

REPORT ON THE FIRST HALF YEAR
AND ON THE SECOND QUARTER OF 2021

PNE AG

2 | 2021

PNE
pure new energy

THE PNE GROUP AT A GLANCE

The PNE Group is a leading developer of renewable energy projects. From this strong position, the PNE Group continues to develop into a “Clean Energy Solution Provider”.

PNE Group key figures

in million EUR	1.1. – 30.6. 2021	1.1. – 30.6. 2020
Total aggregate output	93.9	77.0
Revenues	40.7	62.4
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	13.3	9.0
Operating profit (EBIT)	2.3	0.6
Earnings before taxes (EBT)	2.1	-5.8
Result for the period	1.0	-5.3
Basic earnings per share (euro)	0.01	-0.07
Average number of shares (million)	76.3	76.3

in million EUR	30.6.2021	31.12.2020
Equity on the reporting date	197.8	200.6
Equity ratio on the reporting date (%)	27.1	30.2
Balance sheet total on the reporting date	731.0	663.8

FOREWORD OF THE BOARD OF MANAGEMENT

DEAR SHAREHOLDERS

This year, we have experienced a pleasing tailwind in the development and realisation of wind energy and photovoltaic projects, in the expansion of our own wind farm portfolio as well as in the service sector. We are thus continuing to work on rapidly implementing the goals of our strategic orientation according to the “Scale up” concept.

DYNAMIC COURSE OF PROJECT DEVELOPMENT

The first six months of the 2021 fiscal year showed a dynamic course of project development. At the end of the reporting period, we had wind energy projects with a total capacity of approx. 259.5 megawatts (MW) under construction for our own account and for customers, including seven wind farms in Germany with a nominal output of approx. 128 MW. We were able to complete two wind farms with approx. 17 MW for our own wind farm portfolio. In Sweden, the construction of a wind farm on behalf of a customer was completed and the project was put into operation. In Poland, a project already sold was put into operation in spring, and the construction of two further wind farms has been continued.

In the first half of the year, we were successful with two recently approved projects (30.4 MW) in the tender in Germany. In addition, we obtained approvals for two further projects (16.8 MW) in France.

SUCCESSFUL PROJECT SALES

In Romania, three wind farm projects with a nominal capacity of up to 221 MW were sold at the end of the reporting period. PNE will participate in the further development of these wind farms up to the buyer’s financing decision within the framework of a development cooperation arrangement. In France, PNE completed the sale of a wind farm project with approx. 13 MW, which is now under construction.

In the USA, Poland and South Africa, we are in sales processes for wind energy projects that are already well developed, some of which are expected to be completed this year.

INTERNAL OPERATIONS STRENGTHENED

The wind farm portfolio operated by PNE was increased to 151.6 MW by the end of the second quarter. Further wind farms with approx. 128 MW for PNE's own portfolio are under construction. This brings us step by step closer to our goal of expanding our own operations to up to 500 MW by the end of 2023. We expect to be able to commission further wind farms for our own portfolio this year.

In addition to expanding the service business, we want to make a further contribution to reducing the volatility of results as well as to stabilising earnings and revenues at a high level with our own operations. During the current construction phase, however, the investments will have an initial impact, which will only be offset by steady earnings over a longer period after commissioning.

WIND AND PV PROJECT PIPELINE CONTINUES TO GROW

We see ourselves well positioned for the further progress in our core business of project development and operation. The pipeline of onshore wind energy projects that we are currently working on in the various phases of project development was expanded to 5,679 MW despite the continuous realisation of wind farms. This is a very good basis for the PNE Group to continue its positive development in the future.

We also made further progress during the reporting period in the development of photovoltaic projects. In this field, we were able to expand our "pipeline" of projects in progress to 794 MWp. This, too, is an important component of our strategic further development.

FIRST HALF RESULTS ON TARGET

On the basis of these business developments, the Group generated in the reporting period total aggregate output of euro 93.9 million (prior year: euro 77.0 million), sales revenues of euro 40.7 million (prior year: euro 62.4 million), earnings before interest, taxes, depreciation and amortisation (EBITDA) of euro 13.3 million (prior year: euro 9.0 million), operating profit (EBIT) of euro 2.3 million (prior year: euro 0.6 million) and diluted earnings per share of euro 0.01 (prior year: euro -0.07).

Due to the expansion of our own wind farm portfolio, the total aggregate output is significantly higher than last year. Revenues decreased, among other things, because there were fewer external sales of projects. The, to date, weak wind year also had an impact on revenues.

The consolidated results, such as EBITDA or EBIT, are influenced by the establishment of our own wind farm portfolio. As profits from projects owned by the Company are eliminated at Group level, the consolidated results in the Group do not show a complete picture of the performance of the enterprise. With the establishment of our own wind farm portfolio, "hidden reserves" were created that are not immediately recognisable. As a result of the investments in PNE's own projects, pre-tax profits totalling euro 100.3 million were eliminated at Group level, of which euro 18.7 million in the reporting period (prior year: Euro 6.9 million).

In spite of weaker than expected wind months, the consolidated results of the first half year are thus on target.

DEVELOPMENT OF SEGMENTS

A look at the individual segments shows the current development.

In the “project development” segment, the preparations for the realisation of economically larger wind farms intended for PNE’s own portfolio showed their effects.

In the “service products” segment, the expansion of the service strategy and the necessary investments in equipment had an impact on the results. The Company recorded an increasing number of external orders.

In the “electricity generation” segment, current business activities have not developed as expected due to weak wind months in the first half of the year. This fact and a scheduled longer standstill of the Silbitz biomass power plant due to the required ten-year maintenance had a negative impact on the segment’s results. In addition, depreciation on wind turbines is carried out on a periodic basis and has a corresponding effect on the results in quarters with weak wind.

We can confirm our goals for the entire year: In fiscal 2021, we will have further upfront expenditure in the low single-digit million range for the strategic expansion of the business model and will expand our own portfolio of wind farms. We expect Group EBITDA of euro 24 to 32 million in respect of our guidance for the 2021 fiscal year.

DEALING WITH THE CORONA PANDEMIC

The first half of 2021 was still marked by the COVID-19 pandemic and its effects. We have already made preparations for this development in the previous year with concepts adapted to the respective markets. The bottom line continues to be encouraging: projects were further developed, tenders won and the construction of further projects started.

It has paid off for us that we developed our internal processes and the organisational structure to a high level in recent years as part of our “Scale up” programme. In this way, we have remained fully operational in the PNE Group at all times. We would like to take this opportunity to pay tribute to the commitment of our employees.

The consequences of the pandemic for the economy as a whole cannot yet be conclusively assessed. This includes possible effects on delivery routes and suppliers. Among other things, the delivery times for wind turbines have been extended. The sometimes slower processing on the part of the approval authorities can lead to delays in project development. In the service area, there were restrictions during the lockdown phase, including with regard to our training portfolio. We also assume that the global hunger for energy and the will to drive forward CO₂ reduction and thus climate protection will make it necessary to expand renewable energies even after the current crisis.

GENERAL POLITICAL CONDITIONS

The general conditions for the expansion of renewable energies in Germany are positive but also challenging. Germany is facing a federal election in which the focus will be on climate and energy. The parties having governmental responsibility after the election will face the great task of leading the country economically sensibly and smoothly within the framework of the climate agreements. A historic ruling by the Federal Constitutional Court obliges the state to protect future generations from climate change and to prevent burdens from being unnecessarily shifted to future generations. With the amendment to the Climate Change Act, the German Federal Government intends to tighten climate regulations and enshrine in law the goal of achieving greenhouse gas neutrality by 2045, formerly by 2050. It wants to reduce greenhouse gas emissions by 2030 by 65 percent versus the level of 1990. Likewise, the German Government recently decided to increase the tender volumes for wind energy to 4,500 MW and for ground-mounted photovoltaic projects to 3,600 MWp in 2022.

We are also pleased with the plan for the European Union's "Green Deal", which is likely to strengthen the shift to renewable energy sources and related solutions such as the use of hydrogen.

PNE is well on track. In spite of the current developments triggered by the COVID-19 pandemic, we are optimistic about the future.

We would like to express our very sincere gratitude – including on behalf of our employees – for your support to date.

Maintain your confidence in us!

Kind regards

PNE AG
The Board of Management



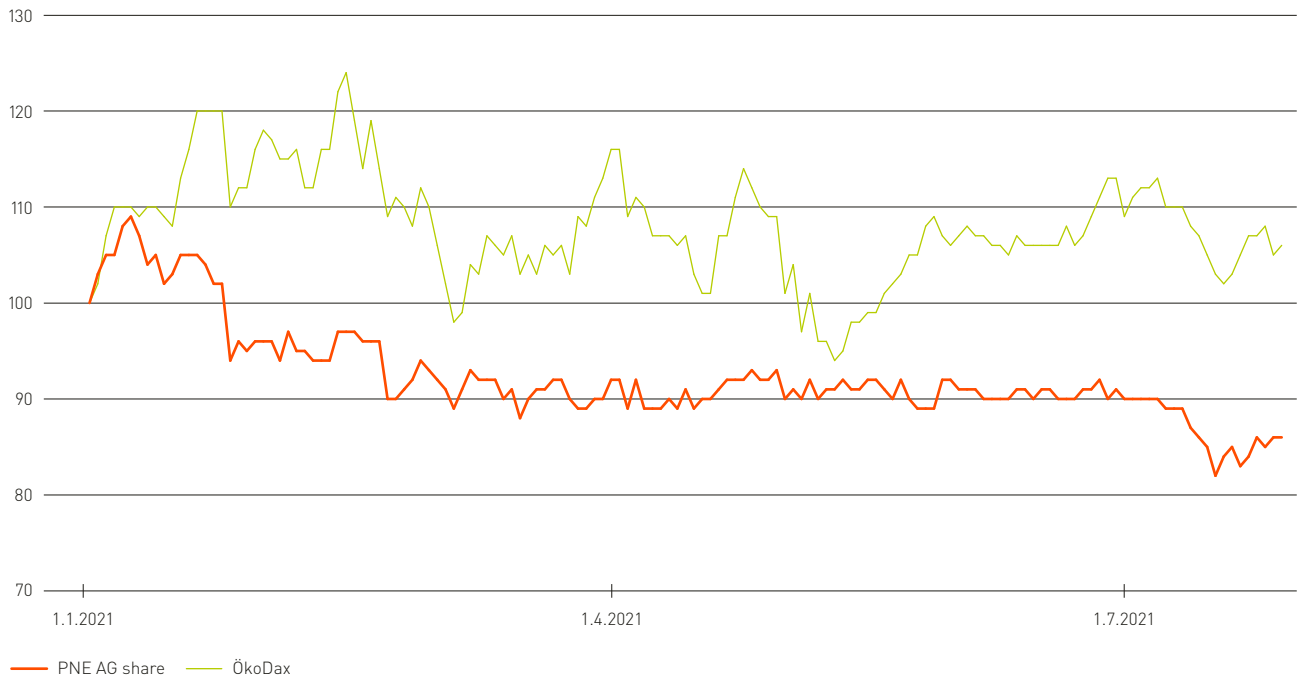
Markus Lesser
CEO



Jörg Klawat
CFO

CAPITAL MARKET INFORMATION

PNE SHARES VS. ÖKODAX indexed to 100%



Share

PNE AG shares began the current fiscal year on January 4, 2021 at an opening price of euro 8.09. In the first few weeks of the 2021 fiscal year, the PNE shares continued to rise and reached their high of euro 8.97 in January of the reporting period. The strong price increase was followed by several weeks of consolidation. Since then, the share has fluctuated between euro 7.30 and 7.60. On June 30, 2021, the share closed at euro 7.43, which corresponds to a market capitalisation of approx. euro 569 million and a change of -9.2 percent compared with the beginning of the year.

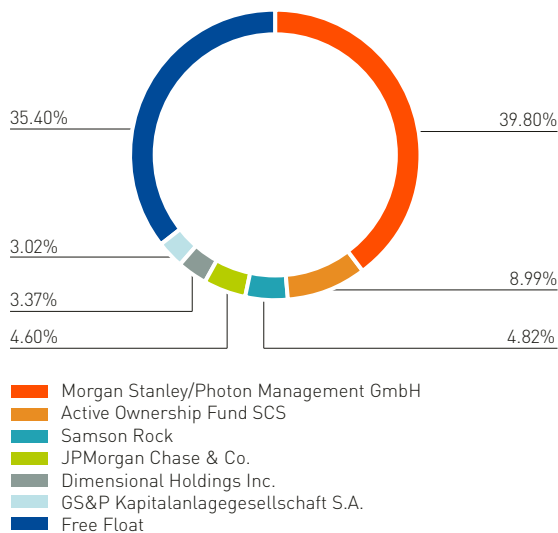
Bond information

The 2018/23 corporate bond issued by PNE AG has a volume of euro 50 million and it was primarily traded over 100 percent during the reporting period. At the end of the reporting period on June 30, 2021, the bond price was 101.80 percent.

Shareholder structure

At the end of the reporting period on June 30, 2021, the total number of shares issued by PNE AG amounted to 76,603,334.

According to published notifications regarding voting rights and directors' dealings, Morgan Stanley/Photon Management GmbH held 39.80 percent of the shares, Active Ownership Fund SCS 8.99 percent, Samson Rock 4.82 percent, JPMorgan Chase & Co. 4.60 percent, Dimensional Holdings Inc. 3.37 percent and GS&P Kapitalanlagegesellschaft S.A. 3.02 percent of the voting rights on June 30, 2021. All other shareholdings were therefore classified as other free float. This resulted in the following shareholder structure at the end of the reporting period:



General meeting of shareholders

PNE AG's general meeting of shareholders was held in Cuxhaven on May 19, 2021 in the form of a virtual general meeting without the physical presence of shareholders or their proxies.

The shareholders voted by a large majority in favour of the proposal of the Board of Management and the Supervisory Board to pay a dividend of euro 0.04 per eligible share.

The shareholders also clearly consented to the proposed resolution to give formal approval of the actions of the members of the Board of Management Markus Lesser (CEO) and Jörg Klowat (CFO). In addition, the shareholders decided with a clear majority to give formal approval of the actions of the Supervisory Board. Per Hornung Pedersen, Alberto Donzelli and Dr. Susanna Zapreva were re-elected to the Supervisory Board by a large majority.

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, was elected by a large majority as the auditor of the financial statements and consolidated financial statements for the 2021 fiscal year.

The general meeting of shareholders also approved by a large majority the remuneration system for the members of the Board of Management and the remuneration for the Supervisory Board members.

Financial calendar

November 10, 2021	Publication of Financial Report Q3
November 2021	Analyst Conference/Frankfurt

Additional information

On the website www.pne-ag.com, you will find extensive information on PNE AG and a comprehensive presentation of the business model as well as current data concerning the shares in the section "Investor Relations". Furthermore, financial and quarterly reports, press announcements and background information on PNE AG can be accessed and downloaded from there.

INTERIM GROUP MANAGEMENT REPORT FOR THE FIRST SIX MONTHS OF 2021

1. GENERAL CONDITIONS

General political conditions

Germany is facing a federal election in which the focus will be on climate and energy. The parties having governmental responsibility after the election will face the great task of leading the country economically sensibly and smoothly within the framework of the climate agreements. A historic ruling by the Federal Constitutional Court obliges the state to protect future generations from climate change and to prevent burdens from being unnecessarily shifted to future generations. With the recently adopted amendment to the Climate Change Act, the German Federal Government intends to tighten climate regulations and enshrine in law the goal of achieving greenhouse gas neutrality by 2045, formerly by 2050. It wants to reduce greenhouse gas emissions by 2030 by 65 percent versus the level of 1990.

In addition, there were various regulatory changes, for example in the amended Renewable Energy Sources Act (EEG) 2021, which are viewed positively by PNE. These include the full exemption from the EEG levy for green hydrogen or the changes in the tender structure for photovoltaic roof systems and special tenders for onshore wind capacity.

Overall, the international markets for renewable energies are still undergoing changes that require the PNE Group to adapt its activities accordingly in order to minimise risks and exploit new opportunities. The Board of Management is still confident that the expanded corporate strategy and further internationalisation, including in Europe as well as in new markets, will advance the positive development of the Group.

Further general conditions/COVID-19 pandemic

It is not yet possible to provide a final assessment of the consequences of the crisis triggered by the global COVID-19 pandemic on the economy as a whole. This includes possible effects on delivery routes and suppliers of the wind power turbines and components required for the projects. Delivery times for wind power turbines have been extended. We therefore had to adjust to the fact that there may be delays in project development. In the service area, there were restrictions during the lockdown phase, including with regard to our training portfolio. On the other hand, there were no unplanned negative effects as a result of the pandemic on electricity sales in the projects operated by us.

Due to the existing technical infrastructure and the flexibility of the employees, the shift from office work to working from home (mobile working) continued smoothly in the first half of 2021. This has also significantly reduced the potential risk of infection. Internal control processes were not affected.

2. CORPORATE STRUCTURE

The changes in the companies included in the consolidated financial statements as compared to December 31, 2020 are explained in the condensed notes to the consolidated financial statements under item "3. Scope of consolidation".

3. GENERAL ACCOUNTING PRINCIPLES

In the financial report for the first six months of the 2021 fiscal year as at June 30, 2021, the Company applied the same accounting and valuation methods as in the consolidated financial statements as at December 31, 2020. The IFRS standards amended since January 1, 2021 are not relevant to the half-yearly financial statements.

The interim financial statements were drawn up in line with the regulations of IAS 34. The tax expenditure of the PNE Group is determined using an estimate of the taxable income of the relevant companies.

4. ORGANISATION AND EMPLOYEES

On June 30, 2021, the PNE AG Group employed 458 people in total (previous year: 450), including the members of the Board of Management.

Of these, 182 employees (prior year: 182 persons) were employed directly by PNE AG and 276 employees (prior year: 268 persons) by the subsidiaries of PNE AG.

When distinguished between Germany and abroad,

- » 368 persons (prior year: 361 persons) were employed by domestic and
- » 90 persons (prior year: 89 persons) by foreign companies of the Group.

5. OVERVIEW OF BUSINESS ACTIVITY

Summary

The operational business of the PNE Group in the wind sector during the first six months of 2021 was characterised by the development and realisation of onshore wind farms as well as the development of photovoltaic projects in various countries.

The German wind farms "Langstedt" (12.6 MW, of which 4.2 MW on behalf of the landowners), "Lentföhrden" (8.4 MW) and the sold project "Erfurt-Ost" (5.5 MW) were completed and put into operation.

In the reporting period, the Company started the construction of two further wind farms with a combined nominal output of 30.4 MW in Germany, which are intended for the Company's own portfolio.

In Germany, Sweden and Poland, wind farms with a total nominal output of approx. 259.5 MW were under construction as at June 30, 2021. For projects already sold with a capacity of 73.2 MW, PNE is active as a service provider for the buyers.

In Romania, the rights in three wind farm projects were sold. Wind power turbines with a nominal output of up to 221 MW can be erected in these projects. PNE and the buyer will cooperate in the further development activities.

Once again, we have come closer to our goal of significantly expanding our own wind farm operations and establishing an internal wind farm portfolio of up to 500 MW by the end of 2023. On June 30, 2021, PNE operated wind farms with an installed nominal capacity of 151.6 in its own portfolio. Further projects with approx. 128 MW are under construction. The basis for the future further expansion is the well-filled project pipeline, since PNE is currently developing national and international onshore wind farms with a volume of 5,679 MW in various phases of project development. Individual projects will still be marketed in the future.

As a portfolio holder, PNE AG is increasingly dependent on the wind conditions. As the number of MW in the Group's own portfolio increases, weaker wind conditions will have an impact on the financial indicators of the "electricity generation" segment and thus also on the financial indicators of the Group. Compared to the same period of the previous year, less favourable wind conditions were recorded in 2021, which led to negative deviations from the comparative figures of the previous year in the "electricity generation" segment.

The development of national and international photovoltaic projects has also been continued and significantly expanded in the reporting period.

The effects of the COVID-19 pandemic are also felt by enterprises working to expand renewable energies. At present, PNE assumes that, due to the current development of the pandemic, there may be postponements in the operating business as regards project right sales and project implementations from 2021 to 2022. This has already been taken into account in the guidance. However, the Company currently assumes that there should be no significant impact on our business in the medium to long term. The good liquidity position gives the Company sufficient leeway to be able to cope well with longer-term restrictions.

Segment reporting

The determination and presentation of segment reporting as at June 30, 2021 has not changed versus December 31, 2020.

“Project development” segment

The “project development” segment reports on the following sub-divisions: onshore wind power – national and international, offshore wind power – national and international, photovoltaic projects – national and international, as well as other projects.

Wind energy onshore

The development and realisation of onshore wind farm projects continued steadily in the first half of 2021, both in Germany and in foreign markets, despite the restrictions caused by the COVID-19 pandemic and the associated consequences.

Overview of the status of onshore wind energy project activities of the PNE Group as at June 30, 2021 in MW:

Country	Phase I – II	Phase III	Phase IV	Total MW	Sold/ Service Provider
Germany	1,232	522	128	1,882	0
France	271	251	0	522	13
United Kingdom	43	0	0	43	0
Italy	40	0	0	40	0
Canada	505	0	0	505	0
Panama	340	0	0	340	0
Poland	355	0	59	414	0
Romania	0	0	0	0	221
South Africa	630	170	0	800	0
Sweden	0	0	0	0	60
Turkey	629	71	0	700	0
USA	266	167	0	433	0
Total	4,311	1,181	187	5,679	294

Phase I – II = Exploration & Development

Phase III = Planning

Phase IV = Implementation

Sold/Service Provider = Projects already sold, for which PNE is currently providing construction management services

Wind energy onshore – national

At the end of the second quarter of 2021, the PNE Group was working on wind farm projects with a nominal output of approx. 1.882 MW in various phases of project development in Germany.

The German wind farms “Langstedt” (12.6 MW of which 4.2 MW on behalf of the landowners) and “Lentförden” (8.4 MW) were completed and included in the Company’s own portfolio. The “Erfurt-Ost” wind farm (5.5 MW), which has already been sold, was also completed.

At the end of the reporting period, the construction of two further wind farms with a combined nominal output of 30.4 MW was started in Germany. Both projects will be included in the PNE Group’s own portfolio after completion. One of these wind farms is a project in Lower Saxony with four wind turbines and a total nominal output of 22.0 MW. The second wind farm is located in Schleswig-Holstein, consists of two turbines and has a total nominal output of 8.4 MW. The commissioning of the two wind farms, which were awarded contracts in the Federal Network Agency’s tender in May 2021, is scheduled for next year. Seven wind farms with a nominal output of approx. 128 MW were under construction in Germany at the end of the reporting period.

In addition, PNE received permits for further wind farms in Germany.

Wind energy onshore – international

The PNE Group successfully continued its core business of project development and realisation abroad. Compared to the presentation in the 2020 annual report, there were the following changes in the foreign markets:

France

In France, a wind farm project with six wind turbines and 13.2 MW nominal output was sold. PNE remains active in this project as a service provider for the buyer. The project is scheduled for completion in the coming year. In addition, PNE has obtained permits for two further projects (16.8 MW) in France.

Poland

The "Jasna" wind farm, which was sold earlier and has a total nominal output of 132 MW, was put into operation. 39 wind turbines were erected in the project, 22 of them of the Vestas V126 type with 3.45 MW each and 17 of the Vestas V126 type with 3.3 MW each. PNE was responsible for construction management on behalf of the investor.

The construction of the wind farms "Kuslin" (39.6 MW) and "Krzecin" (19.2 MW) was continued in the reporting period. Both projects were in the marketing phase as at June 30, 2021.

Romania

PNE AG sold the rights to three wind farm projects in Romania, where wind turbines with a nominal output of up to 221 MW can be erected. PNE and the buyer will cooperate in the further development activities. The market developments are increasingly positive. PNE will also focus on the development of photovoltaic projects in Romania in the future.

Sweden

The construction of the previously sold "Malarberget" wind farm (113 MW) was completed in the reporting period. On behalf of the buyer, PNE will provide services for the project during the operating phase as well.

During the reporting period, construction began on the "Hulterna" wind farm with a nominal output of around 60 MW. This wind farm was also already sold and will be managed by PNE on behalf of the buyer during the construction phase.

Wind energy offshore**Wind energy offshore – national**

PNE's high level of competence in offshore project development is reflected in the fact that PNE has already sold eight offshore wind farm projects after their realisation in recent years. These include the projects "Atlantis I", "Borkum Riffgrund" and "Gode Wind". PNE continues to act as a service provider for the divested projects.

Four offshore wind farms, which were developed by PNE and sold after approval was granted, have already been erected and put into operation by the buyers: "Borkum Riffgrund 1", "Gode Wind 1", "Gode Wind 2" and "Borkum Riffgrund 2" with a total nominal capacity of 1,344 MW.

In the offshore wind energy segment, PNE also examines opportunities of generating electricity from other energy carriers such as hydrogen at sea. Fundamental calculations and examinations are carried out for this purpose, which, if positive, can form the basis of further project activities in this respect.

Wind energy offshore – international

In the reporting period, PNE made further efforts to start the development of marine wind farms abroad. In particular, we are currently examining the possibilities of planning offshore wind farms in Vietnam.

Photovoltaics subdivision

In recent years, photovoltaic installations have become increasingly cost-effective, efficient and also more marketable in the area of electricity generation. In addition, the legal and economic framework conditions for the development of photovoltaic projects are in place in many countries. The development of photovoltaic projects is therefore part of the strategic orientation of PNE's business model.

New markets are currently being examined in detail and rights are being secured in markets already selected. Particular attention will initially be paid to Germany, France, Italy, Romania and the USA as well as other international markets. The volume of photovoltaic projects we are currently working on in seven countries increased to 794 MWp by the end of the reporting period.

Overview of the status of photovoltaic project activities of the PNE Group as at June 30, 2021 in MWp:

Country	Phase I – II	Phase III	Phase IV	Total MWp
Germany	220	0	0	220
France	25	0	0	25
Italy	42	0	0	42
Canada	10	0	0	10
Poland	55	0	0	55
Romania	112	0	0	112
USA	330	0	0	330
Total	794	0	0	794

Phase I – II = Exploration & Development
 Phase III = Planning
 Phase IV = Implementation

The operative achievements listed above have led to the positive results in the “project development” segment in the first half year of 2021. The current COVID-19 pandemic has had impact on the business activities of the “project development” segment in the form of project postponements. These shifts had only minor effects on the results of the “project development” segment in the period under review. However, it cannot be ruled out that this might lead to shifts in earnings in the “project development” segment and in the Group from 2021 to 2022 in the course of the 2021 fiscal year.

In the first half year of 2021, the “project development” segment achieved

- » total aggregate output of euro 98.6 million (prior year: euro 67.4 million),
- » EBITDA of euro 22.8 million (prior year: euro 6.3 million) and
- » EBIT of euro 21.7 million (prior year: euro 5.3 million).

“Service products” segment

The “service products” segment reports in summary on services. These include technical and commercial operations management of wind farms and transformer stations, construction management, wind measurements, electricity marketing management, and similar services.

The international business of operations management was expanded in the first half of 2021 in the markets in Sweden and Poland.

In the Polish wind farm “Jasna”, developed and sold by PNE, the Group’s companies provided construction management services until the start of operation. With this project, PNE once again successfully implemented its strategy of providing services for these projects in addition to project development.

During the ongoing construction phase, PNE also provided services for the Swedish “Malarberget” project and will continue to do so for the “Hultema” project. In the “Malarberget” and “Hultema” wind farms, PNE will also take over commercial and technical operations management during the subsequent operating phase.

The current COVID-19 pandemic has only had a minor impact on the business activities of the “service products” segment, as the order situation in this segment is based primarily on long-term service orders. In addition, the Company achieved better results in the first half of 2021 than in the first half of 2020 due to the provision of construction management services, such as in Sweden.

In the first half of 2021, the “service products” segment achieved

- » total aggregate output of euro 10.6 million (prior year: euro 9.3 million),
- » EBITDA of euro 3.4 million (prior year: euro 1.6 million) and
- » EBIT of euro 1.8 million (prior year: euro 0.1 million).

“Electricity generation” segment

The “electricity generation” segment combines all activities of the Group companies that are engaged directly in the production of electricity from clean energies.

This division includes primarily the PNE-operated wind farms with a total nominal capacity of currently approx. 151.6 MW (as at June 30, 2021: approx. 130.1 MW) and the Silbitz biomass power plant with approx. 5.6 MW. Furthermore, the segment includes interests in limited partnerships, in which wind farm projects will be realised in the future.

Until the successful sale and delivery of wind farms to the operators, the “electricity generation” segment will include the revenues of these projects as part of segment reporting.

The seasonal wind distribution with constant depreciation and costs per quarter results – from quarter to quarter – in the wind farms recording very positive results in quarters with high winds and slightly negative to slightly positive results in low-wind quarters. In the first half year of 2021, weaker wind performance was recorded compared to the long-term average so that the results were below the forecasts in the “electricity generation” segment. Wind availability fluctuates from year to year. The projects in PNE’s own portfolio are calculated on the basis of two independent wind resource assessments. These wind forecasts refer to an annual average value that will be achieved with a defined probability over the course of 20 years. Statistically speaking, this means that high and low wind supply will balance each other out in the course of the operating period.

Compared to the same period of the previous year, depreciation and amortisation in the “electricity generation” segment increased due to the higher number of MW in operation, which, in conjunction with lower sales, had a negative impact on the segment’s EBIT figures compared to the previous year.

A scheduled standstill of the Silbitz biomass power plant for more than two months due to the required ten-year maintenance also had a negative impact on the segment’s results compared to the results of the previous year’s reporting period.

The current COVID-19 crisis has had no impact on the business activities of the “electricity generation” segment.

In the first half of 2021, the “electricity generation” segment achieved

- » total aggregate output of euro 11.6 million (prior year: euro 12.9 million),
- » EBITDA of euro 8.0 million (prior year: euro 9.9 million) and
- » EBIT of euro 0.3 million (prior year: euro 4.1 million).

6. NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

The figures shown below were determined and presented in accordance with IFRS for the Group. The consolidated financial information for the first half of the 2021 fiscal year as at June 30, 2021 was based on the same accounting and valuation methods as the consolidated financial statements as at December 31, 2020. The IFRS standards amended since January 1, 2021 are not relevant to the half-yearly financial statements.

The figures in the text and in the graphic illustrations were rounded, and small rounding differences are possible.

In the case of the revenues and earnings, the values as at June 30, 2021 are compared with the values as at June 30, 2020, and in the case of the net assets and financial position with the values as at December 31, 2020.

a. Revenues and earnings

In the first six months of 2021, the PNE Group achieved a total aggregate output of euro 93.9 million (prior year: euro 77.0 million). Of this, euro 40.7 million was attributable to revenues (prior year: euro 62.4 million), euro 52.0 million to changes in inventories (prior year: euro 12.5 million), and euro 1.2 million to other operating income (prior year: euro 2.2 million).

In the first six months of 2021:

- » In the “project development” segment, the Company invoiced internal revenues of euro 45.1 million (prior year: euro 16.4 million), including for general contractor and project development services for the Company’s planned own wind farms, such as for the “Holstentor”, “Wahlsdorf” and “Kuhstedt II” wind farms, as well as external revenues of euro 21.4 million (prior year: euro 44.0 million) from contractual milestone payments from wind farm projects in Germany and abroad, which were sold in the 2019 and 2020 fiscal years, e.g. in Sweden, as well as from project development and general contractor services for wind farm projects, e.g., in France and from the sale of project rights in Romania.
- » In the “service products” segment, the Company billed external revenues of euro 8.1 million (prior year: euro 6.6 million) and internal revenues of euro 2.1 million (prior year: euro 2.1 million). The main revenues were generated
 - » from commercial and technical operations management,
 - » from construction management services,

- » from activities in the area of service, maintenance and inspection of operating equipment, training for specialists and servicing of obstruction lighting systems and
- » from transformer station services.

The increase in revenues compared to the same period of the previous year is due, among other things, to the additional services in the construction management sector for projects that have already been sold and the increase in renewable energy projects under commercial and technical operations management.

In this context, it is noteworthy that a significant part of the internal services/revenues led to the avoidance of external costs within the Group.

- » In the "electricity generation" segment, external revenues of euro 11.2 million (prior year: euro 11.7 million) were generated in the reporting period. These revenues were mainly attributable to the electricity income of internally operated wind farms totalling euro 10.0 million (prior year: euro 10.0 million) as well as income from the "Silbitz" biomass power plant of euro 1.2 million (prior year: euro 1.7 million). A major reason for the lower revenues compared to the same period of the previous year is that weaker wind performance was recorded in the first six months of 2021 compared to the long-term average and, consequently, a lower amount of electricity was produced compared to the same period of the previous year despite the higher number of wind turbines in PNE's own operation. Furthermore, a scheduled longer standstill of the Silbitz biomass power plant due to the required ten-year maintenance also had a negative impact on the segment's results compared to the results of the previous year's reporting period.

As in the same period of the previous year, the services rendered for the wind farm projects planned for the Company's own portfolio and under construction are shown under changes in inventories.

Other operating income in the first six months of 2021 resulted primarily from the reversal of provisions in connection with the construction of wind farm projects.

The Group's personnel expenses rose year-on-year due to the comparatively higher number of employees (458 people, including members of the Board of Management, as at June 30, 2021 versus 450 people, including members of the Board of Management, as at June 30, 2020) and due to the higher salaries for qualified staff and the one-off personnel costs incurred for personnel organisation. The increase in the number of employees is part of the organisational adjustment to the new strategy that the Group

pursues with the "Scale up" programme. Personnel expenses are attributable to the segments as follows:

- » "Project development": euro 13.6 million (prior year: euro 11.2 million),
- » "Service products": euro 4.1 million (prior year: euro 4.1 million) and
- » "Electricity generation": euro 0.5 million (prior year: euro 0.4 million).

Depreciation and amortisation of intangible fixed assets, property, plant and equipment as well as right-of-use assets increased primarily due to the higher average number of wind power turbines in the Group (euro 11.0 million in the 2021 reporting period versus euro 8.4 million in the prior-year period). Depreciation and amortisation of intangible fixed assets, property, plant and equipment as well as right-of-use assets are attributable to the segments as follows:

- » "Project development": euro 1.1 million (prior year: euro 1.0 million),
- » "Service products": euro 1.6 million (prior year: euro 1.5 million) and
- » "Electricity generation": euro 8.3 million (prior year: euro 5.8 million).

Other operating expenses totalling euro 8.5 million (prior year: euro 9.1 million) in the Group are below the previous year's level and can be generally divided into expenses resulting from legal and consulting costs, advertising and travel expenses, insurance premiums and contributions, repair and maintenance expenses (predominantly relating to the "Silbitz" biomass power plant and the wind farms operated by the Company). Other operating expenses, before consolidation effects, are distributed among the segments as follows:

- » "Project development": euro 6.7 million (prior year: euro 6.7 million),
- » "Service products": euro 0.9 million (prior year: euro 1.3 million) and
- » "Electricity generation": euro 2.9 million (prior year: euro 2.3 million).

Interest and similar income changed from euro 0.1 million in the prior-year period to euro 3.8 million in the reporting period. The change is mainly due to the valuation of the interest swaps concluded as part of the project financing. In the valuation of interest rate swaps, rising market interest rates have led to interest income, which was recognised in the amount of euro 3.5 million in the Group ("electricity generation" segment) in the first half of 2021.

Interest and similar expenses changed from euro 6.5 million in the prior-year period to euro 4.2 million in the reporting period. In the 2020 reporting period, falling interest rates led to interest expense (euro 2.4 million) in the valuation of the interest rate swaps, whereas rising market interest rates resulted in interest income in the 2021 reporting period (see above under "Interest and similar income"). Interest and similar expenses were incurred mainly in connection with

- » the 2018/2023 bond (euro 1.0 million),
- » the equity and debt financing in connection with wind farm projects (euro 2.0 million) and
- » the application of IFRS 16 "Leases" (euro 0.8 million).

The Company has created values ("hidden reserves") that are not immediately recognisable. These are connected to the establishment of the wind farm portfolio owned by the Company. As a result of investments in PNE's own projects, pre-tax profits totaling euro 100.3 million were eliminated at Group level, of which 18.7 million in the reporting period (prior year: euro 6.9 million). With a portfolio of projects owned by the Company, complete or partial sales to third parties outside the Group are postponed, and thus also the Group's earnings from these potential sales. Whether these profits, as currently calculated, can be achieved in the future in the event of a sale depends on whether or not the assumed market conditions of the project calculations (e.g. return expectations of investors) will change. The values created from the Group's own projects ("hidden reserves") will be gradually disclosed over the useful life of the projects, based on the lower depreciation assessment basis in the Group. This disclosure of these values ("hidden reserves") leads to improvements in earnings over the term and, corresponding to the amount of the disclosure, to an improvement in the Group's equity ratio.

At Group level, the following results were achieved in the 2021 reporting period, excluding the pre-tax profits eliminated ("hidden reserves") in connection with the establishment of the wind farm portfolio:

- » earnings before interest, taxes, depreciation and amortisation (EBITDA = EBIT plus amortisation and depreciation of intangible assets and property, plant and equipment, rights of use as well as goodwill) of euro 13.3 million (prior year: euro 9.0 million),

- » operating profit (EBIT = corresponds to the value stated in line "Operating result" of the statement of comprehensive income) of euro 2.3 million (prior year: euro 0.6 million).

The consolidated net result after non-controlling interests amounted to euro 1.0 million (prior year: euro -5.3 million). The basic earnings per share for the Group amounted to euro 0.01 (prior year: euro -0.07) and the diluted earnings per share for the Group amounted to euro 0.00 (prior year: euro -0.07).

Primarily due to the half-year results of euro +1.0 million and the dividend payment of euro 3.1 million made in the reporting period, the Group's retained earnings at the end of the reporting period amounted to euro 49.3 million (December 31, 2020: euro 51.4 million).

b. Net assets and financial position

Assets

in million EUR	30.6.2021	31.12.2020
Total long term assets	346.8	317.3
Intangible assets	64.2	64.3
Property, plant and equipment	196.8	176.5
Rights of use	43.6	39.1
Long term financial assets	2.1	1.9
Deferred taxes	40.1	35.5
Total short term assets	384.2	346.5
Inventories	209.8	174.0
Receivables, other assets and tax receivables	57.1	59.6
Tax receivables	0.4	1.3
Cash and cash equivalents	116.9	111.6
Total assets	731.0	663.8

On the reporting date, the consolidated total assets of PNE AG amounted to euro 731.0 million. This is a change of approx. 10.1 percent in comparison with December 31, 2020.

Total long-term assets increased from euro 317.3 million at the end of 2020 to euro 346.8 million on the reporting date.

As at June 30, 2021, intangible assets totalled euro 64.2 million, which mainly includes goodwill of euro 63.3 million (December 31, 2020: euro 63.3 million), and thus remained approximately at the same level as at December 31, 2020.

In the same period, property, plant and equipment changed by euro +20.3 million to euro 196.8 million (December 31, 2020: euro 176.5 million). The increase in property, plant and equipment is mainly due to the "growing" wind farm portfolio and the resulting write-downs of property, plant and equipment of the wind farms.

The item "property, plant and equipment" mainly includes:

- » land and buildings: euro 13.2 million (as at December 31, 2020: euro 13.4 million),
- » transformer stations owned or under construction: euro 15.5 million (as at December 31, 2020: euro 14.1 million),
- » technical equipment and machinery of the Company's own wind farms: euro 160.0 million (as at December 31, 2020: euro 141.9 million).

Since the wind farms owned by the Group were operated and used to generate electricity independently of their current or future shareholder structure, they were reported as fixed assets from the date of their sale within the Group.

As at June 30, 2021, euro 43.6 million for right-of-use assets (December 31, 2020: euro 39.1 million) were reported under long-term assets. As at June 30, 2021, the right-of-use assets were attributable to the segments as follows:

- » "Project development": euro 10.5 million (as at December 31, 2020: euro 10.3 million),
- » "Service products": euro 5.6 million (as at December 31, 2020: euro 5.9 million) and
- » "Electricity generation": euro 27.5 million (as at December 31, 2020: euro 22.9 million).

IFRS 16 specifies how to account for leases. According to the standard, the lessee is generally obliged to recognise rights and obligations arising from leases. Therefore, lessees must recognise the right of use relating to a leased asset ("right-of-use asset") either under fixed assets in the balance sheet item "right-of-use assets" (long-term assets such as wind farms in own operation or wind farms planned for own operation) or under the balance sheet item "inventories" (short-term assets such as wind farm projects to be sold during or after construction). The "right-of-use assets" in the PNE Group include leasing contracts (e.g. car leasing), rental agreements (e.g. for the building in Husum) and lease agreements (e.g. in connection with the wind farms held by PNE or wind farms under construction).

For all assets within the scope of IAS 36 (in particular intangible assets (IAS 38), goodwill (IFRS 3), property, plant and equipment (IAS 16) and investment property measured at cost (IAS 40)), the reporting entity must assess at each balance sheet date whether there is any indication (triggering event) for an impairment loss. Although the effects on the economy caused by the COVID-19 pandemic also have certain implications for PNE AG, the Board of Management is of the opinion that there are no indications that the value of the reported goodwill as at June 30, 2021 might be impaired.

During the reporting period, short-term assets changed from euro 346.5 million on December 31, 2020 to euro 384.2 million on June 30, 2021. This change is mainly attributable to the increase in inventories (euro +35.8 million) and in cash and cash equivalents (euro +5.3 million) with a simultaneous decrease in receivables and other assets (euro -2.5 million). Of the short-term assets, euro 36.5 million is attributable to trade receivables (December 31, 2020: euro 40.2 million).

The work in progress shown under the inventories increased from euro 144.1 million (December 31, 2020) to euro 169.6 million. The increase in inventories is due primarily to the Group's investments for onshore projects under construction, for the further development of the wind onshore and photovoltaics project pipelines in Germany and abroad as well as to the right-of-use assets in connection with the realisation of PNE's own wind farm projects.

Work in progress is divided as follows:

- » onshore projects/national (euro 102.7 million),
- » onshore projects/international (euro 66.9 million).

In addition, the advance payments made for onshore projects under construction reported under inventories changed by euro +10.4 million from euro 29.6 million to euro 40.0 million.

Cash and cash equivalents amounted to euro 116.9 million as at June 30, 2021, of which euro 3.1 million is pledged to banks (as at December 31, 2020: euro 111.6 million, of which euro 3.0 million pledged).

As at June 30, 2021, cash and cash equivalents were attributable to the segments as follows:

- » "Project development": euro 69.5 million (as at December 31, 2020: euro 89.3 million),
- » "Service products": euro 0.7 million (as at December 31, 2020: euro 1.1 million) and
- » "Electricity generation": euro 46.8 million (as at December 31, 2020: euro 21.2 million).

The cash and cash equivalents available in the "electricity generation" segment will be used primarily for the services under the project development and general contractor agreements with the "project development" segment in the following quarters for the wind farm projects under construction.

Liabilities

in million EUR	30.6.2021	31.12.2020
Shareholders' equity	197.8	200.6
Deferred subsidies from public authorities	0.7	0.7
Provisions	7.1	4.6
Long term liabilities	431.1	354.3
Short term liabilities	70.2	81.6
Deferred revenues	24.1	22.0
Total liabilities and shareholders' equity	731.0	663.8

Group equity changed from euro 200.6 million (December 31, 2020) to euro 197.8 million as at June 30, 2021. The equity ratio of the Group was approx. 27 percent as at June 30, 2021 (as at December 31, 2020: approx. 30 percent).

The long-term liabilities changed from euro 354.3 million (December 31, 2020) to euro 431.1 million. This item consists mainly of long-term financial liabilities totalling euro 418.7 million (as at December 31, 2020: euro 343.3 million).

The long-term liabilities mainly consist of

- » the 2018/2023 bond issued in 2018 with a carrying amount of euro 49.4 million (as at December 31, 2020: euro 49.2 million),
- » long-term liabilities to banks of euro 278.8 million (as at December 31, 2020: euro 216.6 million) and
- » liabilities from leases of euro 85.7 million (as at December 31, 2020: euro 70.4 million).

The significant long-term liabilities to banks relate to the "non-recourse" project financing of wind farm projects operated by the Company in its own portfolio ("electricity generation" segment).

As at June 30, 2021, the liabilities to banks are attributable to the segments as follows:

- » "Project development": euro 20.4 million (of which long-term euro 6.0 million),
- » "Electricity generation": euro 287.7 million (of which long-term euro 272.8 million),
- » "Service products": euro 0.0 million (of which long-term euro 0.0 million).

Primarily due to "IFRS 16 Leases", lease liabilities of approx. euro 85.7 million (as at December 31, 2020: euro 70.4 million) are shown under long-term liabilities and approx. euro 6.4 million (as at December 31, 2020: euro 4.6 million) under short-term liabilities as at June 30, 2021.

As at June 30, 2021, the liabilities from leases are attributable to the segments as follows:

- » "Project development": euro 11.0 million (of which long-term euro 9.6 million),
- » "Electricity generation": euro 75.2 million (of which long-term euro 70.8 million) and
- » "Service products": euro 5.9 million (of which long-term euro 5.3 million).

In the first six months of the 2021 fiscal year, the short-term liabilities changed from euro 81.6 million (December 31, 2020) to euro 70.2 million. The short-term liabilities to banks, included in this item, changed from euro 22.7 million (December 31, 2020) to euro 29.3 million. In the reporting period, trade liabilities as part of normal operating business changed from euro 31.4 million (December 31, 2020) to euro 23.1 million.

In the first six months of 2021, the Company raised "non-recourse" funds of approx. euro 72.4 million and approx. euro 3.1 million from the available project equity interim financing line and concluded agreements on short-term interim project financing, working capital lines and scheduled repayments of project funds of approx. euro 11.1 million.

Taking the liquid funds into account, the net debt (cash and cash equivalents less the short-term and long-term financial liabilities) as at June 30, 2021 amounted to euro 338.9 million (December 31, 2020: euro -260.5 million).

The statement of cash flows provides information on the liquidity situation and the financial position of the Group. As at June 30, 2021, the group companies had liquidity and credit facilities for interim project financing in the total amount of euro 237.8 million, of which euro 3.1 million is pledged to banks (as at December 31, 2020: euro 218.1 million, of which euro 3.0 million pledged).

Cash and cash equivalents amounted to euro 116.9 million as at June 30, 2021, of which euro 3.1 million is pledged to banks (as at December 31, 2020: euro 111.6 million, of which euro 3.0 million pledged).

In addition, the group companies had available liquidity from unused

- » working capital lines of euro 1.0 million and
- » external project interim financing of euro 119.9 million

as at June 30, 2021.

In addition, the Group entered into an agreement (letter of intent) with a bank for interim equity financing of projects of up to euro 27.1 million, on the basis of which separate interim equity financing agreements can be concluded after the commissioning of the projects. As at June 30, 2021, euro 2.5 million had already been used.

The cash flow from ordinary activities shown in the statement of cash flows amounts to euro 38.8 million (prior year: euro -20.7 million) and was primarily attributable to

- » the consolidated results in the reporting period,
- » the expenses for the implementation of the portfolio projects, the further development of the project pipeline and the realisation of the wind farm projects, which are reflected in the inventories and were primarily financed by project financing (see also: "cash flow from financing activities").

The cash flow from investing activities in the reporting period includes incoming and outgoing payments for investments in property, plant and equipment of the Group totalling euro -23.2 million (prior year: euro -4.5 million). The investments in property, plant and equipment related mainly to investments in the implementation of wind farms for the wind farm portfolio being established ("electricity generation" segment) and in transformer stations for the wind farm projects being realised ("service products" segment).

During the reporting period, the cash flow from financing activities of euro 67.3 million (prior year: euro 11.3 million) was influenced primarily by

- » the use of bank loans of euro 84.3 million, which were mainly used for the funding of wind farm projects,
- » the payment of credit liabilities of euro -11.2 million,
- » the payment of lease liabilities of euro -2.7 million and
- » the dividend payment for the previous fiscal year of euro -3.1 million.

7. TRANSACTIONS WITH RELATED COMPANIES AND PERSONS

There were no significant changes compared to December 31, 2020.

8. DEVELOPMENT AND INNOVATION

During the period under review, there were no research and development activities in the PNE AG Group.

9. MAJOR EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period, no significant events affecting the results of operations, financial position and net assets have occurred.

10. REPORT ON OPPORTUNITIES AND RISKS

For information about the opportunities and risks of PNE AG, refer to the chapter "Report on opportunities and risks" in the 2020 annual report, which is available on the Company's website at www.pne-ag.com.

All recognisable risks arising from the COVID-19 pandemic currently present worldwide are continually assessed by the Company with regard to possible effects on the net assets, financial position and results of operations as well as the well-being of the employees and are included in half-yearly financial report and the forecast report.

During the first six months of the 2021 fiscal year, the Board of Management did not identify any other significant additions or changes to the risks presented in the annual report for the 2020 fiscal year.

11. MANAGEMENT DECLARATION (SECTION 289f AND SECTION 315d OF THE GERMAN COMMERCIAL CODE (HGB))

The management declaration, summarised with the declaration pursuant to Section 289f HGB, in accordance with Section 315d HGB is published on our internet site www.pne-ag.com under "Investor Relations" in the "Corporate Governance" section and can be downloaded there.

12. FORECAST REPORT

The PNE Group is an internationally operating enterprise and one of the most experienced project developers for clean energies on land and at sea. We combine economic success with ecological responsibility. We offer services covering the entire value-added chain, ranging from the development, planning, realisation, sale and operation of wind and photovoltaic farms as well as transformer stations to repowering – i.e. the replacement of older wind power turbines by new modern equipment. We also offer our skills acquired in this context as a service provider to third parties.

We want to develop high quality projects that meet international standards and allow for secure project financing at the international level. Such a project quality can be achieved by ensuring compliance with the project schedule and the cost framework from the development to the start of operation.

After the successful development of wind farms in recent years, we are following our goal of realising a wind farm portfolio with a total capacity of up to 500 MW by the end of 2023. For the time being, the completed wind farms will be operated by the Company itself to generate current income from the sale of electricity.

In addition, the combination of power plants with clean energies and storage technologies is an issue of the future. We have further developed the strategic orientation of the Group via the "Scale up" concept. The operative business will be placed on a significantly broader basis, both nationally and internationally. Our goal continues to be to develop PNE from a wind farm specialist to a specialist for photovoltaic farms and a broad-based provider of clean energy solutions. The fundamentals of this strategy of a "Clean Energy Solution Provider" are the expansion of our range of services and the development of new markets and technologies.

With this strategic orientation, we are responding to changes in the clean energy markets. While renewable energies will grow dynamically worldwide in the coming years, countervailing trends can be observed in individual established markets. Subsidies for wind energy are being reduced, remuneration systems are being converted to tenders (more electricity purchase agreements are being put out to tender by individual companies) or other market mechanisms, and the expansion of wind energy in some countries is being limited as a result. This increases competitive pressure. The optimisation of the costs associated with a project is therefore becoming increasingly important. We will also focus on photovoltaic projects and hybrid solutions as well as storage technologies.

Based on this broader position, we are minimising market risks, opening up new potentials and markets for PNE and, in the medium term, we will stabilise primarily the, to date, volatile results.

After a transitional phase, in which investments will pave the way for the implementation of the "Scale up" concept, this is expected to lead to an increase in average operating results (EBIT or EBITDA) by the end of 2023.

The following forecasts are based on the results expected

- » from the implementation of operationally planned projects in Germany and abroad (onshore, offshore, photovoltaics),
- » from the service business, and
- » from the electricity generation business.

In fiscal 2021, we will have further upfront expenditure in the lower single-digit million range for the strategic expansion of the business model. We continue to confirm our guidance for the 2021 fiscal year with positive EBITDA for the Group in the range of euro 24 to 32 million. Due to the effects of the ongoing COVID-19 pandemic, there might be postponements of project right sales and project implementations from 2021 to 2022 in the operating business.

Cuxhaven, August 11, 2021

PNE AG, Board of Management

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

in TEUR (differences due to rounding possible)	2nd Quarter 1.4.2021 – 30.6.2021	2nd Quarter 1.4.2020 – 30.6.2020	Period 1.1.2021 – 30.6.2021	Period 1.1.2020 – 30.6.2020
1. Revenues	24,616	46,609	40,730	62,354
2. Changes in inventories of finished goods and work in progress	19,199	5,858	52,003	12,468
3. Other operating income	626	-571	1,158	2,188
4. Total aggregate output	44,441	51,896	93,890	77,009
5. Cost of materials and purchased services	-23,193	-36,647	-53,938	-43,174
6. Personnel expenses	-9,912	-8,467	-18,167	-15,671
7. Amortisation of intangible fixed assets and depreciation of property, plant and equipment	-5,795	-4,323	-10,966	-8,423
8. Other operating expenses	-4,292	-4,135	-8,472	-9,117
9. Operating result	1,249	-1,676	2,347	625
10. Income from participations and associated companies	3	21	65	27
11. Other interest and similar income	1,433	94	3,821	125
12. Expenses from assumption of losses of associated companies	-1	-1	-10	-28
13. Interest and similar expenses	-1,722	-2,817	-4,163	-6,543
14. Result before taxes	962	-4,379	2,060	-5,794
15. Taxes on income	-1,081	-1,114	-1,086	-191
16. Other taxes	-35	-47	-65	-102
17. Result before non-controlling interests	-154	-5,540	908	-6,086
18. Share of non-controlling interests in the result	-104	9	-131	-755
19. Consolidated net income	-50	-5,549	1,040	-5,331
Undiluted earnings per share in EUR	0.00	-0.07	0.01	-0.07
Diluted earnings per share in EUR	0.00	-0.07	0.01	-0.07
Weighted average of shares in circulation (undiluted), in million	76.3	76.3	76.3	76.3
Weighted average of shares in circulation (diluted), in million	76.3	76.3	76.3	76.3
Other comprehensive income/items that may be reclassified in the future in the profit and loss account				
20. Currency translation differences	-282	-1,217	-702	-800
21. Others	0	0	0	0
22. Other comprehensive income for the period (after tax)	-282	-1,217	-702	-800
23. Total comprehensive income for the period	-436	-6,757	206	-6,886
Consolidated profit/loss for the period attributable to				
Owners of the parent company	-50	-5,549	1,039	-5,331
Non-controlling interests	-104	9	-131	-755
	-154	-5,540	908	-6,086
Total comprehensive income for the period attributable to				
Owners of the parent company	-332	-6,766	337	-6,131
Non-controlling interests	-104	9	-131	-755
	-436	-6,757	206	-6,886

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS)

Assets

in TEUR (differences due to rounding possible)	as per 30.6.2021	as per 31.12.2020
Intangible assets	64,177	64,330
Property, plant and equipment	196,739	176,341
Rights of use	43,580	39,125
Long-term financial assets	2,108	1,936
Deferred taxes	40,129	35,484
Total long-term assets	346,733	317,216
Inventories	209,843	174,003
Receivables, other assets and tax receivables	57,552	60,973
Cash and cash equivalents	116,884	111,617
Total short-term assets	384,279	346,593
Total assets	731,012	663,809

Liabilities

in TEUR (differences due to rounding possible)	as per 30.6.2021	as per 31.12.2020
Subscribed capital	76,603	76,603
Capital reserve	82,953	82,953
Treasury shares	-707	-707
Retained earnings	51	51
Foreign currency reserve	-3,394	-2,692
Consolidated profit	49,296	51,425
Non-controlling interests	-7,047	-7,070
Total equity	197,755	200,563
Other provisions	0	0
Deferred subsidies from public authorities	691	714
Long-term financial liabilities	418,669	343,274
Deferred tax liabilities	12,526	11,049
Total long-term liabilities	431,886	355,037
Provisions for taxes	2,511	1,150
Other provisions	4,575	3,467
Short-term financial liabilities	37,126	28,849
Trade liabilities	23,086	31,364
Other liabilities and tax liabilities	34,073	43,379
Total short-term liabilities	101,371	108,209
Total liabilities	731,012	663,809

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

FOR THE PERIOD FROM JANUARY 1 TO JUNE 30

in TEUR	2021	2020
Result before non-controlling interests	908	-6,086
-/+ Income tax benefit/expense	1,086	191
-/+ Income tax paid/received	-2,001	-651
-/+ Interest income and expense	342	6,418
- Interest paid	-4,253	-4,163
+ Interest received	309	125
+/- Write-downs/write-ups of intangible fixed assets, property, plant and equipment, rights of use and long-term financial assets	10,966	8,423
+/- Increase/decrease in provisions	2,530	2,711
+/- Non-cash effective expenses and income	-686	-770
-/+ Profit/loss from the disposal of fixed assets and from final consolidation	-4,034	0
+/- Decrease/increase in inventories and other assets	-40,740	-12,080
+/- Decrease/increase in trade receivables and stage of completion accounting	7,672	22,216
+/- Increase/decrease in trade liabilities and other liabilities	-10,899	-37,028
Cash flow from operating activities	-38,800	-20,694
+ Inflow of funds from disposal of items of property, plant and equipment	87	64
- Outflow of funds for investments in property, plant and equipment and intangible assets	-27,589	-4,425
+ Inflow of funds from disposal of financial assets	5	1
- Outflow of funds for investments in financial assets	-124	0
+ Inflow from sale of consolidated units	4,416	0
- Outflow of funds for investments in consolidated units	0	-95
Cash flow from investing activities	-23,205	-4,456
+ Inflow of funds from financial loans	84,335	19,897
- Outflow of funds for the redemption of financial loans	-11,223	-3,947
- Outflow of funds for the redemption of lease liabilities	-2,741	-1,554
- Outflow of funds for dividend	-3,053	-3,053
Cash flow from financing activities	67,318	11,343
Cash-effective change in liquid funds	5,312	-13,807
+ Change in liquid funds due to changes in scope of consolidation	-46	0
+ Liquid funds at the beginning of the period	111,618	111,934
Liquid funds at the end of the period*	116,884	98,127
* of which are pledged to a bank as security	3,096	2,073

Supplementary information: The value of liquid funds on June 30 corresponds to the "Cash and cash equivalents" item in the balance sheet.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

in TEUR (differences due to rounding possible)	Capital subscribed	Capital reserve	Treasury shares	Profit reserves	Foreign exchange reserve	Retained results	Share- holders' equity before non- controlling interests	Non- controlling interests	Total share- holder's equity
Balance on 1.1.2020	76,603	82,953	-707	51	-819	60,322	218,403	-13,283	205,120
Result for the period	0	0	0	0	0	-5,331	-5,331	-755	-6,086
Other result	0	0	0	0	-800	0	-800	0	-800
Total result for the period 01-06/2020	0	0	0	0	-800	-5,331	-6,131	-755	-6,886
Dividend	0	0	0	0	0	-3,053	-3,053	0	-3,053
Other changes	0	0	0	0	0	-4,654	-4,654	4,559	-95
Balance on 30.6.2020	76,603	82,953	-707	51	-1,619	47,284	204,565	-9,479	195,086
Balance on 1.1.2021	76,603	82,953	-707	51	-2,692	51,425	207,633	-7,070	200,563
Result for the period	0	0	0	0	0	1,040	1,040	-131	909
Other result	0	0	0	0	-702	0	-702	0	-702
Total result for the period 01-06/2021	0	0	0	0	-702	1,040	338	-131	207
Dividend	0	0	0	0	0	-3,053	-3,053	0	-3,053
Other changes	0	0	0	0	0	-116	-116	154	38
Balance on 30.6.2021	76,603	82,953	-707	51	-3,394	49,296	204,803	-7,047	197,756

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF PNE AG, CUXHAVEN, FOR THE FIRST SIX MONTHS OF 2021

1. ACCOUNTING AND VALUATION PRINCIPLES

The financial report on the first six months of the 2021 fiscal year of PNE AG and its subsidiaries is drawn up according to the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), as they are applied in the European Union (EU). New standards adopted by the IASB are in principle applied as from the time of their becoming effective, as they are to be taken into consideration in the EU.

The interim financial statements were drawn up in line with the regulations of IAS 34. The tax expenditure of the PNE Group is determined using an estimate of the taxable income of the relevant companies.

For all assets within the scope of IAS 36 (in particular intangible assets (IAS 38), goodwill (IFRS 3), property, plant and equipment (IAS 16) and investment property measured at cost (IAS 40)), the

reporting entity must assess at each balance sheet date whether there is any indication (triggering event) for an impairment loss. Although the effects on the economy caused by the COVID-19 pandemic also have certain implications for PNE AG, the Board of Management is of the opinion that there are no indications that the value of the reported assets as at June 30, 2021 might be impaired.

In the financial report for the first six months of the 2021 fiscal year as at June 30, 2021, the Company applied the same accounting and valuation methods as in the consolidated financial statements as at December 31, 2020. The IFRS standards amended since January 1, 2021 are not relevant to the half-yearly financial statements.

2. FINANCIAL INSTRUMENTS

During the first six months of the 2021 fiscal year, no material additions or changes occurred in the interim group management report for the first half of 2021 compared with the figures presented in the group management report for the 2020 financial year.

The following tables show the carrying amounts and the fair values of financial assets and financial liabilities by the relevant categories.

in TEUR	Category acc. to IFRS 9	Total	Fair value
As per 30.6.2021			
Short-term financial assets			
Cash and cash equivalents	AC	116,884	116,884
Trade receivables	AC	36,517	36,517
Other short-term loan receivables	AC	0	0
Trade receivables from affiliated companies	AC	2,069	2,069
Receivables from associated companies and those in which an investment is held	AC	161	161
Long-term financial assets			
Shares in affiliated companies	FVOCI	234	234
Shares in companies in which an investment is held	FVOCI	1,208	1,208
Other borrowings	AC	178	178
Other long-term loan receivables	AC	0	0
		157,251	157,251
Total AC		155,809	155,809
Total FVOCI		1,442	1,442
As per 31.12.2020			
Short-term financial assets			
Cash and cash equivalents	AC	111,617	111,617
Trade receivables	AC	40,171	40,171
Other short-term loan receivables	AC	2,002	2,002
Trade receivables from affiliated companies	AC	1,315	1,315
Receivables from associated companies and those in which an investment is held	AC	160	160
Long-term financial assets			
Shares in affiliated companies	FVOCI	115	115
Shares in companies in which an investment is held	FVOCI	1,208	1,208
Other borrowings	AC	178	178
Other long-term loan receivables	AC	0	0
		156,767	156,767
Total AC		155,443	155,443
Total FVOCI		1,323	1,323

AC = measured at amortised cost
 FVOCI = measured at fair value (changes in value in OCI)

Shares in affiliated companies classified as "FVOCI" and shares in companies in which an investment is held were measured at cost of acquisition of TEUR 1.442 (December 31, 2020: TEUR 1,323), which represents a suitable estimate of fair value. Currently, there are no net results and dividends attributable to the "FVOCI" category. On the reporting date, there was no intention of selling these.

The carrying amounts of financial assets in the category "measured at amortised cost" (AC) approximate their fair values on the reporting date.

The financial liabilities shown are attributable to corporate bonds, liabilities to banks, other financial liabilities, liabilities from leasing contracts as well as derivatives.

The fair values of financial instruments listed in the tables were derived from market information available on the reporting date. The fair value is determined in line with generally accepted pricing models based on discounted cash flow analyses and using observable current market prices for similar instruments. In the current reporting period, as in the comparable period of the previous year, no reclassifications were made between the hierarchy levels.

The fair values of liabilities to banks and other financial liabilities are determined using current interest rates at which similar loans with identical maturities could have been taken out on the reporting date.

The determination of the fair values of bonds is based on the observable price quotations as at the reporting date.

The fair values of interest rate swaps are calculated using forward interest rates (observable yield curves on the reporting date) and the estimated contractual interest rates, which were discounted on the reporting date using the yield curve.

The valuation of trade liabilities and other financial liabilities is based on the assumption that the fair values correspond to the carrying amounts of these financial instruments in view of their short remaining terms.

The book values of financial liabilities have the following remaining terms or the following fair values:

in TEUR	Category acc. to IFRS 9	Total	up to 1 year	1 to 5 years	more than 5 years	Fair value
As per 30.6.2021						
Trade liabilities	AC	23,086	23,086	0	0	23,086
Fixed interest						
Bonds	AC	49,352	0	49,352	0	50,900
Liabilities to banks	AC	293,982	15,202	87,117	191,663	299,437
Other financial liabilities	AC	1,057	1,057	0	0	1,057
Liabilities under leases	AC	92,097	6,421	15,366	70,309	92,097
Variable interest						
Liabilities to banks	AC	14,096	14,096	0	0	14,096
Derivatives						
Interest rate swaps	FVPL	5,212	349	1,397	3,466	5,212
		478,881	60,212	153,232	265,438	485,885
As per 31.12.2020						
Trade liabilities	AC	31,364	31,364	0	0	31,364
Fixed interest						
Bonds	AC	49,183	0	49,183	0	50,850
Liabilities to banks	AC	227,176	10,611	69,128	147,437	228,273
Other financial liabilities	AC	1,057	1,057	0	0	1,057
Liabilities under leases	AC	75,014	4,626	12,711	57,677	75,014
Variable interest						
Liabilities to banks	AC	12,070	12,070	0	0	12,070
Derivatives						
Interest rate swaps	FVPL	7,624	485	1,869	5,270	7,624
		403,487	60,213	132,891	210,383	406,252

AC = measured at amortised cost

FVPL = measured at fair value through profit or loss

The following table analyses the financial liabilities of the Group by the relevant maturity bands:

in TEUR	Total contractual cash flows	up to 1 year	1 to 5 years	more than 5 years	Carrying amount
As per 30.6.2021					
Trade liabilities	23,086	23,086	0	0	23,086
Bonds	54,015	1,995	52,020	0	49,352
Liabilities to banks	357,364	33,974	101,632	221,758	308,078
Other financial liabilities	1,089	1,089	0	0	1,057
Liabilities under leases	109,965	8,012	21,063	80,891	92,097
Interest rate swaps	5,212	349	1,397	3,466	5,212
	550,731	68,504	176,112	306,114	478,881
As per 31.12.2020					
Trade liabilities	31,364	31,364	0	0	31,364
Bonds	53,846	1,995	51,851	0	49,183
Liabilities to banks	276,173	27,015	83,449	165,709	239,246
Other financial liabilities	1,089	1,089	0	0	1,057
Liabilities under leases	92,547	5,868	18,042	68,636	75,014
Interest rate swaps	7,624	485	1,869	5,270	7,624
	462,642	67,815	155,211	239,615	403,487

The table analyses the financial liabilities of the Group by the relevant maturity bands, based on their contractual terms for:

- (a) all non-derivative financial liabilities, and
- (b) all derivative financial instruments that are settled on a net basis and whose contractual maturities are material to an understanding of the timing of cash flows.

The amounts shown in the table are the contractual non-discounted cash flows. Balances due within 12 months correspond to their carrying amounts, as the effect of discounting is not significant. In the case of interest rate swaps, the cash flows were estimated using the forward interest rates applicable at the end of the reporting period.

3. SCOPE OF CONSOLIDATION

The corporate structure has changed in the first six months of 2021 versus December 31, 2020.

During the reporting period, the following companies were included for the first time in the scope of consolidation:

- » PNE WIND Park XXIV GmbH & Co. KG, Cuxhaven (100 percent), "electricity generation" segment, (reclassified from "non-consolidated companies due to minor significance"),
- » PNE WIND Park XXIX GmbH & Co. KG, Cuxhaven (100 percent), "electricity generation" segment, (reclassified from "non-consolidated companies due to minor significance"),
- » PNE WIND Park XXX GmbH & Co. KG, Cuxhaven (100 percent), "electricity generation" segment, (reclassified from "non-consolidated companies due to minor significance"),
- » WKN WERTEWIND Windpark Gnutz Eins GmbH & Co. KG, Husum (100 percent), "electricity generation" segment, (reclassified from "non-consolidated companies due to minor significance").

The reclassification of subsidiaries from “non-consolidated companies due to minor significance” to full consolidation is generally made as soon as it is clear that the business activity or the project planning/implementation phase will begin in the near future.

The reclassifications had no significant impact on the consolidated financial statements.

In the reporting period, the following companies included in the Group were merged into consolidated companies:

- » PNE WIND Jules Verne GmbH, (100 percent), previously “project development” segment,
- » PNE WIND Nemo GmbH, (100 percent), previously “project development” segment,
- » PNE WIND Nautilus GmbH, (100 percent), previously “project development” segment,
- » PNE Erneuerbare Energien Offshore I GmbH, (100 percent), previously “project development” segment.

The first three companies were merged into the parent company, PNE AG, and PNE Erneuerbare Energien Offshore I GmbH was merged into PNE Erneuerbare Energien Offshore II GmbH.

The mergers had no significant impact on the consolidated financial statements.

In the reporting period, the following companies or shares in companies were sold:

- » 100 percent of the shares in S.C. PNE WIND Romania S.R.L., Bucharest, Romania, (disposal from the “project development” segment),

- » 100 percent of the shares in S.C. PNE WIND MVI S.R.L., Bucharest, Romania, (disposal from the “project development” segment),
- » 100 percent of the shares in S.C. EVN WINDPOWER DEVELOPMENT & CONSTRUCTION S.R.L., Bucharest, Romania, (disposal from the “project development” segment).

The “package” sales price for 100 percent of the shares in the three companies listed above can be up to a low double-digit million euro amount. An amount of around euro 4.4 million was paid when the shares in the companies were transferred. Further payments will be due depending on the achievement of milestones in the project development and construction phases.

Due to the deconsolidation of these three companies, assets totalling approx. euro 0.5 million as well as liabilities and provisions totalling approx. euro 0.3 million were eliminated at Group level. The consideration received and the deconsolidation of the companies resulted in profit of approx. euro 4.0 million. The payment received for the sale of the companies amounted to approx. euro 4.4 million. The companies’ cash and cash equivalents used as part of the transaction totalled approx. euro 0.2 million. The gain on disposal is included in the Group’s revenues.

4. MAJOR EVENTS AFTER THE REPORTING PERIOD

Regarding major events that have occurred after the end of the reporting period, we refer to the interim group management report.

CONSOLIDATED SEGMENT REPORTING (IFRS)

	Project development		Services		Electricity generation		Consolidation		PNE AG Group	
in TEUR (differences due to rounding possible)	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
External sales	21,356	44,020	8,137	6,631	11,236	11,702	0	0	40,730	62,354
Inter-segment sales	45,138	16,399	2,141	2,143	120	120	-47,398	-18,662	0	0
Changes in inventories	31,498	6,405	4	0	0	0	20,500	6,063	52,003	12,468
Other operating income	573	595	342	491	242	1,102	0	0	1,158	2,188
Total aggregate output	98,566	67,420	10,624	9,265	11,598	12,925	-26,898	-12,599	93,890	77,009
Earnings before interest, taxes, depreciation and amortization (EBITDA)	22,799	6,330	3,389	1,649	7,968	9,937	-20,843	-8,869	13,314	9,047
Depreciation and amortisation	-1,050	-1,042	-1,622	-1,542	-8,294	-5,839	0	0	-10,966	-8,423
Operating result	21,749	5,288	1,767	108	-325	4,098	-20,843	-8,869	2,347	624
Interest and similar income	2,474	2,500	209	230	4,288	39	-3,150	-2,644	3,821	125
Interest and similar expenses	-4,067	-4,190	-323	-237	-2,924	-4,760	3,150	2,644	-4,163	-6,543
Tax expense and income	-6,227	-2,732	-499	-31	-312	300	5,951	2,271	-1,086	-191
Investments	1,250	833	2,866	2,498	23,597	1,189	0	0	27,713	4,520
Segment assets	549,704	536,703	52,228	51,509	506,627	397,751	-377,547	-322,154	731,011	663,809
Segment liabilities	318,756	311,809	37,333	38,638	465,558	363,007	-288,390	-250,208	533,256	463,246
Segment equity	230,948	224,894	14,895	12,871	41,069	34,744	-89,157	-71,946	197,755	200,563

The figures as at June 30, 2021 are compared with the figures as at June 30, 2020 or, in the case of segment assets/segment liabilities, with the figures as at December 31, 2020. The EBITDA item was included in consolidated segment reporting for the first time as at June 30, 2021.

Cuxhaven, August 11, 2021

PNE AG, Board of Management

REVIEW REPORT

To PNE AG, Cuxhaven/Germany

We have reviewed the condensed interim consolidated financial statements, which comprise the condensed balance sheet as at 30 June 2021, the condensed statement of comprehensive income, the condensed statement of cash flows, the condensed statement of changes in equity, the condensed segment information and selected explanatory notes to the financial statements, as well as the interim group management report of PNE AG, Cuxhaven/Germany, for the period from 1 January to 30 June 2021, that are part of the half-year financial report under Section 115 German Securities Trading Act (WpHG). The preparation of the condensed interim consolidated financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the executive directors. Our responsibility is to express a conclusion on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and of the interim group management report in compliance with German Generally Accepted Standards for Reviews of Financial Statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany). Those standards require that we plan and perform the review to obtain a certain level of assurance to preclude through critical evaluation that the condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU or that the interim group management report is not prepared,

in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and to analytical procedures applied to financial data and thus provides less assurance than an audit. Since, in accordance with our engagement, we have not performed an audit, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of PNE AG, Cuxhaven/Germany, are not prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Without modifying our opinion, we draw attention to the fact that we have not reviewed the content of the corporate governance statement under Section 289f German Commercial Code (HGB) combined with the consolidated corporate governance statement under Section 315d HGB, which is referred to in the interim group management report.

Hamburg/Germany, 11. August 2021

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Christian Dinter
Wirtschaftsprüfer
(German Public Auditor)

Signed: Dr. Arno Probst
Wirtschaftsprüfer
(German Public Auditor)

STATEMENT MADE BY THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

PNE AG, The Board of Management



Markus Lesser



Jörg Klowat

IMPRINT

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Markus Lesser (CEO),

Jörg Klowat

Registergericht: Tostedt

Registernummer: HRB 110360

As per: June 2021

The report on the first half year and on the second quarter of 2021 is also available in german. In case of discrepancies the german version is decisive. The digital version of the annual report and the quarterly statements of PNE AG are available online at www.pne-ag.com in the section "Investor Relations/Financial reports".

This report includes statements concerning the future, which are subject to risks and uncertainties. They are estimations of the Board of Management of PNE AG and reflect their current views with regard to future events. Such expressions concerning forecasts can be recognised with terms such as "expect", "estimate", "intend", "can", "will" and similar terms relating to the Company. Factors, which can have an effect or influence are, for example (without all being included): the development of the wind power market, competitive influences including price changes, regulatory measures and risks with the integration of newly acquired companies and participations. Should these or other risks and uncertainty factors take effect or should the assumptions underlying the forecasts prove to be incorrect, the results of PNE AG could vary from those, which are expressed or implied in these forecasts. The Company assumes no obligation to update such expressions or forecasts.

PNE AG

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