

REPORT ON THE FIRST HALF YEAR
AND ON THE SECOND QUARTER OF 2020

PNE AG

2 | 2020

PNE
pure new energy

THE PNE GROUP AT A GLANCE

The PNE Group consists of the companies PNE AG and WKN GmbH and is a leading wind farm developer located in Northern Germany. From this strong position the PNE Group continues to develop into a Clean Energy Solution Provider.

PNE Group key figures

in million EUR	1.1. – 30.6. 2020	1.1. – 30.6. 2019	1.1. – 30.6. 2018
Total aggregate output	77.0	85.6	38.2
Revenues	62.4	65.6	28.4
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	9.0	18.5	8.7
Operating profit (EBIT)	0.6	12.9	4.1
Earnings before taxes (EBT)	-5.8	6.2	-1.9
Result for the period	-5.3	3.4	-0.3
Basic earnings per share (euro)	-0.07	0.05	0.00
Average number of shares (million)	76.3	74.4	76.6

in million EUR	30.6.2020	31.12.2019	31.12.2018
Equity on the reporting date	210.0	220.0	216.3
Equity ratio on the reporting date (%)	37.3	38.8	47.8
Balance sheet total on the reporting date	562.5	567.6	452.6

FOREWORD OF THE BOARD OF MANAGEMENT

DEAR SHAREHOLDERS

Due to the Corona pandemic, the first half of the 2020 financial year was one of the most challenging and unusual in the Company's history. However, we have successfully managed this situation, made further operational progress and performed well in financial terms.

Dealing with the Corona pandemic

The first half of 2020 was marked by the Corona pandemic and its effects. We have adapted to this situation with concepts aligned with the respective markets. The conclusion is pleasing: Despite a sudden changeover to working from home for a period of around six weeks until May, we made good progress in our operational activities. Projects were further developed, tenders won and the construction of further projects started.

It has paid off for us that we have developed our internal processes and the organisational structure to a high level in recent years as part of our "Scale up" programme. Thus, we were also technically able to implement this changeover spontaneously and remained fully operational at all times. We would like to take this opportunity to pay tribute to the commitment of our employees, who adjusted quickly and well to the unfamiliar situation.

However, it is not yet possible to provide a final assessment of the consequences of the crisis triggered by the pandemic on the economy as a whole. This includes possible effects on delivery routes and suppliers of the wind power turbines and components required for the projects. Among other things, the delivery times for wind turbines have been extended. We also had to prepare ourselves for the fact that there could be delays in project development due to the sometimes slower processing time on the part of approval authorities. In the service area, there were restrictions during the lockdown phase, including with regard to our training portfolio. On the other hand, there were no unexpected negative effects on electricity sales in the projects operated by us. This shows how sound and robust our adapted business model is. We have already taken this into account in our planning. However, we also assume that the global hunger for energy and the will to drive forward CO₂ reduction and thus climate protection will make it necessary to expand renewable energies even after the current crisis.

General political conditions

The general conditions for the expansion of renewable energies in Germany have not become easier. In the case of onshore wind energy, increasingly lengthy approval procedures can be observed and, from time to time, legal action is taken against approvals already granted. This delays and hinders projects. With regard to offshore wind energy, the industry is still waiting for reliable framework conditions for future projects and tenders. It is pleasing that the German government has discussed these problems and has held out the prospect of changes.

We are also pleased with the plan for the European Union's "Green Deal", which is likely to strengthen the shift to renewable energy sources and related solutions such as the use of hydrogen. In Germany, the decision to phase out coal and the increase in targets for the expansion of offshore wind energy are positive developments.

Successful operative development

In spite of the difficult conditions resulting from the Corona pandemic, the first half of the year was successful in operational terms. In Poland, we completed the construction of a 42 MW project sold earlier. The construction of wind farms on behalf of customers in Sweden and Poland has been continued. In Germany, we had five wind farm projects with a nominal capacity of 48.7 MW under construction at the end of the first six months, of which 4.2 MW in the form of a citizen wind park.

At the end of the first six months, we thus had a total of approx. 293.7 MW of wind energy projects under construction on our own account and for our customers.

In the first half of the year, we were successful with two projects (13.9 MW) in the tender process in Germany. We were also able to obtain approval for a further project (25.1 MW), which then participated in the tendering round in July and was awarded a contract.

In the reporting period, we have achieved a further milestone for starting the development of marine wind farms off the US coasts. In this connection, a company was founded and an office established in Boston.

Expansion of internally operated wind farms makes progress

In the first half of 2020, we decided to strengthen the portfolio of internally operated wind farms. In this way, as with the expansion of the service business, we intend to make a further contribution to reducing the volatility of earnings and stabilising earnings and sales at a high level. This is a further step towards becoming a Clean Energy Solution Provider with our long-term "Scale up" programme.

At present, the PNE Group has internally operated wind farms with an installed nominal capacity of 130.1 MW; a further 44.5 MW are under construction and are primarily to be integrated into the portfolio. The plans are to expand the portfolio of internally operated projects, especially in Germany, to up to 500 MW by the end of 2023. The basis for this is the well-filled project pipeline.

Project pipeline strengthened

The basis for the future development of the PNE Group is the “pipeline” of projects, which are processed in various phases of project development. We were able to expand the pipeline of onshore wind energy projects to approx. 5,176 MW. It is noteworthy that we have reached a new high in the Company’s history with projects of approx. 632 MW currently in the approval phase in Germany and France.

Further progress was also made in the development of photovoltaic projects. In this field, we were able to expand our “pipeline” of projects in progress to 232 MWp. This, too, is an important component of our strategic further development.

First-half results on target

On the basis of these business developments, the Group generated in the reporting period sales revenues of euro 62.4 million (prior year: euro 65.6 million), total aggregate output of euro 77.0 million (prior year: euro 85.6 million), earnings before interest, taxes, depreciation and amortisation (EBITDA) of euro 9.0 million (prior year: euro 18.5 million), operating profit (EBIT) of euro 0.6 million (prior year: euro 12.9 million) and undiluted earnings per share of euro -0.07 (prior year: euro 0.05).

In the first half of the year, the investments in our own projects had a particular impact, as no projects were sold.

The number of employees in the Group has increased significantly to 450 people (prior year: 386) as at June 30, 2020. This increase reflects the higher personnel requirements resulting from the expansion of our business model.

The results of the first half of the year are on target. However, it is the consolidated results achieved in the Group, which do not provide a complete picture of the performance of the entire enterprise. These are strongly influenced by the development of our own portfolio. In view of the internal operation of wind farms, the EBITDA parameter is increasingly becoming a key performance indicator. In the medium term, we will therefore place more emphasis on EBITDA.

A look at the individual segments shows the current development.

In the “project development” segment, the preparations for the realisation of economically larger wind farms intended for our own portfolio had an effect.

In the “service products” segment, the expansion of the service strategy, the associated build-up of the workforce and the necessary investments in equipment had an impact on the results.

In the “electricity generation” segment, the course of business was as planned with strong wind months in the first quarter and weak wind results in the second quarter.

Accordingly, we can confirm our goals for the entire year: Despite our investments in building up our portfolio of internally held wind farms, we are expecting EBITDA of euro 15 to 20 million and EBIT of euro 5 to 10 million for the Group for the 2020 fiscal year.

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

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

Please maintain your confidence in us in the future!

Yours sincerely

The Board of Management



Markus Lesser
CEO



Jörg Klawat
CFO

CAPITAL MARKET INFORMATION

PNE SHARES VS. RENIXX VS. ÖKODAX indexed to 100%



Share

PNE AG shares began the current fiscal year on January 2, 2020 at an opening price of euro 4.02. After a sustained rise in the price, the share reached its high for the reporting period in February at euro 5.24. Then, the share price declined and was below euro 4.00 in the second half of March, but rose again since the beginning of April to prices just below euro 5.00. At the end of the reporting period on June 30, 2020, the share closed at euro 4.98, which corresponds to a market capitalisation of approx. euro 381.5 million and a change of +23.7 percent compared with the beginning of the year. In the weeks following the end of the first half of the year, the PNE shares rose again and closed at euro 5.29 on July 20, 2020.

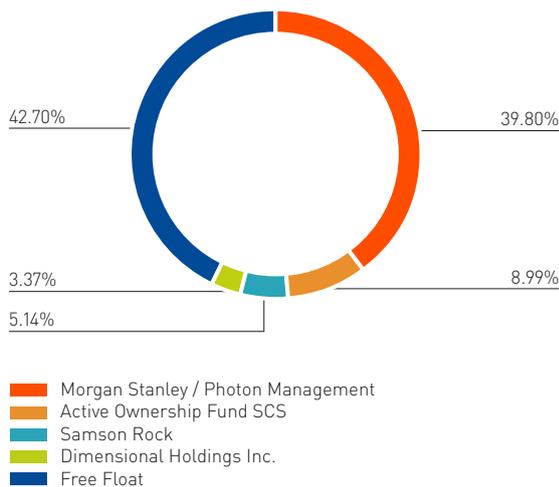
BOND INFORMATION

The 2018/23 corporate bond issued by PNE AG has a volume of euro 50 million and it was primarily traded over 100 percent during the reporting period. At the end of the reporting period on June 30, 2020, the bond price was 100.00 percent.

Shareholder structure

At the end of the reporting period on June 30, 2020, the total number of shares issued by PNE AG amounted to 76,603,334.

According to published notifications regarding voting rights and directors' dealings, Morgan Stanley/Photon Management GmbH held 39.80 percent of the shares, Active Ownership Fund SCS 8.99 percent, Goldman Sachs Group, Inc. 5.20 percent, Samson Rock 5.14 percent and Dimensional Holdings Inc. 3.37 percent on June 30, 2020. Accordingly, all other shareholdings were to be classified as other free float. After the end of the reporting period, Goldman Sachs Group reported on July 13, 2020 that it no longer holds any shares. This results in the following overview of the shareholder structure at that time:



General meeting of shareholders

PNE AG's general meeting of shareholders was held in Cuxhaven on May 20, 2020 in the form of a virtual general meeting without the physical presence of shareholders or their proxies.

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

The shareholders also clearly consented to the proposed resolution to give formal approval of the actions of the members of the Board of Management Markus Lesser (CEO) and Jörg Klowat (CFO). In addition, the shareholders decided with a clear majority to give formal approval of the actions of the Supervisory Board. Christoph Oppenauer and Alberto Donzelli were newly elected to the Supervisory Board.

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, was elected by a large majority as the auditor of the financial statements and consolidated financial statements.

Finally, the general meeting of shareholders also approved by a large majority the conclusion of a profit transfer agreement between PNE AG as the controlling company and WKN GmbH as the controlled company.

Financial calendar

11.11.2019	Publication of Financial Report Q3
November 2020	Analyst Conference/Frankfurt

Additional information

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

INTERIM GROUP MANAGEMENT REPORT FOR THE FIRST SIX MONTHS OF 2020

1. GENERAL CONDITIONS

General political conditions

The general political conditions have not changed significantly compared with the presentation in the group management report 2019.

PNE AG takes a positive view of the fact that the German government has increased the targets for the expansion of offshore wind energy from 15 to 20 GW by 2030 and 40 GW by 2040 by amending the Offshore Wind Energy Act. PNE AG welcomes these planned expansion targets and sees this as confirmation that the size of 15 MW, which was revised downwards by the German government, was set too low as an expansion scenario at that time.

We also take a positive view of the German government's decisions on the development of a hydrogen strategy and on the coal phase-out.

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

Further general conditions/Corona pandemic

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

The change of office activities to working from home in the period from around mid-March to the end of May 2020 has had a positive effect. Thanks to the existing technical infrastructure and the flexibility of the employees, this changeover has progressed smoothly. Among other things, this has significantly reduced the potential risk of infection. Internal control processes were not affected.

2. CORPORATE STRUCTURE

The changes in the companies included in the consolidated financial statements as compared to December 31, 2019 are explained in the condensed notes to the consolidated financial statements under item "3. Scope of consolidation".

3. GENERAL ACCOUNTING PRINCIPLES

In the financial report for the first six months of the 2020 fiscal year as at June 30, 2020, the Company applied the same accounting and valuation methods as in the consolidated financial statements as at December 31, 2019. The IFRS standards amended since January 1, 2020 are not relevant to the half-yearly financial statements.

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

4. ORGANISATION AND EMPLOYEES

On June 30, 2020, the PNE AG Group employed 450 people in total (prior year: 386), including the members of the Board of Management. The employees of the subsidiaries are included in this number.

5. OVERVIEW OF BUSINESS ACTIVITY

Summary

The effects of the Corona pandemic have also been felt by companies that, like PNE AG, are working on expanding renewable energies. The effects on the global economy and consequently also on supply routes or the development of electricity prices are not yet finally foreseeable. At present, PNE assumes that there may be shifts in the operating business as regards the sale of project rights and project implementation from 2020 to 2021 and from 2021 to 2022 due to the current measures to prevent any

further spread of the Corona virus. This has already been taken into account in the guidance. However, the Company currently assumes that there should be no significant impact on our business in the medium to long term. The good liquidity position gives the Company sufficient leeway to be able to cope well with longer-term restrictions. Against this background, no support measures or state aid had to be used in the reporting period. The operating activities listed in the remainder of this report and the Group figures still confirm a positive going concern.

PNE decided in March 2020 to significantly expand its own wind farm operations in the future. The aim is to stabilise sales and earnings at a high level. However, individual projects, especially abroad, will still be marketed in the future. PNE currently operates wind farms with an installed nominal capacity of 130.1 MW itself. Additional projects are under construction. The plans are to expand the portfolio of internally operated projects, especially in Germany, to up to 500 MW by the end of 2023. The basis for the expansion is the well-filled project pipeline, since PNE is currently developing national and international onshore wind farms with a volume of 5,176 MW in various phases of project development. The pipeline of photovoltaic projects includes projects with approx. 232 MWp as at June 30, 2020.

The operational business of the PNE Group during the first six months of 2020 was characterised by the development and realisation of onshore wind farms in various countries. The Polish wind farm "Barwice" (42 MW), which was erected on behalf of the purchaser, was completed and put into operation.

As at June 30, 2020, wind farms with a total nominal capacity of 293.7 MW were under construction in Germany, Sweden and Poland.

The development of national and international photovoltaic projects was also intensified in the reporting period.

Segment reporting

The determination and presentation of segment reporting as at June 30, 2020 has not changed versus December 31, 2019.

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

The "service products" segment reports in summary on services. These include technical and commercial operations management, construction management, transformer station services, wind measurements, electricity marketing management, and similar services.

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

"Project development" segment

Wind energy onshore sub-division

The development and realisation of onshore wind farm projects continued in the first half of 2020, both in Germany and in foreign markets, despite the restrictions caused by the spread of the Corona virus and the associated consequences.

Overview of the status of onshore wind energy project activities of the PNE Group as at June 30, 2020 in MW:

Country	Phase I – II	Phase III	Phase IV	Total MW	Sold / Service Provider
Germany	1,262	371	49	1,682	0
France	271	261	0	532	0
United Kingdom	43	0	0	43	0
Italy	40	0	0	40	0
Canada	505	0	0	505	0
Panama	345	0	0	345	0
Poland	132	19	0	151	132
Romania	54	102	0	156	0
South Africa	500	30	0	530	0
Sweden	0	59	0	59	113
Turkey	629	71	0	700	0
USA	266	167	0	433	0
Total	4,047	1,080	49	5,176	245

Phase I – II = Exploration & Development
 Phase III = Planning
 Phase IV = Implementation
 Sold/Service Provider = Projects already sold, for which PNE is currently providing construction management services

Wind energy onshore – national

At the end of the second quarter of 2020, the PNE Group was working on wind farm projects with a nominal output of approx. 1,682 MW in various phases of project development.

Five wind farms were under construction at the end of the reporting period. This means that the number of wind farms under construction increased by two to five with a nominal capacity of 48.7 MW.

The necessary permits for the realisation of further wind farms are available.

Wind energy onshore – international

The PNE Group also successfully continued its core business of the development and realisation of projects abroad. Compared to the presentation in the 2019 consolidated management report, there were the following changes in the foreign markets:

Poland

The previously sold “Barwice” wind farm in the North West of Poland was completed. 14 Siemens SWT-3.0-113 wind turbines with a total capacity of 42 MW were erected as part of this project. PNE was responsible for construction management on behalf of the investor.

Construction of the “Jasna” wind farm (132 MW) was continued as scheduled on behalf of the purchaser.

Sweden

The construction of the previously sold “Malarberget” wind farm (113 MW) has progressed as scheduled. PNE has taken over the construction management of the wind farm on behalf of the purchaser and will continue to support it during the operating phase.

Wind energy offshore sub-division

Wind energy offshore – national

PNE’s high level of competence in offshore project development has resulted in visible successes: In recent years, PNE has sold eight offshore wind farm projects after their development was completed. These include the projects “Atlantis I”, “Borkum Riffgrund” and “Gode Wind”. PNE continues to act as a service provider for the divested projects.

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

Wind energy offshore – international

PNE has achieved a further milestone for starting the development of marine wind farms off the US coasts. In this connection, a company was founded and an office established in Boston. The United States Bureau of Ocean Energy Management (BOEM) is currently in the process of leasing additional sites for offshore wind farms in state-controlled coastal waters. In 2018, a tender was launched for three sites off the US east coast (Massachusetts). In this context, contracts for a total volume of USD 405 million were awarded. This demonstrates the value of offshore wind projects off the US coast and shows that this market will continue to develop in the future. PNE is currently preparing for future tenders.

Photovoltaics subdivision

In recent years, photovoltaic installations have become increasingly cost-effective and thus more marketable in the area of electricity generation. In addition, the legal and economic framework conditions for the development of photovoltaic projects are in place in many countries. The development of photovoltaic projects is therefore part of the strategic expansion of the business model of PNE AG. Numerous markets are currently being examined in detail and the first rights are being secured. Particular attention will initially be paid to Germany, France, Italy, Romania and the USA as well as other international markets.

The volume of projects managed at the end of reporting period was increased to 232 MWp.

Overview of the status of photovoltaic project activities of the PNE Group as at June 30, 2020 in MWp:

Country	Phase I – II	Phase III	Phase IV	Total MWp
Germany	19	0	0	19
Romania	112	0	0	112
USA	101	0	0	101
Total	232	0	0	232

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

The operative achievements listed above have led to positive results being generated in the "project development" segment in the first six months of 2020. The current Corona pandemic has had little impact on the business activities of the "project development" segment in the form of minor project postponements. These shifts had only minor effects on the results of the "project development" segment in the first half of the year. However, as explained in connection with the published guidance 2020, it cannot be ruled out that this might lead to shifts in earnings in the "project development" segment and in the Group from 2020 to 2021 in the further course of the fiscal year.

In the first half of 2020, the "project development" segment achieved

- » total aggregate output of euro 67.4 million (prior year: euro 74.6 million),
- » EBITDA of euro 6.3 million (prior year: euro 13.3 million) and
- » EBIT of euro 5.3 million (prior year: euro 12.1 million).

"Service products" segment

The "service products" segment reports in summary on services. These include technical and commercial operations management, construction management, transformer station services, wind measurements, electricity marketing management, and similar services.

The international business of operations management was expanded in the first half of 2020 by activities in France and Poland. Investments in personnel and equipment were necessary in the "service products" segment, among other things in order to expand into the two markets, which had a negative impact on the results for the first half of the year compared with the same period of the previous year.

In the Polish wind farm "Barwice", developed and sold by PNE, Group companies provided construction management services in the first quarter of 2020 until the start of operation. With this project, PNE once again successfully implemented its strategy of increasing the volume of services, in particular at the international level.

For the Polish "Jasna" project, which was developed, successfully tendered for and sold by Group companies, and for the Swedish "Malarberget" project, the Company also provides services during the construction phase. In the "Jasna" project, PNE will also take on tasks during the subsequent operating phase.

The current Corona pandemic has had a medium impact on the business activities of the "service products" segment, since although the major part of orders in this segment is based on long-term service orders, in certain service areas, such as training on occupational safety at height, it was temporarily not possible to conduct training courses due to the distance rules and other protective measures.

In the first half of 2020, the "service products" segment achieved

- » total aggregate output of euro 9.3 million (prior year: euro 7.8 million),
- » EBITDA of euro 1.6 million (prior year: euro 2.0 million) and
- » EBIT of euro 0.1 million (prior year: euro 0.7 million).

"Electricity generation" segment

The "electricity generation" segment combines all activities of the Group companies that are engaged directly in the production of electricity from clean energies. This division includes primarily the PNE-operated wind farms with a total nominal capacity of 130.1 MW and the Silbitz biomass power plant with approx. 5.6 MW. Furthermore, the segment includes interests in limited partnerships, in which wind farm projects will be realised in the future.

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

The first half of 2020 reflected the expected wind trends. While good wind performance was recorded in the first quarter, the second quarter was characterised, as usual, by weaker wind performance. The seasonal wind curve with constant depreciation and costs per quarter results – from quarter to quarter – in the wind farms recording very positive results in quarters with high winds and slightly negative to slightly positive results in low-wind quarters.

To date, the current Corona pandemic has had no impact on the business activities of the “electricity generation” segment.

In the first half of 2020, the “electricity generation” segment achieved

- » total aggregate output of euro 12.9 million (prior year: euro 8.3 million),
- » EBITDA of euro 9.9 million (prior year: euro 6.0 million) and
- » EBIT of euro 4.1 million (prior year: euro 2.9 million).

Changes

The changes in the Group’s structure are explained in the condensed notes to the consolidated financial statements under item “3. Scope of consolidation”.

Compared to December 31, 2019, there were no other significant changes in the area of operations.

6. NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

The figures shown below were determined and presented in accordance with IFRS for the Group. The consolidated financial information for the first two months of the 2020 fiscal year as at June 30, 2020 was based on the same accounting and valuation methods as the consolidated financial statements as at December 31, 2019. The IFRS standards amended since January 1, 2020 are not relevant to the half-yearly financial statements.

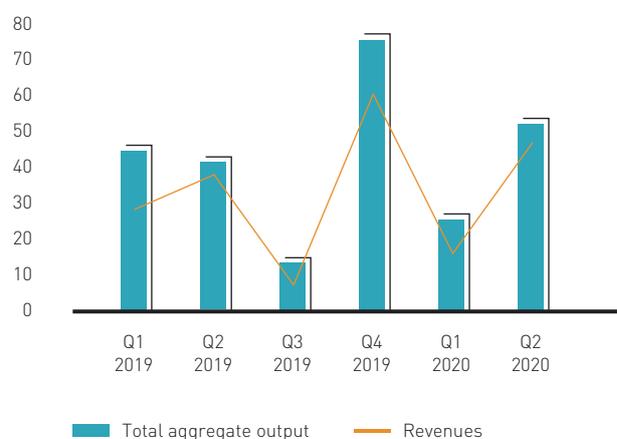
The figures in the text and in the graphic illustrations were rounded, and small rounding differences are possible.

a. Earnings

In the first six months of 2020, the PNE Group achieved a total aggregate output of euro 77.0 million (prior year: euro 85.6 million). Of this, euro 62.4 million was attributable to revenues (prior year: euro 65.6 million), euro 12.5 million to changes in inventories (prior year: euro 18.8 million), and euro 2.2 million to other operating income (prior year: euro 1.2 million).

Total aggregate output/Revenues

million EUR



In the first six months of 2020:

- » In the “project development” segment, the Company invoiced internal revenues of euro 16.4 million (prior year: euro 34.3 million), including for general contractor and project development services for the Company’s own wind farms “Langstedt”, “Lentförhden” and “Erfurt-Ost” as well as external revenues of euro 44.0 million (prior year: euro 50.6 million), including due to contractual milestone payments from wind farm projects in Germany and abroad, which were sold in 2018/2019, e.g. in France and the USA, as well as from project development and general contractor services for wind farm projects. The “real” performance of the “project development” segment can be seen by looking at the nominal capacity of the projects that were completed or sold or under construction. In 2020, this capacity totalled approx. 336 MW (prior year: approx. 404 MW). With an expected investment volume of around euro 1.4 to 1.8 million per MW of installed nominal capacity for wind energy projects, the Company has initiated investments of around euro 470 to 605 million (prior year: euro 565 to 727 million).

- » In the "service products" segment, the Company billed external revenues of euro 8.8 million (prior year: euro 7.6 million). The main revenues were generated from commercial and technical operations management totalling euro 5.6 million (prior year: euro 4.7 million) and from transformer station services of euro 2.0 million (prior year: euro 1.8 million).
- » In the "electricity generation" segment, external revenues of euro 11.7 million (prior year: euro 7.7 million) were generated in the reporting period. These revenues were mainly attributable to the electricity income of internally held wind farms totalling euro 10.0 million (prior year: euro 5.0 million) and the revenues from the "Silbitz" biomass power plant of euro 1.7 million (prior year: euro 1.9 million). The main reason for the higher revenues compared to the prior-year period is that the number of wind power turbines operated by the Group as at January 1, 2020 was higher than in the previous year as at January 1, 2019 and therefore a larger amount of electricity could be produced in 2020.

As in the previous year's reporting period, the services rendered for the wind farm projects planned for the Company's own portfolio and under construction were shown under changes in inventories, which largely explains the changes in finished goods and work in progress.

The Group's personnel expenses rose year-on-year due to the comparatively higher number of employees (450 people, including members of the Board of Management, as at June 30, 2020 versus 386 people, including members of the Board of Management, as at June 30, 2019) and due to the higher salaries for qualified staff. The increase in the number of employees is part of the organisational adjustment to the new strategy that the Group is pursuing with the "Scale up" programme. Personnel expenses are distributed among the segments "project development" with euro 11.2 million (prior year: euro 10.9 million), "service products" with euro 4.1 million (prior year: euro 3.1 million) and "electricity generation" with euro 0.4 million (prior year: euro 0.5 million).

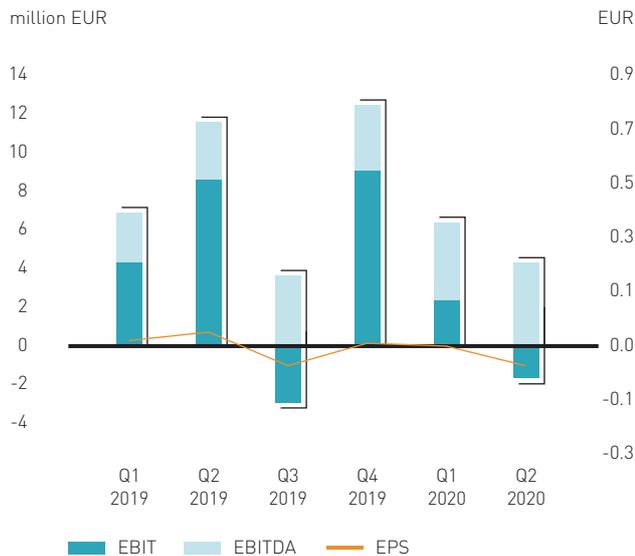
The write-downs of intangible fixed assets as well as property, plant and equipment increased on a year-on-year basis by euro 2.8 million to euro 8.4 million (prior year: euro 5.6 million). The increase resulted primarily from the higher average number of wind power turbines in the Group ("electricity generation" segment) compared to the prior-year period. The write-downs of intangible fixed assets and of property, plant and equipment are attributable to the segments "project development" (euro 1.0 million; prior year: euro 1.2 million), "service products" (euro 1.5 million; prior year: euro 1.4 million) and "electricity generation" (euro 5.8 million; prior year: euro 3.0 million).

Other operating expenses totalling euro 9.1 million (prior year: euro 8.2 million) in the Group are above the previous year's level and can be generally divided into expenses resulting from legal and consulting costs, advertising and travel expenses, insurance premiums and contributions, repair and maintenance expenses (predominantly relating to the "Silbitz" biomass power plant and the wind farms operated by the Company). Other operating expenses, before consolidation effects, are distributed among the segments "project development" with euro 6.7 million (prior year: euro 6.7 million), "service products" with euro 1.3 million (prior year: euro 1.1 million) and "electricity generation" with euro 2.3 million (prior year: euro 1.5 million).

Interest expenses changed only slightly from euro 6.8 million in the prior-year period to euro 6.5 million in the reporting period. Interest and similar expenses were incurred mainly in connection with

- » the 2018/2023 bond (euro 1.0 million),
- » the equity and debt financing in connection with wind farm projects (euro 1.9 million) and
- » the valuation of interest swaps concluded as part of the project financing for wind farm projects (euro 2.4 million).

EBIT, EBITDA and EPS



Note: The EBITDA column is to be viewed as a whole of both pillars (including EBIT).

In the period under review, the following results were achieved at the Group level:

- » earnings before interest, taxes, depreciation and amortisation (EBITDA = EBIT plus amortisation and depreciation of intangible assets and property, plant and equipment, rights of use as well as goodwill) of euro 9.0 million (prior year: euro 18.5 million),
- » operating profit (EBIT = corresponds to the value stated in line "Operating result" of the consolidated statement of comprehensive income) of euro 0.6 million (prior year: euro 12.9 million).

The consolidated net result after non-controlling interests amounted to euro -5.3 million (prior year: euro 3.4 million). The undiluted earnings per share for the Group amounted to euro -0.07 (prior year: euro 0.05) and the diluted earnings per share for the Group amounted to euro -0.07 (prior year: euro 0.04).

Due to the first-half result of euro -5.3 million, the dividend payment of euro 3.1 million made in the reporting period and the changes in the course of the increase in the shareholding in Sevion Sp. z.o.o., Koszalin, Poland (from 80.0 percent to 100 percent, "project development" segment), the Group's retained earnings at the end of the reporting period totalled euro 62.2 million (December 31, 2019: euro 75.2 million).

b. Net assets and financial position

Assets

in million EUR	30.6.2020	31.12.2019
Total long term assets	321.9	300.6
Intangible assets	64.5	64.7
Property, plant and equipment	172.2	174.1
Rights of use	59.8	39.4
Long term financial assets	2.0	2.0
Deferred taxes	23.4	20.4
Total short term assets	240.6	267.0
Inventories	115.2	101.4
Receivables, other assets and tax receivables	26.0	51.7
Tax receivables	1.3	2.0
Cash and cash equivalents	98.1	111.9
Total assets	562.5	567.6

On the reporting date, the consolidated total assets of PNE AG amounted to euro 562.5 million. This is an increase of approx. 0.9 percent in comparison with December 31, 2019.

Assets

million EUR



Total long-term assets increased from euro 300.6 million at the end of 2019 to euro 321.9 million on the reporting date. The main reason for this development is the increase in rights of use (euro +20.4 million) in connection with "IFRS 16 Leases". As at June 30, 2020, euro 59.8 million for rights of use (December 31, 2019: euro 39.4 million) were reported under long-term assets. As at June 30, 2020, the rights of use are attributable to the segments "project development" (euro 10.2 million), "service products" (euro 6.2 million) and "electricity generation" (euro 43.4 million).

Intangible assets as at June 30, 2020 totalled euro 64.5 million (of which euro 63.3 million for goodwill) and thus remained approximately at the same level as at December 31, 2019. As at June 30, 2020, the goodwill is attributable to the segments "project development" (euro 52.8 million), "service products" (euro 10.4 million) and "electricity generation" (euro 0.1 million).

For all assets within the scope of IAS 36 (in particular intangible assets (IAS 38), goodwill (IFRS 3), property, plant and equipment (IAS 16) and investment property measured at cost (IAS 40)), the reporting entity must assess at each balance sheet date whether there is any indication (triggering event) for an impairment loss. Although the effects on the economy caused by the Corona crisis also have certain implications for PNE AG, the Board of Management is of the opinion that there are no indications that the value of the reported goodwill as at June 30, 2020 might be impaired.

In the same period, property, plant and equipment changed by euro -1.9 million to euro 172.2 million (December 31, 2019: euro 174.1 million).

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

- » land and buildings (euro 10.9 million, excluding the "Silbitz" land and buildings),
- » transformer stations owned or under construction (euro 14.8 million),
- » the technical equipment and machinery of the wind farms owned by the Company (euro 139.9 million) and of HKW "Silbitz" (euro 2.9 million, including land and buildings of euro 2.6 million).

Explanation:

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

The long-term financial assets changed insignificantly during the reporting period and amounted to euro 2.0 million at the end of the first half of 2020 (December 31, 2019: euro 2.0 million).

During the reporting period, short-term assets changed from euro 267.0 million on December 31, 2019 to euro 240.6 million on June 30, 2020. This change is mainly attributable to the increase in inventories (euro +13.8 million), the decrease in cash and cash equivalents (euro -13.8 million) and the decline in receivables and other assets (euro -25.7 million). Of the short-term assets, euro 12.5 million is attributable to trade receivables (December 31, 2019: euro 34.3 million).

The work in progress shown under the inventories increased from euro 77.6 million as at December 31, 2019 to euro 96.2 million. The increase in inventories is due primarily to the Group's investments for onshore projects under construction and for the further development of the onshore and offshore project pipelines in Germany and abroad. The investments made by the Group for the onshore projects under construction and for the further development of onshore and offshore project pipelines in Germany and abroad have resulted in a change in work in progress by approx. euro +18.5 million.

Work in progress is divided as follows:

- » offshore projects (euro 17.4 million),
- » onshore projects/national (euro 52.4 million),
- » onshore projects/international (euro 26.4 million).

In addition, the advance payments made for onshore projects under construction reported under inventories changed by euro -4.6 million from euro 23.4 million to euro 18.8 million.

As at June 30, 2020, cash and cash equivalents amounted to euro 98.1 million (as at December 31, 2019: euro 111.9 million) and were attributable to the segments "project development" (euro 87.3 million), "electricity generation" (euro 10.1 million) and "service products" (euro 0.7 million) as at June 30, 2020.

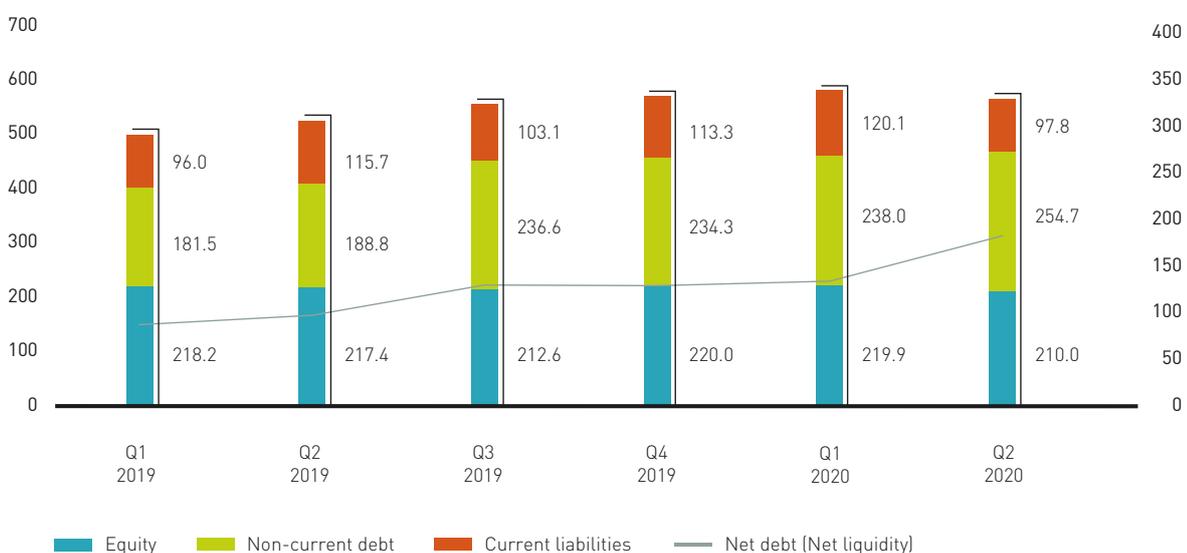
Liabilities

in million EUR	30.6.2020	31.12.2019
Shareholders' equity	210.0	220.0
Deferred subsidies from public authorities	0.7	0.8
Provisions	12.2	9.4
Long term liabilities	252.6	232.2
Short term liabilities	66.2	84.9
Deferred revenues	20.8	20.3
Total liabilities and shareholders' equity	562.5	567.6

Liabilities

million EUR

Net debt (Net liquidity) million EUR



Group equity decreased from euro 220.0 million (December 31, 2019) to euro 210.0 million as at June 30, 2020. The equity ratio of the Group was approx. 37 percent as at June 30, 2020 (December 31, 2019: approx. 39 percent).

On June 30, 2020, the share capital of PNE AG amounted to euro 76,603,334.00 (divided into 76,603,334 shares). The share capital has not changed versus December 31, 2019.

The long-term liabilities changed from euro 232.2 million (December 31, 2019) to euro 252.6 million. This item consists mainly of long-term financial liabilities totalling euro 247.4 million (as at December 31, 2019: euro 226.2 million).

The long-term liabilities mainly consist of

- » the 2018/2023 bond issued in the 2018 fiscal year with a carrying amount of euro 49.0 million (as at December 31, 2019: euro 48.9 million),
- » long-term liabilities to banks of euro 134.8 million (as at December 31, 2019: euro 135.6 million) and
- » liabilities from leases of euro 56.8 million (as at December 31, 2019: euro 37.2 million).

Significant long-term liabilities to banks relate to the “non-recourse” project financing of the wind farm projects operated by the Company.

The liabilities to banks are attributable to the following segments as at June 30, 2020:

- » “project development” segment, euro 4.1 million (of which long-term, euro 3.8 million),
- » “electricity generation” segment, euro 158.0 million (of which long-term, euro 131.0 million),
- » “service products” segment, euro 0.0 million (of which long-term, euro 0.0 million).

Due to “IFRS 16 Leases”, approx. euro 56.8 million (as at December 31, 2019: euro 37.2 million) for lease liabilities are recorded under long-term liabilities, and approx. euro 4.2 million (as at December 31, 2019: euro 3.1 million) under short-term liabilities on June 30, 2020.

The liabilities from leases are attributable to the following segments as at June 30, 2020:

- » “project development” segment, euro 10.8 million (of which long-term, euro 9.7 million),
- » “service products” segment, euro 6.4 million (of which long-term, euro 5.7 million),
- » “electricity generation” segment, euro 43.8 million (of which long-term, euro 41.4 million).

In the first six months of the 2020 financial year, the short-term liabilities changed from euro 84.9 million (December 31, 2019) to euro 66.2 million. The short-term liabilities to banks, included in this item, increased from euro 10.3 million (December 31, 2019) to euro 27.3 million due to interim financing raised for onshore wind farms. In the reporting period, the trade liabilities in the context of normal operating business changed from euro 35.3 million (December 31, 2019) to euro 20.7 million.

The Company raised “non-recourse” funds of approx. euro 18.7 million and approx. euro 1.2 million from the available project equity interim financing line in the first half of the year, which contributed to the above-mentioned changes in short-term and long-term liabilities to banks.

Taking the liquid funds into account, the net debt (cash and cash equivalents less the short-term and long-term financial liabilities) as at June 30, 2020 amounted to approx. euro -182.3 million (December 31, 2019: euro -129.0 million).

The statement of cash flow provides information on the liquidity situation and the financial position of the Group. As at June 30, 2020, the group companies had liquidity and credit facilities for interim project financing in the total amount of euro 122.3 million, of which euro 2.1 million is pledged to banks (as at December 31, 2019: euro 139.3 million, of which euro 6.5 million pledged).

Cash and cash equivalents amounted to euro 98.1 million as at June 30, 2020, of which euro 2.1 million was pledged to banks (as at December 31, 2019: euro 111.9 million, of which euro 6.5 million pledged).

In addition, the group companies had available liquidity from unused

- » working capital lines of euro 8.7 million,
- » project equity interim financing lines of euro 1.5 million, and
- » external project interim financing of euro 14.0 million,

as at June 30, 2020.

As at June 30, 2020, PNE AG and WKN GmbH had credit lines for guarantee and contract fulfilment totalling euro 14.3 million (as at December 31, 2019: euro 14.3 million). The Group had used euro 2.9 million of the credit lines for guarantee and contract fulfilment as at June 30, 2020 (as at December 31, 2019: euro 1.9 million).

The cash flow from ordinary activities shown in the statement of cash flows of euro -20.7 million (prior year: euro -13.8 million) was characterised mainly by

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

The cash flow from investing activities in the reporting period includes incoming and outgoing payments for investments in property, plant and equipment of the Group totalling euro -4.5 million (prior year: euro -0.7 million). The investments in property, plant and equipment were characterised mainly by investments in transformer stations for the wind farm projects being constructed.

During the reporting period, the cash flow from financing activities of euro 11.3 million (prior year: euro 25.5 million) was influenced primarily by

- » the use of bank loans of euro 19.9 million, which were mainly used for the funding of wind farm projects,
- » the repayment of credit liabilities of euro -3.9 million,
- » lease payments totalling euro -1.6 million, and
- » the payment of the dividend of euro -3.1 million.

7. TRANSACTIONS WITH RELATED COMPANIES AND PERSONS

There were no significant changes compared to December 31, 2019.

8. DEVELOPMENT AND INNOVATION

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

9. MAJOR EVENTS AFTER THE REPORTING PERIOD

At the end of July, WKN GmbH received the tax assessment notices from the tax audit for the years 2010 – 2013 (see explanations under item "10. Report on opportunities and risks").

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

10. REPORT ON OPPORTUNITIES AND RISKS

For information about the opportunities and risks of PNE AG, refer to the chapter "Report on opportunities and risks" in the group management report of the 2019 annual report, which is available on the Company's website at www.pne-ag.com.

The Internal Control System (ICS) is an essential component of PNE's risk provisioning. It was therefore important for us to ensure that the mechanisms and processes anchored in it were also guaranteed during the period of working at home due to the Corona pandemic. This has worked as a result of the existing technical prerequisites. This also applies, in particular, to the principle of dual control when concluding contracts. The requirements for assessing and mitigating risks were thus also met during this period.

In addition, all recognisable risks arising from the Corona pandemic currently present worldwide are continually assessed with regard to possible effects on the net assets, financial position and results of operations as well as the well-being of its employees and have been incorporated in this half-yearly financial report and the outlook.

At the end of July, WKN GmbH received the tax assessment notices relating to the 2010 – 2013 tax audit. The tax office has not changed its previous view on tax issues that the management of WKN GmbH and its tax advisors see differently. In the coming weeks, the company, i.e. the management of WKN GmbH, will conduct a final analysis of the assessment notices with its tax consultants and then take action against the notices.

During the first six months of the 2020 fiscal year, the Board of Management did not identify any other significant additions or changes in the risks presented in the management report of the annual report for the 2019 fiscal year.

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

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

12. FORECAST REPORT

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

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

Following the successful development of wind farms in recent years, we have achieved our goal of realising a new wind farm portfolio with a total capacity of 130.1 MW. These completed wind farms are operated by the Company to generate current income from the sale of electricity.

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

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

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

After a transitional phase, in which investments will pave the way for the implementation of the "Scale up" programme, this is expected to lead to an increase in average operating results (EBIT) by 2023. This strategic goal will also be achieved through the increased own operation of wind farms.

The following forecasts are based on the results derived

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

In fiscal 2020, we will have further upfront expenditure in the lower single-digit million range for the strategic expansion of the business model and the preparations for the entry into new markets. Due to the continuing global spread of the Corona virus, we must still assume that there may be shifts in the operating business as regards the sale of projects rights and project implementation from 2020 to 2021 and from 2021 to 2022. Nevertheless, we confirm our guidance for the 2020 fiscal year with positive Group EBITDA of euro 15 to 20 million and Group EBIT of euro 5 to 10 million.

Cuxhaven, August 12, 2020

PNE AG, Board of Management

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

in TEUR (differences due to rounding possible)	2nd Quarter 1.4.2020 – 30.6.2020	2nd Quarter 1.4.2019 – 30.6.2019	Period 1.1.2020 – 30.6.2020	Period 1.1.2019 – 30.6.2019
1. Revenues	46,609	37,669	62,354	65,636
2. Changes in inventories of finished goods and work in progress	5,858	3,768	12,468	18,827
3. Other operating income	-571	-204	2,188	1,166
4. Total aggregate output	51,896	41,233	77,009	85,629
5. Cost of materials and purchased services	-36,647	-17,625	-43,174	-44,534
6. Personnel expenses	-8,467	-7,943	-15,671	-14,407
7. Amortisation of intangible fixed assets and depreciation of property, plant and equipment	-4,323	-2,998	-8,423	-5,597
8. Other operating expenses	-4,135	-4,049	-9,117	-8,211
9. Operating result	-1,676	8,618	624	12,880
10. Income from participations and associated companies	21	5	27	18
11. Other interest and similar income	94	58	125	130
12. Expenses from assumption of losses of associated companies	-1	45	-28	-13
13. Interest and similar expenses	-2,817	-4,807	-6,542	-6,776
14. Result before taxes	-4,379	3,919	-5,794	6,239
15. Taxes on income	-1,114	-1,194	-191	-1,764
16. Other taxes	-47	-85	-102	-177
17. Result before non-controlling interests	-5,540	2,640	-6,086	4,299
18. Share of non-controlling interests in the result	9	897	-755	947
19. Consolidated net income	-5,549	1,743	-5,331	3,353
Undiluted earnings per share in EUR	-0.07	0.02	-0.07	0.05
Diluted earnings per share in EUR	-0.07	0.02	-0.07	0.04
Weighted average of shares in circulation (undiluted), in million	76.3	74.4	76.3	74.4
Weighted average of shares in circulation (diluted), in million	76.3	76.6	76.3	76.6
19. Consolidated net income	-5,549	1,743	-5,331	3,353
Other comprehensive income/items that may be reclassified in the future in the profit and loss account				
20. Currency translation differences	-1,217	-560	-800	-251
21. Others	0	0	0	0
22. Other comprehensive income for the period (after tax)	-1,217	-560	-800	-251
23. Total comprehensive income for the period	-6,757	2,080	-6,886	4,048
Consolidated profit/loss for the period attributable to				
Owners of the parent company	-5,549	1,743	-5,331	3,352
Non-controlling interests	9	897	-755	947
	-5,540	2,640	-6,086	4,299
Total comprehensive income for the period attributable to				
Owners of the parent company	-6,766	1,183	-6,131	3,101
Non-controlling interests	9	897	-755	947
	-6,757	2,080	-6,886	4,048

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS)

Assets

in TEUR (differences due to rounding possible)	as per 30.6.2020	as per 31.12.2019
Intangible assets	64,544	64,720
Property, plant and equipment	172,197	174,081
Rights of use	59,804	39,376
Long-term financial assets	1,996	2,026
Deferred taxes	23,352	20,401
Total long-term assets	321,893	300,604
Inventories	115,178	101,357
Receivables, other assets and tax receivables	27,260	53,702
Cash and cash equivalents	98,127	111,935
Total short-term assets	240,565	266,994
Total assets	562,458	567,598

Liabilities

in TEUR (differences due to rounding possible)	as per 30.6.2020	as per 31.12.2019
Subscribed capital	76,603	76,603
Capital reserve	82,953	82,953
Treasury shares	-707	-707
Retained earnings	51	51
Foreign currency reserve	-1,619	-819
Consolidated profit	62,178	75,216
Non-controlling interests	-9,480	-13,283
Total equity	209,979	220,014
Other provisions	1,060	1,060
Deferred subsidies from public authorities	738	761
Long-term financial liabilities	247,377	226,160
Deferred tax liabilities	5,209	5,966
Total long-term liabilities	254,384	233,947
Provisions for taxes	7,107	4,604
Other provisions	3,985	3,777
Short-term financial liabilities	33,013	14,762
Trade liabilities	20,651	35,276
Other liabilities and tax liabilities	33,339	55,217
Total short-term liabilities	98,095	113,636
Total liabilities	562,458	567,598

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

FOR THE PERIOD FROM JANUARY 1 TO JUNE 30

in TEUR	2020	2019
Consolidated net result	-6,086	4,299
-/+ Income tax benefit/expense	191	1,764
-/+ Income tax paid/received	-651	-4,922
-/+ Interest income and expense	6,418	6,647
- Interest paid	-4,163	-3,606
+ Interest received	125	130
+/- Write-downs/write-ups of intangible fixed assets, property, plant and equipment, rights of use and long-term financial assets	8,423	5,597
+/- Increase/decrease in provisions	2,711	-2,006
+/- Non-cash effective expenses and income	-770	-248
-/+ Profit/loss from the disposal of fixed assets and from final consolidation	0	350
+/- Decrease/increase in inventories and other assets	-12,080	-8,415
+/- Decrease/increase in trade receivables and stage of completion accounting	22,216	-8,709
+/- Increase/decrease in trade liabilities and other liabilities	-37,028	-4,719
Cash flow from operating activities	-20,694	-13,839
+ Inflow of funds from disposal of items of property, plant and equipment	64	203
- Outflow of funds for investments in property, plant and equipment and intangible assets	-4,425	-948
+ Inflow of funds from disposal of financial assets	1	0
- Outflow of funds for investments in financial assets	-95	0
Cash flow from investing activities	-4,456	-745
+ Inflow of funds from financial loans	19,897	31,850
- Outflow of funds for the redemption of financial loans	-3,947	-1,706
- Outflow of funds for the redemption of lease liabilities	-1,554	-1,629
- Outflow of funds for dividend	-3,053	-2,975
Cash flow from financing activities	11,343	25,540
Cash-effective change in liquid funds	-13,807	10,956
+ Change in liquid funds due to changes in scope of consolidation	0	2
+ Liquid funds at the beginning of the period	111,934	129,071
Liquid funds at the end of the period*	98,127	140,029
* of which are pledged to a bank as security	2,073	4,283

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

in TEUR (differences due to rounding possible)	Capital subscribed	Capital reserve	Treasury shares	Profit reserves	Foreign exchange reserve	Retained results	Share- holders' equity before non- controlling interests	Non- controlling interests	Total share- holder's equity
Balance on 1.1.2019	76,558	82,292	-5,803	51	-385	77,499	230,212	-13,938	216,274
Result for the period	0	0	0	0	0	3,353	3,353	947	4,300
Other result	0	0	0	0	-251	0	-251	0	-251
Total result for the period 01-06/2019	0	0	0	0	-251	3,353	3,102	947	4,049
Dividend	0	0	0	0	0	-2,975	-2,975	0	-2,975
Conversion of convertible bond 2014/2019	2	4	0	0	0	0	6	0	6
Other changes	0	0	0	0	0	0	0	0	0
Balance on 30.6.2019	76,560	82,295	-5,803	51	-636	77,877	230,345	-12,991	217,353
Balance on 1.1.2020	76,603	82,953	-707	51	-819	75,216	233,297	-13,283	220,014
Result for the period	0	0	0	0	0	-5,331	-5,331	-755	-6,086
Other result	0	0	0	0	-800	0	-800	0	-800
Total result for the period 01-06/2020	0	0	0	0	-800	-5,331	-6,131	-755	-6,886
Dividend	0	0	0	0	0	-3,053	-3,053	0	-3,053
Other changes	0	0	0	0	0	-4,654	-4,654	4,559	-95
Balance on 30.6.2020	76,603	82,953	-707	51	-1,619	62,178	219,460	-9,480	209,979

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF PNE AG, CUXHAVEN, FOR THE FIRST SIX MONTHS OF 2020

1. ACCOUNTING AND VALUATION PRINCIPLES

The financial report on the first six months of the 2020 fiscal year of PNE AG and its subsidiaries is drawn up according to the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), as they are applied in the European Union (EU). New standards adopted by the IASB are in principle applied as from the time of their becoming effective, as they are to be taken into consideration in the EU.

The interim financial statements were drawn up in line with the regulations of IAS 34. The tax expenditure of the PNE Group is determined using an estimate of the taxable income of the relevant companies. The diluted earnings per share take account of the potential shares from convertible bonds in accordance with IAS 33.

For all assets within the scope of IAS 36 (in particular intangible assets (IAS 38), goodwill (IFRS 3), property, plant and equipment

(IAS 16) and investment property measured at cost (IAS 40)), the reporting entity must assess at each balance sheet date whether there is any indication (triggering event) for an impairment loss. Although the effects on the economy caused by the Corona crisis also have certain implications for PNE AG, the Board of Management is of the opinion that there are no indications that the value of the reported goodwill as at June 30, 2020 might be impaired.

In the financial report for the first six months of the 2020 fiscal year as at June 30, 2020, the Company applied the same accounting and valuation methods as in the consolidated financial statements as at December 31, 2019. The IFRS standards amended since January 1, 2020 are not relevant to the half-yearly financial statements.

2. FINANCIAL INSTRUMENTS

During the first six months of the 2020 fiscal year, no material additions or changes occurred in the interim group management report for the first half of 2020 compared with the figures presented in the group management report for the 2019 financial year.

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

in TEUR	Category acc. to IFRS 9	Total	Fair value
As per 30.6.2020			
Short-term financial assets			
Cash and cash equivalents	AC	98,127	98,127
Trade receivables	AC	12,495	12,495
Other short-term loan receivables	AC	0	0
Trade receivables from affiliated companies	AC	2,848	2,848
Receivables from associated companies and those in which an investment is held	AC	159	159
Long-term financial assets			
Shares in affiliated companies	FVOCI	119	119
Shares in companies in which an investment is held	FVOCI	1,207	1,207
Other borrowings	AC	178	178
Other long-term loan receivables	AC	28	28
		115,161	115,161
Total AC		113,835	113,835
Total FVOCI		1,326	1,326
As per 31.12.2019			
Short-term financial assets			
Cash and cash equivalents	AC	111,935	111,935
Trade receivables	AC	34,251	34,251
Other short-term loan receivables	AC	5,457	5,457
Trade receivables from affiliated companies	AC	1,621	1,621
Receivables from associated companies and those in which an investment is held	AC	163	163
Long-term financial assets			
Shares in affiliated companies	FVOCI	121	121
Shares in companies in which an investment is held	FVOCI	1,208	1,208
Other borrowings	AC	178	178
Other long-term loan receivables	AC	32	32
		154,966	154,966
Total AC		153,637	153,637
Total FVOCI		1,329	1,329

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

Shares in affiliated companies classified as "FVOCI" and shares in companies in which an investment is held were measured at cost of acquisition of euro 1,326 thousand (December 31, 2019: euro 1,329 thousand), which represents a suitable estimate of the fair value. Currently, there are no net results and dividends attributable to the "FVOCI" category. On the reporting date, there was no intention of selling these.

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

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

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

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

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

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

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

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

in TEUR	Category acc. to IFRS 9	Total	up to 1 year	1 to 5 years	more than 5 years	Fair value
As per 30.6.2020						
Trade liabilities	AC	20,651	20,651	0	0	20,651
Fixed interest						
Bonds	AC	49,020	0	49,020	0	50,000
Liabilities to banks	AC	144,991	10,191	50,085	84,714	146,287
Other financial liabilities	AC	1,057	1,057	0	0	1,057
Liabilities under leases	AC	61,013	4,206	11,383	45,424	61,013
Variable interest						
Liabilities to banks	AC	17,110	17,110	0	0	17,110
Derivatives						
Interest rate swaps	FVPL	7,200	449	1,795	4,956	7,200
		301,041	53,664	112,284	135,094	303,317
As per 31.12.2019						
Trade liabilities	AC	35,276	35,276	0	0	35,276
Fixed interest						
Bonds	AC	48,858	0	48,858	0	51,188
Liabilities to banks	AC	145,933	10,350	47,434	88,149	147,585
Other financial liabilities	AC	1,057	1,057	0	0	1,057
Liabilities under leases	AC	40,264	3,057	10,115	27,093	40,264
Variable interest						
Liabilities to banks	AC	0	0	0	0	0
Derivatives						
Interest rate swaps	FVPL	4,810	298	1,191	3,322	4,810
		276,198	50,037	107,598	118,563	280,180

AC = measured at amortised cost

FVPL = measured at fair value through profit or loss

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

in TEUR	Total contractual cash flows	up to 1 year	1 to 5 years	more than 5 years	Carrying amount
As per 30.6.2020					
Trade liabilities	20,651	20,651	0	0	20,651
Bonds	55,689	2,005	53,683	0	49,020
Liabilities to banks	192,645	30,659	60,535	101,451	162,100
Other financial liabilities	1,089	1,089	0	0	1,057
Liabilities under leases	74,015	5,328	15,849	52,837	61,013
Interest rate swaps	7,200	449	1,795	4,956	7,200
	351,288	60,182	131,863	159,244	301,041
As per 31.12.2019					
Trade liabilities	35,276	35,276	0	0	35,276
Bonds	57,527	2,000	55,527	0	48,858
Liabilities to banks	176,139	13,674	57,453	105,012	145,933
Other financial liabilities	1,089	1,089	0	0	1,057
Liabilities under leases	51,981	3,956	14,630	33,396	40,264
Interest rate swaps	4,810	298	1,191	3,322	4,810
	326,821	56,292	128,800	141,729	276,198

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

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

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

3. SCOPE OF CONSOLIDATION

The corporate structure has changed in the first six months of 2020 versus December 31, 2019.

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

- » WKN WERTEWIND Windpark Langstedt GmbH & Co. KG, Husum (100 percent), "electricity generation" segment, (reclassified from "non-consolidated companies due to minor significance"),
- » WKN WERTEWIND Windpark Lentförhden GmbH & Co. KG, Husum (100 percent), "electricity generation" segment, (reclassified from "non-consolidated companies due to minor significance"),

- » WKN Windkraft Nord GmbH & Co Windpark Kleinbüllesheim, Husum (100 percent), "electricity generation" segment, (reclassified from "non-consolidated companies due to minor significance"),
- » PNE WIND Park XVIII GmbH & Co. KG, Cuxhaven (100 percent), "electricity generation" segment, (reclassified from "non-consolidated companies due to minor significance"),
- » PNE WIND Park XXVI GmbH & Co. KG, Cuxhaven (100 percent), "electricity generation" segment, (reclassified from "non-consolidated companies due to minor significance"),
- » WKN WERTEWIND Betriebsgesellschaft mbH, Husum (100 percent), "project development" segment, (reclassified from "non-consolidated companies due to minor significance"),
- » WKN Wertewind Verwaltungs GmbH, Husum (100 percent), "project development" segment, (reclassified from "non-consolidated companies due to minor significance"),
- » WKN Wertewind Bürgerbeteiligungsgesellschaft mbH, Husum (100 percent), "project development" segment, (established),
- » WKN Wertewind Bürgerprojekt GmbH, Husum (100 percent), "project development" segment, (established).

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

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

During the reporting period, the shareholdings in the following Group companies, which are or were included in the scope of consolidation in the previous year, have changed:

- » Sevivon Sp. z.o.o., Koszalin, Poland (from 80.0 percent to 100 percent, "project development" segment)

The change in the shareholding has not resulted in a change in the consolidation method, but only in a change in non-controlling interests of approx. euro 4.6 million. The amount paid for the acquisition of the shares amounted to approx. euro 0.1 million. The difference was recorded directly in equity.

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

- » PNE WIND Middle East GmbH, (100 percent), previously "project development" segment,
- » PNE WIND Middle East Verwaltungs GmbH, (100 percent), previously "project development" segment,
- » Wind Kapital Invest Verwaltungs GmbH, (100 percent), previously "project development" segment,
- » Wind Kapital Invest GmbH & Co. KG, (100 percent), previously "project development" segment.

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

4. MAJOR EVENTS AFTER THE REPORTING PERIOD

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

CONSOLIDATED SEGMENT REPORTING (IFRS)

	Project development		Services		Electricity generation		Consolidation		PNE AG Group	
in TEUR (differences due to rounding possible)	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
External sales	44,020	50,579	6,631	7,393	11,702	7,665	0	0	62,354	65,636
Inter-segment sales	16,399	34,268	2,143	225	120	515	-18,662	-35,008	0	0
Changes in inventories	6,405	-11,091	0	0	0	0	6,063	29,918	12,468	18,827
Other operating income	595	872	491	182	1,102	112	0	0	2,188	1,166
Total aggregate output	67,420	74,628	9,265	7,800	12,925	8,291	-12,599	-5,091	77,009	85,629
Depreciation and amortisation	1,042	1,160	1,542	1,393	5,839	3,044	0	0	8,423	5,597
Operating result	5,288	12,149	108	656	4,098	2,944	-8,869	-2,869	624	12,880
Interest and similar income	2,500	2,536	230	232	39	27	-2,644	-2,665	125	130
Interest and similar expenses	-4,190	-6,398	-237	-226	-4,760	-2,818	2,644	2,665	-6,543	-6,776
Tax expense and income	2,732	2,825	31	43	-300	-244	-2,271	-861	191	1,764
Investments	833	610	2,498	172	1,189	166	0	0	4,520	948
Segment assets	468,025	556,966	48,733	50,703	268,348	222,531	-222,647	-262,603	562,458	567,597
Segment liabilities	314,476	339,375	34,679	38,242	232,886	193,415	-229,563	-223,449	352,478	347,583
Segment equity	153,548	217,591	14,054	12,461	35,461	29,116	6,915	-39,154	209,979	220,014

The figures as at June 30, 2020 are compared with the figures as at June 30, 2019 or, in the case of segment assets/segment liabilities, with the figures as at December 31, 2019.

Cuxhaven, August 12, 2020

PNE AG, Board of Management

REVIEW REPORT

To PNE AG, Cuxhaven/Germany

We have reviewed the condensed interim consolidated financial statements, which comprise the condensed balance sheet as at 30 June 2020, the condensed statement of comprehensive income, the condensed statement of cash flows, the condensed statement of changes in equity, the condensed segment information and selected explanatory notes to the financial statements, as well as the interim group management report of PNE AG, Cuxhaven/Germany, for the period from 1 January to 30 June 2020, that are part of the half-year financial report under Section 115 German Securities Trading Act (WpHG). The preparation of the condensed interim consolidated financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the executive directors. Our responsibility is to express a conclusion on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and of the interim group management report in compliance with German Generally Accepted Standards for Reviews of Financial Statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany). Those standards require that we plan and perform the review to obtain a certain level of assurance to preclude through critical evaluation that the condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and to analytical procedures applied to financial data and thus provides less assurance than an audit. Since, in accordance with our engagement, we have not performed an audit, we do not express an audit opinion.

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

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

Hamburg/Germany, 12 August 2020

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Christian Dinter
Wirtschaftsprüfer
(German Public Auditor)

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

STATEMENT MADE BY THE LEGAL REPRESENTATIVES

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

PNE AG, The Board of Management

The image shows two handwritten signatures in black ink. The signature on the left is for Markus Lesser, and the signature on the right is for Jörg Klowat. Both signatures are written in a cursive, flowing style.

Markus Lesser

Jörg Klowat

IMPRINT

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Board of Management

Markus Lesser (CEO),

Jörg Klowat

Registergericht: Tostedt

Registernummer: HRB 110360

As per: June 2020

The report on the first half year and on the second quarter of 2020 is also available in german. In case of discrepancies the german version is decisive. The digital version of the annual report and the quarterly statements of PNE AG are available online at www.pne-ag.com in the section "Investor Relations/Financial reports".

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

PNE AG

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