-1,411	-13,213
Total	-186,871	-18,991	-214,203

Note 6 Other financial derivatives

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

In H1 2022, the fair value adjustments of other financial instruments which is recognised through Other comprehensive income for unrealised contracts amounts to a loss of EUR 5.3 million compared to an income of EUR 3.0 million in H1 2021, where the value adjustments related to realised contracts amounts to a loss of EUR 0.3 million in H1 2022 and EUR 0.0 in H1 2021. The total fair value of Other financial instruments recognised in Other comprehensive income as per June 30, 2022 is a negative adjustment of EUR 5.5 million.

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

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

VALUATION PRINCIPLE AND METHODOLOGY

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

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

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

Note 7 Fair value measurement

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

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

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

Principles for determination of fair value of hedging instruments are described in Note 1.1 Basis for preparation in the 2021 Group financial statements and principles applied when preparing the Q2 2022 interim financial statements are consistent herewith.

LEVEL 1

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

LEVEL 2

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

LEVEL 3

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

OTHER FINANCIAL INSTRUMENTS

Other financial instruments are partly recognised with an amount of EUR 15.7 million following Level 1 valuation techniques under financial assets per 30 June, 2022, and an amount of EUR 13.9 million is recognised as financial liabilities in accordance with Level 1 techniques. Other financial instruments measured according to Level 3 techniques and presented as financial liabilities, amount to EUR 10.3 million.

Note 8 Contingent liabilities

PLEDGES AND GUARANTEES RELATED TO FINANCING AGREEMENTS

The parent company has provided security in the form of parent company guarantees of EUR 232 million compared to EUR 121 million as of December 31, 2021. The guarantees serve to secure certain subsidiaries' financial obligations towards third parties during the construction of facilities related to renewable energy projects.

ASSETS PROVIDED AS SECURITY

No security has been provided for the debt of the parent company. For the subsidiaries, shares and assets of wind and solar farms with a carrying amount of EUR 475 million (FY 2021: EUR 468 million) are pledged as security for the group's debt to credit institutions of EUR 377 million (FY 2021: EUR 278 million).

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

Parent company financial statements



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Income statement and statement of comprehensive income

EURk	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Revenue	10,843	5,562	185,885	10,164	140,922
Results from investments in subsidiaries	4,152	1,430	20,655	3,199	5,201
Results from joint ventures	-802	2,233	7,307	1,250	-855
Results from associates	210	349	1,204	570	856
Other income	21	-379	21	-	-
Direct costs	-8,308	-5,299	-148,901	-9,684	-78,461
Gross profit	6,116	3,896	66,171	5,499	67,663
Staff costs	-4,000	-2,524	-8,948	-4,749	-12,250
Other external costs	-2,113	-1,594	-4,384	-2,636	-7,484
EBITDA	3	-222	52,839	-1,886	47,929
		-			
Depreciation	-326	-115	-591	-217	-739
Operating profit	-323	-337	52,248	-2,103	47,190
		-			
Financial income	8,439	4,739	15,955	9,285	30,156
Financial expenses	-5,154	-4,553	-9,884	-8,044	-18,273
Profit / loss before tax	2,962	-151	58,319	-862	59,073
Tax	652	1,294	-82	1,082	-1,177
Profit / loss for the period	3,614	1,143	58,237	220	57,896
Attributable to:					
Shareholders of European Energy A/S	3,614	1,143	58,237	220	51,288
Hybrid capital holders	-	-	-	-	6,608
Profit / loss for the period	3,614	1,143	58,237	220	57,896

EURk	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Profit / loss for the period	3,614	1,143	58,237	220	57,896
Items that may be reclassified to profit or loss					
Value adjustments of hedging instruments	-1,964	-3,864	-12,958	1,951	-919
Tax of value adjustments of hedging instruments	-851	814	1,359	-428	-1,339
Currency translation of foreign operations	-200	-213	-124	-250	-271
Other comprehensive income for the period	-3,015	-3,263	-11,723	1,273	-2,529
Comprehensive income for the period	599	-2,120	46,514	1,493	55,367
Attributable to:					
Shareholders of European Energy A/S	599	-2,120	46,514	1,493	48,759
Hybrid capital holders	-	-	-	-	6,608
Profit for the period	599	-2,120	46,514	1,493	55,367

Statement of financial position

EURk	H1 2022	H1 2021	FY 2021
Non-current assets			
Property, plant, and equipment	1,805	1,757	1,764
Lease assets	4,667	-	1,738
Investments in subsidiaries	137,636	105,536	115,089
Investments in joint ventures	11,090	9,542	10,048
Investments in associated companies	6,769	5,231	5,793
Other investments	8,838	4,127	4,127
Loans to subsidiaries	516,041	342,810	444,942
Loans related to joint ventures and associates	33,738	54,044	49,733
Trade receivables and contract assets	115	138	118
Other receivables	452	3,812	434
Deferred tax	5,691	1,945	2,902
Total non-current assets	726,842	528,942	636,688
Current assets			
Inventories	2,455	5,316	2,301
Trade receivables and contract assets	8,816	4,261	5,992
Other receivables	7,003	3,282	1,546
Prepayments from goods and services	9,975	1,617	1,827
Free cash and cash equivalents	16,755	24,207	59,288
Restricted cash and cash equivalents	7	9,270	1,096
Total current assets	45,011	47,953	72,050
Total assets	771,853	576,895	708,738

EURk	H1 2022	H1 2021	FY 2021
Share capital			
Retained earnings and reserves	40,591	40,455	40,559
Equity attributable to shareholders of the Company	194,337	100,878	147,180
Hybrid capital	234,928	141,333	187,739
Total equity	150,000	150,000	150,000
Total equity	384,928	291,333	337,739
Liabilities			
Bond	287,332	195,207	285,383
Lease liabilities	3,097	-	916
Provisions	286	732	1,207
Deferred tax	2,271	2,155	2,124
Other liabilities	15,008	2,564	10,631
Total non-current liabilities	307,994	200,658	300,261
Lease liabilities	1,693	-	753
Trade payables	2,357	391	1,201
Payables to subsidiaries	51,902	61,184	37,127
Payables to related parties	-	225	11,393
Corporation tax	1,152	-	1,294
Provisions	3,750	4,090	4,254
Deferred income	4,947	4,452	-
Other payables	13,130	14,562	14,716
Total current liabilities	78,931	84,904	70,738
Total liabilities	386,925	285,562	370,999
Total equity and liabilities	771,853	576,895	708,738

Statement of cash flow

EURk	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Profit / loss before tax	2,962	-151	58,319	-862	59,073
Financial income	-8,439	-4,739	-15,955	-9,285	-30,156
Financial expenses	5,154	4,553	9,884	8,044	18,273
Depreciations	326	115	591	217	739
Profit after tax from subsidiaries	-4,152	-1,430	-20,655	-3,199	-5,201
Profit after tax from Joint Venture's	802	-2,233	-7,307	-1,250	855
Profit after tax from associates	-210	-349	-1,204	-570	-856
Change in net working capital	-18,156	4,807	-16,140	9,119	17,106
Dividends received	785	932	910	1,079	11,429
Other non-cash items	917	218	-3,296	1,064	1,652
Cash flow from operating activities before financial items and tax	-20,011	1,723	5,147	4,357	72,914
Taxes paid	-17	-29	-246	-133	-1,595
Interest paid and realised currency losses	-4,188	-3,890	-19,312	-7,002	-12,599
Interest received and realised currency gains	8,787	6,064	16,154	10,164	23,233
Cash flow from operating activities	-15,429	3,868	1,743	7,386	81,953
Acquisition/disposal of property, plant, and equipment	-274	75	-632	-152	-1,572
Purchase of other investments	-	-	-4,711	-	-
Investments in subsidiaries, joint ventures and associates	10,056	-2,936	10,011	-3,219	-20,165
Loans to subsidiaries	-99,571	-90,814	-69,332	-122,236	-213,004
Loans to joint ventures and associates	20,591	-6,019	4,602	-8,267	-6,508
Cash flow from investing activities	-69,198	-99,694	-60,062	-133,874	-241,249

EURk	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Proceeds from issue of bonds	-	-	-	-	297,750
Repayment of bonds	-	-	-	-	-205,035
Capital increase through exercise of warrants	208	128	208	128	130
Payables to subsidiaries	9,120	11,447	14,489	37,378	13,564
Proceeds from issue of hybrid capital	-	78,547	-	78,547	75,967
Coupon payments, hybrid capital	-	-	-	-	-6,608
Cash flow from financing activities	9,328	90,122	14,697	116,053	175,768
Change in cash and cash equivalents	-75,299	-5,704	-43,622	-10,435	16,472
Total cash and cash equivalents at 1 January	92,061	39,181	60,384	43,912	43,912
Total cash and cash equivalents at 30 June	16,762	33,477	16,762	33,477	60,384
Cash and cash equivalents	16,755	24,207	16,755	24,207	59,288
Restricted cash and cash equivalents	7	9,270	7	9,270	1,096
Total cash and cash equivalents end of period	16,762	33,477	16,762	33,477	60,384

Statement of changes in equity

EURk	Share capital	Reserves (equity method)	Hedging reserve	Treasury shares	Retained earnings	Total	Hybrid capital	H1 2022
Equity at 1 January	40,559	43,530	-3,980	-39	107,669	187,739	150,000	337,739
Profit for the period	-	29,166	-	-	29,071	58,237	-	58,237
Other comprehensive income								
Value adjustments of hedging instruments	-	5,416	-18,374	-	-	-12,958	-	-12,958
Tax of value adjustments of hedging instruments	-	-1,336	2,695	-	-	1,359	-	1,359
Currency translation of foreign operations	-	-124	-	-	-	-124	-	-124
Other comprehensive income	0	3,956	-15,679	0	0	-11,723	0	-11,723
Total comprehensive income	0	33,122	-15,679	0	29,071	46,514	0	46,514
Transactions with owners								
Regulation on disposal of companies	-	-4,181	-	-	4,181	-	-	-
Dividends	-	-910	-	-	910	-	-	-
Exercise of warrants	32	-	-	-	176	208	-	208
Share-based compensation expenses	-	-	-	-	1,613	1,613	-	1,613
Other transactions	-	-	-	-	-1,146	-1,146	-	-1,146
Total transactions with owners	32	-5,092	0	0	5,735	675	0	675
Equity at 30 June	40,591	71,560	-19,659	-39	142,475	234,928	150,000	384,928

The share capital consists of nom. 302,086,822 shares of DKK 1 each, corresponding to EUR 40,591 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 June 30, the Group held nom. 40,443 shares of DKK 1 each corresponding to EUR 5 thousand of the parent company's shares. The shares have been bought back under the warrant programme, where the parent company has a right, but not an obligation, to buy back shares from resigned employees. The obligation to pay coupon payments on hybrid capital is at the discretion of European Energy A/S, and treated as dividend. Accumulated coupon payments as per June 30, 2022 amounts to EUR 7.1 million, which will reduce retained earnings if European Energy A/S does not resolve to defer coupon payment on the next interest payment date in September 2022.

Statement of changes in equity – continued

EURk	Share capital	Reserves (equity method)	Hedging reserve	Treasury shares	Retained earnings	Total	Hybrid capital	H1 2021
Equity at 1 January	40,430	49,764	2,171	-18	42,733	135,080	75,000	210,080
Reclassification regarding prior years	-	-4,474	-	-	4,474	-	-	-
Profit for the period	-	4,397	-	-	-4,177	220	-	220
Other comprehensive income								
Value adjustments of hedging instruments	-	-380	2,331	-	-	1,951	-	1,951
Tax of value adjustments of hedging instruments	-	84	-512	-	-	-428	-	-428
Currency translation of foreign operations	-	-250	-	-	-	-250	-	-250
Other comprehensive income	0	-546	1,819	0	0	1,273	0	1,273
Total comprehensive income	0	-623	1,819	0	297	1,493	0	1,493
Transactions with owners								
Regulation on disposal of companies	-	1,152	-	-	-1,152	-	-	-
Dividends	-	-1,560	-	-	1,560	-	-	-
Transactions with NCI	-	411	-	-	-	411	-	411
Purchase of treasury shares	-	-	-	-13	-	-13	-	-13
Exercise of warrants	25	-	-	-	103	128	-	128
Share-based compensation expenses	-	-	-	-	687	687	-	687
Issue of hybrid capital	-	-	-	-	3,547	3,547	75,000	78,547
Total transactions with owners	25	3	0	-13	4,745	4,760	75,000	79,760
Equity at 30 June	40,455	49,144	3,990	-31	47,775	141,333	150,000	291,333

The share capital consists of nom. 301,071,373 shares of DKK 1 each, corresponding to EUR 40,455 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 June 30, the Group held nom. 40,443 shares of DKK 1 each corresponding to EUR 5 thousand of the parent company's shares. The shares have been bought back under the warrant programme, where the parent company has a right, but not an obligation, to buy back shares from resigned employees. The obligation to pay coupon payments on hybrid capital is at the discretion of European Energy A/S, and treated as dividend. Accumulated coupon payments as per June 30, 2021 amounts to EUR 7.1 million, which amount will reduce retained earnings (equity) if European Energy A/S does not resolve to defer coupon payment on the next interest payment date in September 2021.

Statement by the Board of Directors and the Management

The Board of Directors and the Management have considered and adopted the Interim Report of European Energy A/S for the period 1 January – 30 June 2022. The Interim Report is presented in accordance with the International Accounting Standard IAS 34 on Interim Financial Reporting.

The accounting policies applied in the Interim Report are consistent with those applied in the Group's Annual Report 2021.

We consider the accounting policies appropriate, accounting estimates reasonable and overall presentation of the Interim Report adequate. Accordingly, we believe that the Interim Report gives a true and fair view of the Group's financial position, results of operations and cash flows for the period.

In our opinion, the Interim Report includes a true and fair account of the matters addressed and describes the most significant risks and elements of uncertainty facing the Group.

The Interim Report has not been audited or reviewed by the auditors.

Søborg, 29 August 2022

REGISTERED EXECUTIVE MANAGEMENT:

Knud Erik Andersen
CEO

BOARD OF DIRECTORS:

Jens-Peter Zink
Chairman

Claus Dyhr

Knud Erik Andersen

Jesper Helmuth Larsen

Mikael Dystrup Pedersen

Disclaimer and cautionary statement

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

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

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

- a. changes in demand for European Energy's products;
- b. currency and interest rate fluctuations;
- c. loss of market share and industry competition;
- d. environmental and physical risks;
- e. legislative, fiscal and regulatory developments, including changes in tax or accounting policies;
- f. economic and financial market conditions in various countries and regions;
- g. political risks, including risks of expropriation and renegotiation of the terms of contracts with governmental entities, and delays or advancements in the approval of projects;
- h. ability to enforce patents;
- i. project development risks;
- j. cost of commodities;
- k. customer credit risks;
- l. supply of components from suppliers and vendors; and
- m. customer readiness and ability to accept delivery and installation of products and transfer of risk.

All forward-looking statements contained in this document are expressly qualified by the cautionary statements contained or referenced to in this statement. Undue reliance should not be placed on forward-looking statements. Each forward-looking statement speaks only as of the date of this document. European Energy does not undertake any obligation to publicly update or revise any forward-looking statement as a result of new information or future events other than as required by Danish law. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this document.

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