INVESTOR PRESENTATION

HYBRID TAP

April 7th, 2021

Important information (I/II)

IMPORTANT INFORMATION

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Important information (II/II)

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Indicative key terms of the new hybrid issue

Indicative key terms for the contemplated new hybrid issue

Issuer:	European Energy A/S
Country:	Denmark
Rating:	Unrated
Tap Size:	Up to an expected EUR 50m
Maturity:	1,000 years with maturity 22 September 3020 (NC3 from First Issue Date, callable 22 September 2023 (to occur after the maturity of the Company's Senior Bonds))
Status:	Deeply subordinated. Senior only to ordinary shares
Call Schedule:	After First Call Date on 22 September 2023 and every Interest Payment Date thereafter
Step-up:	500bps after the First Call Date on 22 September 2023
Interest rate:	Fixed 6.125%, annually in arrears (act/act). From the First Call Date the interest rate resets every 3 years to the then prevailing 3-year EUR swap rate plus the initial credit spread plus step-up
Interest Deferral:	At the issuer's option on any interest payment date. Cumulative interest deferrals. Deferred coupons can be settled in cash at any time
Change of Control:	Issuer call @ 101% prior to First Call Date and thereafter @ par. If not used, an interest payment step-up of 500 bps applies
Other call provisions:	• Tax Event (call @ 101 prior to First Call Date and thereafter @ par) • IFRS accounting change (call @ 101 prior to First Call Date and thereafter @ par) • Replacing Capital Event (call @ 103) • If Issuer/Group holds minimum 80% of Total Nominal Amount (call @ par)
Docs:	Standalone, Danish law
Denomination:	EUR 100k + 1k
Listing:	Nasdaq Copenhagen expected on the issue date
Use of Proceeds:	In accordance with the Green Bond Framework
Joint Bookrunners:	Nordea
Target market:	Eligible counterparties, professional clients and certain retail investors (contact Bookrunners for full target market assessment). A PRIIPs KID in English and Danish language will be prepared and made available

Agenda

INVESTOR PRESENTATION HYBRID TAP

TODAY'S PRESENTERS

Jens Peter Zink

Executive Vice President and chairman

With EE since 2005

Prior experience
10 years with KPMG holding different positions, including Manager M&A

Jonny T. Jonasson

Chief Financial Officer

With EE since 2012

Prior experience
Extensive experience as Chief Financial Officer & General Manager

INTRODUCTION TO EUROPEAN ENERGY

SPROGØ
21 MW
DENMARK

Overview of European Energy

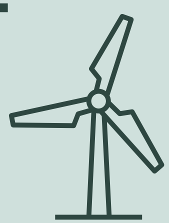
European Energy in brief

- European Energy constructs wind and solar farms as well as power-to-x solutions. We are building solutions to climate change
- European Energy was founded in 2004 and has grown to show an EBITDA of EUR 61m in 2020 with 203 employees at end of 2020, activities across 16 countries and access to a development portfolio of 19 GW

Solar Power (70%)

Active in:
Europe (84%), Americas (9%) and Australia (7%)

Onshore Wind (26%)



Active in:
Europe (96%) and Brazil (4%)

Offshore Wind (3%)

Active in Europe (100%)

Power-to-X (1%)

Active in Europe (100%)

Note: Percentages indicated measured by MW

Recent Events of European Energy

19/3/21

European Energy wins EY’s Entrepreneur of the Year in Denmark

The jury noted that:

- European Energy is a strong company with fantastic growth.
- The company has a compelling narrative with a strong focus on sustainability as well as combatting climate change including a strong focus on supporting UN’s Sustainable Development Goals

6/4/21

Renewable Investment Partnership

Novo Holdings, Sampension and European Energy is creating a new Renewable Investment Partnership to buy land areas with the intention of establishing renewable energy on land.

The new partnership has been established with DKK 650 million in capital which enables the fund to invest around up till DKK 1.5 billion.

26/3/21

European Energy signs order for 14 Siemens Gamesa 5.X onshore turbines

The turbine acquisitions cover two sites in Sweden of 86 MW in total.

Both projects has secured long term PPAs.

2 BØRSEN. VIRKSOMHEDER TIRSDAG 6. APRIL 2021

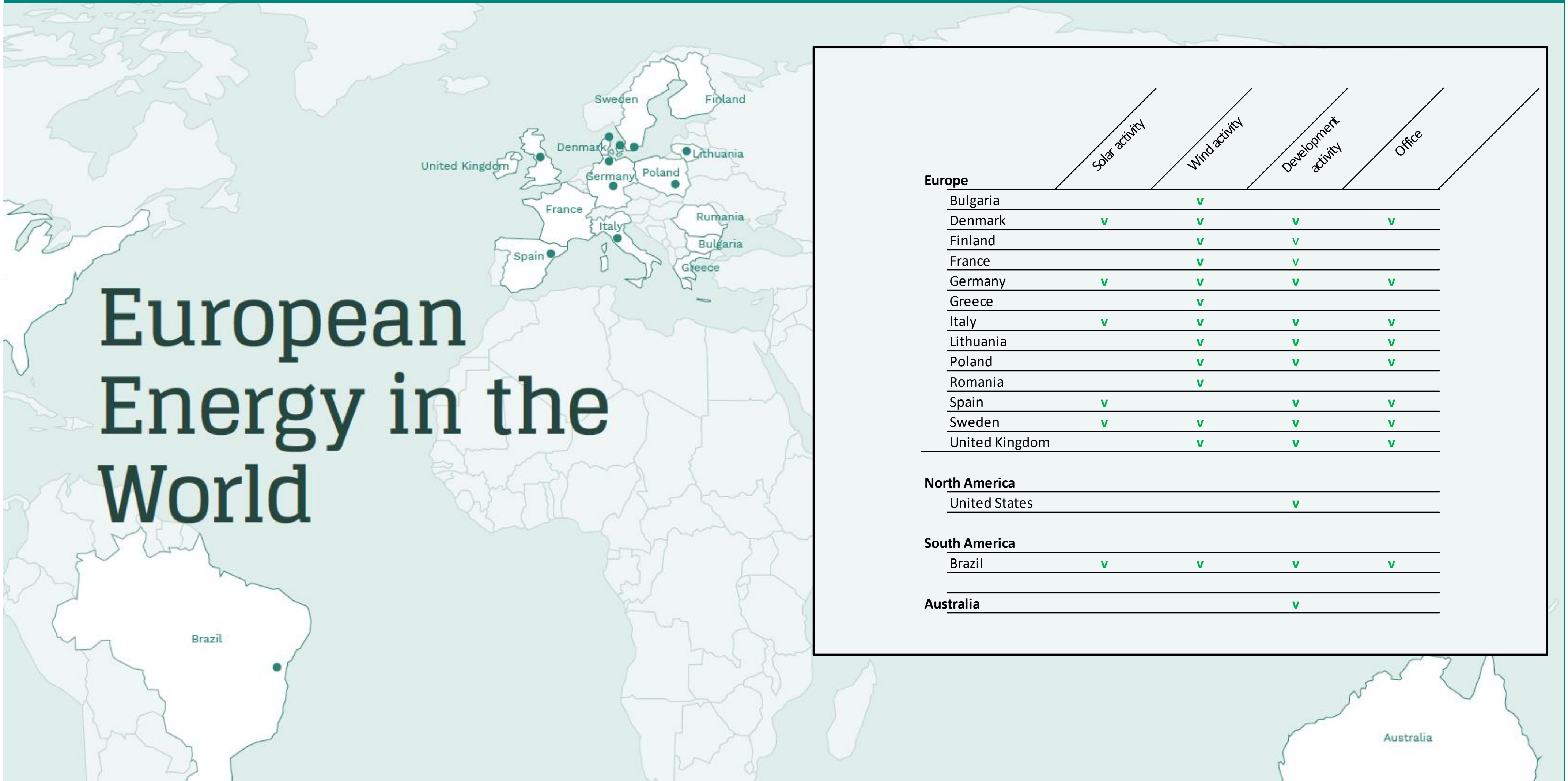
Novo Holdings og partnere skyder millioner i grøn fond

Novo Holdings, Sampension og European Energy vil investere 1,5 mia. kr. i jord til grøn energi

"Vi og Sampension har kapitalen og vil gerne bidrage til den grønne omstilling"

650

European Energy in the World



	Solar activity	Wind activity	Development activity	Office
Europe				
Bulgaria		v		
Denmark	v	v	v	v
Finland		v	v	
France		v	v	
Germany	v	v	v	v
Greece		v		
Italy	v	v	v	v
Lithuania		v	v	v
Poland		v	v	v
Romania		v		
Spain	v		v	v
Sweden	v	v	v	v
United Kingdom		v	v	v
North America				
United States			v	
South America				
Brazil	v	v	v	v
Australia			v	

Simplified structure of European Energy

Knud Erik Andersen: ~76%

Mikael Dystrup Pedersen: ~14%

Jens-Peter Zink: ~10%

European Energy Employees: <1%

EUROPEAN ENERGY

EUR 200m senior bond

EUR 75m Hybrid Bond Issue + potential tap issue

Illustrative overview of OpCos

Development portfolio ...... *Construction portfolio* ...... *Operational portfolio*

- European Energy A/S establishes a special purpose vehicle (SPV) for every project. The projects are subsidiaries of European Energy A/S and can be divided into three groups, consolidated in financial statements as follows:
  - Subsidiaries directly or indirectly owned (51-100% ownership), consolidated line by line
  - Joint ventures or associated companies (21%-50%), recognised as “equity-accounted investments”
  - Companies in which the Group has no material ownership (less than 20% ownership), recognised as other investments

Robust Green Bond framework – 'pure play' green operations

European Energy's green bond framework

- Eligible Assets and Projects include
  - Development and construction of renewable energy projects (i.e. **solar and wind**)
  - **Energy storage projects** to store renewable energy and surplus heating
  - **R&D projects related to solar and wind power** (e.g. Risø Test Centre)
- To the **extent feasible Eligible Assets and Projects will be allocated to new projects**. In cases where proceeds are allocated to existing projects European Energy will endeavour to **target a look-back period of maximum 3 years**
- Eligible Assets and Projects **may cover both capital expenditures and operational expenditures**, such as through labour costs or spending on R&D
- Eligible Assets and Projects **target specific climate related objectives of reducing greenhouse gas emissions** through the production of renewable energy

Process selection	European Energy's investment committee are responsible for ensuring that only projects aligned with the framework are allocated proceeds from Green Bonds
Mgmt. of proceeds	A Green Bond Register will be created to ensure that proceeds are mapped to Eligible Projects and Assets. Projects may be added or removed and will be replaced.
Reporting	An annual allocation and impact report will be published. Where feasible impact will be reported in GHG avoidance.
External review	DNV·GL

European Energy's effort to halt climate change

Power production (GWh)

2018
328

2019
458

2020
632

The electricity consumption of 158,000 households in 2020

750 MW

new green capacity expected to be grid connected by European Energy in 2021

European Energy has currently initiated constructions of approx. 1,000 MW

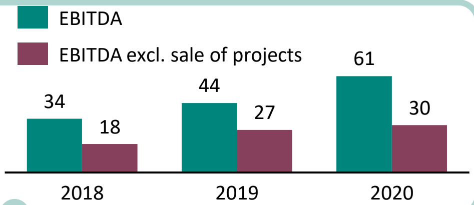
251 MW was grid connected in 2020

36 MW

215 MW

Transition from a Developer to an Independent Power Producer (IPP)

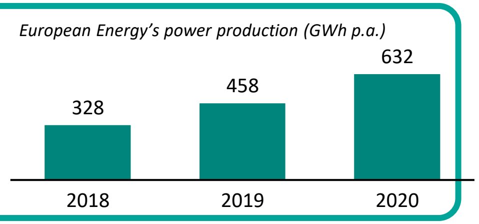
As the Company has grown, both in terms of EBITDA and the asset base, and by entering into the bond market enabling European Energy to expand further, power sales has since 2018 become the predominant source of income



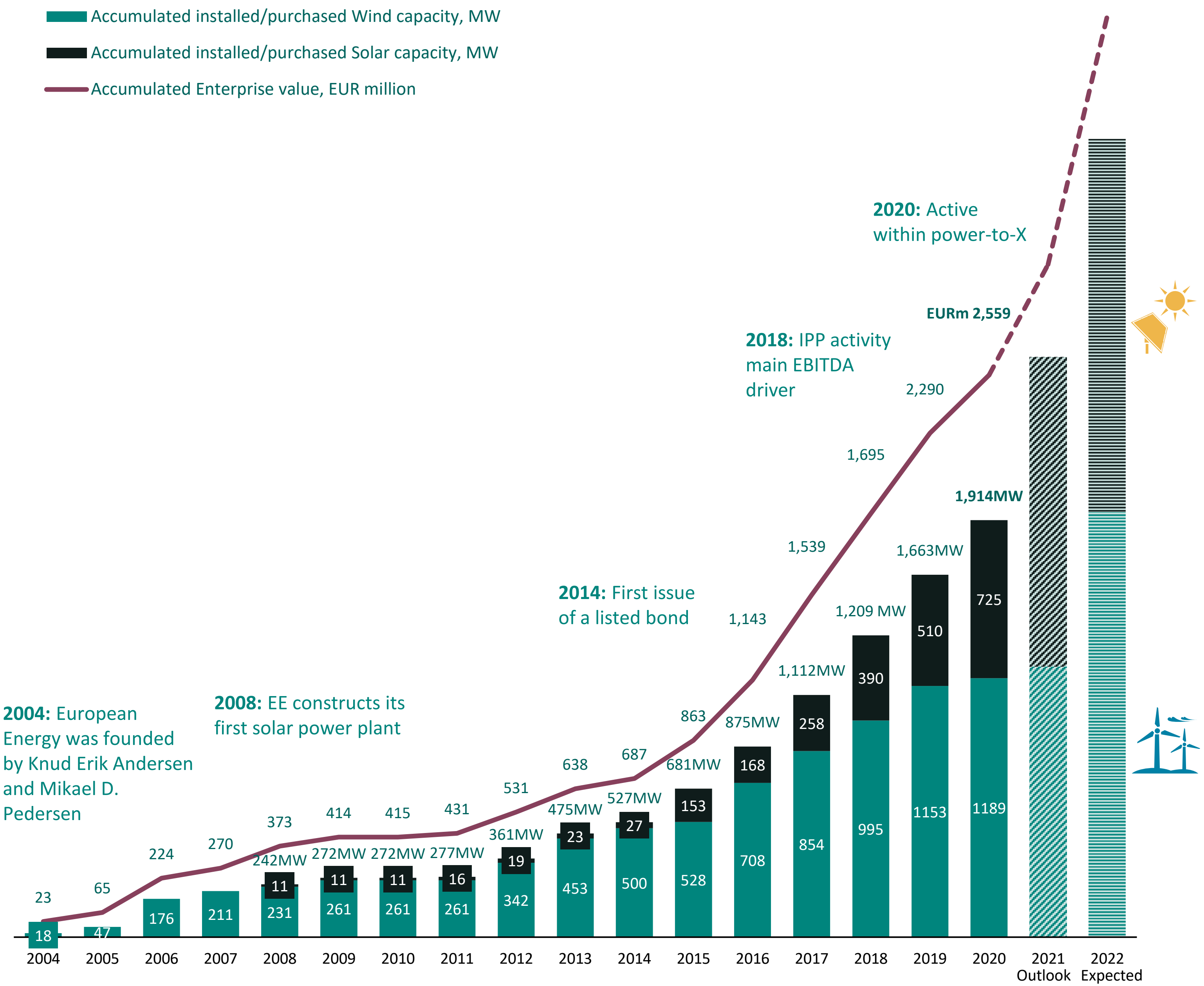
The Company is well positioned to continuing both project divestment and also growing its IPP business leg

Previously, the EBITDA generated from European Energy's operations was predominantly from the sale of projects

European Energy's funding through the bond market made it possible to make the strategic shift to become an IPP, and the power production of the Company has increased significantly over the last years



- European Energy has demonstrated strong growth in capacity installed and cumulative investments from inception in 2004 to today
- The strong growth has been profitable since EE's foundation in 2004
- EE has constructed more than 150 projects, and all projects was completed with positive profit margin
- Operational assets owned by European Energy has grown to 467 MW as per end of 2020

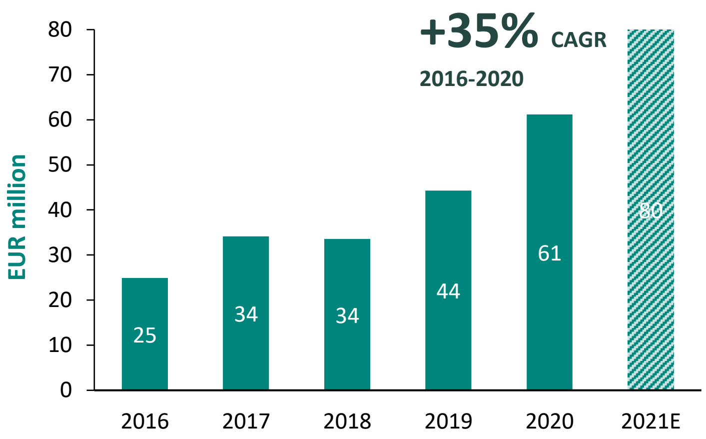


European Energy by the numbers

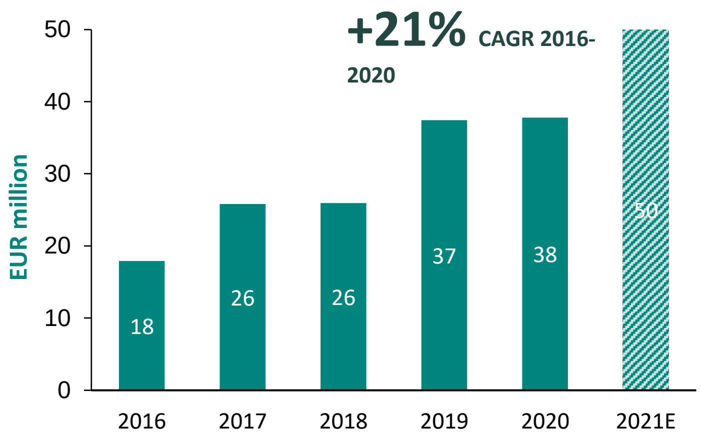
KEY FINDINGS

- Equity has grown by 2.5 times since 2016
- EBITDA has more than doubled since 2016, and despite the COVID-19 crisis, the EBITDA of 2020 slightly exceeded the outlook
- Pipeline of 613 MW under construction and 814 MW ready to build forms a solid basis for our ambition to construct 750MW in 2021 which will be about 3 times 2020 level

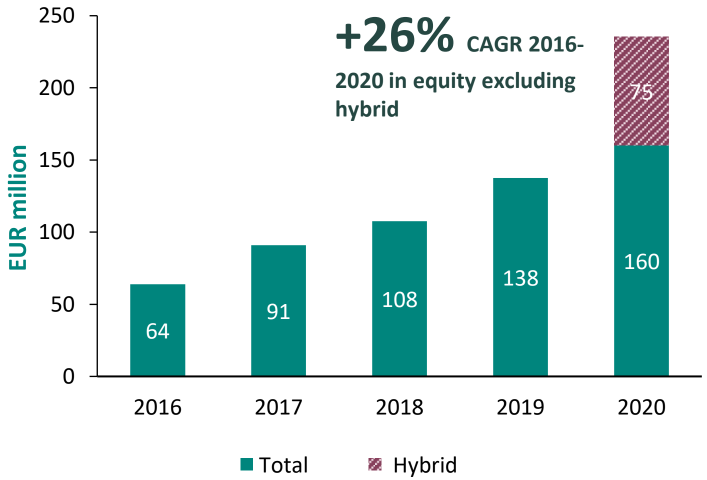
EBITDA



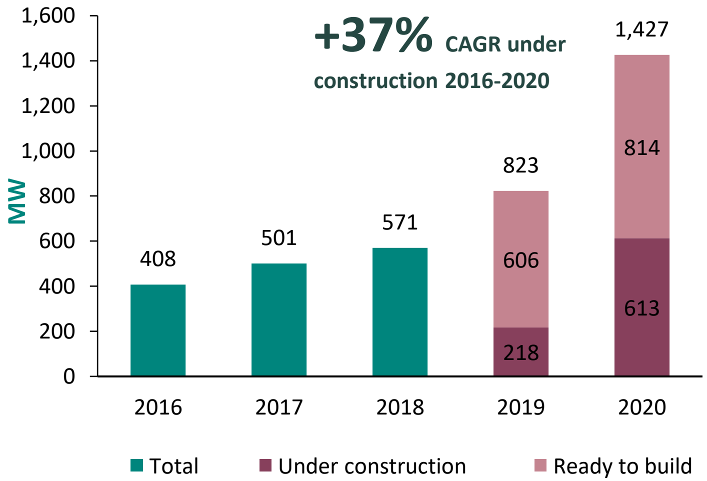
PROFIT BEFORE TAX



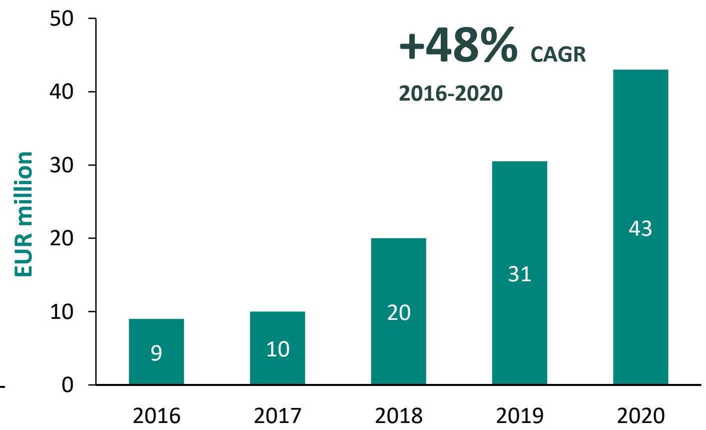
EQUITY



UNDER CONSTRUCTION OR READY TO BUILD



CONSOLIDATED SALE OF ELECTRICITY



European Energy key credit highlights

Market / Megatrends

1. Electrification will drive demand for significant build out of renewable energy – this will ensure that prices of electricity will remain attractive.
2. Experts agree that build out of renewable will increase substantially to 80GW p.a. However, in order to keep 1.5 ºC temperature target the build out need to further increase with 3-4 times p.a.

Business

3. Stable and high EBITDA margins due to IPP focus with 467 MW operational assets owned by European Energy
4. More than 150 projects completed and approx. EUR 2.5bn cumulative investments, all resulting in positive results. Since 2018, European Energy has divested projects with an aggregated enterprise value of more than EUR 500m, of which the total profit margin is +20%
5. Strong and increasing investor appetite for operational assets
6. Short value creation processes from Ready-to-Build to grid connection and divestment
7. Large and diversified construction portfolio will support EE's growth targets in all major markets
8. Increased demand for long term PPA's driven by corporate demand for reduction in CO_2 emissions and cost savings

Financials

9. Strong performance through Covid-19 Global pandemic: Financial guidance kept throughout 2020
10. Solid financial profile with a strong equity story, having grown with a CAGR of 26% p.a. since 2004

TROIA
123 MW
ITALY

Our World is Facing Challenges

In the coming decades the world is facing fundamental challenges as a direct result of our use of fossil fuels – challenges that will change the daily life for the entire world population, if we are not acting now.

Environmental Migrants

-1 Bn

by 2050

World Temperature

+4 ºC

in this century

World Population

-10 Bn in 2050

+25% vs. today

Energy Consumption

+50%

increase from today to 2050

Sea Level

Up to 2.5m

by 2100 threatening

>600 cities

EUROPEAN ENERGY

Our Answer:
A Decarbonised and Electrified World

The good news is that we do have answers to the challenges. If we act now we can actually do something to prevent the catastrophes we are facing today.

Electricity Growth

3x demand

in 2050

World Temperature in 2050

Held at

+1.5 ºC

Renewables in Power Generation Mix

95% by 2050

Coal in Power Generation

100%

phase out by 2050

Energy Sector

Zero carbon

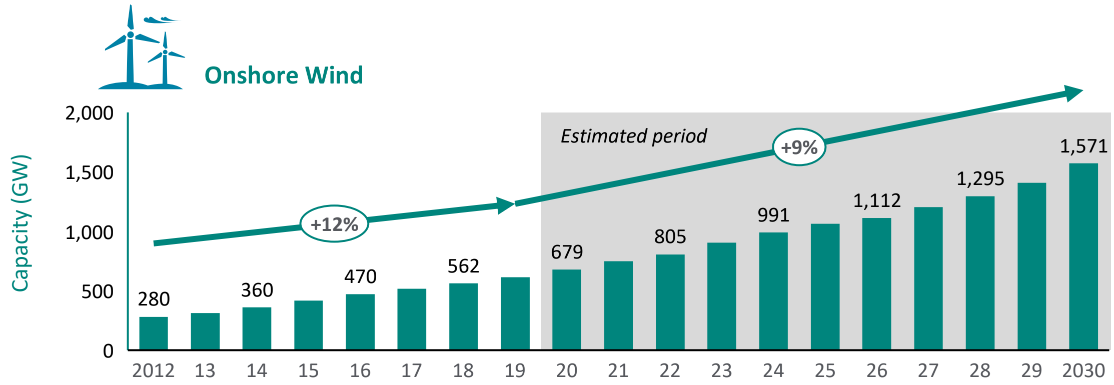
by 2050

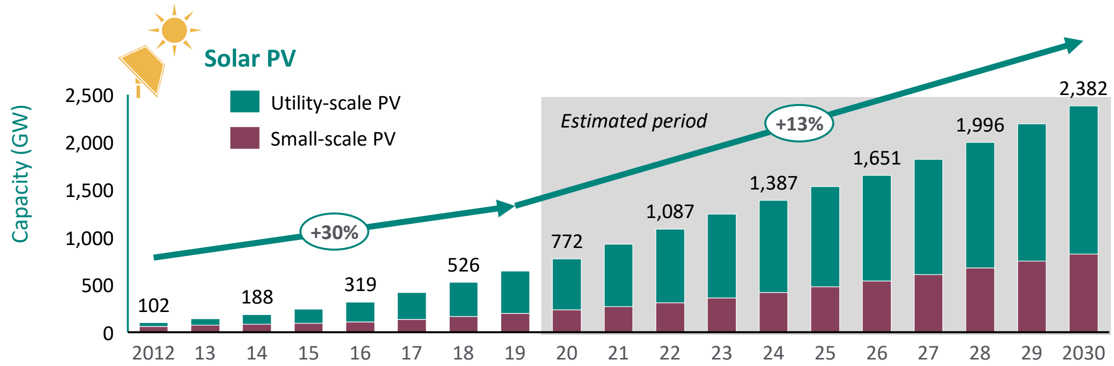
Growing global renewable-energy market

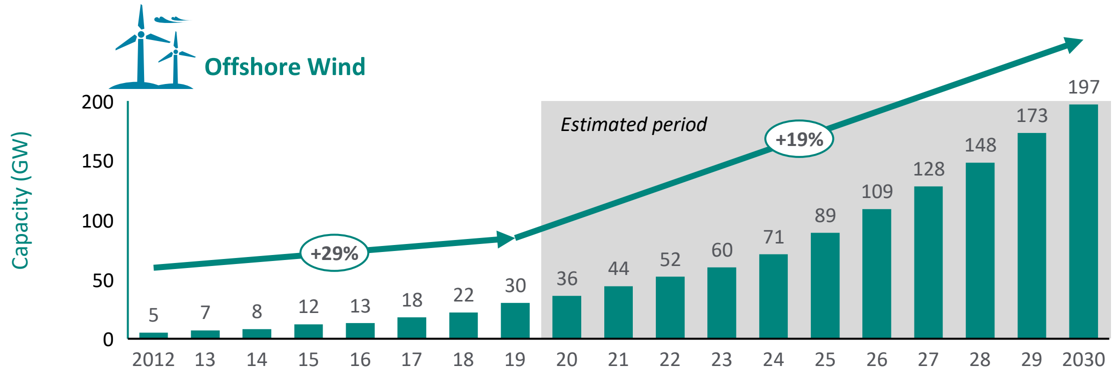
Comments

- From 2004 (when the Issuer was founded) until end of 2020, the global installed capacity of onshore wind and solar PV farms has grown from 50 GW in early 2004 to estimated approx. 1,450 GW at end of 2020
- This growth has been stimulated by significant technological breakthroughs, favourable political frameworks and dedicated developers, financiers and subcontractors
- Onshore wind and PV power is currently the most economically competitive alternatives to traditional fossil fuel sources
- Despite seeing strong growth over the past 10 years, renewable energy makes up less than 5% of global energy demand. As such, the potential for future growth in the renewable-energy market continues to be very large

Strong global growth

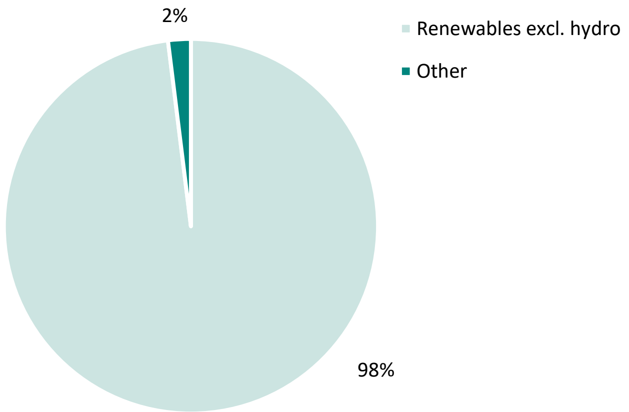






Source: BloombergNEF – New Energy Outlook 2020

Distribution of global energy mix



Source: IEA (2019) World Energy Balances 2020 for 2018, https://www.iea.org/subscribe-to-data-services/world-energy-balances-and-statistics.

Renewables Growth driven by lower costs

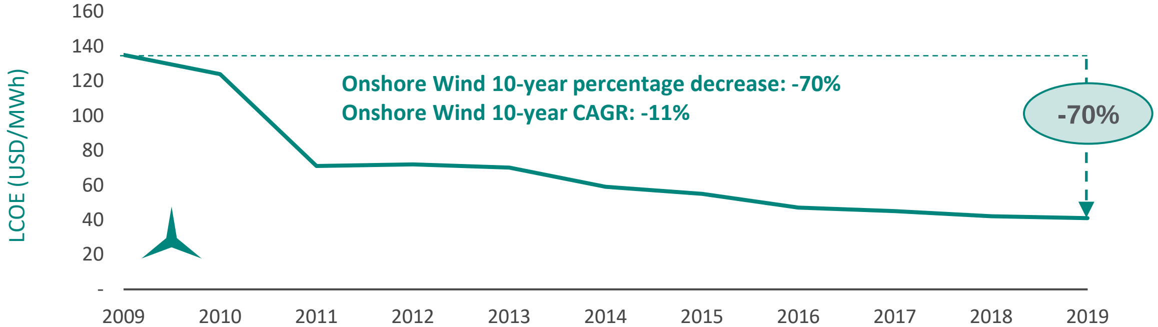
Predicted Needed Renewable Capacity

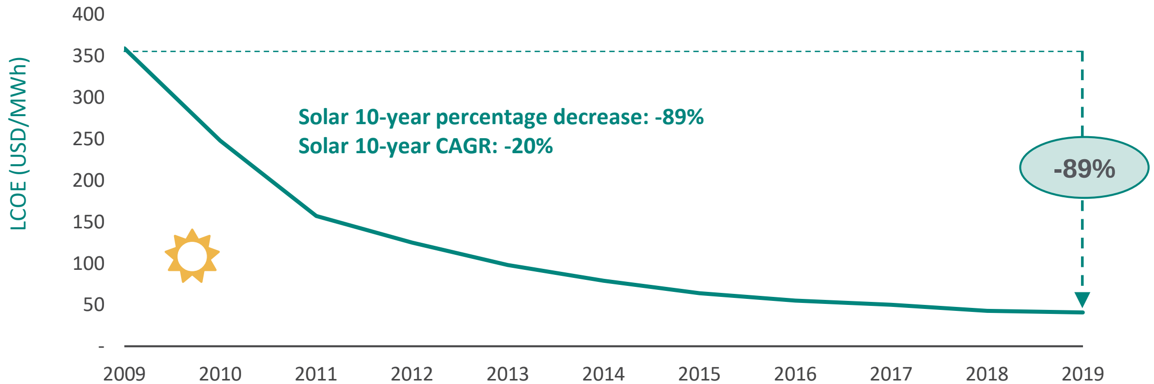
Forecast 2019
–+40 GW p.a.[1]

General Forecast 2020
–+ 80 GW p.a.[1]

To reach 1.5 ºC estimate
Need for +250 – 300 GW p.a.[2]

Historic cost (LCOE 2009-2019)





Future cost (LCOE in 2030 vs. 2019)

Onshore Wind
-20%

Solar PV
-35%

Note: LCOE: levelised cost of energy. 1. IHS market forecast in 2019 for 2019-22, and in 2020 for 2021-25. 2. Top-down assessment based on world's capacity needed to reach net-zero emissions in 2050
Source: Historic LCOE: Lazard and management estimates. Future LCOE: McKinsey, EnergyData & IRENA 2030 Report; OECD Investing in Climate, Investing in Growth Report 2019

BUSINESS DESCRIPTION

Overview of European Energy's core business model activities

1 Production and sale of electricity

- Independent production of electricity, which has increased by 38% from 2019 to 632 GWh in 2020
- Sale of electricity to the grid
- Approx. 90% of the sale of electricity has been secured with long-term PPAs or FiT

2 Development

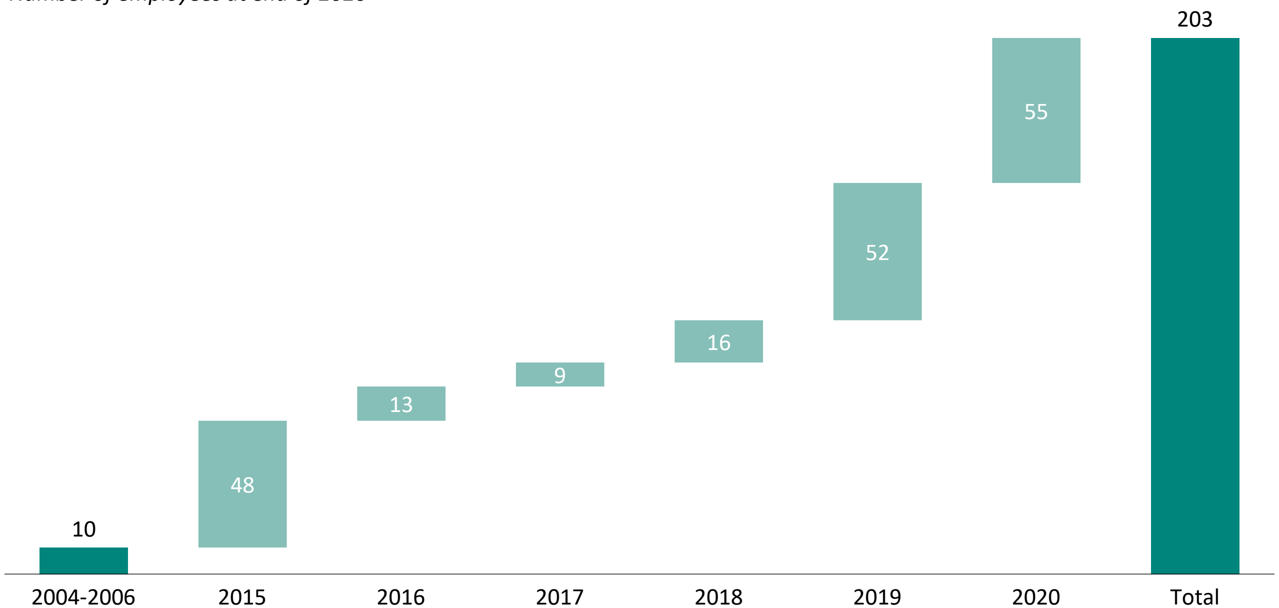
- Project risk: European Energy's project development is based on many small or medium sized projects
- Potential wind & solar site assessment
- Environmental studies
- Secure land & building permits

3 Construction

- Construction phase based on standardized building process and tier 1 and easy manageable equipment
- Select optimal technology and park layouts
- Oversee every construction phase from groundworks to grid connection

Core activity supported by a well tuned back office

Number of employees at end of 2020



Supporting functions

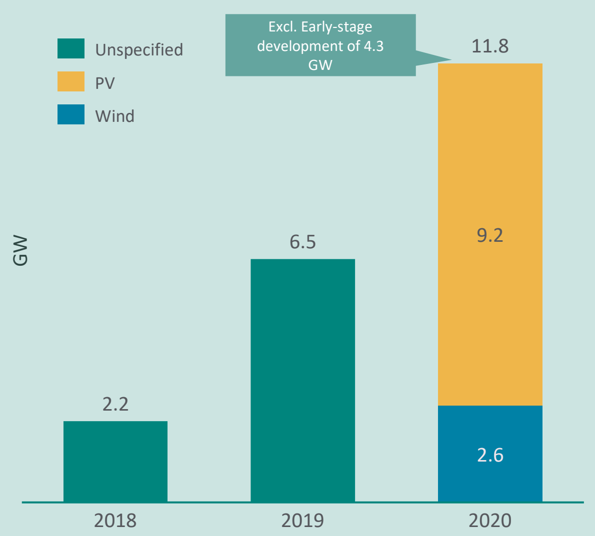
- **Internal M&A team**
- **Internal Legal team**
- **Internal PPA team**
- **Internal Finance team**
- **Internal Asset Management team**

Large growing pipeline diverse across geography and technology

Key highlights

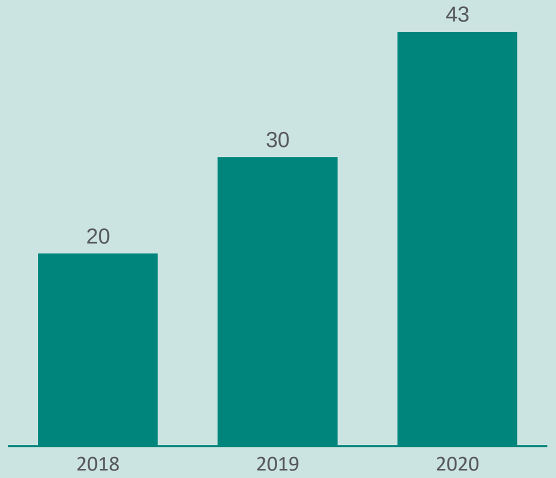
- Significant pipeline of 17.5GW (16.1 in the development pipeline and 1.4 in the construction pipeline)
- EE has increased the late-stage development pipeline by approx. 80% since 2019. EE will continue to increase the development pipeline in the coming years.
- During 2020, European Energy was engaged in construction activities at 14 different sites in five European countries and Brazil
- Approx. 800 MW of the construction portfolio was secured by PPA or FiT at the end of 2020

Development pipeline of 16.1GW, excl. construction portfolio

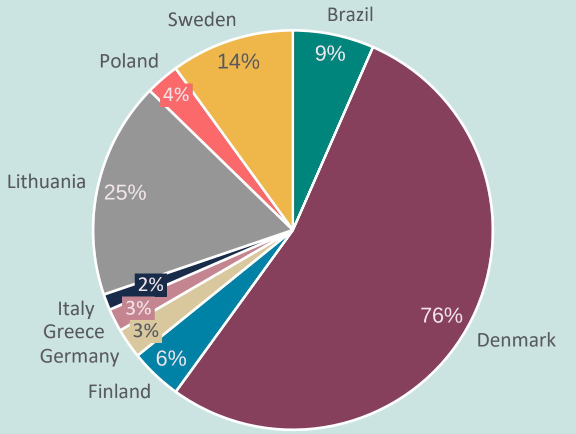


Construction portfolio of 1.4 GW
Solar PV = 53%, Wind = 47%

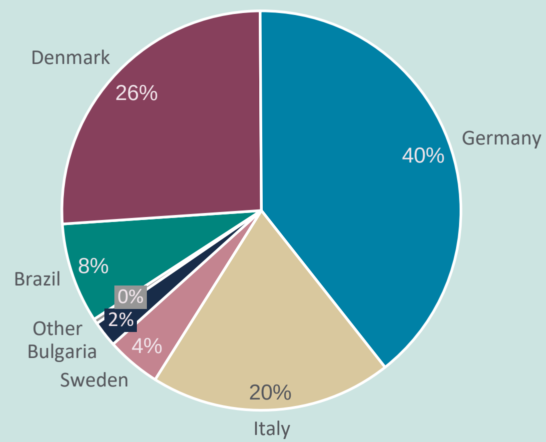
EE share of electricity production (632 GWh)
Solar PV = 52%, Wind = 48%



Construction portfolio Geographical breakdown



Electricity Sales geographic breakdown



Entering downstream electrification (Power-to-X)

Power-to-X

24% ownership in the Danish e-methanol company, REintegrate

European Energy made in 2020 it first investment into the Power-to-X space with a 24% ownership stake in the Danish e-methanol company Reintegrate

Agreement with Circle K to buyout all e-methanol from the first PTX plant by REintegrate

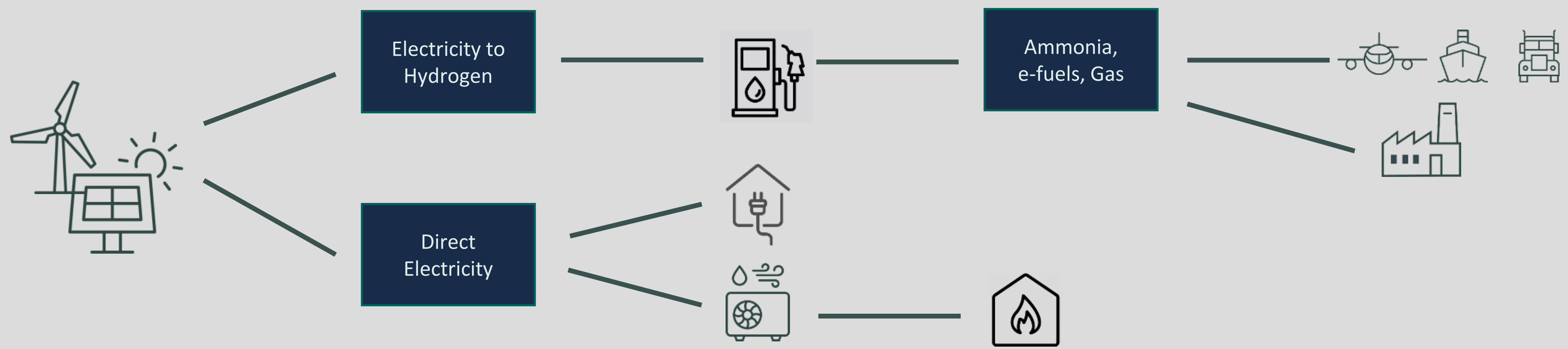
Agreement with Circle K

To offtake the entirety of the e-methanol production from Reintegrate's first PTX plant

Green Heating

ca. 43% ownership in the Danish heat pump company, Victor Energy Solutions (Jan. 2021)

In Q1 2021, we made another investment into in-direct electrification with the investment into Viktor – a Danish heat pump company that transform district heating into 100 % renewable energy.

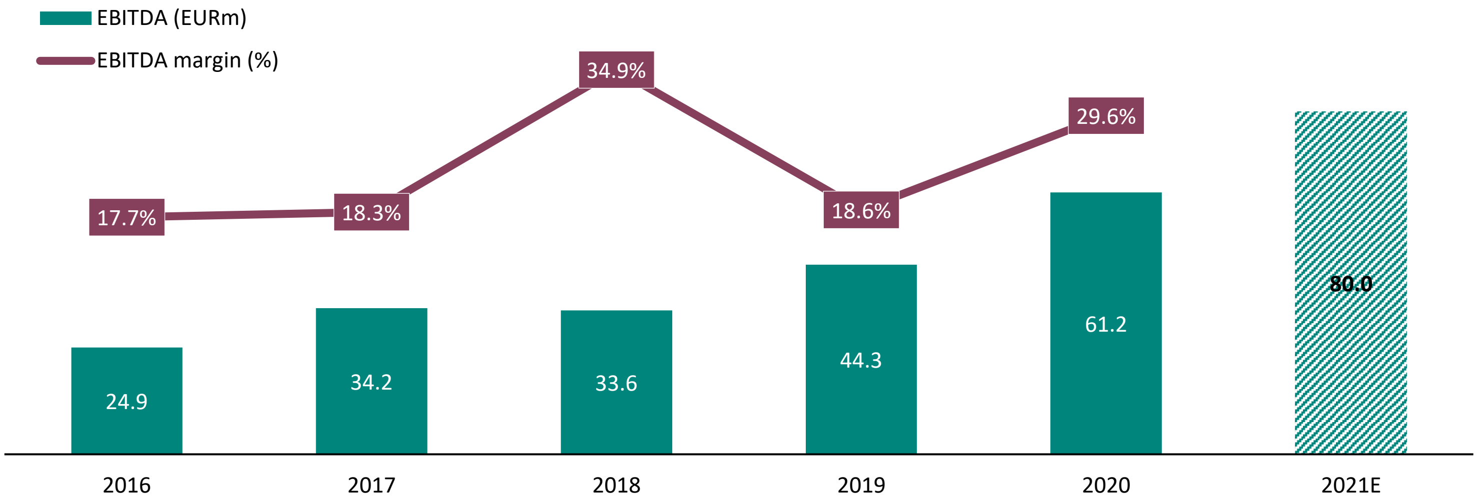


EUROPEAN ENERGY FINANCIALS

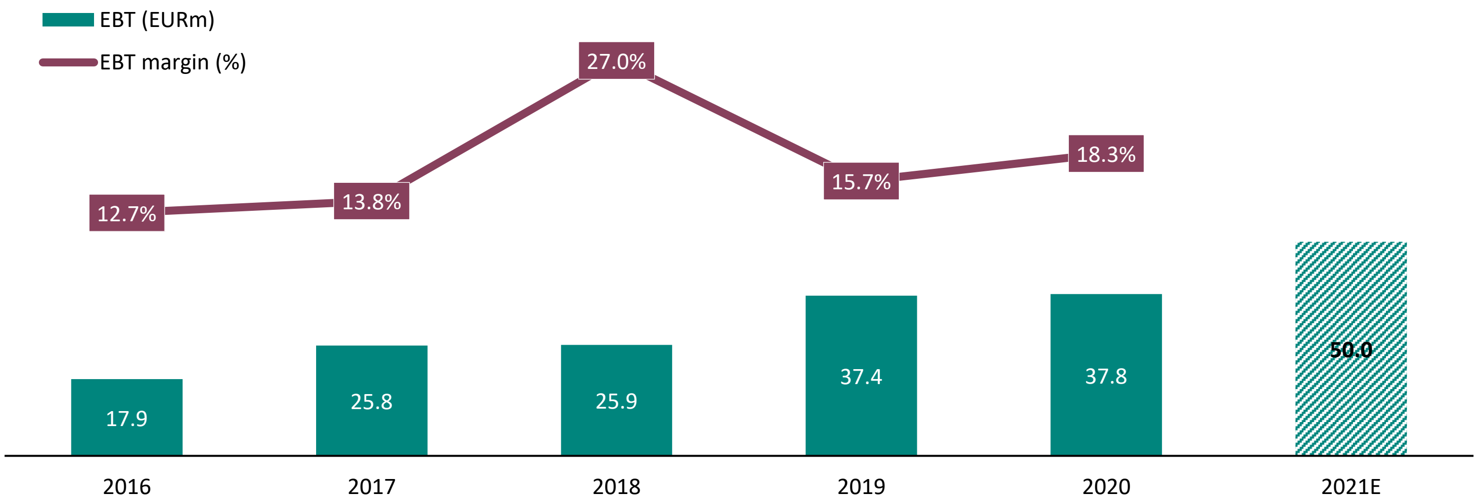
MÅDE
26 MW
DENMARK

Stable earnings growth

Stable high growth in EBITDA with strong margins 2016-2020



Strong EBT growth from 2016-2020

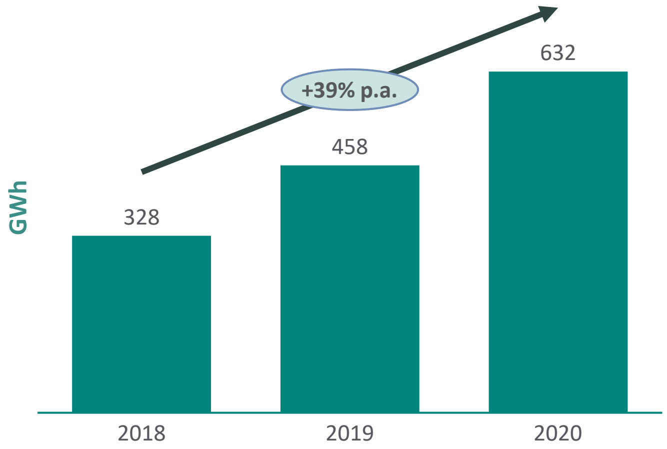


Considerations

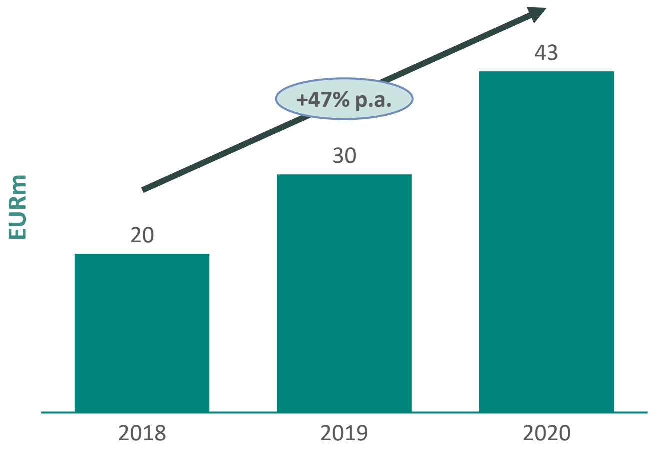
- EBITDA increased by 38% from 2019 to 2020 and has more than doubled from 2016 to 2020
  - The majority of the growth stems from increased profit of power sales
- EBITDA remains stable under volatile revenues due to high margin on increased electricity sales and the inclusion of profit after tax from equity-accounted investments
- European Energy has a strong visibility on future earnings due to a strong pipeline and maintained its guidance throughout 2020
- European Energy's guidance for 2021 is an expected EBITDA of EUR 80m or a growth of 31% over 2020
- Profit before tax is expected to be EUR 50m or a growth of 32% over 2020.

Strong Operational performance

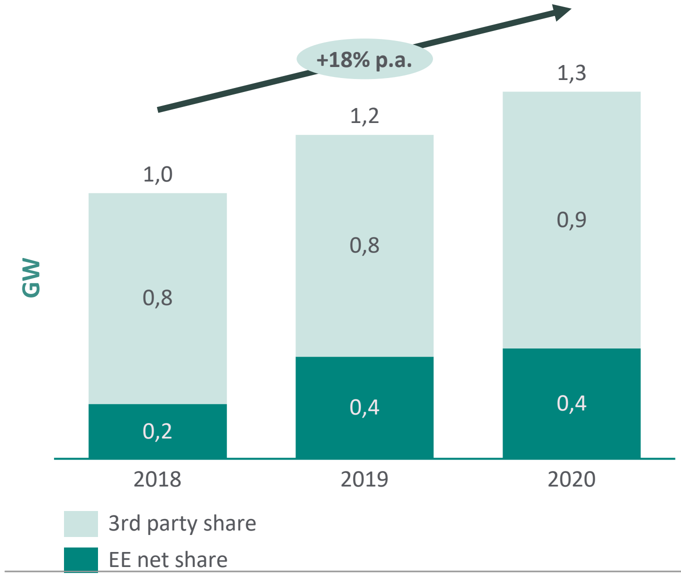
EE share of electricity production



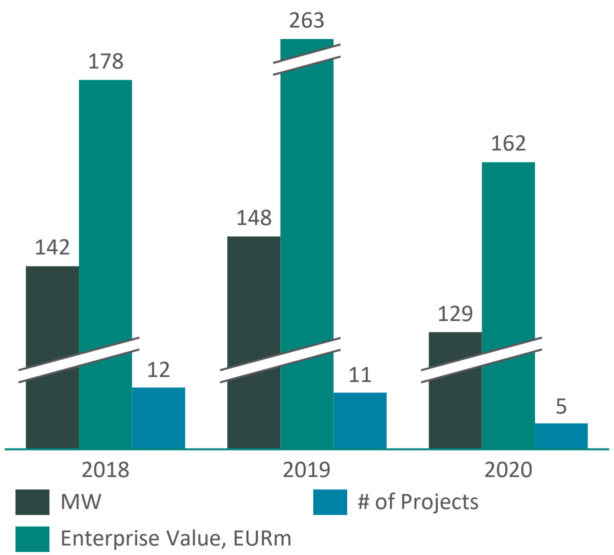
Sale of electricity



Assets under management



Energy plants sold, incl. 3rd party share

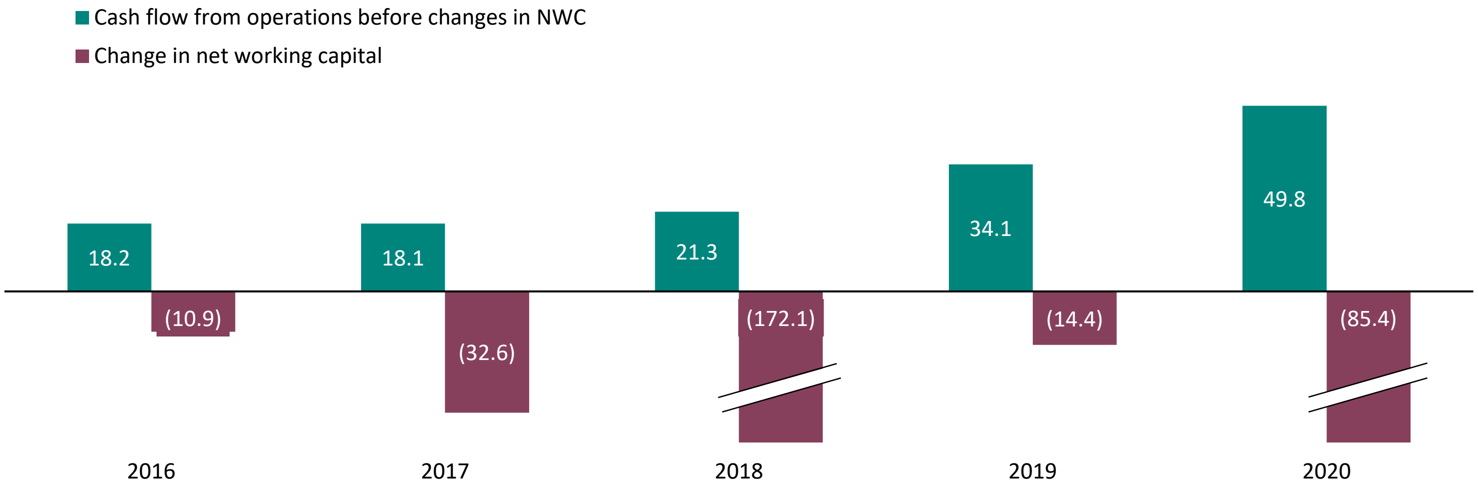


Considerations

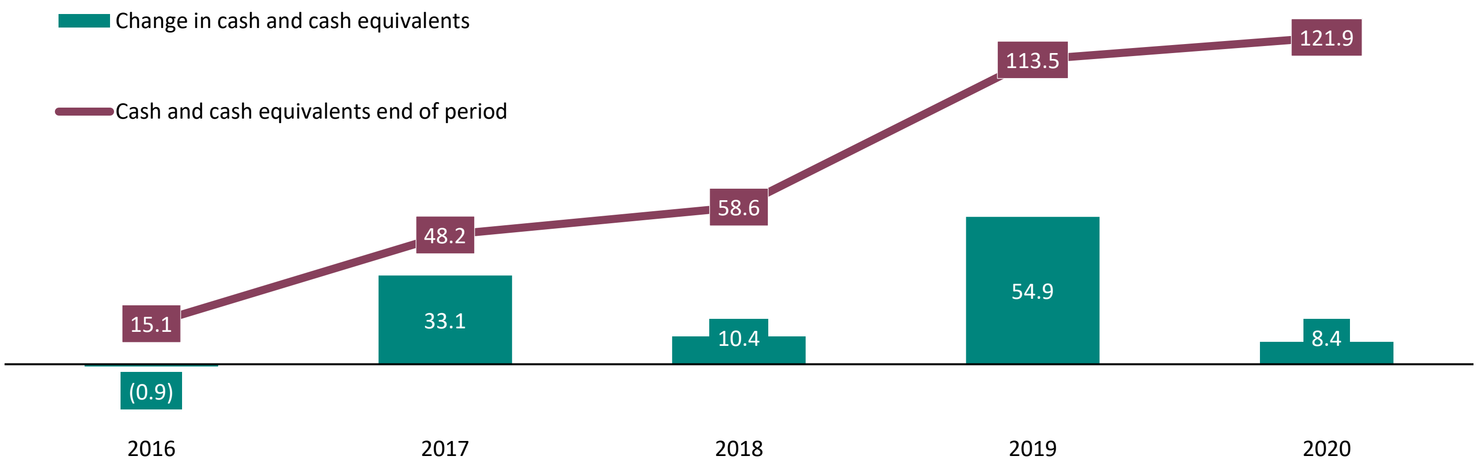
- In 2020, European Energy recorded a record high in sale of electricity. Compared to the previous year, the consolidated power sales increased by 41% to EUR 42.9m. European Energy's net share of electricity production has since 2016 grown by 33% p.a.
- The increase in electricity production is primarily related to the strategy to move towards becoming an Independent Power Producer (IPP) with more generating assets kept in European Energy's own books. This brings stability into our profitability.
- Asset Management continues to grow and at the end of 2020, European Energy managed 1.34 GW of assets divided between 880 MW wind power and 456 MW solar power production. European Energy owns 402 MW and the remainder is managed on behalf of investors
- European Energy recorded a high level of sales activities of energy plants throughout 2020 with divestment of projects in every quarter. In total, European Energy divested solar and wind farms with a combined capacity of 129 MW with an enterprise value of EUR 162m.

Strong cash position

Cash flow from operations excl. changes in net working capital, EURm



Positive development in overall cash flow – change in cash flow year-on-year, EURm



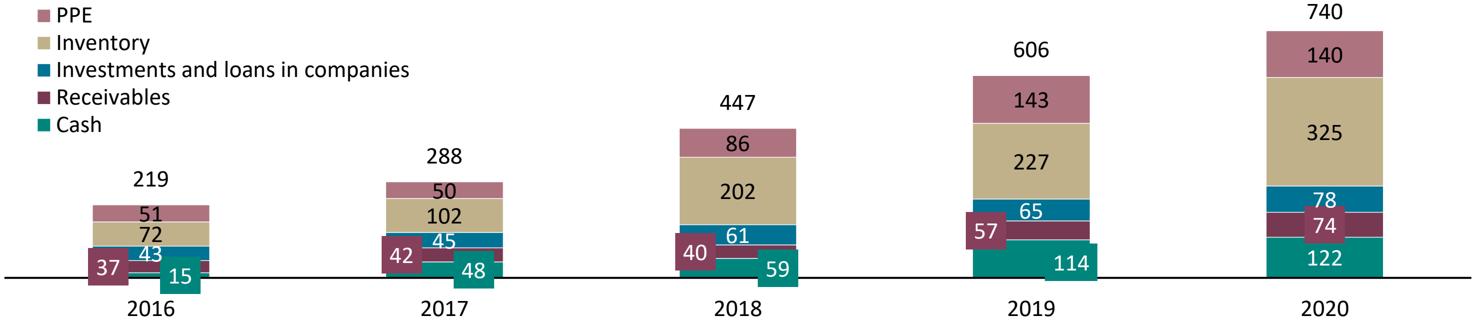
Considerations

- Cash flow from operating activities before changes in net working capital totaled a solid EUR 50m in 2020, an increase of EUR 16m compared with 2019. This is mainly the result of increasing profits from sale of plants and electricity and improved working capital in terms of higher payables resulting from higher activity partly counterbalanced by higher net financials and taxes paid.
- The negative cash flow from NWC 2015-2020 is primarily due to the increase in inventories which in turn is a result of higher activity and an increased construction portfolio
- Cash flow from financing activities mainly reflects the proceeds from the issuance of the hybrid bond in September 2020 of EUR 75m.

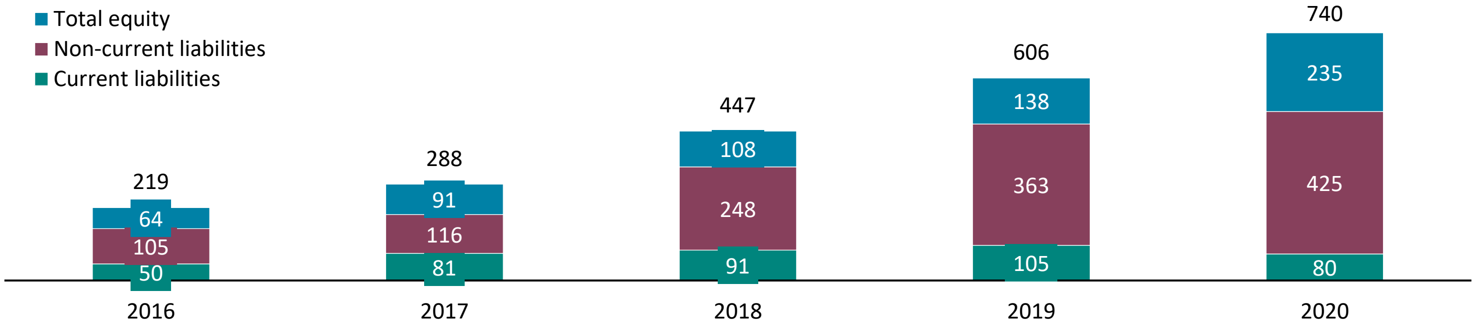
Note: 1) In the 2020 annual report "Dividends" line item in the cash flow statement is reclassified from "cash flow from investing activities" to "cash flow from operating activities". This change is reflected throughout the graph 2016-2020 for comparison purposes

Balance sheet overview

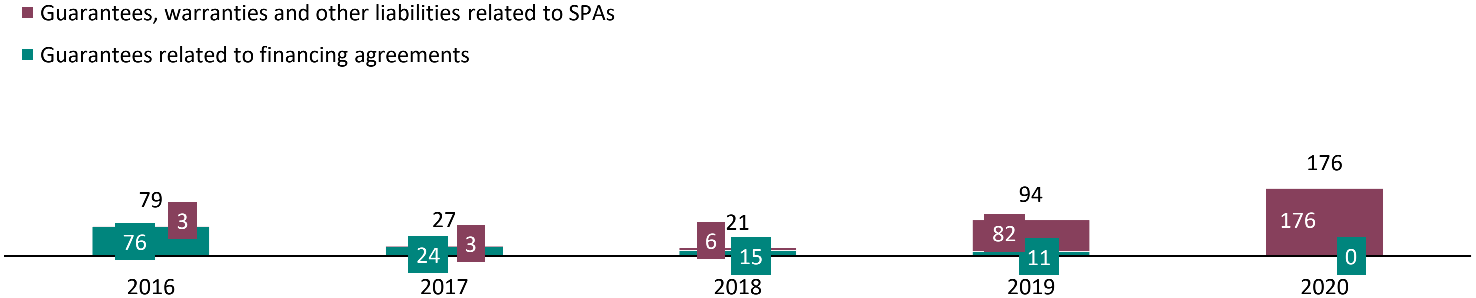
Assets, EURm



Equity and liabilities, EURm



Contingent liabilities, EURm



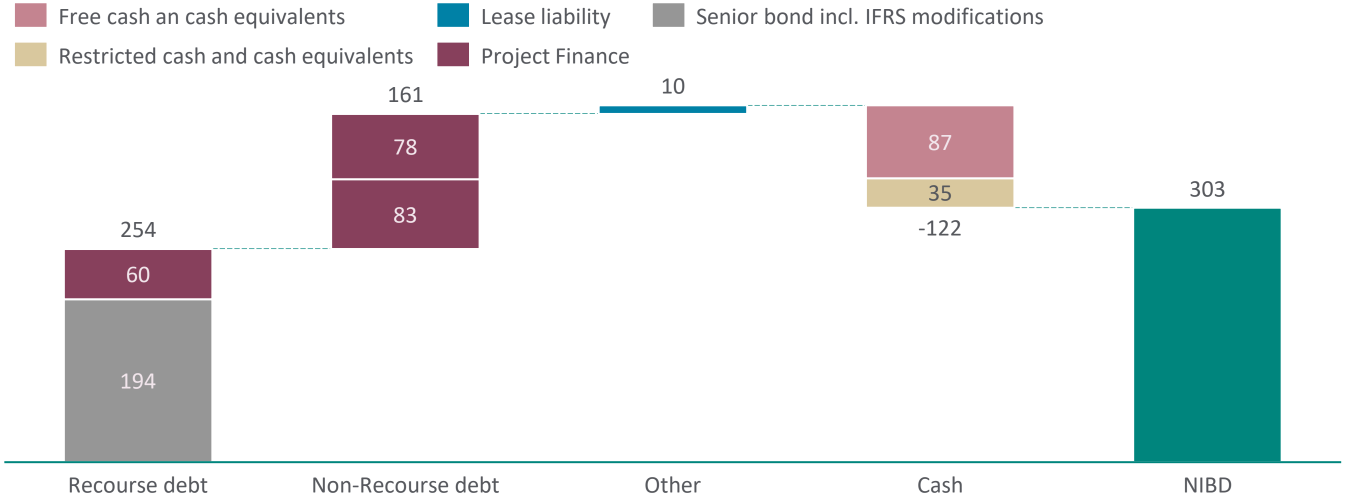
Note: 1) The hybrid capital is not included in the NIBD

Considerations

- Total asset and liabilities increased to EUR 740m or 22% compared with 2019.
- On the asset-side, the increase shows up in increasing inventories i.e. plants under construction or operating plants for sale reflecting the strong growth of our company.
- On the liability-side, the increase is mainly seen in total equity reflecting the profit of year as well as the newly issued hybrid bond of EUR 75m in 2020 (which is recognized as equity).
- Net interest-bearing debt is stable in EUR but as a result of the increasing EBITDA, leverage goes down to 5.0x at end of 2020 from 6.8x a year before.[1] The group holds a significant cash position of EUR 122m (EUR 35m as restricted cash) which will support our growth plans going into 2021.
- Valuation of operational assets is based upon cost value, and not current market value
- Bond proceeds from earlier bond issues have accelerated the fast growth of European Energy

Overview of debt structure as per end of 2020

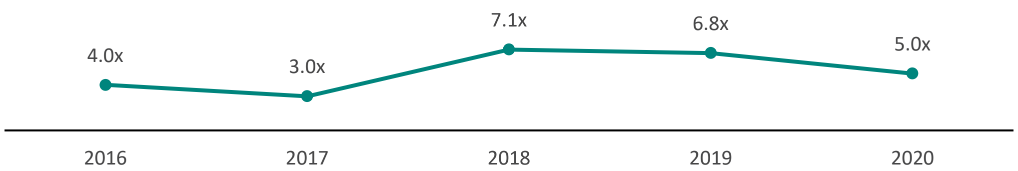
Consolidated debt overview, EURm



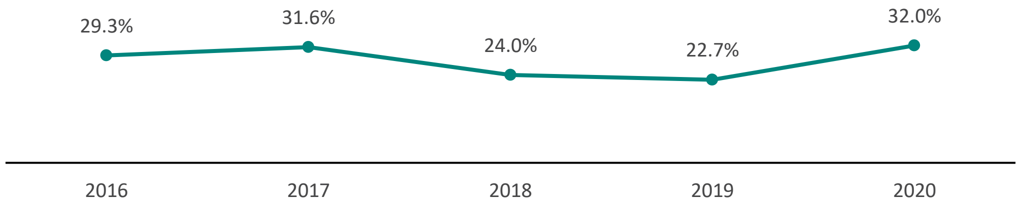
Considerations

- The recourse part of project financing debt of EUR 60 million consist mainly of construction loans, which will be converted into non-recourse loan when projects are turned into operational projects
- EUR 78 million of project financing has been moved from recourse to non-recourse debt after end of 2020

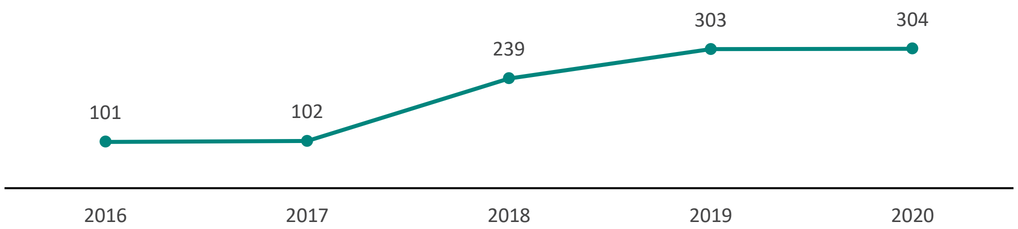
NIBD / EBITDA



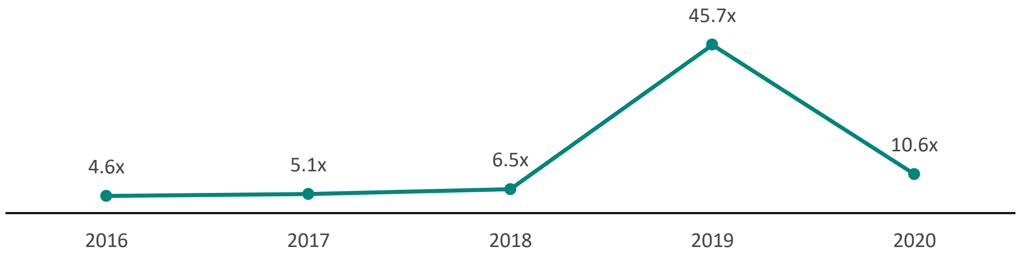
Solvency ratio, %



NIBD (EURm)



Interest Coverage Ratio



Note: NIBD / EBITDA = (Interest bearing debt less cash) / EBITDA. Solvency ratio = Equity (Incl. Hybrid) / Total Assets. ICR = EBITDA / (Finance income – Finance expenses)

RISK FACTORS

COREMAS
90 MW
BRAZIL

Risk factors (1/12)

1. RISK FACTORS

This section presents certain risk factors, which are specific to the Issuer and/or the Capital Securities and which the Issuer deems material for taking an informed decision whether to invest in the Capital Securities.

The risk factors are presented in six categories and within each of these categories, the most material risks, in the assessment of the Issuer, are presented first. The Issuer's assessment of the materiality of each risk factor is based on the probability of its occurrence and the expected magnitude of its negative impact and is disclosed by rating the relevant risk factor as low, medium or high.

Where a risk factor may be categorised in more than one category, such risk factor appears only once and in the most relevant category for such risk factor.

Unless otherwise defined herein, capitalised terms used in this section have the meaning given to them in the terms and conditions of the Capital Securities (the "**Conditions**").

Risks Relating to the Issuer

1.1 Risks related to the Issuer's business activities

1.1.1 Construction of renewable energy projects

The Group's business comprises the construction of renewable energy projects, including wind and solar projects. The construction of renewable energy projects (whether initially developed as a greenfield investment or acquired during the development phase) involves risks relating to costs and timing.

The construction works may thus be subject to cost-overruns and/or delays. Those can stem from a poor performance by the counterparties involved in the construction, such as the construction contractors, their sub-contractors or manufacturers of key components. This may include performance issues arising from financial difficulties encountered by such counterparties or from the occurrence of unforeseen circumstances at the relevant project site, which impede the progress of the construction. Additionally, delayed projects may miss out on an attractive feed-in tariff due to their late completion. As a result, the projects can become less profitable for the Issuer.

Risk rating: Medium.

1.1.2 Relationships with external partners

The Group develops, constructs and operates many of its projects in cooperation with external partners. Such partners may be, for example, companies or individuals who have originally developed a project and then kept a stake in it or financial investors who provide funding for the development of a project. The collaboration with external partners entail a number of risks. In particular, the Group may be exposed to risks related to the partner's behaviour and/or liquidity.

If the partner's business behaviour is unlawful, unreliable or otherwise unprofessional, this may affect the Group's reputation as it is associated with this partner. A deterioration of the Group's reputation may adversely affect future business opportunities as the counterparties might pull out or offer worse conditions for future projects and collaborations. It may also impair the Group's access to financing and its relationship with private and public stakeholders necessary for the successful development of projects.

In case of the partner's insolvency, or if the partner's business behaviour is unlawful, unreliable or otherwise unprofessional, the partner may need to be replaced and the relevant projects may be confronted with a new ownership structure and subsequent legal uncertainties. This may adversely affect the access to financing for the projects or the Group's ability to divest the projects. Furthermore, the Group's ability to successfully develop or operate projects may be affected without the financial contributions by the partner. By consequence, the projects may fail and the Group lose its investments.

In a number of partnerships, the Group does not have a controlling interest or only has a controlling interest with regard to some matters. The partners and the Group may have conflicting priorities and business interests. This entails the risk of disagreement or deadlock on substantial matters. Disagreement or deadlock may have negative consequences for – inter alia – the development, construction or divestment of the project or could otherwise lead to the project not being able to achieve its full economical potential, which could have a negative impact on the Issuer's business and results of operations.

Risk rating: Medium.

Risk factors (2/12)

1.1.3 Key personnel

The Issuer is to a large extent dependent on its management, department heads and other key personnel due to the extensive knowledge and experience these persons possess. If one or more of these key persons decide to leave the Issuer, this may result in loss of know-how and may delay or prevent the implementation of the Group's projects and business strategy. It is also essential that the Group is able to recruit qualified staff on a regular basis. Due to the offices location in Denmark and the fact that positions in the company often require specific knowledge of a foreign market and corresponding language skills, the process of recruiting specific competences can at times persist for a prolonged period of time, which can have a negative impact on the Group's business.

Risk rating: Medium.

1.1.4 Weather conditions and insurances

The production of renewable power projects depends on weather conditions, such as wind or solar conditions. If the actual weather conditions on the Group's project sites are worse than the predicted average conditions, the production and revenue from the respective projects may be reduced. Extreme weather conditions may also lead to the production being entirely shut down.

The Group's insurance policies may not cover any or all of the losses incurred in connection with unfavourable weather conditions or natural disasters, such as storms, earthquakes, hail storms, floods and other unforeseen events, which in turn might have a negative impact on the Issuer's results of operations.

Risk rating: Medium.

1.1.5 Development of new renewable energy projects (greenfield projects) and acquisition of new renewable energy projects (projects in development)

The Group is dependent upon the successful development of new wind and solar energy projects, which requires the availability of suitable sites for the projects.

To ensure a successful project development, the project sites need to satisfy a number of criteria, including (i) favourable wind or irradiation conditions, (ii) availability of grid connection possibilities and capacity and (iii) favourable regulatory environment. In parallel with the expansion of renewable energy in some of the Group's key markets (including Denmark and Germany), such sites are becoming more difficult to find and/or more expensive to acquire or to secure. This can adversely affect the Group's ability to successfully develop new projects and expand its business, which could have a negative impact on the Issuer's business and results of operations.

In addition to greenfield projects, the Group acquires projects at different stages of their development. Accordingly, the Issuer is exposed to the risk that suitable projects are not available at reasonable prices.

The acquisition of projects developed by third parties also carry the risk that the projects have hidden deficiencies (such as missing securities, unrealistic production prognoses or hidden liabilities). These deficiencies might not have been disclosed to the Issuer in a buyer's due diligence and might not be covered by any warranties/indemnities given by the seller. The timing of the acquisition of a project may not allow for a due diligence process that covers all detailed aspects of the project, which may increase the risk of hidden deficiencies. As a result, the Group's project acquisitions may prove less profitable than expected or even result in a loss, which could have a negative impact on the Issuer's business and results of operations.

Risk rating: Low.

Risk factors (3/12)

1.1.6 Divestment of projects

The Group's business concept includes the total or partial divestment of projects. There are a number of risks, which can impede the successful divestment of projects by the Group and thus adversely affect the Group's cash flow and ability to reinvest in new projects and to seize new business opportunities.

The demand for renewable energy projects may decrease due to, e.g., the general economic situation or to country-specific market developments, such as uncertainties with regards to the continuity of feed-in tariff schemes. The changes in the subsidy-regimes could impact the profitability of the projects negatively, and thereby lead to further decrease in the demand for renewable energy projects.

Such decrease in demand can affect both the market value of and the availability of divestment opportunities for the Group's projects. Finding creditworthy and reliable buyers can prove to be time and cost intensive. As a consequence, the divestment of projects can become more difficult and less profitable for the Group.

In the framework of the divestment of a project, the Group may accept to give certain guarantees regarding the project to the buyer that are not fully covered by the back-to-back arrangements with the suppliers. Such guarantees, which may include fulfilment of permits or meeting project specific criteria for receiving subsidies, can force the Group to allocate human and financial resources to the project after its divestment and potentially lead to direct payment obligations.

Part of the revenues resulting from a divestment may be held back by the buyer or held in escrow until the fulfilment of certain conditions subsequent. This can force the Group to allocate resources to the project after its divestment and the Group may not be able to receive the entirety of the revenues, e.g., in a case where the Group is exposed to a credit risk on the buyer.

Based on earn-out mechanisms in the sales contract, the revenues resulting from a divestment may be dependent on the productivity of the projects after their divestment and be lower than expected.

Furthermore, in some instances a part of the consideration that the Group receives for a renewable energy project is deferred (including earn-out payments). Should the buyer of the project not be able to pay the deferred consideration when it becomes due, this would have a negative impact on the Issuer's results of operations.

Risk rating: Low.

1.1.7 Relationships with suppliers

When constructing wind parks and solar photovoltaic ("Solar PV") plants, the Group concludes agreements concerning delivery of construction services, components and infrastructure, etc. with third party suppliers. The suppliers often demand that an advance payment is made before delivery takes place. There is a risk that such advance payments may be lost if the suppliers become financially distressed. Additionally, the suppliers may fail to deliver or deliveries may be delayed. This may negatively impact on the construction process which could also result in the Group not being able to meet its contractual obligations to a buyer of the project in question.

The Group is also exposed to counterparty risks during the operating phase of its assets if the servicing and/or management of the assets are being carried out by third party suppliers. A defaulting supplier could result in an interruption to the operations of a plant until a replacement supplier has been found. This could have a negative impact on the Issuer's business and results of operations.

Risk rating: Low.

1.2 Economic and market risks

1.2.1 Fluctuations in the market price of electricity and/or certificates

While part of the income generated by the Group's wind farms and Solar PV plants is covered by fixed prices (due to guaranteed feed-in tariffs or long term power purchase agreements) or fixed price premiums, part of the income may fluctuate with the market price of electricity and/or certificates. This exposes the Group to a risk of decrease in the price of electricity and/or certificates which could occur due to – inter alia – a reduction in the demand for electricity, weather conditions, network failures or new capacity being added to the market.

The Group does not operate with a general price hedging strategy, but may from time to time enter into hedging agreements in order to receive a guaranteed fixed price instead of a variable price for the sale of electricity and/or certificates. Such agreements may require a minimum level of production and should the production not meet the agreed minimum level – for example, due to unforeseen events or unexpected adverse weather conditions – it may be necessary to purchase electricity or certificates on the spot market in order to meet the obligations under the hedging agreement. If the spot prices at the time of purchase is higher than the price obtained by virtue of the hedging agreement, this could lead to a loss which may have an adverse effect on the financial position of the Group.

Risk rating: High.

Risk factors (4/12)

1.2.2 Technological development of renewable energy production

The technology of renewable energy generation, including wind turbine generators and Solar PV plants, advances at a very fast pace. There is a risk that the Group may not be able to keep up-to-date with the technological development and/or to respond in a timely manner to any changes to the technology employed by the Group in its wind parks and Solar PV plants.

The rapid technological development could also lead to other technological solutions for generating renewable energy surpassing the solutions currently chosen by the Group with regard to efficiency and costs. Should this occur, it could have a negative impact on the Group's business.

In addition, the adoption of newly developed technologies based on the present scientific knowledge and state-of-the-art engineering involves a risk that the technologies may turn out to be unreliable or otherwise experience unexpected deficiencies in the future, which may impair the productivity of the affected projects. This could have a negative impact on the Issuer's business and results of operations.

Risk rating: Medium.

1.2.3 Competition

The Group operates in highly competitive markets. With regard to the development and subsequent divestment of renewable energy projects, there is a large number of competitors, ranging from small- and medium sized developers with a profile similar to that of the Issuer to large state-owned utilities. Also with regard to the sale of electricity and certificates at market prices, the Group is faced with intense competition from other power generators and operators of renewable energy plants. The competition increases the demand on the Issuer to constantly improve its development and operating activities and cut costs in order to remain competitive. Any failure to do so could lead to an advantage for the Group's competitors which would negatively impact the Group.

Risk rating: Medium.

1.3 Legal and regulatory risks

1.3.1 Regulatory framework and subsidies

The Group is dependent upon the successful development of new wind and solar energy projects, which in turn can be dependent upon the regulatory framework applicable from time to time. Given the comparably long development periods, renewable energy projects are particularly vulnerable to changes in this regulatory framework.

Most notably, the Issuer is affected by regulation and policy tools that benefit investments in "green energy", such as attractive feed-in tariff schemes and other subsidies. Any reduction of current actions favouring "green energy" may have a negative impact on the Issuer's business and results of operations.

Some of the Group's renewable energy markets experience significant peaks of project development activities due to regulatory deadlines for attractive feed-in tariff schemes. These peaks stress the availability and costs of crucial resources for project development, such as grid connection and capacity, construction companies or technical advisors. The increase in costs for such resources may impair the profitable development of projects. At the same time, the external deadlines causing peaks in activities also lead to peaks in the Group's internal work load. There is a risk that the necessary human resources cannot be available in due time. This may prevent the successful and timely development of new projects.

Further, there is a trend towards a decrease in subsidy levels due to successful implementation of competitive auction-processes. This has led to some regimes with none or significantly reduced subsidies for renewable energy projects, which in turn may reduce the profitability of the Group's projects.

In most of the Group's key markets, there are a multitude of public and private stakeholders involved in the process of approving new green energy projects, including municipalities, governmental authorities, interest groups or local residents. These stakeholders may delay or stall the successful development of new projects. In particular, the development of new projects may be dependent on the Group's receipt of approvals and permits from public authorities (such as planning approvals) as well as satisfactory performance of environmental impact assessments. Even where the requisite public approvals and permits have been granted, they may be subject to complaints or law suits by private stakeholders, which may delay the construction of a project or even lead to its cancellation. Complaints may also be made after the project has been completed and, if such complaints are successful, the Group could potentially be required to cease operating the relevant project temporarily or even permanently. Together with the vulnerability to changes in the regulatory framework, these factors increase the risk that the Group finds itself unable to successfully develop new projects and to expand its business.

Risk rating: Medium.

Risk factors (5/12)

1.3.2 Taxation

The Group is subject to various Danish and international tax legislation applicable to its global activities. The applicable Danish and international tax legislation may change from time to time, which could result in an increase of the Group's tax liabilities. There is also a risk of that the tax position taken by the Group due to different view on the interpretation of the Danish and international tax legislation can lead to increased tax liabilities and other penalties. Relatedly, the Group may from time to time be involved in disputes regarding its tax position.

The Group is currently involved in a dispute with the Danish tax authorities relating to value added tax ("VAT"). In May 2019, the Danish tax authorities carried out a VAT audit of the Issuer, specifically in relation to the Issuer's right to deduct input VAT on expenses. Based on the VAT audit, the Danish tax authorities have concluded that the Issuer has wrongly made full VAT deductions on general costs, which the Danish tax authorities do not deem as being fully deductible. As a result, the Danish tax authorities have concluded that the Issuer must adjust its VAT deductions for the financial years of 2017 and the same is expected for 2018 and 2019 which will result in the Issuer having to pay an additional amount to the Danish state. The total amount to be paid is uncertain at this stage, but the Issuer believes that it should not exceed EUR 1,000,000. The Issuer disputes the views of the Danish tax authorities. Accordingly, the Issuer expects to subsequently seek to recover the amount paid, however, there is a risk that the matter will ultimately be resolved against the Issuer.

Risk rating: Medium.

1.3.3 Changes to legislation and regulatory regimes

The Group operates in the market for renewable energy and renewable energy projects, which is highly sensitive to changes in legislation and to the regulatory regimes in general. Support mechanism are frequently changed because of – inter alia – the changing market conditions for renewable energy and conflicting political views on what the level of support for renewable energy should be. Changes to support mechanisms may be phased in over the course of several years but may also be implemented very quickly. In all cases, the changes require the Group to re-evaluate all projects that may be affected and, as a consequence, projects representing significant value in terms of costs already incurred or future profitability could be abandoned. Furthermore, changes to support mechanisms may be made with retroactive effect (such as reducing already guaranteed tariff levels for the future or imposing additional costs on the operation of renewable energy plants) and any such retroactive changes can impair the value of the Group's assets significantly and may have a material adverse effect on the Issuer.

Changes to other parts of the legislation than what relates to support mechanisms can also have an adverse effect on the Group. This can be the case if the changes – inter alia – makes it more difficult to develop, construct or operate renewable energy projects or on a general level increase the burden of conducting a business similar to the Group's.

Risk rating: Low.

1.4 Risks related to the Issuer's financial situation

1.4.1 Project financings

The Group generally finances its renewable energy projects through a combination of (i) debt raised at the level of the project companies (e.g., subsidiaries of the Issuer) and (ii) equity contributed to the project companies by the Issuer (directly or indirectly), including by way of capital contributions and/or subordinated shareholder loans.

In a typical project financing, the debt raised by the relevant project companies will account for a substantial proportion of the total construction costs, e.g., up to 80%. Reduced availability of project financing on acceptable terms could lead to delays in the development and construction of renewable energy projects or prevent their realisation altogether. This would have an adverse effect on the Group's business.

Additionally, where a construction financing has been obtained in order to construct a project without a corresponding long-term financing having been secured at the same time, there is a risk that long-term financing cannot be obtained at the relevant time or at acceptable terms. This could also be the case where the duration of a long-term financing is limited so that a new long-term financing must be secured when the first one expires. This could have an adverse impact on the Group.

Furthermore, the Group has covenants related to some of its existing project financings, requiring the borrowing entities to – inter alia – maintain certain ratios, such as debt service coverage ratios. Should it not be possible to comply with such a covenant, e.g., due to unpredicted interruption of the production, this could entitle the lender to require that an extraordinary repayment is made or could constitute a default under the terms of the loans.

The Issuer's equity contribution to the project companies also needs to be financed, either through available cash resources and/or new debt raised by the Issuer. Accordingly, the Group's ability to secure project financings for new projects is dependent upon the Issuer being able to finance its equity contribution through surplus cash from the Group's business and/or new debt. Any reduced capacity to fund the relevant project companies with equity contributed by the Issuer (directly or indirectly) could lead to delays in the development and construction of renewable energy projects or prevent their realisation altogether. This would have an adverse effect on the Group’s business.

Risk rating: High.

Risk factors (6/12)

1.4.2 Interest rate risk

Interest rate risk is the risk that changes in market interest rates will have a negative impact on the Issuer's net profit, cash flow or the fair value of assets and liabilities.

A substantial proportion of the Group's renewable energy projects are financed with up to 80% debt, usually obtained as project financing, which may have a floating rate interest. Consequently, an increase in the interest rates could adversely affect the profitability of the Group's projects and could also render projects in the development stage unviable due to the higher cost of financing. Furthermore, in some instances bridge financing is obtained in order to construct a project without a corresponding long-term financing having been secured at the same time. This exposes the Group to an increase in the interest rate of the long-term financing prior to it being secured. This could also be the case where the duration of a long-term financing is limited so that a new long term financing must be secured when the first one expires.

Furthermore, the Issuer has issued EUR 200,000,000 EURIBOR (3 months) + 5.35% Senior Secured Callable Floating Rate Green Bonds 2019/2023 (the "Senior Secured Bonds"). The Senior Secured Bonds carry a floating interest rate by reference to EURIBOR (3 months), and the Issuer may in the future issue additional debt with a floating interest rate. Consequently, an increase in EURIBOR (3 months) and/or other applicable floating interest rates would increase the Issuer's financing costs.

Risk rating: High.

1.4.3 Parent company guarantees

Debt financing for specific projects is typically incurred by special purpose vehicles, but may be guaranteed, in whole or in part, by the Issuer. If the Issuer has provided such parent company guarantee, the financial risks associated with the financing will be directly transferred to the Issuer and the risks for the Group's overall result are increased.

The Issuer also provide parent company guarantees under the construction phase relating to the development and construction of the project. Such guarantees may be part of a project management agreement by which the Issuer or other companies of the Group provide services with respect to the design, procurement and construction of a project. Thereby, the risks associated with the construction are transferred directly to the Issuer and the risks for the Group's overall result are increased.

Risk rating: Medium.

1.4.4 Foreign exchange risk

Foreign exchange risk is the risk that changes in exchange rates will adversely affect the Issuer's cash flow, income statement and balance sheet.

The Group conducts the majority of its business in EUR and the annual accounts are prepared in EUR. However, the Group also has exposures towards SEK and BRL relating to its business in Sweden and Brazil and, to a lesser degree, PLN and BGN relating to its business in Poland and Bulgaria. The Group also has some activities with foreign exchange risk in currencies not mentioned above (including, but not limited to, DKK), but these are considered to be insignificant from risk perspective.

Changes in the exchange rate between EUR and other currencies to which the Group is exposed (e.g., SEK, BRL, PLN and BGN) may therefore influence the Group's financial results and could have a negative impact on the Issuer's results of operation. This is particularly relevant where the currency in question is not subject to an exchange rate mechanism such as ERM II, which limits the exchange rate fluctuations between DKK, the currency in the Issuer's home country, and EUR. In some cases, both income and expenses are incurred in the local currency which provides a natural hedge to some extent, but in other cases there is no such match. This could increase the losses due to currency risk if no separate hedging agreements are concluded.

The Issuer's hedging strategy is focused on hedging a majority of the Group's capital expenditure incurred in currencies other than EUR and DKK. Furthermore, equity in subsidiaries is only hedged if they are estimated to have a significant impact on the Group's result.

Risk rating: Medium.

Risk factors (7/12)

1.4.5 Credit risk towards the Issuer and the Group

The Securityholders carry a credit risk relating to the Issuer and the Group.

A significant part of the Group's assets and revenues relate to the Issuer's subsidiaries. The Issuer's subsidiaries are legally separate and distinct from the Issuer and have no obligation to pay amounts due with respect to the Issuer's obligations under the Capital Securities or to make funds available for the Issuer to make such payments. Consequently, the Issuer is dependent on its subsidiaries' availability of cash and their legal ability to make dividends to the Issuer, which may be restricted by legal, contractual and/or commercial restrictions. Should the Issuer not receive sufficient income from its subsidiaries, there is a significant risk that the Issuer may not be able to service the Capital Securities and the Securityholders may lose their investment, in whole or in part.

Risk rating: Medium.

1.4.6 Refinancing risk

The Issuer has issued the Senior Secured Bonds and may in the future issue or borrow additional debt.

The Issuer will eventually be required to refinance all of its outstanding debt, including the Senior Secured Bonds. The Issuer's ability to successfully refinance its debt is dependent on the conditions of the capital markets and its financial condition at such time. The Issuer's access to financing sources may not be available on favourable terms or at all. The Issuer's inability to refinance its debt obligations on favourable terms or at all could have an adverse effect on the Group's business, financial condition and results of operations and on the Securityholders' recovery under the Capital Securities.

Risk rating: Medium.

Risks Relating to the Capital Securities

1.5 Risks related to the nature of the Capital Securities

1.5.1 Status of the Capital Securities

The Issuer's obligations under the Capital Securities are unsecured and deeply subordinated.

The rights and claims of the Securityholders against the Issuer in respect of the Capital Securities will rank junior to the claims of all other present and future creditors of the Issuer, except only for claims under (i) the Initial Capital Securities and any Parity Securities (which would rank pari passu with the Capital Securities) and (ii) any Subordinated Shareholder Funding (which would be subordinated to the Capital Securities). Accordingly, in the event of a winding-up (in Danish: konkurs) of the Issuer, the Securityholders will not be entitled to receive any payment out of the assets of the Issuer until all the claims of such other creditors have been paid in full, meaning that there is a substantial risk that the Securityholders may lose all or some of their investment in the Capital Securities.

Securityholders are advised that unsubordinated liabilities of the Issuer may also arise out of events that are not reflected in the financial statements of the Issuer, including, without limitation, the issuance of guarantees on an unsubordinated basis. Claims made under such guarantees will become unsubordinated liabilities of the Issuer, which, in winding-up of the Issuer, will need to be paid in full before the obligations under the Capital Securities may be satisfied.

Furthermore, the Capital Securities are structurally subordinated to all creditors of the Issuer's direct and indirect subsidiaries. This means that in the event of a liquidation, dissolution, bankruptcy or similar proceeding relating to any direct or indirect subsidiary of the Issuer, all creditors of such subsidiary would be entitled to payment in full out of the assets of such subsidiary before any entity within the Group (including ultimately the Issuer), as a shareholder, would be entitled to any payments.

Risk rating: High.

Risk factors (8/12)

1.5.2 Limited remedies

In accordance with the Terms and Conditions, the Securityholders (through the Agent) have limited remedies if the Issuer fails to pay any interest on the Capital Securities when due or otherwise fails to comply with any obligation, condition, undertaking or provision binding on the Issuer under the Terms and Conditions. Whilst the Agent (acting on the instructions of the Securityholders) may take steps, actions or proceedings against the Issuer to obtain payment or enforce any other obligation, condition, undertaking or provision, no such steps, actions or proceedings can oblige the Issuer to pay any amount in respect of the Capital Securities sooner than the same would otherwise have been payable by the Issuer under the Terms and Conditions. The Capital Securities cannot cross-default based on non-payment on other securities or liabilities of the Issuer, except where such non-payment on other securities or liabilities itself results in the winding-up (in Danish: konkurs) of the Issuer. The Securityholders may also have limited ability to influence the outcome of any insolvency proceeding or restructuring outside of a formal insolvency proceeding with respect to the Issuer and may lose all or part of their investment in the Capital Securities.

Risk rating: Medium.

1.5.3 Deferral of interest payments

The Issuer has the right to elect to defer the payment of interest accrued in respect of the Capital Securities for any period of time. Any such interest payment deferral will not constitute a default under the Terms and Conditions. The Issuer will only be obliged to pay the deferred interest in limited circumstances, upon the occurrence of a Mandatory Settlement Date as further set out in the Terms and Conditions. In addition, all deferred interest will be cancelled on the Maturity Date if the Capital Securities have not been redeemed prior to the Maturity Date, meaning that the Securityholders may risk losing all rights and claims in respect of any deferred interest payments on the Maturity Date.

Any interest payment deferral will likely have an adverse effect on the market price of the Capital Securities. Furthermore, as a result of the Issuer's option to defer interest payments, the market price of the Capital Securities may be more volatile than the market price of other debt securities on which original issue discount or interest accrues that are not subject to such deferral and may be more sensitive generally to adverse changes in the Issuer's financial condition.

Risk rating: Medium.

1.5.4 Additional debt

The Issuer may in the future issue or borrow additional debt ranking senior to, or pari passu with, the Capital Securities.

There is no restriction under the Terms and Conditions as to the amount of additional debt, which the Issuer may issue or borrow and which rank senior to, or pari passu with, the Capital Securities. In addition, there is no restriction as to Issuer providing parent company guarantees for the obligations (financial or otherwise) of its subsidiaries.

If the Issuer incurs or guarantees additional debt in the future, this may reduce the amount (if any) recoverable by the Securityholders under the Capital Securities in the case of a winding-up (in Danish: konkurs) of the Issuer. Furthermore, it may increase the likelihood that the Issuer will elect to defer interest payments under the Capital Securities, which in turn may negatively affect the market value of the Capital Securities.

Risk rating: Medium.

1.5.5 Long-term securities

The Capital Securities will not mature until the Maturity Date in 3020. The Issuer is under no obligation to redeem or repurchase the Capital Securities prior to the Maturity Date, although the Issuer may elect to do so in certain circumstances. The Securityholders have no right to call for the redemption of the Capital Securities prior to the Maturity Date. The Securityholders should therefore be aware that they may be required to bear the financial risks associated with an investment in long-term securities.

Risk rating: Low.

Risk factors (9/12)

1.5.6 Early redemption

The Issuer has the right (but no obligation) to redeem the Capital Securities in whole, but not in part, on the First Call Date or on any Interest Payment Date thereafter, in each case, at their principal amount together with accrued interest and any Outstanding Payments as further set out in Condition 12.2 (Redemption at the Option of the Issuer).

In addition, upon the occurrence of certain specified events - including a Tax Event, a change in accounting principles, a Replacing Capital Event or a Change of Control Event - or if the Group has purchased 80.00% or more of the total nominal amount of the Capital Securities (as defined in the Terms and Conditions, comprising the Initial Capital Securities and any Subsequent Capital Securities, including the Capital Securities) the Issuer will have the option to redeem the Capital Securities at the times and prices further set out in Condition 12.3 (Redemption for Taxation Reasons) to Condition 12.7 (Redemption for a Minimum Outstanding Principal Amount).

During any period when the Issuer is able to redeem the Capital Securities, the market value of the Capital Securities may not rise substantially above the price at which they can be redeemed. This may also be true prior to any such period. The Issuer may be expected to redeem the Capital Securities when the Issuer's cost of borrowing, generally or in respect of instruments which provide benefits to the Issuer similar to those of the Capital Securities, is lower than the interest payable on the Capital Securities. At such times, the Securityholders would generally not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest payable on the Capital Securities being redeemed and may only be able to reinvest the redemption proceeds at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Risk rating: Low.

1.5.7 Fixed interest rate and reset of the interest rate linked to the 3-Year Swap Rate

The Capital Securities carries interest at a fixed rate (being the Initial Interest Rate) from (but excluding) the Interest Payment Date falling immediately prior to the Issue Date up to (but excluding) the First Call Date. From (and including) the First Call Date to (but excluding) the next subsequent Reset Date and thereafter from (and including) each Reset Date to (but excluding) the next subsequent Reset Date and from (and including) the last Reset Date prior to the Maturity Date to (but excluding) the Maturity Date, the Capital Securities carry interest at the relevant Reset Interest Rate for the relevant Interest Period.

During each period of time when the interest rate on the Capital Securities is fixed, the Securityholders will be exposed to the risk that the price of the Capital Securities may decrease due to changes in the market interest rate, which typically changes on a daily basis. As the market interest rate changes, the price of a fixed rate security tends to change in the opposite direction (barring other factors influencing the price). If the market interest rate increases, the price of a fixed rate security typically decreases, until the yield of such security is approximately equal to the market interest rate. If the market interest rate decreases, the price of a fixed interest rate security typically increases, until the yield of such security is approximately equal to the market interest rate. The Securityholders should be aware that during each period in which the Capital Securities carry interest at a fixed rate, movements in the market interest rate can adversely affect the price of the Capital Securities and can lead to losses for the Securityholders if they sell the Capital Securities.

On the First Call Date and each subsequent Reset Date, the Reset Interest Rate will be re-calculated by reference to the then applicable 3-Year Swap Rate. Potential investors should be aware that the performance of the 3-Year Swap Rate and the interest income on the Capital Securities cannot be anticipated. Due to varying interest income, potential investors are not able to determine a definite yield of the Capital Securities at the time they purchase them, therefore their return on investment cannot be compared with that of investments having longer fixed interest periods. In addition, after each Interest Payment Date, the Securityholders are exposed to the reinvestment risk if the market interest rate decreases, meaning that the Securityholders may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing. Potential investors in the Capital Securities should bear in mind that neither the current nor the historical level of the 3-Year Swap Rate is an indication of the future development of such 3-Year Swap Rate during the term of the Capital Securities.

Risk rating: Low.

Risk factors (10/12)

1.5.8 Risks associated with the reform of EURIBOR and other interest rate benchmarks

EURIBOR and other interest rate or other types of rates or indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory discussions and proposals for reform. These reforms may cause such "benchmarks" and other sources of interest rates, including those which derive or contain such benchmarks or interest rates like the 3-year Swap Rate, to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Capital Securities linked to such a benchmark.

Regulation (EU) 2016/1011 (the "Benchmark Regulation"), published in the Official journal of the European Union on 29 June 2016 and applicable from 1 January 2018, could have a material impact on the Capital Securities linked to EURIBOR, in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the terms of the Benchmark Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level of the benchmark.

Investors should be aware that, if EURIBOR were discontinued or otherwise unavailable, the rate of interest on the Capital Securities for the period from (and including) the relevant Reset Date, which is based on a reset mid-swap rate, may be affected. If such rate is not available, the rate of interest on the Capital Securities will be determined by the fall-back provisions applicable to the Capital Securities.

Any changes to the administration of the applicable annualised mid-swap rate for swap transactions in euro with a maturity of three years as referred to in the Terms and Conditions or the emergence of alternatives to such mid-swap rate as a result of these potential reforms, may cause such rate to perform differently than in the past or to be discontinued, or there could be other consequences which cannot be predicted. The potential discontinuation of such rate or changes to its administration could require changes to the way in which the relevant Reset Interest Rate is calculated on the Capital Securities from (and including) the relevant Reset Date. Uncertainty as to the nature of alternative reference rates and as to potential changes to the relevant mid-swap rate may adversely affect the relevant Reset Interest Rate, the return on the Capital Securities and the trading market for securities (such as the Capital Securities) based on the same mid-swap rate. The development of alternatives to the relevant mid-swap rate may result in the Capital Securities performing differently than would otherwise have been the case if such alternatives to the relevant mid-swap rate had not developed. Any such consequence could have a material adverse effect on the value of, and return on, the Capital Securities.

Risk rating: Low.

1.5.9 Change of IFRS accounting classification

The current IFRS accounting classification of financial instruments such as the Capital Securities has the effect that the proceeds of the Capital Securities are initially recognised in equity. However, the IFRS accounting treatment may change in the future.

In June 2018, the IASB (International Accounting Standards Board) published the discussion paper DP/2018/1 on "Financial Instruments with Characteristics of Equity" (the "DP/2018/1 Paper"). If the proposals set out in the DP/2018/1 Paper had been implemented, the current IFRS accounting classification of financial instruments such as the Capital Securities as equity instruments may have changed.

Although recent developments suggest that the DP/2018/1 Paper proposals will not be pursued for the time being, there can be no assurance that such proposals or any other similar such proposals may not be implemented in the future. Accordingly, no assurance can be given as to the future classification of the Capital Securities from an accounting perspective, which may result in the occurrence of an option for the Issuer to redeem the Capital Securities pursuant to the Terms and Conditions. The occurrence of any such event may result in a risk to Securityholders of receiving a lower than expected yield.

Furthermore, the Securityholders may be exposed to a risk that any redemption of the Capital Securities by the Issuer, or the perception that the Issuer will exercise any right of optional redemption, might negatively affect the market value of the Capital Securities. During any period when the Issuer may elect to redeem the Capital Securities, the market value of the Capital Securities generally will not rise substantially above the price at which they can be redeemed.

Risk rating: Low.

Risk factors (11/12)

1.5.10 No voting rights or control over shares

The Capital Securities are non-voting with respect to general meetings of the shareholders of the Issuer. Consequently, the Securityholders cannot influence - inter alia - any decision by the Issuer to defer interest payments or to optionally settle deferred interest payments or any other decision by the Issuer's shareholders concerning the capital structure of the Issuer or otherwise.

Furthermore, the shares in the Issuer are currently pledged as security for the Issuer's obligations under the Senior Secured Bonds. As a result, if the Issuer were to default on its obligations under the Senior Secured Bonds, the creditors in respect thereof (or any agent on their behalf) could take control of the shares and, among other things, transfer the shares to a third party. Whilst the occurrence of a Change of Control Event may result in an increase of the interest rate in respect of the Capital Securities (to the extent not redeemed), the Securityholders have no right to call for the redemption of the Capital Securities due to the occurrence of a Change of Control Event.

Risk rating: Low.

1.6 Risks related to the suitability of the Capital Securities as an investment

1.6.1 Complex financial instruments

The Capital Securities are complex financial instruments and may not be a suitable investment for all investors. Each potential investor in the Capital Securities must determine the suitability of that investment in light of its own circumstances. A potential investor should not invest in the Capital Securities unless it has the expertise (either alone or with the help of a financial adviser) to evaluate the Capital Securities, the merits and risks of investing in the Capital Securities and the impact the Capital Securities will have on its overall investment portfolio.

Risk rating: Medium.

1.6.2 Secondary market and liquidity risk

The Issuer will apply for listing of the Capital Securities on Nasdaq Copenhagen, but the Issuer cannot assure that an active and liquid trading market will develop or be maintained for the Capital Securities.

The market price of the Capital Securities could be subject to significant fluctuations. Historically, the markets for debt such as the Capital Securities have been subject to disruptions that have caused substantial volatility in their prices. The market, if any, for the Capital Securities may be subject to similar disruptions which may have a material adverse effect on the Securityholders. In the recent year, the global financial markets have experienced significant price and volume fluctuations following the outbreak of COVID-19, which, if repeated in the future, could adversely affect the market price of the Capital Securities without regard to the Group's business, financial position, earnings and ability to make payments under the Capital Securities.

Each of the above, alone or in combination, may result in a Securityholder not being able to sell its Capital Securities or at a price that will provide such Securityholder with a yield, which is comparable to similar investments that have a developed and liquid secondary market. This means that a Securityholder may be exposed to the risks related to the Issuer until the Capital Securities reach the maturity date.

Risk rating: Low.

1.6.3 Green bonds

The Issuer intends to apply the net proceeds of the Capital Securities to finance or re-finance (with a maximum lookback period of three years) certain eligible assets and projects (the "Green Projects") as further described in the Issuer's green bond framework (the "Green Bond Framework") in force as at the Issue Date.

There is currently no generally applicable legally binding definition of what constitutes a "green" project nor is there any clear market consensus in terms of what is specifically required for a project to be defined as "green" or equivalently labelled. Accordingly, there is a risk that the Green Projects described in the Green Bond Framework will not meet current or future investor expectations regarding such "green" or equivalently labelled performance objectives. Although the EU Taxonomy Regulation (Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088) provides criteria for determining whether an economic activity qualifies as "environmentally sustainable" for the purposes of establishing the degree to which an investment is environmentally sustainable, the EU taxonomy is subject to further development by way of the implementation by the European Commission, through delegated regulations, of technical screening criteria for the environmental objectives set out in the EU Taxonomy Regulation. Accordingly, the Issuer's Green Bond Framework may not be aligned with the EU taxonomy. Furthermore, future developments in market practices and standards for "green" projects may deviate from the Green Projects described in the Green Bond Framework.

Risk factors (12/12)

There is a risk that the intended application of the net proceeds of the Capital Securities in accordance with the Green Bond Framework may not satisfy, in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether according to any present or future applicable law or regulations or by such investor's own by-laws or other governing rules or investment portfolio mandates.

Any failure by the Issuer to comply with the Green Bond Framework does not constitute a default under the Terms and Conditions. The Securityholders do not have any put option or other right of early redemption in case of any failure by the Issuer to comply with the Green Bond Framework.

Any failure by the Issuer to comply with the Green Bond Framework may have a material adverse effect on the value of the Capital Securities and/or result in adverse consequences for individual investors, including (but not limited to) investors with portfolio mandates to invest in securities to be used for a particular purpose.

Risk rating: Low.

1.6.4 Second Party Opinion

The Issuer has appointed DNV GL for an independent evaluation of the Green Bond Framework. The evaluation has resulted in a second party opinion dated 3 June 2019 (the "Second Party Opinion").

Currently, the providers of opinions and certifications such as the Second Party Opinion are not subject to any specific regulatory or other regime or oversight and there is a risk that such providers may be deemed as not being reliable or objective, whether now or in the future.

Risk rating: Low.

1.6.5 Listing on green segment

The Issuer expects that the Capital Securities will be listed and admitted to trading on the "Nasdaq Sustainable Bond Market" segment of Nasdaq Copenhagen A/S. There is a risk that such listing and admission may not satisfy, in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply. The criteria for such listing and admission to trading may vary from one stock exchange or securities market to another.

Any failure for the Capital Securities to be listed and admitted to trading (or ceasing to be listed and admitted to trading) on the "Nasdaq Sustainable Bond Market" segment of Nasdaq Copenhagen A/S as described above, may have an adverse effect on the value of the Capital Securities and/or result in adverse consequences for individual investors, including (but not limited to) investors with portfolio mandates to invest in securities to be used for a particular purpose.

Risk rating: Low.

APPENDICES

VÄSTANBY
10 MW
SWEDEN

European Energy’s income statement

EUR ’000	2016[1]	2017[1]	2018[1]	2019	2020
Revenue	140,788	186,716	96,182	238,804	206,962
Profit after tax from equity-accounted investments	(1,043)	5,432	5,795	2,504	(4,878)
Other income	-	1,400	1,182	6,835	4,808
Direct costs	(107,289)	(148,550)	(60,589)	(190,614)	(132,946)
Gross profit	**32,456**	**44,998**	**42,570**	**57,529**	**73,946**
Staff costs	(4,949)	(6,970)	(5,030)	(6,695)	(7,381)
Other external costs	(2,578)	(3,854)	(3,933)	(6,529)	(5,368)
EBITDA	**24,929**	**34,174**	**33,607**	**44,305**	**61,197**
Depreciation & impairment	(1,610)	(1,723)	(2,490)	(5,894)	(11,671)
Operating profit (EBIT)	**23,319**	**32,451**	**31,117**	**38,411**	**49,526**
Finance income	3,562	3,103	3,907	12,148	2,815
Finance expenses	(8,976)	(9,765)	(9,100)	(13,117)	(14,566)
Profit/loss before tax	**17,905**	**25,789**	**25,924**	**37,442**	**37,775**
Tax	(2,260)	(4,600)	(3,403)	(1,461)	(8,109)
Profit/loss for the period	**15,645**	**21,189**	**22,521**	**35,981**	**29,666**
Attributable to:					
Shareholders of the Company	15,103	17,575	21,328	26,654	16,644
Non-controlling interests (NCI)	542	3,614	1,193	9,327	13,022
Profit/loss for the period	**15,645**	**21,189**	**22,521**	**35,981**	**29,666**

1) The Group applied IFRS 16 at 1 January 2019 using the modified retrospective approach why comparative information is not restated

European Energy's balance sheet

EUR '000	2016[1]	2017[1]	2018[1]	2019	2020
ASSETS					
Non-current assets					
Property, plant and equipment	51,320	50,340	85,947	134,213	130,594
Lease assets	-		-	9,091	9,396
Joint venture investments	6,943	9,977	11,938	11,112	10,334
Associated companies investments	11,265	12,507	8,643	13,693	15,239
Other investments	3,629	4,960	6,764	4,394	7,497
Loans to related parties	21,098	17,951	33,179	35,620	45,346
Trade receivables and contract assets	5,547	5,153	4,131	4,241	2,907
Other receivables	8,141	8,656	3,101	15,133	12,340
Deferred tax	3,931	2,826	1,584	2,292	4,798
Prepayments	-	-	9,937	3,923	-
Total non-current assets	**111,874**	**112,370**	**165,224**	**233,712**	**238,451**
Current assets					
Inventories	72,201	101,797	202,193	227,131	325,211
Trade receivables and contract assets	11,550	9,534	9,317	16,920	27,298
Other receivables	5,938	15,430	10,734	8,270	21,664
Prepayments	1,896	453	1,027	6,116	5,301
Free cash and cash equivalents	10,243	42,087	50,718	82,278	86,771
Restricted cash and cash equivalents	4,833	6,093	7,868	31,244	35,121
Total current assets	**106,661**	**175,394**	**281,857**	**371,959**	**501,366**
TOTAL ASSETS	**218,535**	**287,764**	**447,081**	**605,671**	**739,817**

EUR '000	2016[1]	2017[1]	2018[1]	2019	2020
EQUITY AND LIABILITIES					
Equity					
Share capital	1,340	40,311	40,316	40,331	40,430
Retained earnings and reserves	56,334	35,002	55,772	77,797	94,650
Equity attributable to shareholders of the Company	**57,674**	**75,313**	**96,088**	**118,128**	**135,080**
Hybrid capital	-	-	-	-	75,000
Non-controlling interests	6,326	15,687	11,597	19,475	25,188
Total Equity	**64,000**	**91,000**	**107,685**	**137,603**	**235,268**
Liabilities					
Bond loan	44,700	58,924	83,670	192,017	194,144
Project financing	55,500	53,310	157,666	140,743	187,917
Other debt	1,402	597	898	905	2,139
Lease liabilities	-	-	-	13,037	8,307
Provisions	556	798	3,066	6,096	20,390
Deferred tax	2,618	2,201	2,986	10,241	11,999
Total non-current liabilities	**104,776**	**115,830**	**248,286**	**363,039**	**424,896**
Bond loan	7,600	7,600	-	-	-
Project financing	15,726	38,363	56,111	66,772	33,504
Other debt	4,782	-	-		-
Lease liabilities	-	-	-	1,493	1,739
Trade payables	11,512	16,062	9,987	8,981	11,629
Payables to related parties	835	4,848	481	2,117	11
Corporation tax	920	760	1,194	4,777	6,851
Provisions	1,975	1,264	1,985	2,800	4,400
Deferred income	-	-	5,960	-	2,654
Other payables	6,409	12,037	15,392	18,089	18,865
Total current liabilities	**49,759**	**80,934**	**91,110**	**105,029**	**79,653**
Total liabilities	**154,535**	**196,764**	**339,396**	**468,068**	**504,549**
TOTAL EQUITY AND LIABILITIES	**218,535**	**287,764**	**447,081**	**605,671**	**739,817**

1) The Group applied IFRS 16 at 1 January 2019 using the modified retrospective approach why comparative information is not restated

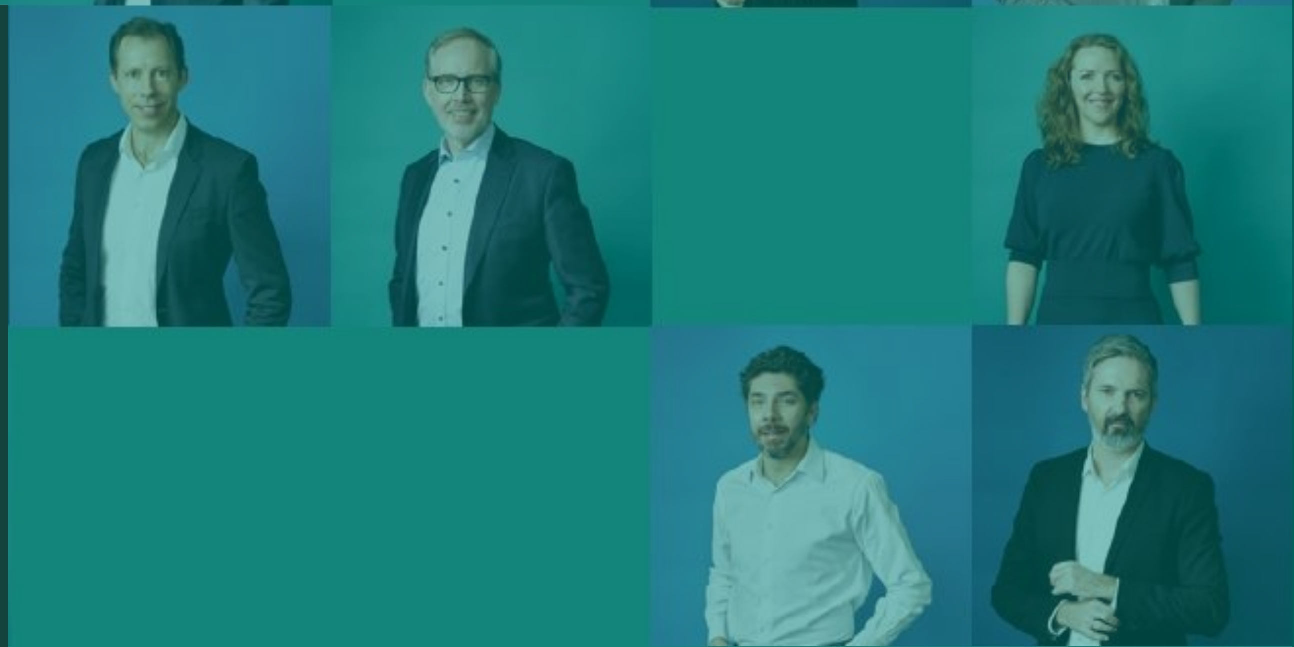
EUROPEAN ENERGY

European Energy's cash flow statement

EUR '000	2016[1]	2017[1]	2018[1]	2019	2020
Profit before tax	17,905	25,789	25,924	37,442	37,775
Adjustments for:					
Financial income	(3,562)	(3,103)	(3,907)	(12,148)	(2,815)
Financial expenses	8,976	9,765	9,100	13,117	14,566
Depreciations	1,610	1,723	2,490	5,894	11,671
Profit from equity-accounted companies	1,043	(5,432)	(5,795)	(2,504)	4,878
Change in net working capital	(10,854)	(32,582)	(172,106)	(14,408)	(85,402)
Interest paid on lease liabilities	-	-	-	(152)	(413)
Dividends[2]	52	31	165	1,556	1,613
Other non-cash items	-	(1,400)	(1,263)	(2,980)	(4,122)
Cash generated from operation before financial items and tax	**15,170**	**(5,209)**	**(145,392)**	**25,817**	**(22,249)**
Dividends received					
Taxes paid	(1,469)	(3,297)	(751)	(538)	(3,727)
Interest paid and realised currency losses	(8,483)	(8,817)	(8,263)	(11,459)	(12,000)
Interest received and realised currency gains	2,140	2,878	3,610	5,864	2,360
Cash flow from operating activities	**7,358**	**(14,445)**	**(150,796)**	**19,684**	**(35,616)**
Cash flow from investing activities					
Purchase of Property, plant and equipment	(6,848)	(815)	(12,576)	28,307	(3,822)
Proceeds from disposal of equity-accounted investments	1,999	69	3,161	682	-
Purchase / disposal of other investments	-	-	252	65	(224)
Acquisition of subsidiaries	-	-	-	(27,276)	-
Investments / loans in equity-accounted investments	4,659	4,303	8,508	(1,479)	(1,549)
Loans to related parties	-	-	-	(11,893)	(17,380)
Cash flow from investing activities	**(190)**	**3,557**	**(655)**	**(11,594)**	**(22,975)**
Cash flow from financing activities					
Proceeds from issue of bonds	-	58,785	25,107	200,535	-
Repayment of bonds	-	(45,000)	(7,600)	(88,400)	-
Proceeds from borrowings	40,437	125,974	191,594	88,551	205,952
Repayment of borrowings	(39,998)	(105,527)	(49,729)	(160,358)	(201,371)
Repayment of lease liabilities	-	-	-	(467)	(2,000)
Changes in payables to associates	427	4,013	(4,367)	1,636	(2,106)
NCI's share of capital increase of disposal of subsidiaries	(8,888)	5,747	6,852	(4,563)	(7,309)
Capital increase through exercise of warrants	-	-	-	-	404
Cash from issue of hybrid capital	-	-	-	-	73,391
Cash flow from financing activities	**(8,022)**	**43,992**	**161,857**	**36,934**	**66,961**
Cash and cash equivalents related to acquired companies	-	-	-	9,912	-
Change in cash and cash equivalents	**(854)**	**33,104**	**10,406**	**54,936**	**8,370**
Cash and cash equivalents at beginning of period	15,930	15,076	48,180	58,586	113,522
Cash and cash equivalents end of period	**15,076**	**48,180**	**58,586**	**113,522**	**121,892**
Of which restricted cash and cash equivalents	**(4,833)**	**(6,093)**	**(7,868)**	**(31,244)**	**(35,121)**
Non-restricted cash and cash equivalents at end-of-year	**10,243**	**42,087**	**50,718**	**82,278**	**86,771**

1) The Group applied IFRS 16 at 1 January 2019 using the modified retrospective approach why comparative information is not restated. 2) In the 2020 annual report "Dividends" line item in the cash flow statement is reclassified from "cash flow from investing activities" to "cash flow from operating activities". This change is reflected throughout the table 2016-2020 for comparison purposes

We are Green Energy



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