ENCAVIS

Half-Year Interim Report

Q2/6M 2021

Foreword of the Management Board

Dear Shareholders,
Ladies and Gentlemen,

With the revenue and results achieved, Encavis AG is on target for the 2021 financial year. All told, the weather conditions in the first half of the year continued to be weaker than in the same period of the previous year (-13 % in electricity production of prior years volume), but were in line with the forecast levels.

Although global economic growth has been restrained in 2021 thus far, the COVID-19 pandemic was no longer able to prevent growth. The effects of the pandemic and the protective measures taken to contain the virus were mainly limited to the service industry. By contrast, there was a sharp rise in industrial production and global trade in the first half of 2021. As expected, there were major differences in how the economic situation developed in the various national economies. In its economic report from 17 June 2021, the Kiel Institute for World Economy (IfW) increased its growth outlook for the advanced economies from 5.3 % to 5.7 % in comparison to its spring forecast in March 2021. Overall, economic experts expect the world economy to grow by 6.7 % during the current year. In the following year, 2022, economic activity is expected to increase by a further 4.8 %. The growth outlook for the eurozone is also positive and is expected to be 5.3 % and 4.4 % for the aforementioned time periods.

This revival of the economy is also reflected in the increasing demand for energy from renewable sources. For the current year, the International Energy Agency (IEA) expects an increase in renewable energy systems of 270 gigawatts (GW) of output. The industry experts even expect an increase in the global expansion to 280 GW in 2022. This corresponds to the level in 2020 along with a 45 % increase compared to 2019. In particular, new photovoltaic installations are being constructed. According to information from the IEA, approximately 162 GW will be built in 2022 – almost 50 % more than in 2019. Subsidy-free solar parks will represent one of the primary growth drivers. The IEA expects a worldwide increase in energy demand of approximately 4.6 % in 2021. Growth in energy demand to this extent would not only compensate for the decline in 2020 due to the coronavirus pandemic, but would also represent an increase compared to 2019.

The IEA's experts expect global electricity generation from renewable energies to increase significantly by 8 % to approximately 8,300 terawatt-hours (TWh) in the current year. As such, the proportion of renewable energies used in worldwide energy generation would amount to almost 30 % in 2021. The global energy transition is also gaining headway as a consequence of the increasingly economical nature of energy production using renewable sources. As the International Renewable Energy Agency (IRENA) emphasises in its latest report, "Renewable Power Generation Costs in 2020", 62 % of the newly constructed renewable energy installations are capable of producing electricity more cost effectively than with the cheapest fossil fuel option. Furthermore, electricity costs will continue to rise consistently due to carbon pricing. Industrial companies therefore have a vested interest in securing carbon-neutral energy at favourable terms over a long period of time.

To realise our >> Fast Forward 2025 growth strategy, we have a project pipeline of wind and solar installations at our disposal with a total generation capacity of more than 3 GW that we have secured with the help of our strategic development partners. These parks will be developed further by our partners in line with our plans. By the end of the year, we expect the first parks to be ready for construction. Furthermore, we will continue enhancing the organic growth of our wind and solar park portfolio by acquiring installations that benefit from guaranteed feed-in tariffs or for which long-term power purchase agreements (PPAs) with industrial customers have been concluded.

At the same time, Encavis Asset Management AG (EAM) is reporting ever-stronger institutional investor demand for investments in renewable energy. The Encavis Infrastructure Fund II (EIF II) special fund from EAM acquired wind power generation capacities (43,2 megawatts (MW)) already connected to the grid in Germany while also securing additional electricity production capacities in Germany amounting to 45.5 MW for the coming years.

The announcement by the French government in October 2020 that feed-in tariffs for solar power installations with an output of more than 250 kilowatts (kW) contractually agreed between 2006 and 2010 would be cut back retroactively caused great uncertainty among both domestic and foreign investors and operating companies. By all accounts, the extent of the cuts will be decided on a per-case basis, apparently taking into account the economic efficiency of the affected installations. The economic efficiency criteria has not yet been clearly formulated, however, and the new tariffs have not yet been defined. As such, a conclusive evaluation of the impact on the affected installations in France remains to be seen. Encavis possesses installations with a capacity of approximately 51 MW in France which could be affected by this rule. Regardless of the extent of the possible tariff cuts, Encavis will take the requisite legal action against this breach of trust regarding the long-term compensation guaranteed at the time the investment was made.

As a sustainable company, Encavis has been committed to fighting climate change for years. We have now established a long-term collaboration as a key supporter of the charitable relief organisation Sopowerful. Sopowerful is already helping to significantly improve living conditions for people in rural communities in Malawi while creating new jobs and long-term prospects. The financial resources are being used to set up and realise small solar projects in south-east Africa, where only 5 % of rural households have electricity. By constructing small-scale solar installations, Sopowerful can help to provide a reliable, low-emissions power supply for lighting and the storage of medicine and vaccines. Solar-powered pumps provide running water, and the use of solar power in schools opens up new possibilities for reading and learning. However, we will not only make financial donations but will also enable our employees to actively participate and provide local support in keeping with our clear commitment to sustainability as a fundamental matter of principle. To learn more about our sustainability strategy, as well as the latest measures and initial achievements in our Group-wide ESG efforts and ambitions, please see our first-ever Encavis AG sustainability report. The report covers the year 2020 and is available on our website at https://www.encavis.com/en/sustainability/.

Dear Shareholders, the Group is continuing to grow as planned. At 1.8 GW, we had a solid 41 % more power generation capacity connected to the grid in the first half of the year than in the same period in the previous year (1.3 GW). This was primarily due to the two Spanish projects Talayuela (300 megawatt peak (MWp)) and La Cabrera (200 MWp). With the completion of the first projects from the project partnerships commenced in 2019, we expect further growth stimuli this year, particularly in the solar energy sector.

During the first six months of the 2021 financial year, the Group generated revenue of EUR 162.2 million (previous year: EUR 154.8 million). This corresponds to an increase of EUR 7.4 million, or approximately 5 %, based on the positive revenue contribution of approximately EUR 16.6 million from the two large-scale Spanish solar parks La Cabrera (200 MWp) and Talayuela (300 MWp). It is important to note that the larger of the two solar parks, Talayuela, was still in its successive ramp-up phase in the first quarter and was therefore not able to feed its full output into the grid until the second quarter. As a result, the revenue contribution of the Spanish parks more than compensated for the weather-related revenue losses from the existing parks amounting to EUR 12.2 million. We are pleased with this cumulative increase in revenue in the first half of the year compared to the same period in the previous year, especially considering that we had to report a shortfall of 10 % year on year in the first quarter of 2021, particularly in January and February, due to the weak wind performance. The revenue from the solar parks totalled EUR 118.5 million in the first half of 2021, exceeding the previous year's figure by around EUR 12.6 million in total. By contrast, the revenue of the wind park portfolio amounted to EUR 35.9 million in the first half of 2021 and was around EUR 7.7 million lower year on year.

Operating earnings before interest, taxes, depreciation and amortisation (Operating EBITDA) in the first six months of the 2021 financial year amounted to EUR 122.3 million, exceeding the previous year's figure of EUR 119.6 million. However, the comparison period in the previous year was characterised by very good weather conditions, whereas the first six months of 2021 were characterised by sub-par weather.

Operating earnings before interest and taxes (operating EBIT) totalling EUR 68.7 million was approximately EUR 5.8 million, or 7.8 %, lower year-on-year. This decline was apart from unfavourable weather conditions predominantly the result of the planned rise in operating depreciation and amortisation of roughly EUR 8.5 million of newly commissioned photovoltaic and wind power installations. Separately considered achieved Encavis AG in the first half year operating earnings per share of EUR 0.23 – an increase of 21 % in comparison to the second quarter of the prior year (increase of EUR 0.04). Cumulative operating earnings per share stood at EUR 0.18 in the first half of 2021 following EUR 0.27 in the same period in the previous year.

Taking into consideration the capital gains tax refund from 2018 in the amount of EUR 9.0 million, which had a positive effect on the operating cash flow in the first half of 2020, operating cash flow from operating activities – at EUR 109.4 million – was influenced by the poor weather conditions in the fourth quarter of the previous year and in the first quarter of 2021 but was still higher than in the previous year (EUR 115.2 million).

Encavis AG's market capitalisation and liquidity have significantly improved compared to the same period of the previous year. At the end of trading on 10 August 2021, the market capitalisation amounted to some EUR 2,234 million (10 August 2020: EUR 1,877 million), corresponding to an increase of approximately 19 %.

Following the overall positive development of the share price last year, you, our shareholders, once again have the opportunity to benefit from the successful growth of Encavis AG this year. In accordance with our long-term dividend strategy, the Annual General Meeting decided on 27 May of this year to once again pay out an increased dividend of EUR 0.28 (previous year: EUR 0.26) per voting share for the 2020 financial year. As in years past, shareholders were able to choose between receiving the distribution in the form of shares in the company or in the form of cash. A large proportion of the shareholders (42.9 %) once again chose the optional dividend in shares.

Our extensive experience with seasonally fluctuating weather effects, our broadly diversified portfolio spanning numerous European countries and the growth stimuli from our new installations again result in confirmation of the forecast of stronger growth for the 2021 financial year than in the previous year, as published in March 2021. Based on the existing portfolio as it stood on 31 March 2021, as well as the expectation of standard weather conditions for the financial year 2021, we predict that revenue will increase to more than EUR 320 million (+9 % compared to 2020: EUR 292.3 million). Operating EBITDA is expected to increase to more than EUR 240 million (+7 % compared to 2020: EUR 224.8 million). At Group level, we anticipate growth in operating EBIT to more than EUR 138 million (+4 % compared to 2020: EUR 132.2 million), bringing operating earnings per share up to EUR 0.46 (+7 % compared to 2020: EUR 0.43). In terms of operating cash flow, we expect a value of over EUR 210 million (2020: EUR 212.9 million).

We would be very pleased if you would continue to place your trust in us and accompany us on our path to further growth. Stay healthy during these difficult times, and stay tuned to see how we seize the opportunities offered by these times – with dedication and good judgement – to create a successful future.

Hamburg, August 2021

Dr Dierk Paskert

CEO

Dr Christoph Husmann

CFO

Dr Dierk Paskert
Chief Executive Officer (CEO)

Dr Christoph Husmann
Chief Financial Officer (CFO)

Group operating KPIs*

In EUR million

	01.01.–30.06.2021	01.01.–30.06.2020
Revenue	162.2	154.8
Operating EBITDA	122.3	119.6
Operating EBIT	68.7	74.5
Operating EBT	37.5	46.3
Operating EAT	29.9	40.9
Operating cash flow	109.4	115.2
Operating earnings per share (undiluted, in EUR)	0.18	0.27

	30.06.2021	31.12.2020
Equity	792	752
Liabilities	2,263	2,072
Balance sheet total	3,055	2,824
Equity ratio in %	25.9	26.6

* The Group operating KPIs are based solely on the company's operating profitability and do not take any IFRS-related valuation effects into account.

Note on the half-yearly financial report

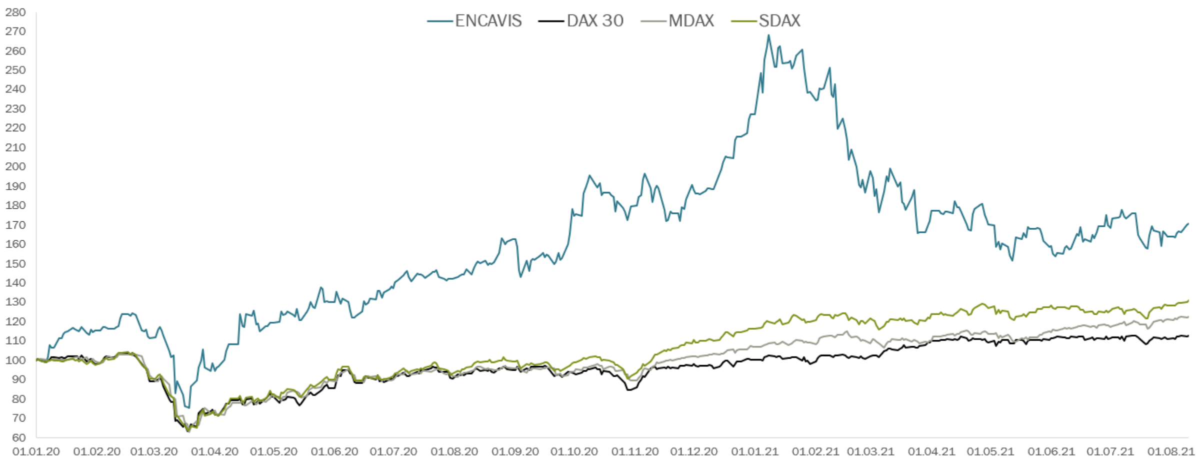
The accounting policies applied are the same as those used for the most recent year-end consolidated financial statements.

Contents

The Encavis share

Share's key figures

Listed since	28.07.1998
Subscribed capital	139,364,201.00 EUR
Number of shares	139.36 million
Stock exchange segment	Prime Standard
Dividend 2016 per share	0.20 EUR
Dividend 2017 per share	0.22 EUR
Dividend 2018 per share	0.24 EUR
Dividend 2019 per share	0.26 EUR
Dividend 2020 per share	0.28 EUR
52-week high	25.55 EUR
52-week low	13.46 EUR
Share price (10 August 2021)	16.03 EUR
Market capitalisation (10 August 2021)	2,234 million EUR
Indexes	MDAX, MSCI Germany Small-Cap, HASPAX, PPVX, S&P Clean Energy Index, Solar Energy Stock Index
Trading centres	Regulated market in Frankfurt am Main (Prime Standard) and Hamburg; over-the-counter market in Berlin, Düsseldorf, Munich and Stuttgart; Tradegate Exchange
ISIN	DE 0006095003
Designated sponsor	M.M. Warburg & CO Bank; Raiffeisen Bank International AG; Stifel Europe Bank AG
Payment office	DZ Bank



The Encavis share benefitted already since autumn 2020 of the potential promotion from SDAX to MDAX, that happened Mid-March 2021.

Price correction of the Encavis share after record high at the start of January 2021

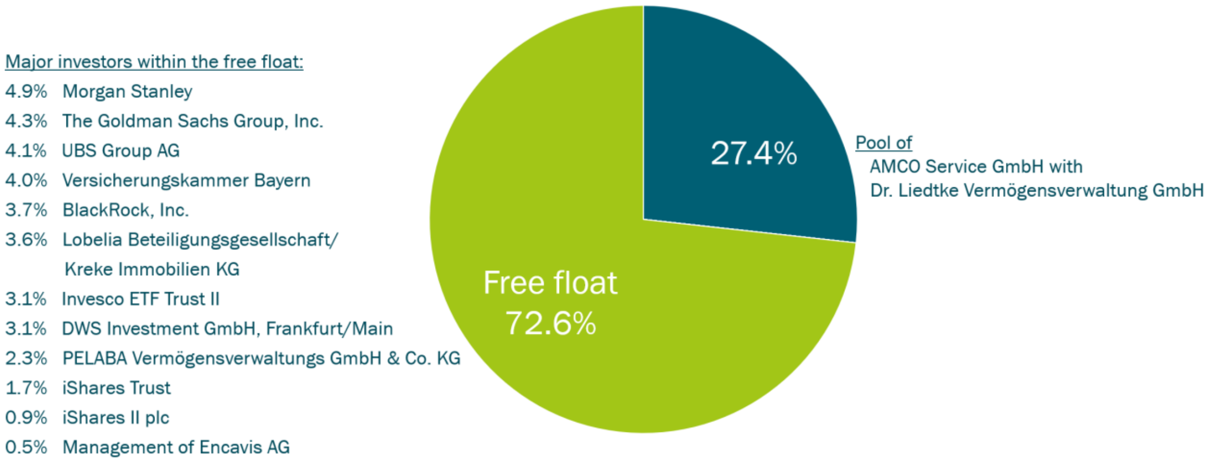
Encavis AG's market capitalisation and liquidity have significantly improved since the same quarter of the previous year. At the end of trading on 10 August 2021, the market capitalisation amounted to some EUR 2,234 million (10 August 2020: EUR 1,877 million), corresponding to an increase of approximately 19 %. As a result of the increase in market capitalisation and daily trading volume of the Encavis AG share over the last 12 months, the share was moved via the fast-entry process from the SDAX to the MDAX – the index with the 60 largest exchange-listed companies in Germany after the DAX, measured by market capitalisation and daily trading volume – effective on 22 March 2021.

At the start of January this year, the Encavis share reached its all-time high price of EUR 25.55 and stayed around that level until the start of February, before following the general trend of continuous consolidation among renewable energy companies. The price correction was further reinforced by the announcement of the Standard & Poors (S&P) Clean Energy Index on 11 February 2021 to adjust its composition: instead of retaining the previous 30 predominantly

European stocks, the index was increased to around 90 stocks. North American stocks in particular now complement the portfolio. The resulting rebalancing of the individual stocks therefore resulted in a significantly weaker weighting of the previous 30 stocks, which also included Encavis. This rebalancing, as defined on 2 April and in place by 19 April, led to a reallocation of a roughly estimated amount of USD 300 million, or EUR 250 million, in Encavis shares alone. At the close of trading on 10 August 2021, the share reached a price of EUR 16.03.

Shareholder structure

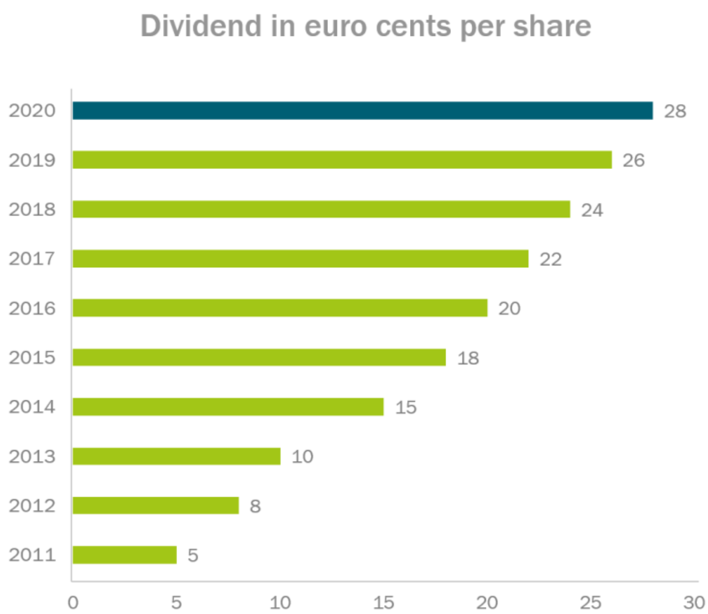
The shareholder structure of Encavis AG was as follows in August 2021:



Encavis AG once again holds a virtual Annual General Meeting

The Annual General Meeting of Encavis AG took place once again as a virtual event on 27 May 2021. This year's presence of the voting share capital amounted to just over 59.8 %, almost reaching the previous year's presence of around 61.6 %.

The Annual General Meeting once again decided to increase the cash dividend to EUR 0.28 (previous year: EUR 0.26) per share by a vote of 98.32 %. This was the ninth dividend increase in a row and means that the targeted dividend of EUR 0.30 per share for the current 2021 financial year has largely been achieved. As in the previous years, the shareholders had the option of choosing between the payment of a cash dividend and a non-cash dividend consisting of shares in Encavis AG. A large proportion of the shareholders (42.9 %) chose once again to receive the dividend in the form of shares.



Encavis AG financial calendar

Date	Financial Event
2021	
13 August 2021	Interim financial report for Q2/first half of 2021
16 August 2021	Jefferies Virtuelle Road Show, Europe
24 August 2021	Jefferies Virtuelle Road Show, Germany
25 August 2021	Montega HIT Hamburg Investor Days, Hamburg, Germany
1 September 2021	Commerzbank Sector Conference, Frankfurt a. M., Germany
9 September 2021	Raiffeisen Bank International ESG Conference
12 September 2021	Interest payment 2018 “Green SSD”
13 September 2021	Interest payment Hybrid Convertible
20 September 2021	10th Baader Investment Conference, Munich, Germany
22 to 23 September 2021	Berenberg/Goldman Sachs 10th German Corporate Conf., Munich-Unterschleißheim, Germany (virtual)
22 to 23 September 2021	Alliance Bernstein’s 18th Annual Strategic Decisions Conference for CEOs, USA (virtual)
5 October 2021	1st Virtual Stifel Renewables Conference
15 November 2021	Quarterly report for Q3/first nine months of 2021
22 to 24 November 2021	German Equity Capital Market Forum, Deutsche Börse, Frankfurt/Main, Germany
30 November 2021	Crédit Mutuel-CIC Renewable Conference – by ESN, London, United Kingdom
30 November 2021	DZ Bank Equity Conference, Frankfurt a. M., Germany
6 to 8 December 2021	Berenberg European Conference 2021, Pennyhill Park, Surrey, United Kingdom
11 December 2021	Interest payment 2015 SSD
2022	
6 to 7 January 2022	25th ODDO BHF Forum, France (100% virtual)
10 to 12 January 2022	Berenberg German Corporate Conference USA 2022, Manhattan, New York, United States
17 January 2020	UniCredit Kepler Cheuvreux 21st German Corporate Conference (GCC), Frankfurt/Main, Germany
7 to 8 September 2022	Stifel Cross Sector Insight Conference, London, United Kingdom

Interim Group management report

General information

The Encavis Group (hereinafter referred to as “the Group” or “Encavis”) prepares the consolidated financial statements in accordance with the accounting principles of the International Financial Reporting Standards (IFRS). The interim consolidated financial statements were prepared in accordance with the provisions under IAS 34. The parent company is Encavis AG, with its registered office in Hamburg. It is responsible for the corporate strategy, portfolio and risk management and financing. The share capital comes currently to EUR 139,364,201.00, divided into 139,364,201 no-par-value shares.

The average number of (undiluted) shares in circulation during the reporting period amounted to 138,437,234 (previous year: 137,154,374).

Business activities

Business model

Encavis AG, which is listed on the MDAX of the German stock exchange, makes use of the various opportunities to generate power using renewable energy. As an independent operator of environmentally friendly and emission-free power plant capacities, Encavis has continued to expand its generation portfolio since 2009. The company’s core business is the acquisition and operation of solar parks and onshore wind parks. In the acquisition of new installations, the company focuses on a mix of projects in development, construction-ready and turnkey projects, or existing installations that have guaranteed feed-in tariffs or for which long-term power purchase agreements (PPAs) have been concluded. The development projects or completed installations are generally located in geographic regions that stand out due to their stable political and economic conditions as well as reliable investment and framework conditions.

Encavis also offers attractive opportunities to institutional investors through its subsidiary Encavis Asset Management AG to invest in installations that generate renewable energy. The Asset Management field covers all services in this area, i.e. the launching of funds, the individual design and structuring of other investments for professional investors in the field of renewable energy and the management of the investments held by these investors.

The Encavis portfolio is currently comprised of a total of 190 solar parks and 95 wind parks with a capacity of around 2.8 GW in Germany, Italy, France, The United Kingdom, Austria, Finland, Sweden, Denmark, the Netherlands and Spain. Of these, the Group operates 24 solar parks and 52 wind parks for third parties in the Asset Management segment.

Economic report

Economic underlying conditions

The world economy is preparing for the post-COVID-19 boom

The impact of the COVID-19 pandemic on the growth of the global economy has remained palpable over the course of 2021. However, as the Kiel Institute for the World Economy (IfW) states in its economic report dated 17 June 2021, the effects of the pandemic and the protective measures initiated to contain the virus have primarily been limited to the service sector. By contrast, there was a sharp rise in industrial production and global trade in the first half of 2021. Raw material prices and freight costs have increased drastically, largely as a consequence of the upturn in industrial activity and the reduced supply of intermediate goods, which has been further exacerbated by delivery bottlenecks and logistical problems in shipping. The raw material price index from the Hamburg Institute of International Economics (HWII) has more than doubled within the space of one year.

As expected, there were major differences in how the economic situation developed in the various national economies. The speed of immunisation progress, the development of the infection situation in connection with the COVID-19 pandemic and the effect of government stimulus programmes, particularly in the US and the EU, played a role. The Kiel Institute for World Economy (IfW) has therefore increased its growth outlook for the advanced economies from 5.3 % to 5.7 % in comparison to its spring forecast in March 2021. The IfW has reduced the predicted increase in production in emerging economies from its original forecast of 8 % to 7.6 %.

Overall, economic experts expect the world economy to grow by 6.7 % during the current year. In the following year, 2022, economic activity is still expected to increase by a further 4.8 %. The economic situation has recovered especially quickly in the US. According to the economists in Kiel, total economic output had already reached its pre-crisis level by the end of the first half of 2021. They expect economic output to increase by 6.7 % in the current year and by 4.1 % in 2022. The growth outlook for the eurozone is also positive and is expected to be 5.3 % and 4.4 % for the aforementioned time periods. The IfW experts predict that the revival of the service sector and increasing consumer spending by private households in particular will provide the growth stimulus, whereas the recovery of the industrial sector will only gradually gain headway.

By contrast, the British economy will recover comparatively rapidly, although Brexit will have a lasting damping effect, according to the assessment of the IfW. The pace of vaccination has been fast and decisive in The United Kingdom, with the country quickly lifting the pandemic-related restrictions, thereby spurring on the economy. The country’s exit from the European domestic market has been counterproductive, creating significant difficulties with regard to trade with the EU member states and negatively impacting industrial production. Overall, the analysts at the IfW in Kiel predict that The United Kingdom’s economy will grow by 6.8 % in the current year and by 4.6 % in the following year.

Despite improved economic prospects and increasing inflation, the ECB stands by its zero-rate policy

At the beginning of July 2021, the Governing Council of the European Central Bank (ECB) decided to leave the key interest rate for the eurozone unchanged at 0.0 %. Furthermore, it continues to pursue the Pandemic emergency purchase programme (PEPP) for government bonds and corporate securities to combat the economic consequences of the coronavirus pandemic. The aid programme has since reached a volume of EUR 1.85 trillion and will remain in place until at least the end of March 2022. The ECB also left the deposit rate unchanged at -0.5 %. By continuing its interest policy, the ECB intends to continue the favourable financing conditions in the post-COVID-19 era, support the credit flow to all economic sectors and safeguard price stability over the medium term.

Industry-specific underlying conditions

Global economic recovery boosts demand for renewable energies

The global energy transition continues at an ever increasing pace. For the current year, the International Energy Agency (IEA) expects an increase in renewable energy systems of 270 GW of output. The industry experts even expect an increase in the global expansion to 280 GW in 2022. This corresponds to the level in 2020 along with a 45 % increase compared to 2019, as published in the “Renewable Market Update 2021” report in May 2021. In particular, new photovoltaic installations are being constructed. According to information from the IEA, approximately 162 GW will be built in 2022 – almost 50 % more than in 2019. Subsidy-free solar parks will represent one of the primary growth drivers.

One reason for the substantial capacity expansion is the rising demand for energy, with a particularly sharp increase in electricity. According to its “Global Energy Review 2021” market report published at the end of April 2021, the IEA expects a worldwide increase in the demand for energy of approximately 4.6 % over the course of 2021. Growth in energy demand to this extent would not only compensate for the decline in 2020 due to the COVID-19 pandemic, but would also represent an increase compared to 2019.

The development is a direct consequence of the recovery of the global economy, which will increase by around 6 % this year in comparison to 2020, according to the IEA experts. For example, they predict an increase in the demand for electricity of 1,000 TWh, or 4.5 %, in comparison to the previous year (2020). Electricity would therefore exceed the 20% mark in terms of total energy consumption. At the same time, the IEA expects the energy-related CO_2emissions to increase worldwide by 1.5 billion tonnes to around 33 billion tonnes – only slightly below the previous high, seen in 2019. These figures highlight the necessity of worldwide efforts for greater climate protection and a significant reduction of greenhouse gases.

The IEA’s experts expect global electricity generation from renewable energies to increase significantly by 8 % to approximately 8,300 TWh in the current year. As such, the proportion of renewable energies used in worldwide energy generation would amount to almost 30 % in 2021. The global energy transition is also gaining headway as a consequence of the increasingly economical nature of energy production using renewable sources. As the International Renewable Energy Agency (IRENA) emphasises in its latest report, “Renewable Power Generation Costs in 2020”, 62 % of the newly constructed renewable energy installations are capable of producing electricity more cost effectively than with the least expensive fossil fuel option.

The competitiveness of solar and wind energy technologies improved significantly between 2010 and 2020. According to calculations by IRENA, the costs for electricity generated from solar energy decreased during this period by 85 %, from solar thermal energy by 68 %, from wind energy on land by 56 % and from wind energy at sea by 48 %. With the record-low auction prices of currently 1.1 to 3 US cents per kilowatt hour (kWh), solar energy and wind energy on land currently undercut even the cheapest new coal options without any financial support whatsoever.

Private-sector power purchase agreements (PPAs) continue to gain ground

The increasing economic efficiency of renewable energies compared to conventional energy carriers, as well as companies’ commitments to maintaining an eco-friendly energy balance (as outlined in the RE100 initiative, for example), is increasing the momentum on the PPA market. Another factor is that the price of electricity – and particularly green electricity – is rising consistently, which is why industrial companies have a vested interest in securing carbon-neutral energy at favourable terms over a long period of time. According to Bloomberg New Energy Finance (BNEF), PPAs with a volume of more than 23 GW were concluded in 2020 alone, the vast majority of which in North and South America and Asia. However, Europe is also making up ground. PPAs are playing an increasingly important role in the energy transition.

Developments in European core markets

The EU commission presented its “Fit for 55” climate plan in mid-July 2021. In this plan, it describes how the EU intends to reduce carbon dioxide emissions by 55 % in comparison to the level from 1990 by the year 2030. Up until now, the target was 40 %. The authority under the management of Ursula von der Leyen intends to tighten existing laws and pass four new laws to achieve that goal. Furthermore, the introduction of new market mechanisms and taxes, as well as exhaust and construction regulations, are also planned. By 2050, the European Union intends to be the first continent in the world to be capable of complete climate neutrality and plans to have implemented the “Green Deal”.

Germany’s reformed Renewable Energy Act (EEG) in force since 1 January 2021

In Germany, a new law governing the framework for renewable energy sources has been in force since the beginning of 2021. One of the aims of the amended law is to increase the share of renewable energies in total gross electricity consumption to 65 % by 2030 and to set binding targets for the expansion of the renewable energy sector.

By 2030, the installed output of wind installations in Germany is slated to reach a level of around 71 GW. That figure stood at roughly 54 GW at the end of 2019. To make up for the difference, new wind turbines are to be built primarily in southern Germany, which is less windy. There are also plans for municipalities to have a participating interest in the profits. Going forward, operators of new wind installations are to pay the municipality in which the installation is located the standard rate of 0.2 cents per kWh for electricity actually supplied. Additionally, it is to be examined whether residents can purchase electricity at discounted rates. The aim also is to ensure that old wind parks do not lose their permits and can be upgraded with more modern turbines and continue operating. In terms of solar energy, the plan is to achieve gradually increasing growth of between 4.6 GW and 5.6 GW annually. The objective is to install photovoltaic capacities of 100 GW by 2030, which would represent approximately double the current capacity.

The Federal Association of the Energy and Water Industry (Bundesverband der Energie- und Wasserwirtschaft, BDEW) regards the expansion targets as inadequate to address the increasing energy demand and estimates that the capacities installed to date will have to be increased considerably. According to estimates, 100 GW of wind energy on land (2020: 54 GW), at least 150 GW in photovoltaic systems (2020: 53 GW) and 11 GW in biomass capacity will have to be installed by 2030.

The climate protection debate in Germany has regained headway in the wake of the devastating flood disasters in Rhineland-Palatinate and North Rhine-Westphalia in July 2021. Two months beforehand, the Federal Constitutional Court demanded that the coalition government fundamentally revise the law because the goal of achieving climate neutrality would otherwise be unachievable within the planned period. In response, and with a view towards the Bundestag elections in September 2021, stricter legislation was rapidly adopted based on recommendations from the key issues paper published by the experts from the Berlin think tank Agora Energiewende. The aim is now to achieve climate neutrality as early as 2045 instead of by 2050, as previously intended. Furthermore, the federal government should introduce climate protection targets to reduce climate-damaging CO_2 emissions by 2035 (-77 %) and 2040 (-90 %). The target for 2030 is now to reduce climate-damaging CO_2 emissions by 65 %. To achieve this, Germany would have to cease its remaining coal electricity generation in just over ten years instead of by 2038, as planned to date. In particular, the expansion of wind and solar electricity would have to be significantly increased.

Around 43 % of gross electricity consumption in Germany was covered by green electricity in the first half of 2021, according to preliminary calculations from the Center for Solar Energy and Hydrogen Research Baden-Württemberg (ZSW) and the BDEW. This figure was around 7 % higher at roughly 50 % in the previous-year period. According to the report, one of the reasons for the year-on-year increase was the weather. A record-breaking amount of electricity was generated using solar power and wind power in the first half of 2020, but the first half of the current year was characterised by an unusual lack of both wind and sunshine. Wind and in particular sunshine increased markedly in the second quarter, pushing the share of total energy generated using renewable sources to 45 % in the period from April to June. There was a slight increase of around 2 % year on year for energy generation from photovoltaic installations. By contrast, electricity generation from wind energy on land and at sea declined by around 20 %. On the other hand, electricity consumption was also significantly lower in spring 2020 due to the first lockdown.

In the first half of 2021, gross electricity generation increased by nearly 5 % to around 292 billion kWh, compared to electricity consumption of approximately 285 billion kWh. In the first half of 2020, consumption amounted to 271 billion kWh. Overall, around 122 billion kWh of electricity was generated from sun, wind and other renewable sources in the first half of 2021. Of that amount, a good 48 billion kWh were generated by wind on land, 28 billion kWh by photovoltaic systems, 22 billion kWh from biomass, almost 12 billion kWh from wind at sea and 9 billion kWh from hydroelectric power. By comparison, consumption amounted to 137 billion kWh in the first half of 2020.

Denmark

The Danish government is pursuing the long-term strategic objective of making Denmark independent of fossil fuels by 2050. Denmark has already exceeded its original goal of expanding renewable energies to a 55 % share of the overall energy mix by 2030, having already achieved 62 % in 2020. By 2050, Denmark intends to ensure the complete supply via renewable energies. In addition, a cross-party climate package was adopted, in which the CO_2 emissions are to be reduced by 70 % in comparison to 1990 by the year 2030. By then, Denmark intends to cut CO_2 emissions by 3.4 million tonnes. To achieve this, reforms will be initiated to make renewable energies more affordable and fossil energy more expensive. Oil and gas heating in private households will be eliminated and replaced by heat pumps and “green” district heating. Moreover, more charging stations for electric vehicles are planned, and the industrial sector is slated to increase its energy efficiency by utilising renewable energies or biogas.

France

The energy transition continues to progress sluggishly in France. By 2030, in France at least intends to reduce greenhouse gas emissions to 40 % of the level from 1990 and achieve climate neutrality 20 years later. Unlike most other member states, the French government primarily relies on atomic energy – which continues to deliver around 67 % of electricity – and focuses on actively reducing energy consumption, which should decrease to half of the 2012 level by 2050. Energy-efficient building renovation is an important element of this approach.

Currently, electricity production from renewable sources amounts to approximately 25 % in France but is slated to reach around 40 % by 2030. Doing so, however, would require an enormous increase in the speed of expansion. The government has announced its interim targets for the period until 2028: It plans to double the currently installed wind power generation from 17.6 GW to 34 GW by then. The plan even envisions quadrupling photovoltaic output from currently 10.4 GW to 44 GW. An expansion target of 5 GW has been specified for wind power stations at sea, with hydroelectric power stations to contribute 26 GW to achieve a capacity of more than 100 GW from the renewable energy mix in 2028. The truly ambitious extent of this goal is reflected by the fact that barely 56 GW had been installed at the end of 2020, and that the annual increase in neither solar nor wind energy installations had reached the threshold of 1 GW in the past.

The announcement by the French government in October 2020 that feed-in tariffs for solar power installations with an output of more than 250 KW contractually agreed between 2006 and 2010 would be cut back retroactively caused great uncertainty among both domestic and foreign investors and operating companies. This fiscally motivated measure, which stands in contradiction to the goals of the energy transition, would allow the French government to save between EUR 300 million and EUR 400 million. Corresponding legislation was not yet available at the time of publication of this interim financial report. By all accounts, the extent of the cuts will be decided on a per-case basis, apparently taking into account the economic efficiency of the affected installations. The economic efficiency criteria has not yet been clearly formulated, however, and the new tariffs have not yet been defined. As such, a conclusive evaluation of the impact on the affected installations in France remains to be seen. Encavis possesses installations with a capacity of approximately 51 MW in France which could be affected by this rule. Regardless of the extent of the possible tariff cuts, Encavis will take the requisite legal action against this breach of trust regarding the long-term compensation guaranteed at the time the investment was made.

The United Kingdom

Having exited the EU, The United Kingdom is no longer bound by the European regulations and requirements regarding climate policy. The United Kingdom set its own targets for a low-carbon economy by 2050 in the 2008 “Climate Change Act”. The government plans to continue promoting the expansion of renewable energies to make The United Kingdom a world leader in affordable and clean energy production. Offshore wind power plays a key role here. The expansion of offshore wind power capacities is to be expanded to 40 GW by 2030.

In 2020, more electricity was generated from renewable energies than fossil fuels in The United Kingdom for the first time. Their share of overall electricity production reached 42 %. The dynamic expansion of wind parks represents an important driving force behind the expansion of renewable energy in The United Kingdom. Last year, almost a quarter of Britain’s electricity was produced by wind power stations.

The expansion of solar power is also progressing in The United Kingdom. Last year, the first full calendar year without subsidies for photovoltaic systems, 545 MW of new photovoltaic capacity was installed – an increase of 27 % compared to the previous year (2019). Of the new capacity in 2020, 60% was attributable free-standing photovoltaic systems. The remaining 40 % consisted of roof-mounted systems, the majority of which were installed on commercial and industrial buildings.

Italy

At the end of 2017, the Ministry of Economic Development (MiSE) detailed the energy policy plans of the national energy strategy (Strategia Energetica Nazionale) with the publication of its new, comprehensive climate and energy strategy for 2030. These plans include the end of coal energy production in Italy by the year 2025 and increasing the proportion of renewable energies in energy consumption to around 27 % by 2030. This would require the expansion of photovoltaic generation capacities to 50 GW and wind energy to 18.4 GW. As a result, photovoltaic systems would make up more than 50 % of the total energy production capacity from renewable energy in Italy, followed by hydroelectric and wind energy.

The expansion rates for photovoltaic installations have been increasing continuously for years. In 2019, photovoltaic systems delivering around 737 MW were installed. This is the highest increase in six years and corresponds to an increase of almost 69 % compared to 2018. Despite the COVID-19 pandemic, 362 MW was installed in the first half of 2020, compared to 231 MW one year earlier. Numerous large-scale projects with long-term PPAs concluded in the past months contributed to this increase.

The Netherlands

The Netherlands have entered into a commitment to greater climate prediction as part of a cross-party initiative. The climate legislation adopted at the end of June 2019 specifies a 49 % reduction in greenhouse gas emissions by 2030 and a 95 % reduction by 2050 compared to the reference year 1990. All coal-fired power plants in The Netherlands are to be shut down by 2030. However, the energy production mix in The Netherlands has to undergo a fundamental transformation by then. In 2020, fossil energy sources accounted for a 72 % share, the second highest level in the EU. Atomic energy delivered 3 % and renewable energies only 25 %.

Austria

An alliance between the Greens, the Austrian People's Party (Österreichische Volkspartei, ÖVP) and the Social Democratic Party of Austria (Sozialdemokratische Partei Österreichs, SPÖ) achieved the necessary two-thirds majority of National Council members and passed the Renewable Energy Expansion Act (EAG) at the beginning of July 2021 after a six-month delay. Subject to the approval of the Federal Council and the EU Commission, EUR 1 billion will be made available for the expansion of renewable energies every year. All of the electricity for Austria should originate from renewable energy sources by 2030.

The goal of the government coalition consisting of the conservative ÖVP and the Greens is to increase the production of clean energy by 27 TWh by then. This represents roughly the electricity consumption of all Austrian households within two years and is 50 % more than the current green electricity output (55.6 TWh). Of that amount, 11 TWh is to be delivered by photovoltaic systems, 10 by wind energy, 5 by hydroelectric power and 1 TWh by biomass. The Austrian government intends to introduce a green electricity tax to partially refinance these plans. Low-income households will be exempt from payment or will only have to pay a reduced amount capped at EUR 75 per year.

Spain

The Spanish parliament passed an energy transition law in mid-May 2021 with the aim of making the country climate-neutral by 2050. By 2030, Spain intends to decrease its greenhouse gas emissions by at least 23 % in comparison to 1990. To achieve this, the proportion of renewable energies in the country's overall energy supply is to increase to 42 % by 2030. For electricity production, the bar is set to at least 74 % in nine years.

The newly adopted climate law aims to ensure that Spain makes its contribution to making the European Union CO_2-neutral by 2050. The government in Madrid had already announced its goal of a 23 % greenhouse gas reduction by 2030 to the EU in January 2020. Since then, however, the climate targets for the entire EU have been increased. Initially, the goal was to reduce greenhouse gas emissions throughout the entire EU by 40 % by 2030. The EU Parliament and the Council of member states have since agreed on at least 55 % following difficult negotiations. The agreement has yet to be adopted. Nevertheless, there is cause for doubt as to whether Spain's efforts in this regard will prove adequate. However, the new climate protection law also stipulates that the country's own targets must be reviewed on a regular basis.

Asset Management segment

The Asset Management segment of the Encavis Group offers institutional investors the opportunity to invest in renewable energy assets through various investment vehicles. In addition to specifically tailored investment strategies and direct investments, funds established under Luxembourg law also enable institutional investors to participate in a broadly diversified portfolio consisting of wind and solar parks.

Renewable energy investments offer attractive, reliable returns and stable cash flows that are largely backed by state guarantees or secured by customers with a strong credit rating. Due to their long terms and low correlation to other asset classes or economic fluctuations, these investments are particularly predestined for pension funds and insurance companies which make long-term investments and have to diversify large portfolios. Furthermore, the decarbonisation of investment portfolios has become an established international trend. Institutional investors are increasingly withdrawing from investments in fossil energy sources such as coal or crude oil in favour of investments in renewable energies.

Course of business

With the Talayuela solar park, Encavis connects its second major project in Spain to the grid on schedule

On 5 January 2021, Encavis AG announced that it had fed the first kilowatt-hours from Talayuela, the largest solar park in the Group's portfolio, into the Spanish high-voltage grid. Once again, Encavis AG demonstrated the reliability of its growth strategy with the timely completion of the major Talayuela project, with a total generation capacity of some 300 MWp. Following the equally successful grid connection of the major La Cabrera project in November of last year, with a generation capacity of roughly 200 MWp, Spain has now taken the top spot within the solar park portfolio of the Encavis Group, with a generation capacity of around 500 MWp.

Encavis AG improves ISS ESG rating and MSCI ESG rating

On 14 January 2021, Encavis AG announced a further improvement of its rating from the ISS ESG ratings agency within the prime status. The rating was raised from B– to B at the end of December 2020. The sustainability offensive which Encavis began in 2020 has thus borne its first fruits. The ISS ESG rating assesses the sustainability performances of companies and, in doing so, pursues a best-in-class approach, with around one-third of the rating criteria being specific to the respective industry. Encavis is among the best 20 % of the 32 companies reviewed in the industry cluster for renewable energy operations. The level of transparency of Encavis's reporting activities is considered to be "very high" in all relevant areas. Encavis clearly fulfils the standards defined by ISS ESG. On 3 February 2021, the upgrade of the MSCI ESG rating from A to AA was announced for Encavis's contributions in the area of sustainability. Encavis has therefore once again been recognised for the sustainability offensive it began in 2020. In its explanation for the upgrade, MSCI refers in particular to the solid corporate governance, the transparent ownership structure and the 100 % focus on the expansion of electricity generation capacities from solar and wind power. The evaluation of the sustainability performance of companies by leading ratings agencies is becoming an increasingly important criteria for investors, especially in the renewable energy sector.

Encavis Infrastructure Fund III (EIF III) receives an additional EUR 150 million in equity and acquires the largest solar installation currently in operation in The Netherlands

In January 2021, the Versicherungskammer Group significantly increased its engagement in its special fund – which is managed by HANSAINVEST LUX – by EUR 150 million. The fund, with a target volume in the mid three-figure millions, is currently invested in a balanced portfolio consisting of wind and solar parks in Germany, France, Austria and Finland. The acquisition of the Vlagtwedde solar park in The Netherlands, which was completed in late 2020, adds a further 110 MWp to the portfolio.

Encavis AG enters MDAX via fast-entry process

On 22 March 2021, Encavis AG completed the fast-entry process for admission to the MDAX, the index with the 60 largest exchange-listed companies in Germany after the DAX, measured by market capitalisation and daily trading volume. By including Encavis AG in this prestigious index, the stock market is honouring the impressive operational success story of Encavis AG. The introduction of the former Capital Stage AG to the Prime Standard of Deutsche Börse AG in 2013 was followed by its inclusion in the SDAX on 24 March 2014 – almost exactly seven years ago.

Encavis grows in the Northern European wind segment

Encavis AG is continuing its growth in 2021 and acquired the Paltusmäki wind Park in Finland on 12 May of this year. By acquiring the already operational Paltusmäki wind park, Encavis has not only expanded its own production capacities in the wind segment by 21.5 MW, but has also added Finland – an additional attractive growth market for bilateral electricity contracts – to its already broadly diversified portfolio of countries.

The Paltusmäki wind park consists of five wind turbines and is located near the Baltic coast in the Nordösterbotten region in Northern Finland. Four of the five wind turbines have been online since December 2020. The fifth turbine was connected to the grid in February of this year. The five identical Enercon wind turbines with a nacelle height of 132 metres are Lagerwey L 147 turbines. Utilising state-of-the-art permanent magnet technology, these wind turbines no longer rely on a gearbox, reducing their susceptibility to failure to a minimum. This turbine platform was recognised as the "turbine of the year 2020" by the trade publication "Windpower Monthly". Encavis reckons with an annual electricity production of 12.24 GWh per wind turbine for the Paltusmäki wind park, resulting in an expected annual output totalling 61 GWh of green electricity.

Encavis AG increases dividend to EUR 0.28 per share

The Management Board and Supervisory Board of Encavis AG want the shareholders to share in the success of the company to an appropriate extent. With this in mind, the Supervisory and Management Boards of Encavis AG proposed, at the Annual General Meeting on 27 May 2021, to pay out a dividend of EUR 0.28 for each dividend-entitled share. This represents a year-on-year increase of 7.7 % (dividend for the 2019 financial year: EUR 0.26). The proposal by the Management Board and Supervisory Board was approved by a clear majority.

The dividend was paid on 30 June 2021. Encavis AG gave the option of receiving the dividend either wholly or partially in cash or in the form of shares. The acceptance rate of 42.9 % is seen as a sign of the shareholders' confidence in the company. In total, 814,031 new bearer shares were issued in the beginning of July. The new shares have dividend rights from 1 January 2021 onwards. Share capital increased from EUR 138,437,234.00 to EUR 139,251,265.00.

Dr Rolf Martin Schmitz new member of the Supervisory Board

Dr Rolf Martin Schmitz has been elected as a new member of the Supervisory Board. With his vast energy expertise and his strategic vision, which he has leveraged in positions such as Chairman of the Executive Board at RWE AG, he will provide Encavis with important impetus on its path towards becoming a green powerhouse. Ms Christine Scheel stood for re-election to the Supervisory Board. Having now been confirmed in her position, she will continue to enrich the committee with her experience and advice. The Management Board and Supervisory Board expressed their special gratitude to former Supervisory Board member Mr Peter Heidecker for his trusting and dedicated support of the company and his personal commitment as part of the Supervisory Board of Encavis AG in the past years since the takeover of CHORUS Clean Energy AG. Mr Heidecker will continue to contribute his expertise and dedication to the Group as a member of the Supervisory Board of Encavis Asset Management AG.

Encavis Asset Management AG acquires the Warnsdorf wind park for special funds

Encavis Asset Management AG has acquired the Warnsdorf wind park in the Prignitz district in the German state of Brandenburg. The 12 installations provide a total output of 43.2 MW, are capable of supplying more than 40,000 households with green electricity and prevent more than 47,000 tonnes of harmful CO_2 per year. The systems were constructed by the energy park developer UKA, which continues to handle the technical park management. The newly purchased power plants will be added to the Encavis Infrastructure Fund II special funds launched by Encavis Asset Management AG. The special fund is offered exclusively by BayernLB with a regulatory concept specifically for banks and savings banks and is managed by the capital management service company HANSAINVEST LUX S.A. It is intended for banks and lenders which attach great importance to stable and reliable cash flows from their investments as part of their investment and risk management strategy.

Segment development

PV Parks segment

Encavis's own solar park portfolio encompassed 166 solar parks with a total capacity of 1.3 GW as at 30 June 2021. These solar parks are distributed throughout Germany, Italy, France, The United Kingdom, The Netherlands and Spain.

The Group's business activities are subject to seasonal influences, which leads to fluctuations in revenue and earnings during the course of the year. In terms of the PV Parks segment, which includes all solar parks in the company's own portfolio, the months from April to September generate more revenue than the autumn and winter months.

The actual power fed into the grid in the first half of the 2021 financial year came to 928 GWh (previous year: 540.5 GWh). The solar parks in Spain account for around 46 % of the fed-in power (previous year: 0 %), those in Germany for 15 % (previous year: 30 %), those in France for 13 % (previous year: 23 %), those in Italy for 12 % (previous year: 21 %), those in The United Kingdom for 7 % (previous year: 14 %) and those in The Netherlands for 7 % (previous year: 12 %).

In the first half of the 2021 financial year, the Genia Extremadura Solar S.L. solar park (Talayuela) was transferred from financial assets accounted for using the equity method to full consolidation following its commissioning.

Wind Parks segment

Encavis's own wind park portfolio encompassed 43 wind parks with a total capacity of 448 MW as at 30 June 2021. The wind parks are distributed throughout Germany, Italy, France, Austria, Denmark and Finland.

Due to weather conditions, the wind parks generate more revenue in the autumn and winter months than they do in summer.

The actual power fed into the grid by the Wind Parks segment in the first half of the 2021 financial year came to 482.7 GWh (previous year: 579 GWh). Of this figure, some 50 % (previous year: 49 %) is attributable to the wind parks in Germany, 30 % (previous year: 34 %) to the wind parks in Denmark, 9 % (previous year: 9 %) to the wind parks in France, 8 % (previous year: 7 %) to the wind parks in Austria, 2 % (previous year: 0 %) to the wind park in Finland and around 1 % (previous year: 1 %) to the wind park in Italy.

In the first half of the 2021 financial year, the following wind park was acquired:

- Paltusmäen Tuulivoima Oy, Finland, Group share 100 %

PV Service segment

The segment contains the wholly owned subsidiary Encavis Technical Services GmbH. The company has taken over the technical operation of numerous German and Italian solar parks belonging to the Encavis Group. The Group volume under management amounted to approximately 280 MWp as at 30 June 2021.

Furthermore, Encavis Technical Services GmbH has taken over contracts for the technical operation of parks that do not belong to the Encavis Group since 2012. The parks are located in Thuringia and Northern Italy. The non-Group volume under management amounts to approximately 9 MWp.

In the 2019 financial year, the company established Stern Energy GmbH and transferred all of its property, plant and equipment, as well as part of its agency agreements, as part of an asset deal. The shares in Stern Energy GmbH were sold to the associated entity Stern Energy S.p.A. in the first quarter of the 2020 financial year. This transaction ideally combines the expertise of both partners, Stern and Encavis, enabling a comprehensive range of technical operations services for the Group-owned and external parks in many countries throughout Europe. Strategically, Encavis plans to increase its current share ownership from 30 % to 50 % over the medium term before increasing it to 100 %.

Asset Management segment

The Asset Management field covers all services for third-party investors, such as the launching of funds, the individual design and structuring of other investments for professional investors in the field of renewable energy and the management of the investments held by these investors. In total, the portfolio encompassed 24 solar parks and 52 wind parks in Germany, Italy, France, The United Kingdom, Finland, Sweden, Austria and The Netherlands as at 30 June 2021.

Segment reporting

The following table contains information regarding the operating KPIs for the Group's business segments for the first half of 2021 and 2020:

In TEUR	Wind Parks	PV Parks	PV Services	Asset Management
Revenue	35,885	118,496	2,193	6,836
(previous year)	(43,626)	(105,914)	(2,456)	(4,969)
Operating earnings before interest, taxes, depreciation and amortisation (EBITDA)	27,885	96,084	605	1,947
(previous year)	(33,031)	(87,093)	(2,736)	(1,785)
Operating EBITDA margin (%)	77.71%	81.09%	27.57%	28.49%
(previous year)	(75,71%)	(82,23%)	(111,41%)	(35,93%)
Operating depreciation and amortisation	-14,036	-38,735	0	-281
(previous year)	(-13,033)	(-31,437)	(-5)	(-290)
Operating earnings before interest and taxes (EBIT)	13,849	57,349	605	1,667
(previous year)	(19,998)	(55,656)	(2,731)	(1,495)

In TEUR	Total of reportable operating segments	Other companies and Group functions	Reconciliation	Total
Revenue	163,409	896	-2,123	162,182
(previous year)	(156,964)	(0)	(-2,189)	(154,775)
Operating earnings before interest, taxes, depreciation and amortisation (EBITDA)	126,520	-4,216	4	122,309
(previous year)	(124,644)	(-5,053)	(23)	(119,615)
Operating EBITDA margin (%)	77.43%	-	-	75.41%
(previous year)	(79,41%)	-	-	(77,28%)
Operating depreciation and amortisation	-53,052	-523	7	-53,567
(previous year)	(-44,764)	(-323)	(7)	(-45,080)
Operating earnings before interest and taxes (EBIT)	73,469	-4,739	12	68,742
(previous year)	(79,880)	(-5,375)	(30)	(74,535)

The timing of the recognition of the revenue presented in the segment reporting is carried out in relation to the period.

Financial performance, financial position and net assets

Operating earnings (non-IFRS)

During the first six months of 2021, the Group generated revenue of TEUR 162,182 (previous year: TEUR 154,775), which equates to an increase of approximately 4.8 %. The solar park portfolio generated growth of TEUR 12,582, whereas the revenue of the wind park portfolio declined by TEUR 7,741 year on year. The increase in revenue from the solar park portfolio is primarily due to the two Spanish solar parks that were connected to the grid in September 2020 and January 2021 respectively (+TEUR 16,637), although the Italian solar parks also contributed to the growth with a rise in revenue of TEUR 1,965. Lower levels of sunshine compared to the same period in the previous year saw the German solar parks record a TEUR 4,460 decline in revenue. The fall in revenue generated by the wind park portfolio was mainly due to much lower levels of wind compared to the long-term average, especially in the months of January and February. Weather-related revenue losses across both forms of energy generation from existing parks came to roughly EUR 12.2 million. However, the revenue contribution from the Spanish parks more than compensated for this figure. In the Asset Management segment, revenue grew by TEUR 1,867 year on year.

The Group generated other operating income of TEUR 3,870 (previous year: TEUR 5,362). This includes non-period income in the amount of TEUR 1,731 and income from insurance compensation payments of TEUR 1,001. The same period in the previous year saw non-recurring income from the sale of Stern Energy GmbH in the amount of TEUR 1,921.

Operating personnel expenses came to TEUR 9,942 (previous year: TEUR 10,191).

Other operating expenses of TEUR 31,929 were incurred (previous year: TEUR 29,300). This includes in particular the costs of operating solar and wind parks in the amount of TEUR 23,805 (previous year: TEUR 22,114). Other expenses also include TEUR 8,124 in costs for current operations (previous year: TEUR 7,172). The increase is largely due to the Spanish solar parks that were connected to the grid in 2020 and early 2021.

Operating earnings before interest, taxes, depreciation and amortisation (EBITDA) came to TEUR 122,309 in the first half of 2021 (previous year: TEUR 119,615), which equates to an increase of approximately TEUR 2,694. The operating EBITDA margin stood at around 75 % (previous year: 77 %).

Operating depreciation and amortisation of TEUR 53,568 (previous year: TEUR 45,079) chiefly comprises scheduled depreciation of the photovoltaic and wind power installations, as well as amortisation of rights of use from lease agreements capitalised in accordance with IFRS 16. The increase was primarily the result of the depreciation of the solar installations commissioned in Spain.

Operating earnings before interest and taxes (operating EBIT) stood at TEUR 68,742, a year-on-year decline of roughly 7.8% or TEUR 5,793 (previous year: TEUR 74,535). This decline was predominantly the result of the weather-related shortfall in revenue and the planned rise in operating depreciation and amortisation of roughly EUR 8.5 million of photovoltaic and wind power installations. The operating EBIT margin stood at around 42 % (previous year: 48 %).

Operating financial earnings in the amount of TEUR -31,237 (previous year: TEUR -28,219) resulted primarily from interest rate expenses for the non-recourse loans for solar and wind parks. Additionally, interest income from loans to associated entities, the result of financial assets accounted for using the equity method and interest expenses on the lease liabilities carried as liabilities in accordance with IFRS 16 are reported in the financial result. The rise in the financial result is attributable to interest expenses related to the Spanish solar parks now in operation.

The resulting operating earnings (operating EBT) amount to TEUR 37,505 (previous year: TEUR 46,316). The EBT margin stood at around 23 % (previous year: 30 %). The decline in earnings is attributable to the aforementioned effects.

The consolidated statement of comprehensive income shows operating tax expenses for the first half of the 2021 financial year of TEUR 7,615 (previous year: TEUR 5,378), mainly for effective tax payments in connection with solar and wind parks.

Altogether, Encavis generated consolidated operating earnings of TEUR 29,890 (previous year: TEUR 40,938). The operating EAT margin stood at around 18 % (previous year: 26 %).

Calculating operating KPIs (adjusted for IFRS effects)

As outlined in the “Internal control system of Encavis” section of the 2020 annual report, Group IFRS accounting is influenced by non-cash measurement effects and the resulting depreciation and amortisation. Non-cash interest effects and deferred taxes also hamper a transparent assessment of the operating income situation pursuant to IFRS.

In TEUR	01.01.–30.06.2021	01.01–30.06.2020
Revenue	162,182	154,775
Other income	24,135	12,602
Cost of materials	-1,871	-1,032
Personnel expenses, of which TEUR –1,958 (previous year: TEUR –2,771) in share-based remuneration	-9,942	-10,200
Other expenses	-32,155	-29,387
Adjusted for the following effects:		
Income resulting from the disposal of financial assets and other non-operating income	-17,411	-4,851
Other non-cash income (mainly gains from business combinations [badwill], reversal of the interest advantage from subsidised loans [government grants], income from the reversal of impairments for expected credit losses and non-cash income from other periods)	-2,854	-2,389
Other non-operating expenses	226	87
Share-based remuneration (non-cash)	0	9
Adjusted operating EBITDA	**122,309**	**119,615**
Depreciation and amortisation	-76,020	-67,011
Adjusted for the following effects:		
Amortisation of intangible assets (electricity feed-in contracts) acquired as part of business combinations	23,653	25,353
Subsequent measurement of uncovered hidden reserves and liabilities on step-ups for property, plant and equipment and goodwill acquired as part of business combinations or asset acquisitions	-1,201	-3,421
Adjusted operating EBIT	**68,742**	**74,535**
Financial result	-22,219	-34,441
Adjusted for the following effects:		
Other non-cash interest and similar expenses and income (mainly resulting from effects from currency translation, calculation of the effective rate, swap valuation and interest expenses from subsidised loans [government grants])	-9,018	6,222
Adjusted operating EBT	**37,505**	**46,316**
Tax expenses	-1,235	-7,109
Adjusted for the following effects:		
Deferred taxes (non-cash items) and other non-cash tax effects	-6,380	1,731
Adjusted operating consolidated earnings	**29,890**	**40,938**

The following IFRS KPIs deviate from the operating earnings position:

The Group generated other income of TEUR 24,135 (previous year: TEUR 12,602), including TEUR 17,271 in non-recurring income relating to the initial consolidation of a Spanish solar park formerly accounted for using the equity method from the reconciliation statement.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) came to TEUR 142,348 in the first half of 2021 (previous year: TEUR 126,758), The EBITDA margin stood at around 88 % (previous year: 82 %).

Depreciation and amortisation of TEUR 76,020 (previous year: TEUR 67,011) chiefly comprises depreciation of the photovoltaic and wind power installations, as well as amortisation of intangible assets (electricity feed-in contracts and exclusive rights of use) The increase was primarily due to the solar and wind parks that were newly acquired or only included for part of the previous year.

Earnings before interest and taxes (EBIT) amounted to TEUR 66,329 (previous year TEUR 59,747). The EBIT margin stood at around 41 % (previous year: 39 %).

The financial result came to TEUR -22,219 (previous year: TEUR -34,441), while financial income amounted to TEUR 11,566 (previous year: TEUR 10,440). This item includes income relating to changes in the market values of interest rate swaps of TEUR 3,846 (previous year: TEUR 822), interest income from the reversal of step-ups on bank loans and lease liabilities of TEUR 3,088 (previous year: TEUR 3,928) and non-cash income from currency translation of TEUR 1,954 (previous year: TEUR 46). It also includes interest income from loans to associated entities of TEUR 18 (previous year: TEUR 5,388). Financial expenses of TEUR 33,731 were incurred (previous year: TEUR 37,869) and primarily included interest expenses for the non-recourse loan to finance installations at park operators, interest expenses in relation to the mezzanine capital provided by Gothaer Versicherungen and various non-cash expenses. The financial result also includes earnings from financial assets accounted for using the equity method of TEUR -54 (previous year: TEUR -7,012).

The resulting earnings before taxes (EBT) amounted to TEUR 44,110 (previous year: TEUR 25,306).

The consolidated statement of comprehensive income shows tax expenses for the first half of the 2021 financial year of TEUR 1,235 (previous year: TEUR 7,109) and consists of current and deferred taxes. Quarterly taxes are calculated in accordance with IAS 34.

Altogether, Encavis generated consolidated earnings of TEUR 42,875 (previous year: TEUR 18,197).

Consolidated earnings are made up of earnings attributable to the shareholders of the parent company of TEUR 38,663 (previous year: TEUR 13,959), earnings attributable to non-controlling interests of TEUR 184 (previous year: TEUR 286) and earnings attributable to hybrid bondholders TEUR 4,027 (previous year: TEUR 3,952). Consolidated comprehensive income of TEUR 62,520 (previous year: TEUR 63,833) is made up of consolidated earnings and changes in other reserves shown in equity. As part of the initial consolidation of the participating interest in Spanish company Genia Extremadura Solar S.L., earnings recognised directly in equity on a pro rata basis up to the point of initial consolidation (TEUR 17,820) were reclassified to consolidated earnings. In addition to the currency translation reserve in the amount of TEUR -448 (previous year: TEUR 620) other reserves also contain hedge reserves of TEUR 2,973 (previous year: TEUR -4,205), which in turn include amounts to be recognised in profit or loss in future over the remaining term of the respective underlying items for interest rate swaps previously held in a hedging relationship, as well as costs of hedging in the amount of TEUR 24 (previous year: TEUR 2). Amounts recognised in equity will be reclassified in full to consolidated earnings once the corresponding hedged items have expired. There were corresponding deferred tax effects of TEUR -744 (previous year: TEUR 834). Undiluted (after non-controlling interests) amounted to EUR 0.28 (previous year: EUR 0.10). The average number of shares in circulation in the reporting period amounted to 138,437,234 (previous year: 137,154,374). Diluted earnings per share amounted to EUR 0.28 (previous year: EUR 0.10).

Financial position and cash flow

The change in cash and cash equivalents in the first half of 2021 came to TEUR 10,011 (previous year: TEUR 21,213) and broke down as follows:

Cash inflow from operating activities amounted to TEUR 109,388 (previous year: TEUR 115,183) and was primarily composed of the operating activities of the solar parks and wind parks and the resulting incoming payments. Also included here were changes in assets and liabilities not attributable to investing or financing activities. Advance tax payments of EUR 11.6 million had an adverse effect on operating cash flow in the reporting period. These payments were only made in the fourth quarter of the previous year. In addition, a capital gains tax refund from 2018 in the amount of EUR 9.0 million, among other items, also had a positive effect on the operating cash flow in the previous-year period.

Cash flow from investing activities amounted to TEUR -44,157 (previous year: TEUR -75,170) and primarily related to payments for the construction of the two solar parks in Spain and payments for the acquisition of a wind park in Finland.

Cash flow from financing activities amounted to TEUR -55,220 (previous year: TEUR -18,801) and resulted chiefly from regular loan repayments and interest paid less newly paid-out loans. This item also includes the change in restricted cash and cash equivalents, the payment of the cash dividend to the shareholders of Encavis AG and the dividend payment to the hybrid bondholders. Furthermore, bearer bonds in the amount of TEUR 20,000 were issued in the reporting period.

As at 30 June 2021, the Group had cash and cash equivalents of TEUR 177,206 (30 June 2020: TEUR 181,892) in consideration of current account liabilities of TEUR 387 (previous year: TEUR 34).

Net assets

As at 30 June 2021, equity amounted to TEUR 791,540 (31 December 2020: TEUR 751,561). The change in the amount of TEUR 39,979, or 5.3 %, is primarily due to various value changes accounted for in equity with no effect on profit or loss and the positive consolidated earnings under IFRS. The payment of the cash dividend offset this effect. The equity ratio was 25.9 % (31 December 2020: 26.6 %).

The balance sheet total increased from TEUR 2,823,844 as at 31 December 2020 to TEUR 3,054,973.

Goodwill amounted to TEUR 27,655 as at 30 June 2021 (31 December 2020: TEUR 27,560).

As of the reporting date, 30 June 2021, the Group had bank and lease liabilities in the amount of TEUR 1,930,285 (31 December 2020: TEUR 1,783,667). These comprised loans and lease agreements for the financing of solar parks and wind parks, as well as the mezzanine capital provided by Gothaer Versicherung in November 2014. They also contained liabilities from listed notes from the Grid Essence portfolio (United Kingdom), including accrued interest in the amount of TEUR 27,674, as well as liabilities from debenture bonds and registered bonds including accrued interest in the amount of TEUR 135,159. Liabilities from lease obligations in the amount of TEUR 199,857 (31 December 2020: TEUR 193,039) were recognised. In almost all debt financing agreements, the liability risk relating to the parks is limited (non-recourse financing).

Events after the balance sheet date

Encavis supports Sopowerful in charitable solar projects in Africa

As a sustainable company, Encavis has been committed to fighting climate change for years. Now Encavis has joined forces with the foundation Sopowerful to form a long-term partnership. The financial resources are being used to set up and realise small solar projects in south-east Africa, where only 5 % of rural households have electricity. Sopowerful’s motto is “solar where it matters most”, and the foundation chose to partner with Encavis following an intensive selection process that included a survey of Encavis employees.

Sopowerful was founded in 2019 by Stefano Cruccu, who began working in the solar industry around a decade ago. The foundation focuses on strengthening access to healthcare, clean water and education in line with the UN Sustainable Development Goals (SDGs). By constructing small-scale solar installations, Sopowerful can help to provide a reliable, low-emissions power supply for lighting and the storage of medicine and vaccines. Solar-powered pumps provide running water, and the use of solar power in schools opens up new possibilities for reading and learning. Sopowerful is helping to significantly improve the quality of life of people in rural communities in Malawi, and is also creating new jobs and long-term prospects. The partnership is part of Encavis AG’s comprehensive sustainability initiative, which is described in full in the recently published Sustainability Report.

Encavis Asset Management AG and badenova partner up on five solar parks

Encavis Asset Management AG and Freiburg-based energy and environmental services provider badenova have announced their intentions to expand their renewable energy portfolio in Germany. The first partnership covers photovoltaic installations at five locations in the German federal states of Brandenburg and Mecklenburg-West Pomerania that both companies intend to acquire and operate together with other investors. The solar installations with a generation capacity totalling 45.5 MW are one of the most significant transactions on the German market in 2021. Installations with such a capacity are rarely sold in a single package.

For the purpose of the new partnership, the badenova subsidiary badenovaWÄRMEPLUS and the special fund Encavis Infrastructure Fund II (EIF II) managed by HANSAINVEST LUX and marketed by Bayerische Landesbank have invested in 49 % and 51 % respectively of two project companies. The majority investor has the backing of savings banks and cooperative banks from a variety of different regions in Germany in particular. Total investment volume is in the mid-eight-figure range. Once it finishes managing the project completion process, Encavis Asset Management AG will take over responsibility for general management, technical installation controlling and commercial management.

The photovoltaic parks have been set up on open spaces alongside railway lines and motorways in Brandenburg and Mecklenburg-West Pomerania by Trianel Energieprojekte GmbH & Co. KG. Three of the installations are located in the district of Ludwigslust-Parchim and the remaining two are in the Prignitz and Uckermark districts. All projects have been connected up to the grid since 15 June 2021.

Opportunities and risks

The material opportunities and risks to which the Encavis Group is exposed were described in detail in the consolidated management report for the 2020 financial year. There were no significant changes in this regard during the reporting period.

Future outlook

The statements below include projections and assumptions which are not certain to materialise. If one or more of these projections and assumptions do not materialise, actual results and developments may differ materially from those described.

Macroeconomic developments

Economic experts from the Kiel Institute for the World Economy (IfW) anticipate global economic growth of 6.7 % in 2021 and 4.8 % in 2022. Growth has been subdued as a result of the COVID-19 pandemic in the course of 2021, but it has not been prevented. The effects of the pandemic and the protective measures taken to contain the virus are mainly limited to the service industry. By contrast, there was a sharp rise in industrial production and global trade in the first half of 2021.

Underlying conditions for renewable energies

Global economic recovery boosts demand for renewable energies

The global energy transition continues at an ever increasing pace. One reason for the substantial capacity expansion is the rising demand for energy around the globe. The International Energy Agency (IEA) expects global demand for energy to increase by around 4.6 % in 2021. Growth to this extent would not only compensate for the decline in 2020 due to the coronavirus pandemic, it would also represent an increase on energy demand reported in 2019.

Private-sector power purchase agreements (PPAs) continue to gain ground

The increasing economic efficiency of renewable energies compared to conventional energy carriers, as well as companies' commitments to maintaining an eco-friendly energy balance, is increasing the momentum on the PPA market. Another factor is that the price of electricity – and particularly green electricity – is rising consistently, which is why industrial companies have a vested interest in securing carbon-neutral energy at favourable terms over a long period of time.- According to Bloomberg New Energy Finance (BNEF), PPAs with a volume of more than 23 GW were concluded in 2020 alone, the vast majority of which in North and South America and Asia. However, Europe is also making up ground. PPAs are playing an increasingly important role in the energy transition.

Germany's reformed Renewable Energy Act (EEG) in force since 1 January 2021

In Germany, a new law governing the framework for renewable energy sources has been in force since the beginning of 2021. One of the aims of the amended law is to increase the share of renewable energies in total gross electricity consumption to 65 % by 2030 and to set binding targets for the expansion of the renewable energy sector. Around 43 % of gross electricity consumption in Germany was covered by green electricity in the first half of 2021. This figure was around 7 % higher at roughly 50 % in the previous-year period. One of the reasons for the year-on-year increase was the weather. A record-breaking amount of electricity was generated using solar power and wind power in the first half of 2020, but the first half of the current year was characterised by an unusual lack of both wind and sunshine. Wind and in particular sunshine increased markedly in the second quarter, pushing the share of total energy generated using renewable sources to 45 % in the period from April to June. By 2030, the installed output of wind installations in Germany is slated to reach a level of around 71 GW. That figure stood at roughly 54 GW at the end of 2019. In the solar sector, the objective is to install photovoltaic capacities of 100 GW by 2030, which would represent approximately double the current capacity.

Encavis on a clear course for growth with >> Fast Forward 2025

Today, Encavis is one of the largest independent power producers in the field of renewable energies in Europe. The positive framework conditions and the successful economic development of the company are the perfect prerequisites for further strengthening this position. In order to always make use of growth opportunities that present themselves and to further increase the efficiency of the company, Encavis introduced the >> Fast Forward 2025 strategy package on 8 January 2020. The plan for the next five years is focused on five areas:

1. Further investments in ready-to-build wind and solar parks as well as securing projects in earlier phases of development in coordination with strategic development partners while maintaining a long-term equity ratio of more than 24 %
2. Disposal of minority interests in wind and individual selected solar parks of up to 49 % to free up liquidity for investments in additional wind and solar parks
3. Reduction and continued optimisation of costs related to the operation and maintenance of solar parks
4. Optimisation and refinancing of SPV project financing
5. Introduction of Group-wide cash pooling, including all single entities

Within the framework of >> Fast Forward 2025, Encavis is focusing on the following target figures on the basis of the values for 2019:

1. Doubling the company's own contractually secured generation capacity from 1.7 GW to 3.4 GW
2. Increasing weather-adjusted revenue from EUR 260 million to EUR 440 million
3. Growing weather-adjusted operating EBITDA from EUR 210 million to EUR 330 million
4. A margin of operating EBITDA of 75 %
5. Increasing the operating earnings per share (EPS) from EUR 0.40 to EUR 0.70

The expected dynamic growth of Encavis can be seen not least in consideration of the corresponding annual growth rates (CAGR): the generation capacity is to increase by some 12 % annually by the year 2025. In the same period, revenue is to increase by approximately 9% per annum, and an annual growth rate of operating EBITDA of 8 % is expected. Annual growth of the operating earnings per share (EPS) amounts to around 10 %.

These assumptions are a basis case that does not take any additional growth opportunities into account which may arise inorganically from mergers and acquisition transactions and potential equity transactions. Opportunities which could arise from profitable business models in association with future battery storage capacities at the wind and solar parks were also not taken into consideration. A possible expansion into regions outside of Europe offers further potential for growth.

Overall assessment of future development

Viral epidemics that spread around the globe only have a limited economic impact on the operating activities of the Encavis Group. The wind and solar parks in ten countries in western Europe produce electricity from renewable energy sources predominantly on their own and fully automatically. Due to the minimal maintenance needs of the installations, no staff are required on-site. If the current spread of the coronavirus continues for an extended period or worsens in the coming months, limitations in the on-site maintenance of the solar and wind parks due to individual technicians cannot be excluded; however, these could be replaced by alternative service providers. Additionally, electricity not subject to a fixed contract can be affected by fluctuations in price. Similarly, the construction of new installations can be delayed due to restrictions in mobility.

In light of the Encavis Group's business strategy, which is geared towards qualitative growth, the Management Board expects more significant growth for the 2021 financial year compared to the previous year. The strategic transformation of the company and the successful entry into the PPA business with the La Cabrera and Talayuela solar parks in Spain – both of which are already connected to the grid – will significantly increase revenue and profit.

The Management Board confirms the revenue and profit forecasts for the current 2021e financial year and predicts that revenue will increase to more than EUR 320 million (2020: EUR 292.3 million) for the 2021 financial year, based on the existing portfolio as it stands on 31 March 2021 as well as the expectation of standard weather conditions. Operating EBITDA is expected to increase to more than EUR 240 million (2020: EUR 224.8 million). The Group anticipates growth in operating EBIT to more than EUR 138 million (2020: EUR 132.2 million). The Group expects operating cash flow of over EUR 210 million (2020: EUR 212.9 million). Operating earnings per share of EUR 0.46 is also expected (2020: EUR 0.43).

Technical availability of the installations is expected to remain at 95 % in the 2021 financial year.

These predictions are based on the following assumptions:

- No significant retroactive changes to legislation
- No significant deviations from the multi-year weather forecasts

The Encavis Group will be able to cover the liquidity requirements of its business operations and other planned short-term investments from its existing liquidity portfolio together with the expected cash flows from operating activities in the 2021 financial year. Identification of attractive acquisition opportunities or possible business combinations or takeovers may lead to additional capital requirements during the course of the year. Other financing options – such as borrowing or, in the event of leaps in growth beyond the planned scale, mezzanine capital at Group or company level, as well as equity capital measures – are not ruled out should they be required, provided that they are economically advantageous.

In EUR million	2021e (AR 2020)	2020 (actual)
Revenue	>320	292,3
Operating EBITDA*	>240	224,8
Operating EBIT*	>138	132,2
Operating cash flow*	>210	212,9
Operating earnings per share in Euro*	0.46	0.43

* Operating; contains no IFRS-related, non-cash valuation effects.

Dividend policy

The Management Board and Supervisory Board of Encavis want the shareholders to participate in the success of the company to an appropriate extent in the future, which is why they proposed a dividend of EUR 0.28 for each dividend-entitled share at the Annual General Meeting on 27 May 2021. The Annual General Meeting approved the recommendation of the company by a large majority. In addition, the dividend was again offered as an optional dividend, which offers shareholders the greatest possible freedom of choice and, with an acceptance rate of 42.9 %, was very well received. In total, 814,031 new shares were issued and a cash dividend of EUR 26,877,572.92 was distributed to the shareholders. The cash dividend was paid out on 30 June 2021, and the new shares were recorded in shareholders' securities accounts on 8 July 2021.

Hamburg, August 2021

Dr Dierk Paskert

CEO

Dr Christoph Husmann

CFO

Condensed consolidated statement of comprehensive income (IFRS)

In TEUR

	01.01.–30.06.2021	01.01.–30.06.2020	Q2/2021	Q2/2020
Revenue	162,182	154,775	103,250	89,565
Other income	24,135	12,602	12,313	6,735
Of which income from the reversal of impairments for expected credit losses	*1,843*	*879*	*-21*	*879*
Cost of materials	-1,871	-1,032	-1,105	-544
Personnel expenses	-9,942	-10,200	-4,771	-5,725
Of which in share-based remuneration	*-1,958*	*-2,771*	*-725*	*-2,120*
Other expenses	-32,155	-29,387	-16,421	-12,855
Of which impairment for expected credit losses	*-119*	*-87*	*-62*	*1,692*
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**142,348**	**126,758**	**93,266**	**77,176**
Depreciation and amortisation	-76,020	-67,011	-38,640	-33,499
Earnings before interest and taxes (EBIT)	**66,329**	**59,747**	**54,625**	**43,677**
Financial income	11,566	10,440	2,150	4,793
Financial expenses	-33,731	-37,869	-15,689	-18,617
Earnings from financial assets accounted for using the equity method	-54	-7,012	-57	-2,772
Earnings before taxes on income (EBT)	**44,110**	**25,306**	**41,029**	**27,081**
Taxes on income	-1,235	-7,109	2,382	-6,483
Consolidated earnings	**42,875**	**18,197**	**43,411**	**20,599**
Items which can be reclassified to profit or loss				
Currency translation differences	-448	620	108	399
Cash flow hedges – effective portion of changes in fair value	2,973	-4,205	-4,575	-3,257
Cost of hedging measures	24	2	0	1
Income and expenses from participating interests valued according to the equity method with no effect on profit or loss	19	34,762	19	17,024
Income tax relating to items that may be reclassified to profit or loss	-744	834	1,136	747
Reclassifications	17,820	13,623	0	13,623
Other comprehensive income	**19,645**	**45,636**	**-3,313**	**28,536**
Consolidated comprehensive income	**62,520**	**63,833**	**40,099**	**49,136**
Consolidated earnings for the period				
Attributable to Encavis AG shareholders	38,663	13,959	40,883	18,232
Attributable to non-controlling interests	184	286	515	405
Attributable to hybrid capital investors	4,027	3,952	2,014	1,962
Consolidated comprehensive income for the period				
Attributable to Encavis AG shareholders	58,307	59,669	37,570	46,814
Attributable to non-controlling interests	185	212	515	360
Attributable to hybrid capital investors	4,027	3,952	2,014	1,962
Earnings per share				
Average number of shares on issue in the reporting period				
Undiluted	138,437,234	137,154,374	138.437.234	137,269,601
Diluted	138.437.234	137,204,302	138.437.234	137,327,290
Undiluted/diluted earnings per share (in EUR)	0.28	0.10	0.30	0.13

Condensed consolidated financial statements (IFRS)

Assets in TEUR	30.06.2021	31.12.2020
Intangible assets	470,626	493,885
Goodwill	27,655	27,560
Property, plant and equipment	2,207,293	1,901,989
Financial assets accounted for using the equity method	12,511	12,521
Financial investments	4,686	73,111
Other receivables	7,382	8,261
Deferred tax assets	4,104	3,280
Total non-current assets	**2,734,258**	**2,520,607**
Inventories	499	334
Trade receivables	61,336	46,730
Non-financial assets	3,943	4,710
Receivables from income taxes	13,455	14,415
Other current receivables	8,877	6,051
Liquid assets	232,606	230,996
Cash and cash equivalents	*177,593*	*167,489*
Liquid assets with restrictions on disposition	*55,013*	*63,507*
Total current assets	**320,716**	**303,236**
Balance sheet total	**3,054,973**	**2,823,844**

Liabilities in TEUR	30.06.2021	31.12.2020
Subscribed capital	138,437	138,437
Capital reserves	479,475	479,561
Other reserves	-11,713	-31,357
Net earnings	21,029	9,244
Equity attributable to Encavis AG shareholders	**627,229**	**595,885**
Equity attributable to non-controlling interests	15,638	7,085
Equity attributable to hybrid bondholders	148,673	148,591
Total equity	**791,540**	**751,561**
Non-current liabilities to non-controlling interests	63,006	43,427
Non-current financial liabilities	1,564,855	1,448,268
Non-current lease liabilities	188,201	181,723
Other non-current liabilities	5,667	6,540
Non-current provisions	72,733	62,065
Deferred tax liabilities	127,963	132,491
Total non-current liabilities	**2,022,424**	**1,874,515**
Current liabilities to non-controlling interests	35	37
Liabilities from income taxes	10,959	10,714
Current financial liabilities	165,572	142,361
Current lease liabilities	11,656	11,315
Trade payables	33,723	16,043
Other current liabilities	7,758	4,720
Current provisions	11,304	12,579
Total current liabilities	**241,009**	**197,768**
Balance sheet total	**3,054,973**	**2,823,844**

Condensed consolidated cash flow statement (IFRS)

In TEUR	01.01.–30.06.2021	01.01–30.06.2020
Consolidated earnings	42,875	18,197
Depreciation and amortisation of fixed assets	76,020	67,011
Profit/loss from the disposal of fixed assets	142	0
Other non-cash income and expenses	-19,920	79
Financial income/financial expenses	22,165	27,429
Taxes on income recognised in the income statement	1,235	7,109
Non-cash taxes on income	-6,470	5,068
Earnings from deconsolidation	0	-2,138
Increase/decrease in other assets/liabilities not attributable to investing or financing activities	-6,657	-7,572
Cash flow from operating activities	**109,388**	**115,183**
Payments for the acquisition of consolidated entities, net of cash acquired	-26,683	-3,874
Proceeds from the sale of consolidated entities	0	2,832
Payments for investments in property, plant and equipment	-17,595	-14,747
Payments for investments in intangible assets	-25	-13
Payments related to investments in financial assets	-195	-59,828
Proceeds from the sale of financial assets	324	454
Dividends received	16	6
Cash flow from investing activities	**-44,157**	**-75,170**
Loan proceeds	76,198	109,834
Loan repayments	-72,868	-58,442
Repayment of lease liabilities	-5,867	-4,875
Interest received	58	24
Interest paid	-30,612	-29,596
Proceeds from capital increases	0	25
Payments for issuance costs	-59	-117
Payments for the acquisition of shares without change of control	-27	-13,049
Dividends paid to Encavis AG shareholders	-26,878	-20,468
Dividend payments to hybrid capital investors	-3,945	-3,945
Payments to non-controlling interests	-546	-370
Change in restricted cash	9,324	2,179
Cash flow from financing activities	**-55,220**	**-18,801**
Change in cash and cash equivalents	10,011	21,213
Changes in cash due to exchange rate changes	328	-518
Change in cash and cash equivalents	**10,339**	**20,695**
Cash and cash equivalents		
As at 01.01.2021 (01.01.2020)	166,867	161,196
As at 30.06.2021 (30.06.2020)	177,206	181,892

Condensed consolidated statement of changes in equity (IFRS)

in TEUR	Subscribed capital	Capital reserve	Other reserves			
			Currency reserve	Hedge reserve	Cost of hedging measures	Reserve from equity valuation
As at 01.01.2020	**137,039**	**468,873**	**961**	**-10,529**	**-22**	**-65,769**
Consolidated earnings						
Other comprehensive income*			615	-3,291	1	34,762
Reclassifications to profit/loss						13,623
Consolidated comprehensive income for the period			**615**	**-3,291**	**1**	**48,385**
Dividend						
Income and expenses recognised directly in equity						
Transactions with shareholders recognised directly in equity		-1,075				
Changes from capital measures	1,398	13,789				
Issuance costs		-117				
As at 30.06.2020	**138,437**	**481,470**	**1,576**	**-13,820**	**-21**	**-17,384**
As at 01.01.2021	**138,437**	**479,561**	**1,551**	**-15,074**	**-9**	**-17,825**
Consolidated earnings						
Other comprehensive income*			-449	2,234	20	19
Reclassifications to profit/loss						17,820
Consolidated comprehensive income for the period			**-449**	**2,234**	**20**	**17,839**
Dividends						
Transactions with shareholders recognised directly in equity		-27				
Issuance costs		-58				
Acquisition of shares from non-controlling interests						
As at 30.06.2021	**138,437**	**479,475**	**1,102**	**-12,840**	**10**	**14**

* Excluding separately recognised effects from reclassifications.

in TEUR	Reserve for equity-based employee remuner-ation	Net retained profit	Equity attributable to Encavis AG shareholders	Equity attributable to non-controlling interests	Equity attribut-able to hybrid bond-holders	Total
As at 01.01.2020	143	33,430	564,127	10,009	148,577	722,713
Consolidated earnings		13,959	13,959	286	3,952	18,197
Other comprehensive income*			32,087	-74		32,013
Reclassifications to profit/loss			13,623			13,623
Consolidated comprehensive income for the period		13,959	59,669	212	3,952	63,833
Dividend		-35,630	-35,630	-188	-3,945	-39,763
Income and expenses recognised directly in equity	9		9			9
Transactions with shareholders recognised directly in equity			-1,075	-6,883		-7,958
Changes from capital measures			15,187			15,187
Issuance costs			-117			-117
As at 30.06.2020	152	11,759	602,170	3,150	148,583	753,903
As at 01.01.2021		9,244	595,885	7,085	148,591	751,561
Consolidated earnings		38,663	38,663	184	4,027	42,875
Other comprehensive income*			1,824	1		1,825
Reclassifications to profit/loss			17,820			17,820
Consolidated comprehensive income for the period		38,663	58,307	185	4,027	62,520
Dividends		-26,878	-26,878	-155	-3,945	-30,978
Transactions with shareholders recognised directly in equity			-27			-27
Issuance costs			-58			-58
Acquisition of shares from non-controlling interests				8,522		8,522
As at 30.06.2021		21,029	627,229	15,638	148,673	791,540

* Excluding separately recognised effects from reclassifications.

Notes to the condensed interim consolidated financial statements

General information

These condensed and unaudited interim consolidated financial statements have been prepared in accordance with section 37w, paragraph 3, of the German Securities Trading Act (*Wertpapierhandelsgesetz* – WpHG) and with IAS 34 "Interim Financial Reporting". They do not include all the information that is required under IFRS for the consolidated financial statements as at the end of a financial year and should therefore only be read in conjunction with the consolidated financial statements as at 31 December 2020.

The interim financial statements and the interim management report have not been audited in accordance with section 317 of the German Commercial Code (*Handelsgesetzbuch* – HGB) nor reviewed by an auditor.

The condensed consolidated statement of comprehensive income and the condensed consolidated cash flow statement contain comparative figures for the first half of the previous year. The condensed consolidated balance sheet includes comparative figures as at the end of the previous financial year.

The interim financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) as applicable within the European Union.

The accounting policies applied are the same as those used for the most recent year-end consolidated financial statements. We published a detailed description of the methods applied in the notes to the consolidated financial statements for 2020. If there are any amendments to accounting policies, they will be explained in the individual notes.

The reporting company

Encavis AG (hereafter known as "company" or together with its subsidiaries as "Group") is a German joint stock company based in Hamburg. The Group's main areas of activity are described in chapter 1 of the notes to the consolidated financial statements for the financial year ended 31 December 2020.

Subject to the interim consolidated financial statements are Encavis AG and its affiliates. For the group of consolidated companies, the reader is referred to section 18 of the notes to the consolidated financial statements as at 31 December 2020 and, with regard to the amendments in the first half of 2021, to the notes in the following section. The parent company of the Group, Encavis AG, was entered in the commercial register of Hamburg district court on 18 January 2002 under HRB 63197 and has its place of business in Grosse Elbstrasse 59, 22767 Hamburg.

Intra-Group transactions are conducted on arm's-length terms.

Significant accounting policies and consolidation principles

Seasonal influences

The business activities of the Group are subject to seasonal influences, leading to fluctuations in revenue and results throughout the course of the year. Due to seasonal factors, revenue in the PV Parks segment is usually higher in the second and third quarters than in the first and fourth quarters of the financial year, while revenue and earnings in the Wind Parks segment are generally higher in the first and fourth quarters than in the second and third quarters of the financial year.

New standards and amendments to standards and interpretations

In the first half of 2021, the Group applied the following new and/or revised IFRS standards and interpretations:

New and amended standards and interpretations		Required to be applied for financial years beginning on or after the specified date	EU endorsement status (as at: 30.06.2021)	Status of application at Encavis
IFRS 9, IAS 39, IFRS 7 and IFRS 16	Amendment – Phase 2 of Interest Rate Benchmark Reform	01.01.2021	Adopted	Applied
IFRS 4	Amendment – Extension of the Temporary Exemption from Applying IFRS 9 for Certain Insurance Companies	01.01.2021	Adopted	Applied

The amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 "Interest Rate Benchmark Reform – Phase 2" are generally relevant to Encavis but do not have any material effect on this interim financial report. The amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9 for Certain Insurance Companies" are not relevant to Encavis.

Status of amended IFRS and interpretations which are not yet obligatory and which the Group has not applied before the effective date

In addition to the information contained in the consolidated financial statements as of 31 December 2020, the IASB or IFRS IC has published or amended the following new standards and interpretations which will either not be applicable until a later date or which have not yet been endorsed by the European Commission:

New and amended standards and interpretations		Required to be applied for financial years beginning on or after the specified date	EU endorsement status (as at: 30.06.2021)	Status of application at Encavis
IFRS 16	Amendment – Covid-19-Related Rent Concessions beyond 30 June 2021	01.04.2021	Not yet adopted	Not applied
IAS 1, IFRS Practice Statement 2	Amendment – Disclosure of Accounting Policies	01.01.2023	Not yet adopted	Not applied
IAS 8	Amendment – Definition of Accounting Estimates	01.01.2023	Not yet adopted	Not applied
IAS 12	Amendment – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01.01.2023	Not yet adopted	Not applied

In spite of the newly published adjustments with regard to the new and amended standards/interpretations, whose application is not yet obligatory and which were not applied early within the Group, Encavis AG does not expect these to have a significant impact on the Group.

At Encavis, no concessions – such as rent forbearance or rent price discounts – were granted in direct connection with the coronavirus, which is why the temporary application extension in relation to the amendment to IFRS 16 has no effect on accounting at Encavis.

Group of consolidated companies

In the first six months of 2021, the following companies were included in the consolidated financial statements in addition to those mentioned in note 18 to the consolidated financial statements as at 31 December 2020.

Companies additionally included in the group of consolidated companies in the first half of 2021	Registered office	Share in %
Fully consolidated Group companies		
APOLLO SOLAR SRL	Brunico, Italy	100.00
Aton 19 S.r.l.	Bolzano, Italy	100.00
Genia Extremadura Solar S.L.	Valencia, Spain	80.00
GreenGo Energy M34 K/S	Roskilde, Denmark	100.00
Paltusmäen Tuulivoima Oy	Pyhäjoki, Finland	100.00

The shareholdings in the fully consolidated Group companies correspond to the proportion of voting rights.

The Italian holding company APOLLO SOLAR SRL was founded in June 2021. It is to act as the sole borrower in a holding company financing agreement as part of the refinancing of existing borrowings involving 16 Italian project companies (output of 41.7 MWp), which is to replace existing project financing at project company level and simplify the organisational and financing structure.

Acquisitions that do not meet the definition of a business

Encavis successfully expanded its international portfolio of solar and wind parks in the first half of 2021. None of the following transactions meet the definition of a business acquisition as defined in IFRS 3. All acquisitions were therefore presented as acquisitions of assets in the consolidated financial statements, regardless of when the plant was commissioned.

Genia Extremadura Solar S.L. (Talayuela)

Encavis acquired full control of Genia Extremadura Solar S.L. at the beginning of commercial operations on 4 January 2021 due to contractual agreements. Genia Extremadura Solar S.L. operates a solar park with an output of 300 MW near the town of Talayuela in Spain. Up to 3 January 2021, the company – in which Encavis held at the time and continues to hold 80 % of shares – was treated as an associated entity due to lack of control and was therefore recognised under the equity method. The purchase price paid in 2018 and 2019 for 80 % of the shares was TEUR 24,200. Due to the period of time between the purchase price payment and acquisition of control, the acquisition cost as at 4 January 2021 was revalued using a multiple based on comparable transactions in Spain. The notional acquisition cost for 80 % of the shares calculated in this manner and applied to the initial consolidation of the company amounted to TEUR 34,088, or TEUR 42,611 for 100 % of shares.

The acquisition of Genia Extremadura Solar S.L. is recognised as an asset acquisition and not as a business combination as defined in IFRS 3. In order to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Even though, once the plant is commissioned, an output is created in the form of electricity, there is no substantive process, as the commercial and technical management of the plant is of secondary importance to that of the electricity generation. Given that this transaction constitutes the acquisition of assets and not the acquisition of a business, the difference between the re-calculated acquisition cost and the revalued assets was allocated to acquired net assets and capitalised rather than being recognised as goodwill. Financial assets and liabilities were recognised at their fair values. Non-recurring income of TEUR 17,271 was recognised as part of the initial consolidation from the reconciliation accounting. Of this amount, TEUR 9,889 was attributable to the increase in the value of the shares due to the revaluation of acquisition cost.

In TEUR	Purchase price allocation
Power generation installations	274,719
Right-of-use asset IFRS 16	20,931
Financial assets	1,277
Current assets	4,738
Cash and cash equivalents	445
Liabilities and provisions	221,243
Negative market value of power purchase agreement	29,701
Lease liability IFRS 16	8,555
Identified acquired net assets	**42,611**

Paltusmäen Tuulivoima Oy

On 12 May 2021, Encavis acquired 100 % of shares in the Paltusmäen Tuulivoima Oy wind park located near the Baltic coast in the North Ostrobothnia region of Northern Finland. The purchase price for the shares was TEUR 84. The company operates five wind installations with a total generation capacity of 21.5 MW. The five installations were commissioned between August 2020 and March 2021.

The acquisition of Paltusmäen Tuulivoima Oy is recognised as an asset acquisition and not as a business combination as defined in IFRS 3. Following a review into whether an input or substantive process exists to allow an output to be created, it was found that no business exists as there is no organised workforce and the process of electricity generation is not unique. Given that this transaction constitutes the acquisition of assets and not the acquisition of a business, the difference between the purchase price and the revalued assets was allocated to acquired net assets through the recognition of a reduction in shareholding rather than being recognised as negative goodwill. Financial assets and liabilities were recognised at their fair values.

In TEUR	Purchase price allocation
Power generation installations	27,123
Right-of-use asset IFRS 16	2,668
Current assets	6,891
Cash and cash equivalents	476
Liabilities and provisions	35,463
Lease liability IFRS 16	1,610
Identified acquired net assets	**84**

Other acquisitions

In addition, the following projects were also acquired through various development partnerships:

Acquisition in the reporting period	Segment
Aton 19 S.r.l.	PV Italy
GreenGo Energy M34 K/S	PV Denmark

All of the companies currently constitute energy installations at an extremely early stage of development and do not yet have a material effect on the consolidated financial statements.

Critical accounting judgements and key sources of estimation uncertainties

Within the scope of preparing the consolidated financial statements, in certain cases estimates and assumptions are made that affect how accounting methods are applied as well as which amount of assets, liabilities, income and expenses are recorded. The actual values may differ from these estimates. The estimates and underlying assumptions undergo continuous reviews. The adapted estimates are accounted for on a prospective basis.

In the following section, the main assumptions for the future and other key sources of estimate uncertainties at the end of the reporting period will be listed which may give rise to a significant risk that calls for a material adjustment to assets and liabilities in the next financial year.

Economic life of property, plant and equipment and intangible assets

When measuring property, plant and equipment and intangible assets, the expected useful life of the assets must be estimated; in doing so, we take into account contractual agreements, knowledge of the industry and management estimates. Further disclosures can be found in the notes to the consolidated financial statements as at 31 December 2020.

Impairment of goodwill

In order to determine whether goodwill is impaired, it is necessary to calculate the value in use of the group of cash-generating units to which the goodwill is allocated. Calculating the value in use requires an estimate of future cash flows from the group of cash-generating units as well as an appropriate capitalisation interest rate for the calculation of the present value. A material impairment may result if the actual expected future cash flows are less than previously estimated.

Business combinations

All identifiable assets and liabilities are recognised at their fair values at the time of initial consolidation within the scope of business combinations. The recognised fair values are subject to estimation uncertainties. If intangible assets are identified, the fair value must be estimated using generally accepted valuation methods. The valuations are based on the company’s plans, which are based on estimates by management while taking contractual agreements into account. No valuations of intangible assets were performed in the reporting period. In the previous-year period, discount rates (WACC) of between 2.39 % and 2.56 % were applied in connection with the valuation of intangible assets.

The reader is referred to the discussion in note 8 of the notes to the consolidated financial statements as at 31 December 2020 for details of the assumptions made when determining the fair value of financial assets. The measurement methods and input factors applied have not changed since 31 December 2020.

Additional disclosures related to financial assets and liabilities

Carrying amounts, recognised amounts and fair value according to classes and valuation categories under IFRS 9

Classes of financial instruments in TEUR	Measurement category under IFRS 9*	Carrying amount as at 30.06.2021 (31.12.2020)	Carrying amount under IFRS 9: Amortised cost	Carrying amount under IFRS 9: Fair value not recognised through profit or loss	Carrying amount under IFRS 9: Fair value recognised through profit or loss	Carrying amount under IAS 28	Fair value as at 30.06.2021 (31.12.2020)
Financial assets							
Non-current financial assets	FVPL	3,757			3,757		3,757
(31.12.2020)		(2,434)			(2,434)		(2,434)
Financial assets accounted for using the equity method	n.a.	12,511				12,511	12,511
(31.12.2020)		(12,521)				(12,521)	(12,521)
Non-current receivables from contingent considerations	FVPL	456			456		456
(31.12.2020)		(453)			(453)		(453)
Trade receivables	AC	61,336	61,336				61,336
(31.12.2020)		(46,730)	(46,730)				(46,730)
Other current receivables	AC	3,498	3,498				3,498
(31.12.2020)		(3,024)	(3,024)				(3,024)
Loans to associates and other loans	AC	929	929				929
(31.12.2020)		(70,677)	(70,677)				(70,677)
Liquid assets	AC	232,606	232,606				232,606
(31.12.2020)		(230,997)	(230,997)				(230,997)
Derivative financial assets							
Derivatives in a hedging relationship (swap)	FVOCI	779		779			779
(31.12.2020)		(1,094)		(1,094)			(1,094)
Derivatives not in a hedging relationship (swap, DTG)	FVPL	1,145			1,145		1,145
(31.12.2020)		(1,691)			(1,691)		(1,691)

* FVPL: fair value through profit or loss; AC: amortised cost (financial assets/liabilities recognised at amortised cost); FVOCI: derivative financial instruments measured as part of hedging relationships (presented in other non-current receivables and/or non-current financial liabilities). Non-current financial assets, loans to associated entities and other loans have been aggregated and presented under the line item for financial investments in the balance sheet. In comparison to the balance sheet, financial liabilities are shown separately in the following categories: financial liabilities, liabilities from contingent consideration, other financial liabilities, derivatives with a hedging relationship and derivatives without a hedging relationship.

Classes of financial instruments in TEUR	Carrying amount under IFRS 9						
	Measurement category under IFRS 9*	Carrying amount as at 30.06.2021 (31.12.2020)	Amortised cost	Fair value not recognised through profit or loss	Fair value recognised through profit or loss	Carrying amount under IFRS 16	Fair value as at 30.06.2021 (31.12.2020)
Financial liabilities							
Trade payables	AC	33,723	33,723				33,723
(31.12.2020)		(16,043)	(16,043)				(16,043)
Financial liabilities	AC	1,641,667	1,641,667				1,847,365
(31.12.2020)		(1,527,232)	(1,527,232)				(1,738,163)
Lease liabilities**	n.a	199,857				199,857	-
(31.12.2020)		(193,039)				(193,039)	(-)
Liabilities to non-controlling shareholders	AC	63,041	63,041				63,041
(31.12.2020)		(43,463)	(43,463)				(43,463)
Current liabilities from contingent considerations	FVPL	609			609		609
(31.12.2020)		(609)			(609)		(609)
Other financial liabilities	AC	412	412				412
(31.12.2020)		(469)	(469)				(469)
Derivative financial liabilities							
Derivatives in a hedging relationship (swap)	FVOCI	25,752		25,752			25,752
(31.12.2020)		(31,998)		(31,998)			(31,998)
Derivatives not in a hedging relationship (swap)	FVPL	6,202			6,202		6,202
(31.12.2020)		(6,517)			(6,517)		(6,517)
Derivatives in a hedging relationship (PPA)	FVOCI	55,782		55,782			55,782
(31.12.2020)		(23,805)		(23,805)			(23,805)

** The relief provision of IFRS 7.29 was applied to the disclosures on the fair values of lease liabilities.

Classes of financial instruments in TEUR	Measurement category under IFRS 9*	Carrying amount as at 30.06.2021 (31.12.2020)	Carrying amount under IFRS 9			Carrying amount under IFRS 16	Fair value as at 30.06.2021 (31.12.2020)
			Amortised cost	Fair value not recognised through profit or loss	Fair value recognised through profit or loss		
Of which aggregated by valuation categories under IFRS 9							
Financial assets measured at amortised cost	AC	298,368	298,368				298,368
(31.12.2020)		(351,428)	(351,428)				(351,428)
Financial assets measured at fair value through profit or loss	FVPL	5,359			5,359		5,359
(31.12.2020)		(4,578)			(4,578)		(4,578)
Financial assets measured at fair value in other comprehensive income	FVOCI	779		779			779
(31.12.2020)		(1,094)		(1,094)			(1,094)
Financial liabilities measured at amortised cost	AC	1,738,844	1,738,844				1,944,542
(31.12.2020)		(1,587,207)	(1,587,207)				(1,798,138)
Financial liabilities measured at fair value through profit or loss	FVPL	6,811			6,811		6,811
(31.12.2020)		(7,126)			(7,126)		(7,126)
Financial liabilities measured at fair value in other comprehensive income	FVOCI	81,534		81,534			81,534
(31.12.2020)		(55,803)		(55,803)			(55,803)

Fair value hierarchy

Fair value hierarchy in TEUR as at 30.06.2021 (31.12.2020)	Level 1	Level 2	Level 3
Assets			
Non-current financial assets			3,757
(31.12.2020)			(2,434)
Non-current receivables from contingent considerations			456
(31.12.2020)			(453)
Derivative financial assets:			
Derivatives in a hedging relationship (swap)		779	
(31.12.2020)		(1,094)	
Derivatives not in a hedging relationship (swap, DTG)		1,145	
(31.12.2020)		(1,691)	
Liabilities			
Current liabilities from contingent considerations			609
(31.12.2020)			(609)
Derivative financial liabilities:			
Derivatives in a hedging relationship (swap)		25,752	
(31.12.2020)		(31,998)	
Derivatives not in a hedging relationship (swap)		6,202	
(31.12.2020)		(6,517)	
Derivatives in a hedging relationship (PPA)		55,782	
(31.12.2020)		(23,805)	

Interest rate and currency hedges are measured using market-yield and foreign exchange (FX) forward curves on the basis of recognised mathematical models (present value calculations). The market values recognised in the balance sheet thus correspond to level 2 of the IFRS 13 fair value hierarchy.

The receivables from contingent considerations as well as the liabilities from contingent considerations carried at fair value in the consolidated balance sheet are based on level 3 information and input factors.

Changes between levels occurred in neither the current nor previous financial year.

The following table shows the level of the fair value hierarchy to which the measurement of fair value has been assigned in its entirety for each class of asset and liability not measured at fair value in the balance sheet and for which fair value does not approximate the carrying amount.

Fair value hierachy in TEUR as at 30.06.2021 (31.12.2020)		Level	
	1	2	3
Liabilities			
Financial liabilities measured at amortised cost			
Financial liabilities		1,847,365	
(31.12.2020)		(1,738,163)	

The following tables show the valuation methods that were used to determine fair values.

Financial instruments measured at fair value

Type	Valuation method	Significant, unobservable input factors
Non-current financial assets: Investment funds	The financial investments are measured using one of the following methods or a combination of more than one of the following methods: acquisition costs relating to the most recent financial investments, valuation standards within the industry, standing offers, contractual obligations. The relative weighting of each valuation method reflects a judgement as to the appropriateness of each valuation method for the respective non-realised financial investment.	**Risk premium** The estimated fair value of the financial investments available for sale would increase (decrease) if the risk premium were lower (higher).
Non-current financial assets: Mezzanine capital	Discounted cash flows: The fair values are determined using the future expected cash flows discounted using the standard observable market data of the corresponding interest structure curves.	**Expected distributions** The estimated fair value of the mezzanine capital would increase (decrease) if the distributions would be higher (lower) and/or would be made at an earlier (later) date.
Interest rate swaps	Discounted cash flows: The fair values are determined using the future expected cash flows discounted using the standard observable market data of the corresponding interest structure curves.	Not applicable
Receivables from contingent considerations	Discounted cash flows on the basis of contractually fixed mechanisms.	**Date of the addition of the other wind parks** The estimated fair value of the receivables from contingent consideration would increase (decrease) if the additional wind parks were added at an earlier (later) date. **Tax benefit** The assessed fair value of the receivables from contingent considerations would increase (fall) were the tax benefit higher (lower).
Liabilities from contingent considerations	Discounted cash flows on the basis of contractually fixed mechanisms.	**Performance of the installations** The estimated fair value of liabilities from contingent consideration would increase (decrease) if the solar park's performance were higher (lower).

Financial instruments not measured at fair value

Type	Valuation method	Significant, unobservable input factors
Financial liabilities	Discounted cash flows: The fair values are determined using the future expected cash flows discounted with equivalent terms using the standard observable market interest rates and taking an appropriate risk premium into account.	Not applicable

For financial instruments with short-term maturities, including cash and cash equivalents, trade receivables, trade payables and other current receivables and current liabilities, it is assumed that their fair values approximate their carrying amounts. The relief provision of IFRS 7.29 was applied to the disclosures relating to the fair values of lease liabilities, on the basis of which the fair value was not determined.

The following overview shows a detailed reconciliation of assets and liabilities in level 3 regularly measured at fair value.

In TEUR	2021	2020
Non-current financial assets		
As at 01.01	2,434	4,353
Additions	1,377	343
Disposals	-24	-142
Unrealised profit (+)/loss (–) in consolidated earnings	-30	-172
Realised profit (+)/loss (–) in consolidated earnings	0	-11
As at 30.06	**3,757**	**4,371**
Non-current receivables from contingent considerations		
As at 01.01	453	135
Additions	0	311
Unrealised profit (+)/loss (–) in consolidated earnings	3	3
As at 30.06	**456**	**449**
Non-current liabilities from contingent considerations		
As at 01.01	0	604
Unrealised profit (–)/loss (+) in consolidated earnings	0	3
Maturity of reclassifications	0	-607
As at 30.06	**0**	**0**
Current liabilities from contingent considerations		
As at 01.01	609	0
Unrealised profit (–)/loss (+) in consolidated earnings	0	2
Maturity of reclassifications	0	607
As at 30.06	**609**	**609**

The non-current earn-out liability was recognised with the acquisition of the solar park in Boizenburg during the 2018 financial year. The payment is mainly related to the performance of the park after planned repairs. Due to the estimated payment date, the liability was reclassified to current liabilities from contingent considerations in 2020.

The non-current receivables in the amount of TEUR 135 relate to the acquisition of the wind park UGE Markendorf Eins GmbH & Co. KG from the 2017 financial year. In the first quarter of 2020, non-current receivables from contingent consideration increased in connection with the sale of Stern Energy GmbH. This increase relates to a subsequent purchase price adjustment for tax purposes; interest of TEUR 3 was accrued for the amount during the first half of 2020 and the first half of 2021.

The following interest income and interest expenses originate from financial instruments not measured at fair value through profit or loss:

In TEUR	01.01.-30.06.2021	01.01.-30.06.2020
Interest income	3,111	9,319
Interest expenses	-29,502	-29,250
Total	**-26,391**	**-19,931**

Not included, in particular, are interest income and interest expenses from derivatives and interest income and interest expenses from assets and liabilities outside of the scope of IFRS 7. In accordance with IFRS 7.20 (b), interest expenses include interest expenses in connection with IFRS 16, as the lease liabilities are classified as financial liabilities not measured at fair value through profit or loss.

Interest rate swaps

The fair value of interest rate swaps on the balance sheet date is determined by discounting future cash flows using the yield curves on the balance sheet date and the credit risk associated with the contracts.

As at the balance sheet date, the Group held a total of 100 (31 December 2020: 100) interest rate swaps, under which the Group receives interest at a variable rate and pays interest at a fixed rate. As a general rule, these are amortising interest rate swaps, whose nominal volume is reduced at regular, defined intervals. The following table shows the nominal volumes as at the balance sheet date, the average (volume-weighted) fixed interest rate and the fair value. The Group differentiates between interest rate swaps that are part of an effective hedging relationship pursuant to IFRS 9 and those that are not.

In TEUR	30.06.2021	31.12.2020
Nominal volume in TEUR	654,214	531,670
Of which in a hedging relationship	*387,747*	*394,479*
Of which not in a hedging relationship	*266,467*	*137,191*
Average interest rate in %	1.56	1.78
Average remaining term in years	8.10	8.49
Fair value in TEUR	-30,053	-35,888
Of which in a hedging relationship	*-24,973*	*-30,904*
Of which not in a hedging relationship	*-5,080*	*-4,984*

The ineffective portion of the swaps in a hedging relationship was recognised as income of TEUR 668 through profit or loss (previous year: TEUR 463). The change in the market value of swaps that are not in a hedging relationship was recognised as income of TEUR 2,615 through profit or loss (previous year: expenses of TEUR 1,039). The effective portion in the current financial year of TEUR 4,219 (previous year: TEUR -3,416) was adjusted for deferred tax effects in the amount of TEUR -772 (previous year: TEUR 633) and recognised in equity. For the interest rate swaps for which no more evidence of their effectiveness pursuant to IAS 39 could be provided prior to 1 January 2018 (applicable period of IAS 39), the changes in value formerly recognised in the hedge accounting reserves with no effect on profit or loss in the amount of TEUR 12 (previous year: TEUR 12), taking into account the deferred tax liabilities in the amount of TEUR -3 (previous year: TEUR -4), were amortised on schedule through profit or loss.

Power purchase agreements

The ineffective portion of the measurement of the PPAs was recognised as income of TEUR 32 through profit or loss (previous year: expenses of TEUR 133). The effective portion in the current financial year of TEUR -3,270 (previous year: TEUR -56) was adjusted for deferred tax effects in the amount of TEUR 817 (previous year: TEUR 0) and recognised in equity.

Principles of risk management

With regard to its financial assets and liabilities and planned transactions, Encavis is mainly exposed to risk from interest rate changes. The aim of financial risk management is to limit this market risk by means of ongoing activities. Derivative hedging instruments are used to this end, depending on the risk assessment. In order to minimise default risk, interest rate hedging instruments are only concluded with renowned banks with corresponding credit ratings. As a general rule, only risks that impact the Group's cash flow are hedged.

The risks facing the Encavis Group, as well as the extent of these risks, have either not changed or not changed significantly compared with the 2020 consolidated financial statements.

Equity

As at 30 June 2021, equity amounted to TEUR 791,540 (31 December 2020: TEUR 751,561). The increase in the amount of TEUR 39,979, or 5.3 %, results primarily from the valuation effects for equity investments of the Group recognised in the equity reserve, from the valuation effects for derivative financial instruments recognised in the hedge reserve and from the positive consolidated earnings. The payment of the dividend for the previous financial year as well as the payment to hybrid capital investors had the opposite effect. The equity ratio was 25.9 % (31 December 2020: 26.6 %).

The Management Board and Supervisory Board of Encavis AG want the shareholders to share in the success of the company to an appropriate extent. With this in mind, the Supervisory and Management Boards of Encavis AG proposed, at the Annual General Meeting on 27 May 2021, to pay out a dividend of EUR 0.28 for each dividend-entitled share. This represents a year-on-year increase of 7.7 % (dividend for the 2019 financial year: EUR 0.26). The proposal by the Management Board and Supervisory Board was approved by a clear majority.

The Management Board and Supervisory Board wish to give Encavis AG shareholders the greatest possible freedom of choice in connection with the dividend. As a result, the dividend issued by Encavis AG was once again structured as an optional dividend. As such, the company's shareholders had the choice of receiving the dividend entirely in cash or a portion of the dividend in cash for payment of the tax liability and the remaining portion of the dividend in the form of shares in the company.

The dividend was paid on 30 June 2021. Encavis AG gave the option of receiving the dividend either wholly or partially in cash or in the form of shares. The acceptance rate of 42.9 % is seen as a sign of the shareholders' confidence in the company. In total, 814,031 new bearer shares were issued in the beginning of July. The new shares have dividend rights from 1 January 2021 onwards. Share capital increased from EUR 138,437,234.00 to EUR 139,251,265.00 in July.

As at the reporting date, share capital therefore comes to EUR 138,437,234.00, divided into 138,437,234 shares with a nominal value of EUR 1.00 per share.

Related-party disclosures

In the course of normal business, the parent company Encavis AG maintains relationships with subsidiaries and with other related companies (associated entities and companies with the same staff in key positions) and individuals (majority shareholders and members of the Supervisory Board and Management Board as well as their relatives).

Associated entities

Transactions with associated entities are carried out under the same conditions as those with independent business partners. Outstanding items as at the reporting date are unsecured and (with the exception of loans) interest-free, and settlement is made in cash. No guarantees were provided to or by related parties with regard to receivables or liabilities.

In TEUR	Services provided, incl. Interest	Services received	Receivables	Liabilities	Loans issued incl. Interest
CHORUS IPP Europe GmbH	274		114		
Gnannenweiler Windnetz GmbH & Co. KG		21			
Pexapark AG		559		70	
Stern Energy S.p.A.	7	1,377		356	481
Stern PV 2 Srl	11				472
Total	**292**	**1,957**	**114**	**426**	**953**
(01.01.2020 to 30.06.2020)	(5,648)	(964)			
(31.12.2020)			(41)	(127)	(73,492)

On 4 January 2021, Encavis gained control of Genia Extremadura Solar S.L. formerly recognised as an associated entity on the basis of contractual agreements. The entity has been fully consolidated in the consolidated financial statements

since this date. There were no business transactions to report in the period from 1 January to the change of control on 4 January.

Joint arrangements

The participating interest in Richelbach Solar GbR in the amount of TEUR 120 as at 30 June 2021 (31 December 2020: TEUR 120) is classified as a joint operation pursuant to IFRS 11. Encavis recognises its interest in the joint operation through the recognition of its share in the assets, liabilities, income and expenses in accordance with its contractually assumed rights and obligations.

Other related companies and individuals

As at the reporting date, rental agreements at arm's-length terms exist with B&L Holzhafen West GmbH & Co. KG, a company allocated to Supervisory Board members Albert Büll and Dr Cornelius Liedtke, for office space for Encavis AG. In the first half of 2021, the sum of the transactions with B&L Holzhafen West GmbH & Co. KG amounts to TEUR 396 (previous year: TEUR 398). As at the balance sheet date, there were no outstanding balances from transactions with B&L Holzhafen West GmbH & Co. KG.

For the company Encavis GmbH, there is a rental agreement regarding the Asset Management segment's office space in Neubiberg with PELABA Vermögensverwaltungs GmbH & Co. KG, a company related to Supervisory Board member Peter Heidecker. The rental agreement had a fixed term until the end of 2019 and has been renewed automatically by one year each year since then, unless either of the parties terminates it with a notice period of six months. The agreement therefore runs until at least the end of 2022. The monthly rent is based on customary market conditions. In the first half of 2021, the sum of the transactions with PELABA Vermögensverwaltungs GmbH & Co. KG amounts to TEUR 77 (previous year: TEUR 74). As at the balance sheet date, there were no outstanding balances from transactions with PELABA Vermögensverwaltungs GmbH & Co. KG.

Other disclosures

Employees

In the first half of 2021, apart from the Management Board members, the Group had 140 employees on average (previous year: 125), determined on the basis of the figures on the respective reporting dates. The average number of employees is shown below broken down by function:

Average number of employees per function

	Encavis AG	Encavis Asset Management AG	Encavis GmbH	Total
Finance	21			21
(Previous year)	(19)			(19)
Operations	25			25
(Previous year)	(27)			(27)
Staff	25			25
(Previous year)	(22)			(22)
Investment	9			9
(Previous year)	(7)			(7)
Corporate Finance/Project Finance	6			6
(Previous year)	(6)			(6)
Asset Management		39	16	55
(Previous year)		(32)	(13)	(45)
Total	**86**	**39**	**16**	**140**
(Previous year)	(80)	(32)	(13)	(125)

Leases

The following table provides an overview of the capitalised rights of use per asset class recognised under property, plant and equipment as at 30 June 2021:

Right of use in TEUR	30.06.2021	31.12.2020
Land	204,888	189,509
Buildings	7,596	4,894
Power generation installations	34,205	35,269
Vehicles	158	178
Total	**246,847**	**229,850**

As at 30 June 2020, lease liabilities are comprised as follows:

Lease liabilities in TEUR	30.06.2021	31.12.2020
Non-current	188,201	181,723
Current	11,656	11,315
Total	**199,857**	**193,039**

The increase in rights of use and lease liabilities is primarily attributable to the company acquisitions and changes in estimates regarding the exercising of extension options.

Events after the balance sheet date

For the significant events after the end of the reporting period, the reader is referred to the section "Events after the balance sheet date" in the interim Group management report.

Notification requirements

Notifications in accordance with section 21, paragraph 1, or paragraph 1a, of the Securities Trading Act (WpHG) are shown on the Encavis AG website at https://www.encavis.com/en/sustainability/governance.

Forward-looking statements and forecasts

This report includes forward-looking statements based on current expectations, assumptions and forecasts by the Management Board and the information available to it. Known or unknown risks, uncertainties and influences may mean that the actual results, the financial position or the company's development differ from the estimates provided here. We assume no obligation to update the forward-looking statements made in this report.

Rounding differences may occur in percentages and figures in this report.

Contact

All relevant information relating to Encavis AG is published and provided on the company's website www.encavis.com under "Investor Relations" in the interest of transparent capital market communications.

Encavis AG also uses social media such as LinkedIn (https://de.linkedin.com/company/encavis-ag) and Twitter (https://twitter.com/encavis) to share company news and information quickly and transparently.

The Investor Relations department is at the disposal of all existing and potential shareholders at any time for questions and suggestions on the share and the company.

We look forward to hearing from you!

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Assurance of the legal representatives

We declare that, to the best of our knowledge and according to the applicable accounting standards, the half-yearly financial reporting as at 30 June 2021, in connection with the annual report for 2020, gives a true and fair view of the earnings, net assets and financial positions of the Group, and that the situation of the Group is presented in a true and fair way as to suitably describe the principal opportunities and risks associated with the expected development of the Group.

Hamburg, August 2021

Encavis AG

Management Board

Dr Dierk Paskert

CEO

Dr Christoph Husmann

CFO

ENCAVIS

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