

Company presentation



Full year 2021



EUROPEAN
ENERGY



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Creative enablers of the green transition

The challenge and the overall solution

For too long, the use of energy has damaged Earth. Now, fundamental decisions must be made to protect all living on our planet.

We believe green energy is crucial to restoring and enhancing biodiversity, public health and peace.



Our role in the green transition

European Energy envisions new ideas for fossil-free electrification, then makes them real. Founded upon entrepreneurial spirit, we generate momentum at every opportunity.

Our goal as a renewable energy developer is to be the most creative contributor and a global major in the green transition.



How we can conduct it

European Energy delivers holistic, full-value chain solutions by developing, constructing and running wind and solar power projects worldwide.

We invent our own systems, methods and technical solutions.



Collaboration is key to change

Climate change can only be defeated if the climate movement is global.

We foster collaboration across borders, welcoming people and partners of all backgrounds and experiences to join us in enabling the green transition.



Our promises

With the future of our world at stake, there is no time to lose.

We pledge to pursue new ideas, power new projects and cultivate the new thinking that will ensure a thriving home for future generations.



The Power of Tomorrow, Today



We are creative enablers of the green transition

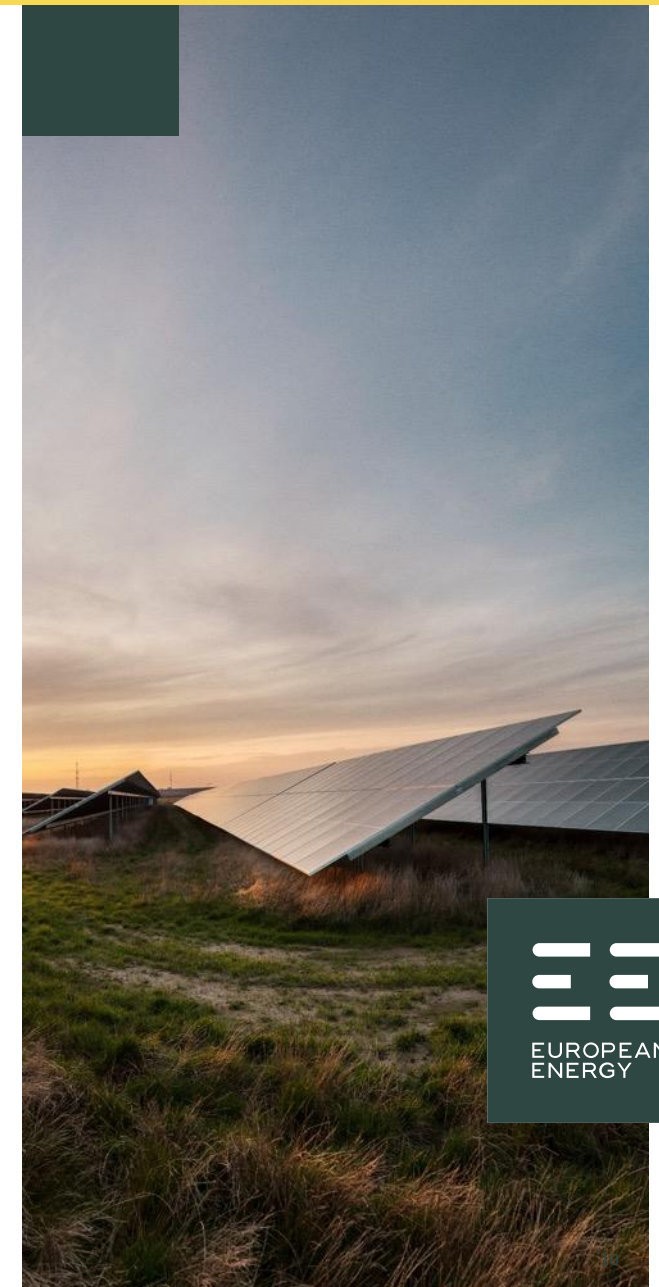
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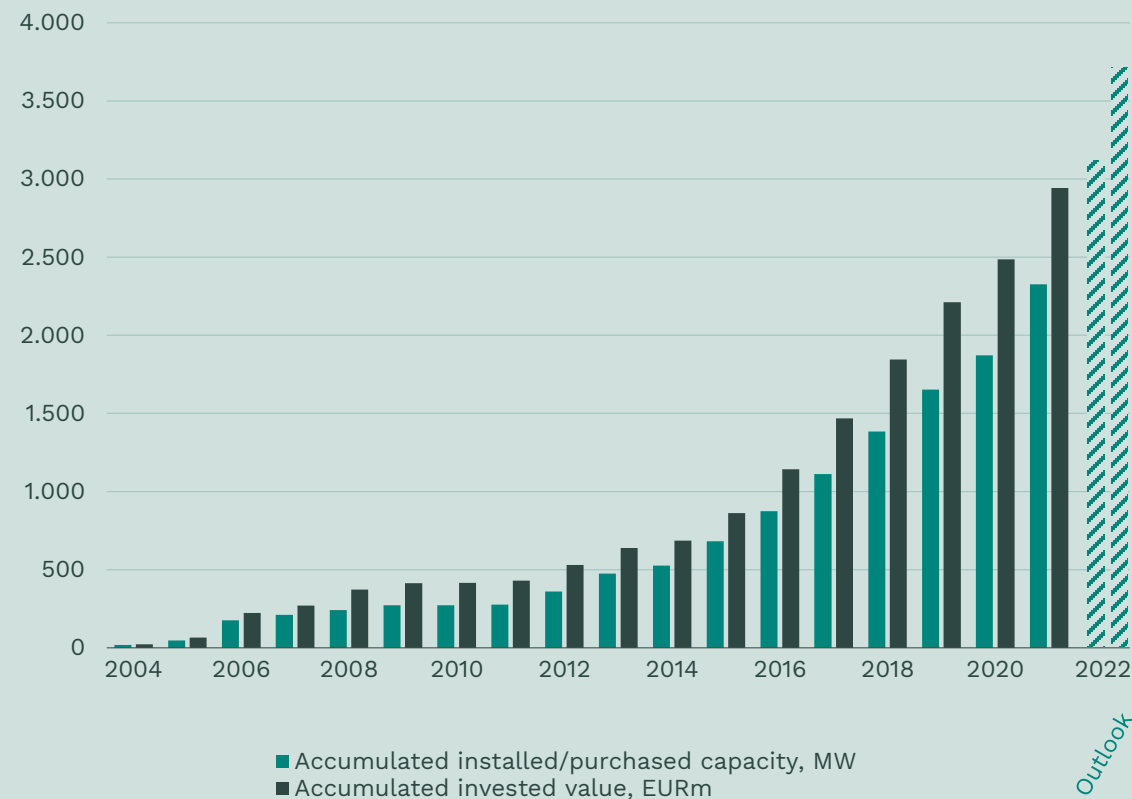
The era of green energy is here

European Energy was founded in Copenhagen in 2004 and has since grown to be a major player in the energy sector. We are now entering an era in which green electricity is key to unlocking CO₂-emission challenges in the heavy transportation, chemical industry, and heating sectors.

In this new era, we have green solutions that ensure we truly can reach the global goal of a carbon-free world. This is a huge step for Planet Earth – but also for European Energy. And we have already taken pivotal steps into the world of Power-to-X and green heating.

The company has enjoyed remarkable growth in the recent years, which we expect to see continue and gain even more momentum in the years ahead.

Development, constructed & acquired power generation assets 2004-2021*



*including 3rd party equity interests

Built on four pillars

Solar
power



Onshore
wind



Offshore
wind



Downstream
technologies



The business model

Developing renewable energy:

Wind

We are developing, constructing, managing, and divesting onshore, offshore, and nearshore wind farms.

Solar

We are developing, constructing, managing, maintaining, and divesting largescale solar farms on land, low-land, and as floating PV.

1. Screening:

We secure the land/project rights either through own greenfield activities or through development agreements with local partners. The project's key value drivers and risk profile is assessed, and the project is only progressed if it has sufficient potential to meet financial hurdle rates

2. Development:

In this phase, we apply for the necessary permits to realise the project and as part of that we conduct a number of studies and analysis, while we also ensure to obtain a grid agreement allowing us to feed the electricity into the grid. The yield of the project is also investigated and a business case for the project is built.

3. Power Purchase Agreements:

Today, more and more companies choose a Power Purchase Agreement (PPA). PPAs are long-term, fixed-price energy supply contracts that guarantee the delivery of renewable power from an energy farm to a business. PPAs are often made before construction of a project begins but can also occur after a project has launched grid connected.

4. Engineering & Procurement:

Our competences in design and engineering ensure the strong operational performance of our assets. Our experienced procurement team selects suppliers via thorough evaluation and closely monitors their delivery.

5. Financing:

Funding is raised at both parent company and project level. We have an experienced central treasury team that design and optimise group capital structure, parent funding, liquidity, and financial risk management. External financing at project level is normally secured before entering construction and is overseen by our project financing specialist, who has a strong track record in securing financing for projects across all markets.

The business model

Enabling downstream technologies:

Power-to-X

We are commercialising a production technology that produces green e-methanol at competitive prices. The production is based on renewable energy sources from our wind and solar farms and CO₂ from bio-waste. As part of the process, we use electrolysis to produce green hydrogen by splitting water.

Green Heating

We convert natural energy and waste energy into useable heating. The heat pumps prevent and minimise wasted energy streams by offering cooling solutions and by transferring the renewable energy from our wind and solar

6. Construction:

With rights and permits secured and procurement, off-take and financing ready, we initiate construction of the project. We have a strong track record in managing contractors and suppliers on-site and, as the final step of construction, connect the asset to the grid providing renewable energy.

7. Divestment:

We assess each project individually and take risk-and-reward profiles into consideration. In some cases, we divest the energy farm to long-term investors at the optimal price. Often, we continue managing the assets for the investor to optimise production output and minimise operating costs

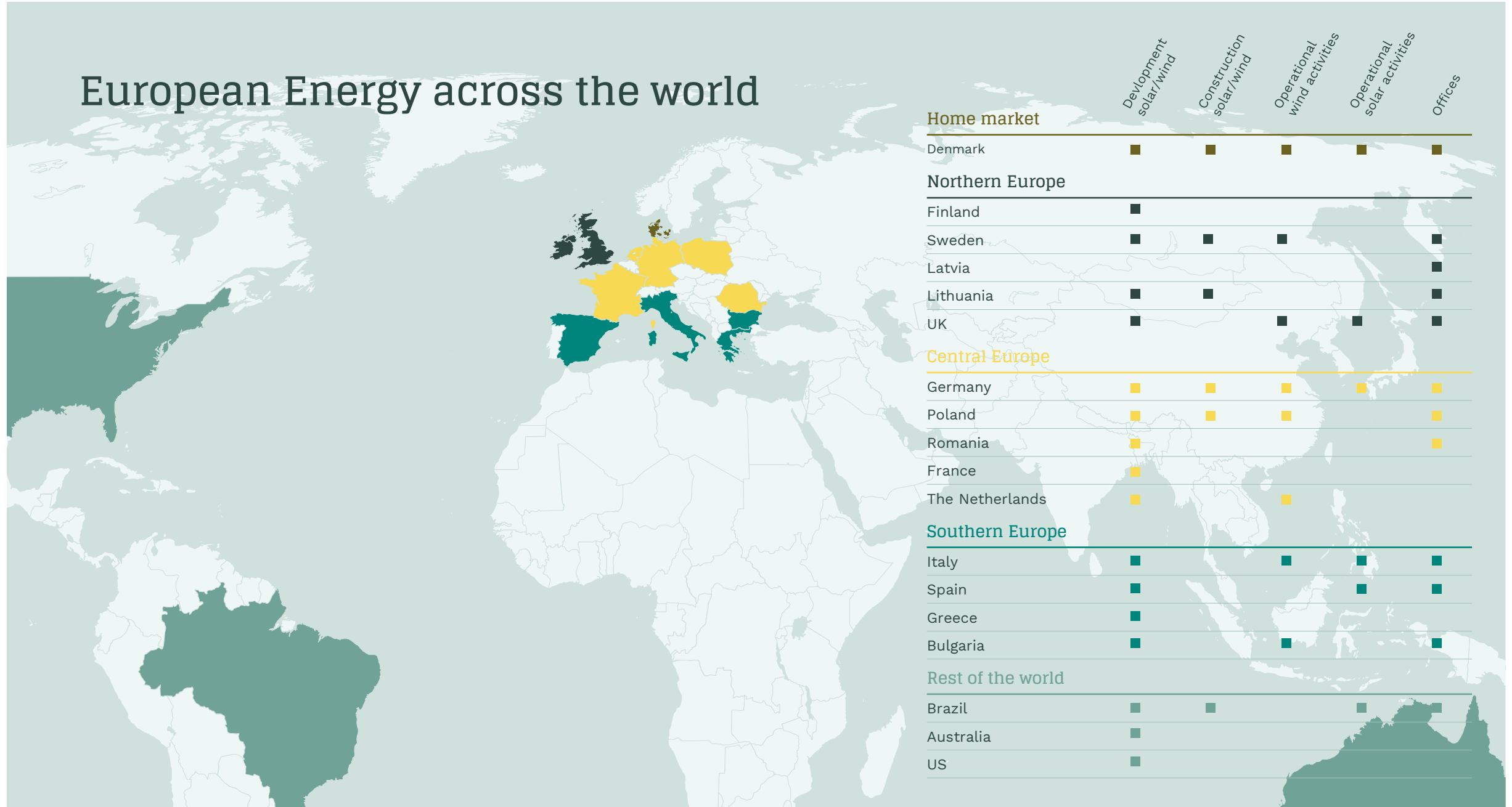
8. Independent Power Sale:

At other times, it may be advantageous for us to keep ownership of an energy farm and sell the renewable power as an independent power producer

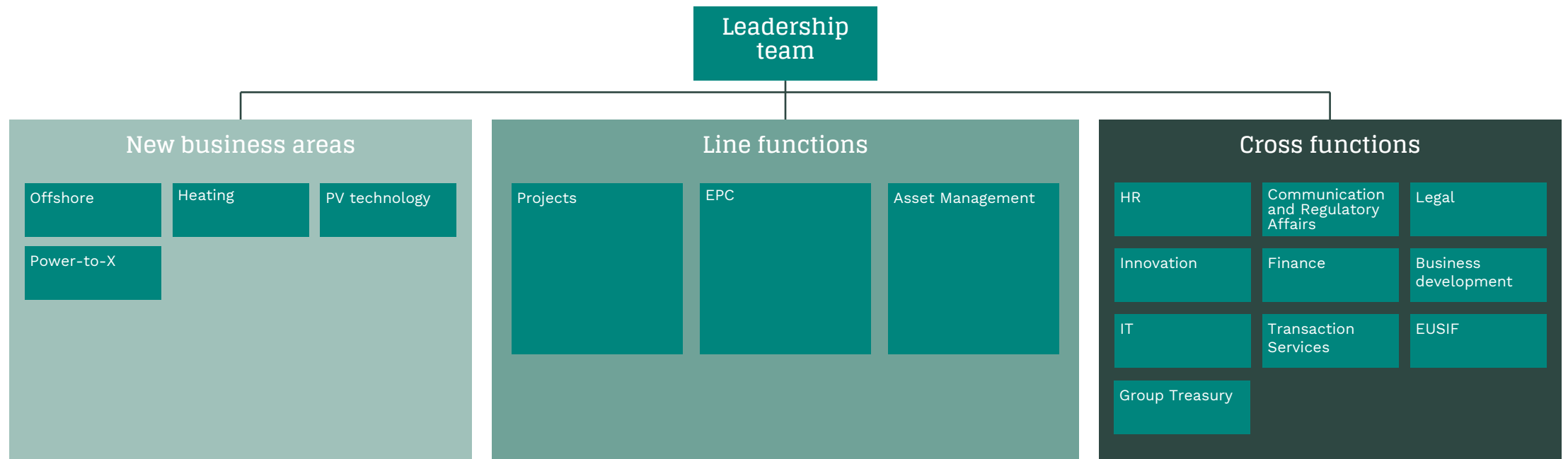
9. Asset Management & Operations :

We consider managing the assets as part of our core business. This involves 360-degree asset management services delivered by in-house competencies in the technical, commercial, and financial aspects of managing renewable energy farms. Additionally, we deliver O&M services for PV plants in Denmark, including scheduled preventive maintenance, corrective maintenance, technical support and monitoring of plants.

European Energy across the world



The organisation



NEW BUSINESS DEVELOPMENT

Self managing teams develop new offerings and technologies as independent start ups.

The teams may interact with each other and the rest of the organisation, but are working more independently on developing new technologies and business opportunities for European Energy.

LINE FUNCTIONS

E2E project delivery of key technologies across Line Functions.

Focus on developing, constructing and operating parks within core technologies (Onshore and Solar PV) across all markets.

Projects are executed using our shared Project Management model.

CROSS FUNCTIONS

Departments with high level of expertise within respective areas. The Cross Function

departments engages with the organization on ad-hoc basis or at recurring events for advice, support, planning and strategizing.

Numbers in European Energy

Financial highlights

Revenue EURm

+59%



Revenue sat a record and was up 59%, driven by sale of projects, which totalled EURm 268. Revenue from power sales increased by 29% and asset management and other fees were up 25%.

EBITDA EURm

+33%



EBITDA rose to EURm 81.2, exceeding our target of EURm 80. The increase was partly driven by higher project sales and increased power prices that positively impacted gross profit from power sales.

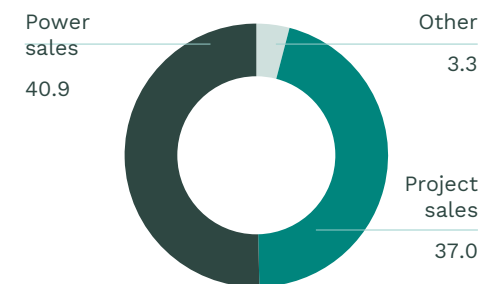
Profit before tax EURm

+66%



Profit before tax increased by 66% to EURm 62.7 and exceeded our target of EURm 60. The increase was mainly driven by the EBITDA improvement, balanced by a depreciation increase.

EBITDA split EURm



Equity EURm

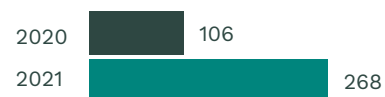
+49%



Equity also saw a significant increase during 2021 due to realised financial results and a tap of EURm 75 of our existing hybrid capital bond.

Project sales EURm

+68%



In 2021, our project sales rose by 68%. During the year, we concluded our largest divestment to date with the sale of 4 Lithuanian wind projects featuring a total capacity of 186 MW.

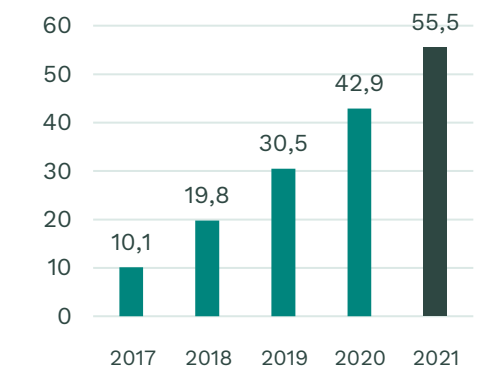
Inventories EURm

+61%



Inventories increased by 61%, a rise related mainly to the construction of new parks and increased development pipeline. Operating assets held as inventory declined by 44% due to divestments.

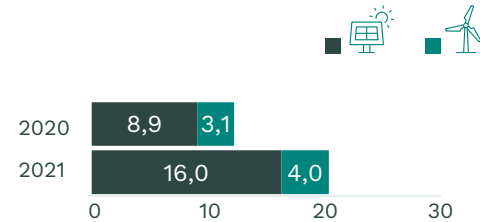
Power sales EURm



Business highlights

Development pipeline*

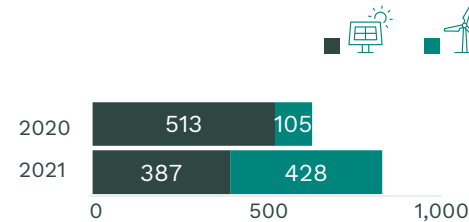
GW



Our pipeline grew significantly during the year with focus on greenfield development, partnering and acquisitions of ready-to-build assets mostly across Europe.

Under construction

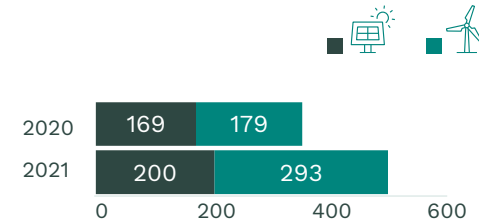
MW



Our construction activities continued its growth with 815 MW of projects under construction. A challenging supply chain caused minor delays and additional cost, but overall activity was high.

Power production assets

MW



Our power producing capacity increased from 348 MW to 493 MW due to acquisition of assets and new commissioned assets.

Equity

Head count

+69%



We have onboarded the right competencies to drive the growth and continues the recruitment. We are a multicultural organisation with employees holding 30 different nationalities.

Project sales

Units

+19%



During 2021, we were engaged in developing, structuring, constructing, or operating projects in 19 different countries across the world.

Inventories

Units

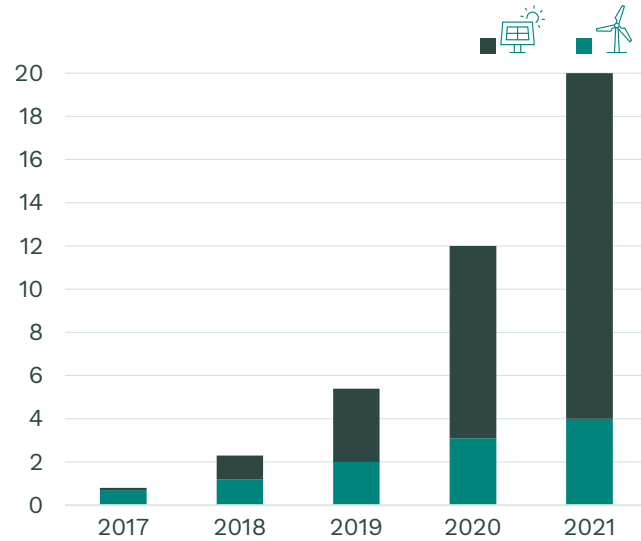
+36%



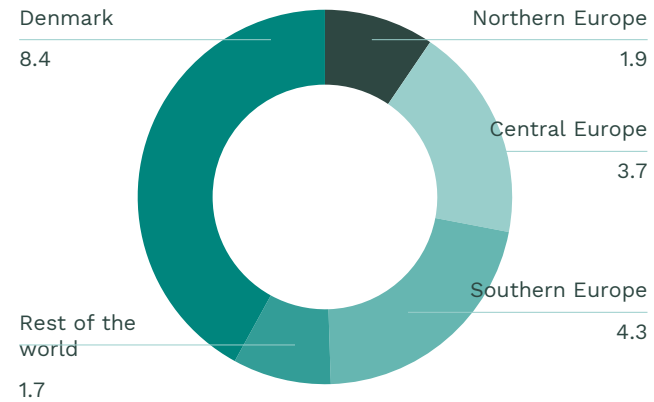
As part of the expansion and the aim to be locally present, we have established 4 new offices abroad during the year, located in Bulgaria, France, Greece, and Romania. Our 15 offices are located in 12 different countries.

European Energy Pipeline 2022

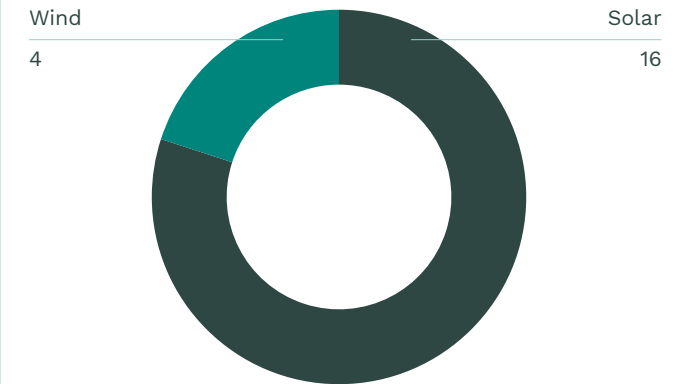
Project pipeline*
GW



Pipeline by countries
MW

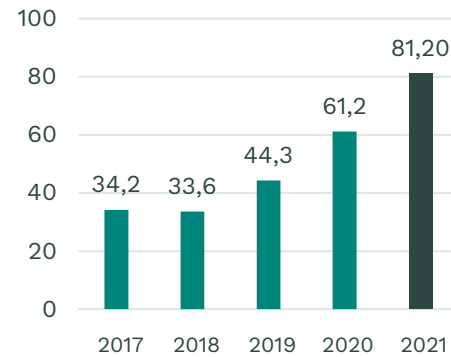


Pipeline by technology
MW

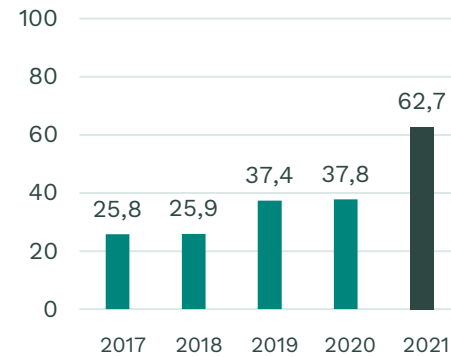


Financial highlights, full year

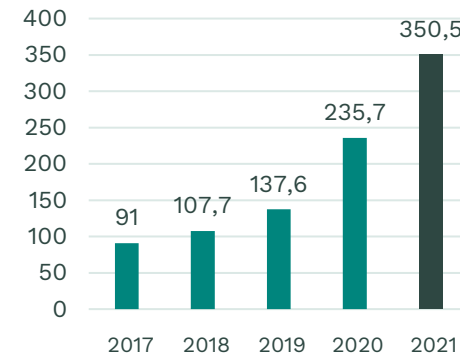
EBITDA
EURm



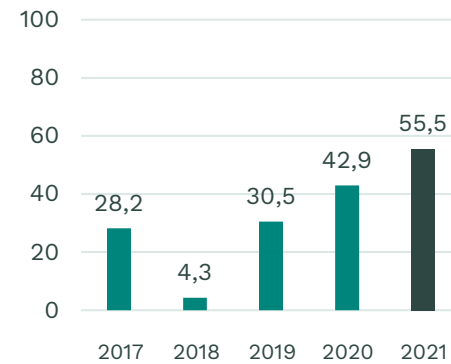
Profit before tax
EURm



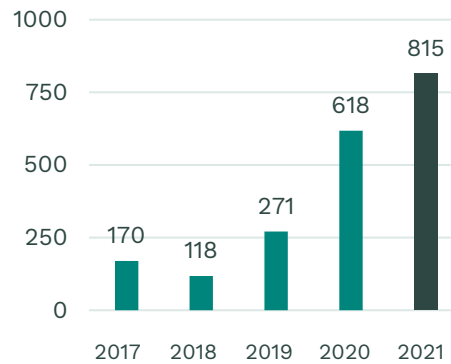
Equity
EURm



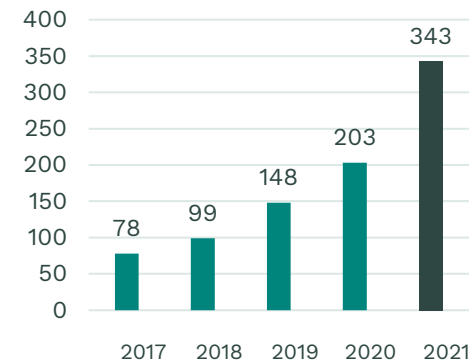
Sale of electricity – Consolidated
EURm



Under construction and ready to build
MW

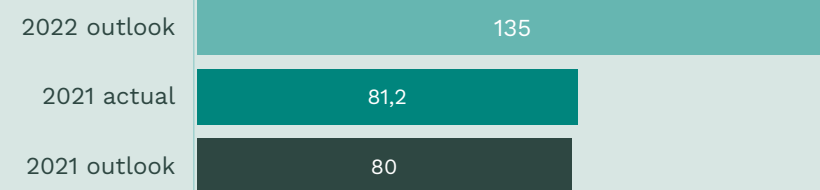


Employees
Number of employees EOY

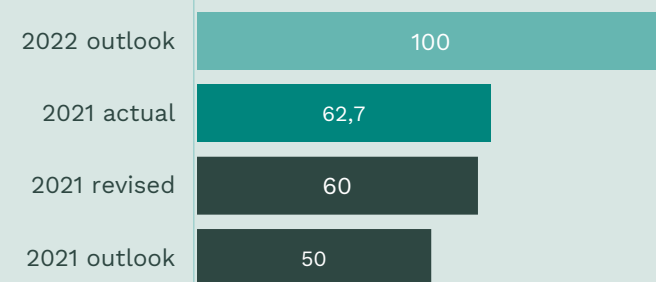


Outlook

EBITDA EURm



Profit before tax EURm



Sustainability

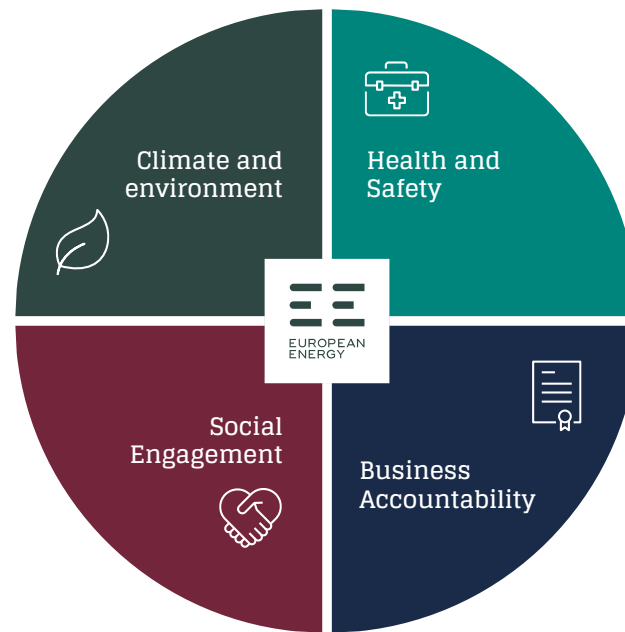


Sustainably achieving global fossil fuel-free society

In our first Sustainability Report, published in relation to 2020, we presented three focus areas. Throughout the past year we have made progress on these and their associated goals. In this process, we acknowledged that Health and Safety ought to stand as an in- dependent focus area. This is based on the premise that the promotion of a positive Health and Safety culture at work starts with the organisation's commitment to always prioritize the health and safety of its employees.

Going forward, European Energy aims to continue improving in the following four focus areas: Climate and Environment, Health and Safety, Business Accountability and Social Engagement. A total of 11 investigation topics are covered among the 4 focus areas.

In the next sections of this report, we will be disclosing on our progress made throughout 2021, per focus area. We are also renewing and expanding our goals and targets for the years to come.



Sustainability figures



3.2 million tonnes of CO₂
displaced, since 2004



Planting of
245,000 trees
as green fences
around our parks



First-time publishing H&S rates

TRIR at 4.47 – based on
2 lost-time incidents
and no fatalities



Creation of
768 full time jobs equivalents
directly and indirectly



Screening of more than
20% of out critical suppliers
in sustainability
criteria

CASE

COVID-19 aid in Brazil

European Energy is building renewable energy projects in the municipalities of Poção, Pesqueira and Macaparana in Northeastern Brazil.

The municipalities are characterised by high levels of poverty which was accentuated during the COVID-19 pandemic.

To address the population's increased vulnerability, a COVID-19 emergency fund was established, whereby European Energy covers 40% of the costs and the remaining 60% is covered by IFU's Sustainability Facility.

Based on a need assessment made with the local municipalities' authorities, the following items were delivered, throughout the last five months of 2021: 26,400 reusable face masks, 4,500 liters of hand sanitizer, 18,000 pieces of soap, 4,500 basic food supply baskets and WHO health promotion pamphlets.

PPA and Power Sales



Extensive Experience in Power Sales

European Energy has more than 5 years experience in doing PPAs and have today four dedicated PPA specialists today. All the energy facilities that European Energy expects to divest in 2021 have long-term offtake agreements.

Utility PPAs



Government auctions



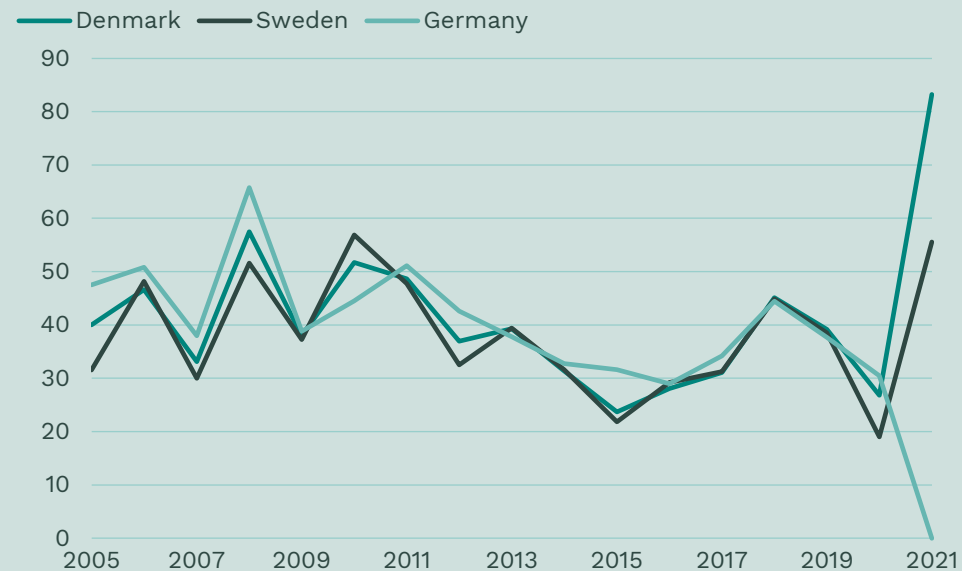
Corporate PPAs



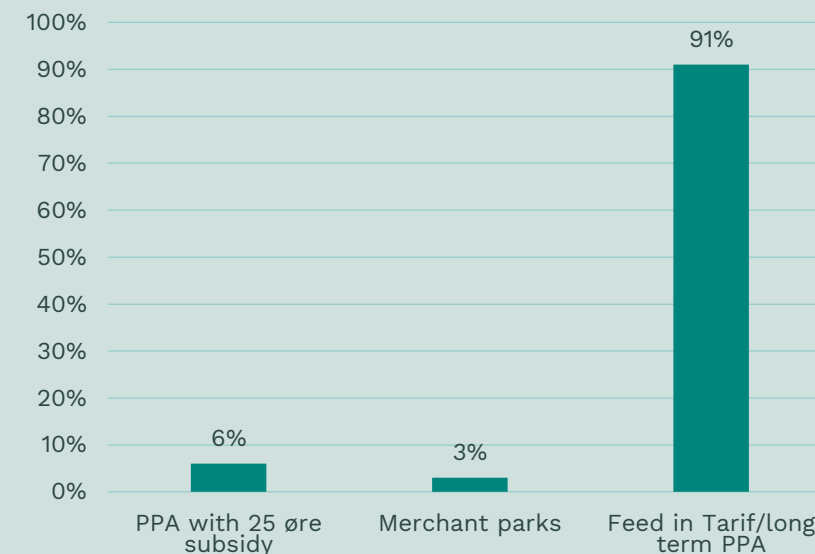
Power Prices

- The power price has been rising rapidly in the second half of 2021.
- This will drive the construction of renewable energy even further.
- We foresee that energy prices in the future will stabilise with the increased renewable energy capacity.
- We have very limited short-term exposure to merchant prices due to the PPA's that we sign.

Energy prices 2005-2021, EUR per MWh



Exposure to merchant prices on operational assets



CASE

Corporate Power Purchase Agreement with Eesti Energia

Estonian energy company Eesti Energia has signed a PPA with Danish energy developer European Energy for 3.8 TWh over 10 years starting in 2023. The agreement secures renewable energy to an equivalent of what 250,000 Danish private consumers use annually and is to date the largest PPA signed in the Baltics.

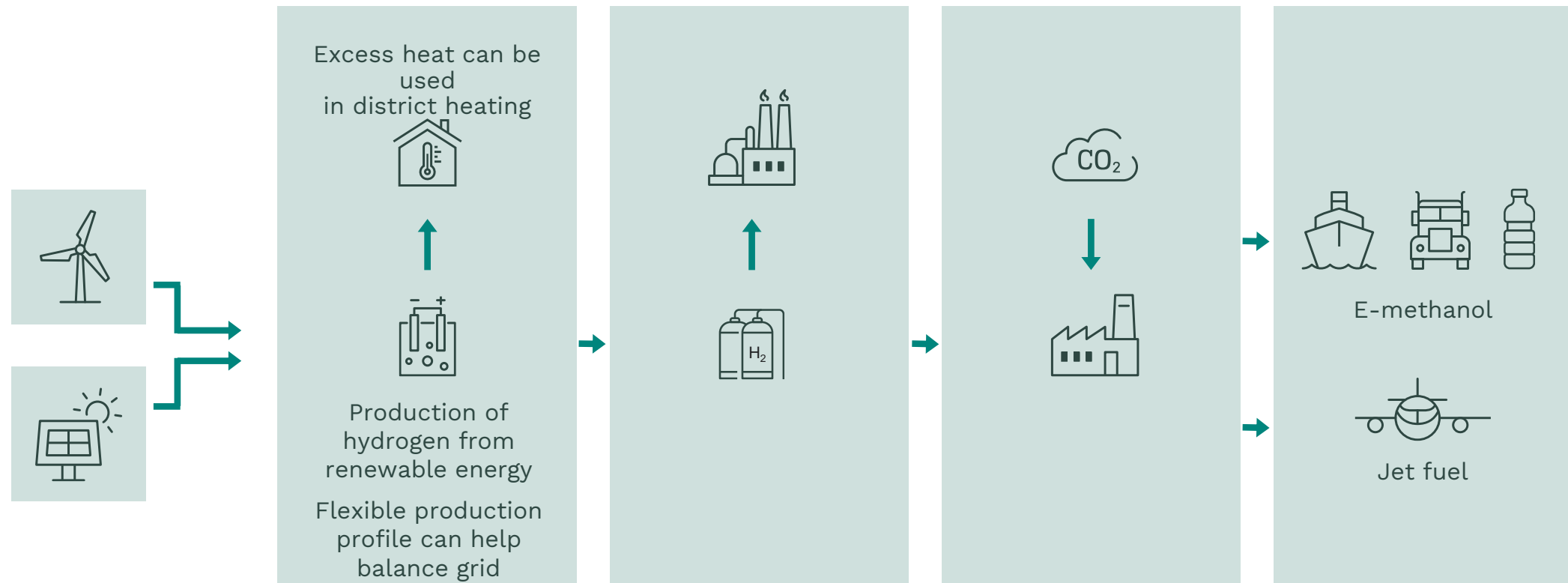
The electricity will be used in the Baltic states and the power will come from wind farms constructed by European Energy in Lithuania. Apart from being the largest PPA agreement signed to date in the Baltics, this PPA will also be the largest PPA measured in delivered electricity that European Energy has signed to date.



Power-to-X in European Energy

Our Power-to-X value proposition includes the entire value chain

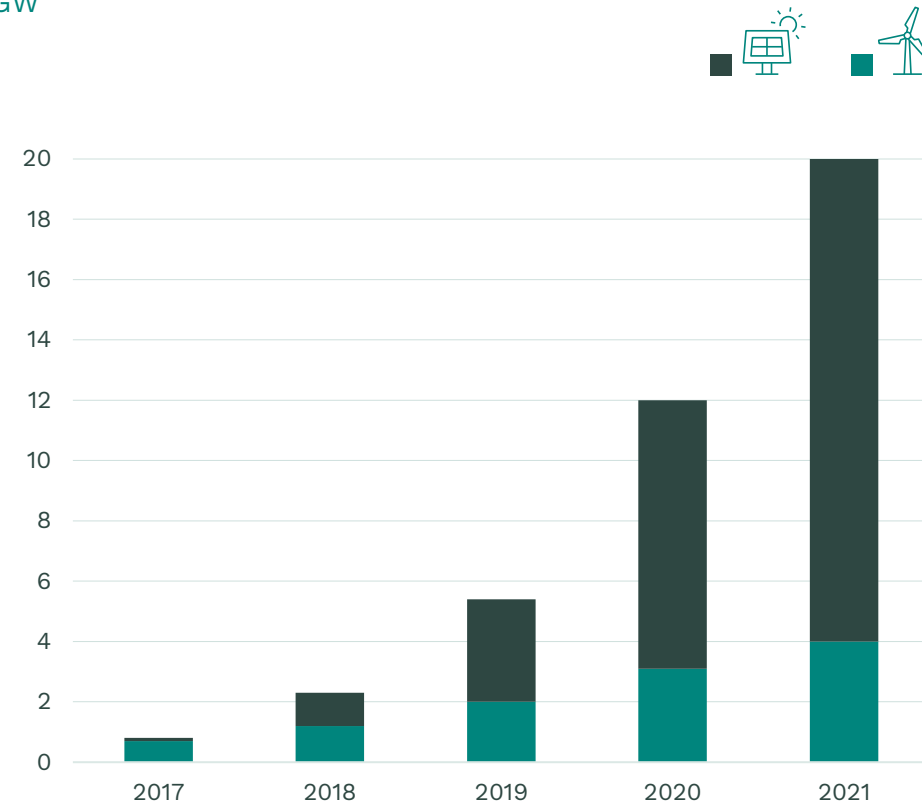
From renewable energy to e-fuels



Substantial pipeline of ready to build renewable energy projects

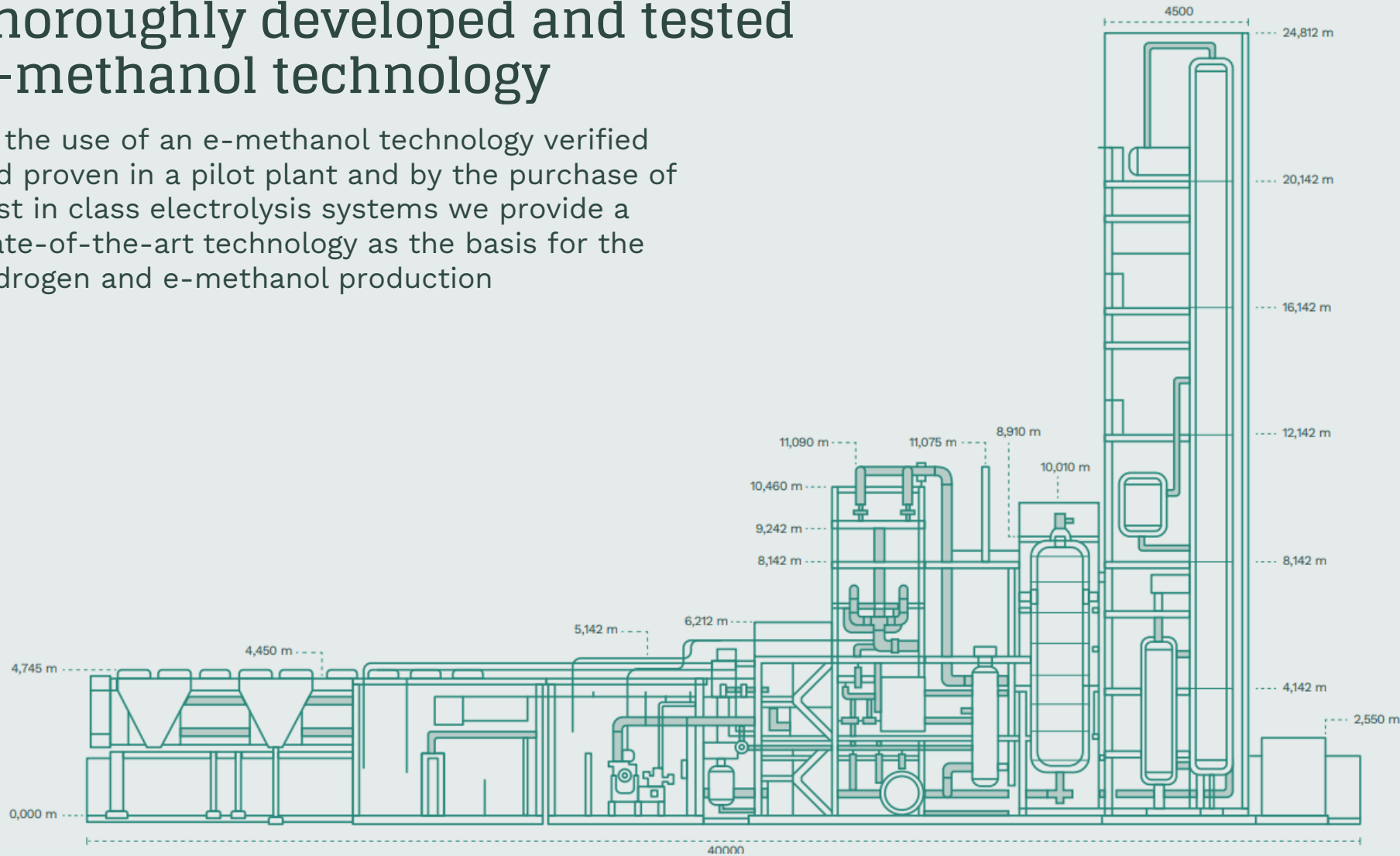
With our pipeline of renewable assets (> 1 GW under construction and > 20 GW in development), we are well suited to supply the volume of power necessary to produce large amounts of green hydrogen and e-methanol in the years to come.

Project pipeline
GW



Thoroughly developed and tested e-methanol technology

By the use of an e-methanol technology verified and proven in a pilot plant and by the purchase of best in class electrolysis systems we provide a state-of-the-art technology as the basis for the hydrogen and e-methanol production



State-of the art screening model for optimal location selection of Power-to-X plants

Supply is possible across the world since European Energy's renewable project-pipeline span 17 countries.

The geographical scope enables us to take advantage of the sites where the cost of energy is lowest and where we can ensure the best terms for supply of CO₂ and water as well as for transportation and bunkering. This allows European Energy to structure the projects cost-efficiently.

CASE

Power-to-X agreement with Maersk

European Energy signed an agreement with shipping company Maersk in August 2021. The agreement stipulates that European Energy will deliver 10,000 tonnes of carbon neutral e-methanol that Maersk's first vessel with the ability to operate on green e-methanol will consume annually.

In March 2022, European Energy was named one of the five key suppliers of e-methanol that Maersk has designated as strategic partners. Maersk and European Energy will cooperate on this to ensure that their shipping fleet undergoes a green transition away from traditional bunker fuel. European Energy is set to deliver 200.000-300.000 tons of e-methanol to Maersk annually by 2025.

This type of partnership could become a blueprint for how to scale green fuel production through collaboration with partners across the industry ecosystem.

European Energy is proud to be a part of the first large scale e-methanol production in Denmark. While renewable energy is becoming more and more common in the energy mix of electricity consumption, this is one of the first steps in heavy transportation towards using 100% renewable energy.

Market trends

Higher power prices

In 2021, a remarkable increase in energy prices was recorded across most European countries. Compared to earlier years, average power prices rose by over 200% in main markets including Germany, France, Spain, and the UK, while the Nordics saw increases of over 400%.

It is very likely that higher energy prices shall for now remain and may even extend to other parts of the world as electrification gains traction across various sectors. It will be crucial that world leaders take action to intensify the permitting and rollout of renewables across the continent to remedy these higher power prices.

European Energy has high ambitions for the installation of new renewable energy capacity over the coming years.



Seven key drivers that determine the future renewable power prices



1.

Electricity demand is expected to grow significantly driven largely by new demand from currently fossil fuelled industries and Power-to-X.



2.

Price for CO₂ emission quotas expected to increase due to emission reduction targets.



3.

Increased grid build-out across EU consequently increasing potential demand for renewable energy.



4.

Intelligent demand will be more prevalent.



5.

Higher penetration of renewable energy sources replaces more expensive energy sources but also creates higher volatility.



6.

LCOE is increasing right now but expected to drop going forward largely driven by innovations to increase output.



7.

Grid integration expected to smoothen out structural price differences between markets.

Power-to-X is taking off

During 2021, Power-to-X was established as a key means to transform hard-to-abate sectors of societies from heavy dependence upon fossil fuels to going green.

By making use of Power-to-X technologies, power from solar and wind energy can be converted into hydrogen or hydrogen-based substances, such as methanol, for use as sustainable fuels in heavy transportation like ships, aircraft, and heavy industry, as well as in plastics.

Demand for synthetic fuels needs to be created via regulations that mandate renewable fuel usage. Finally, a price increase for fossil fuels via taxation and higher CO₂ emission costs is crucial to reducing the cost gap between fossil fuels and the electric fuels of the future.



Wind and solar generate 10% of global electricity

Wind and solar generated over 10% of global electricity in first half of 2021 and, for the first time, overtook nuclear generation – a remarkable feat considering that wind and solar, as recently as 2015, accounted for just 5% of global electricity generation.

However, the continued build-out of wind and solar was not enough to meet 2021's significant rise in electricity demand. As a result, we saw coal increase its share for the first time in many years, leading to increased power sector CO₂ emissions.

2021 is expected to show another record year for wind and solar installations – and, although both technologies grew strongly, solar PV installed capacity is set to overtake wind capacity for the first time ever.



Renewables growth driven by lower costs

Predicted needed renewable capacity p.a. to reach 2050 target



1. IHS market forecast in 2019 for 2019-22, and in 2020 for 2021-25

2. Top-down assessment based on world's capacity needed to reach net-zero emissions in 2050

Source: McKinsey, EnergyData & IRENA 2030 Report; OECD Investing in Climate, Investing in Growth Report 2019

Cost in 2030 vs. 2019



Solar PV
-35%



Onshore wind
-20%



Offshore wind
-55%

Cases

CASE

First wind farm in Lithuania

In June 2021, European Energy started constructing its first wind farm in Lithuania, located in Anykščiai.

The wind farm with nine 5.5 MW GE Cypress wind turbines can provide green electricity to 50,000 households.

Lithuania has an ambition to increase local power generation to 50% by 2025. The new power facilities have to be green, and projects such as Anykščiai not only bring Lithuania one step closer to its goal but play an important part in strengthening the country's energy security.



CASE

Largest solar plant in Italy

At our Italian projects, Troia and Palo Alto, the construction of major solar farms was accompanied by cooperation with local communities to protect remnants of prehistoric buildings at the project site.

At Troia, European Energy donated almost EUR 1 million to finance a dig after a survey connected to the solar farm unearthed the remains of basilica and early-to-middle neolithic settlement.

At Palo Alto, European Energy collaborated with local companies to uncover an ancient stone hut known as a “trulli” situated near the solar park site. The “trulli” has been integrated into the design of the solar park to accompany some 40,000 tracker panels that will deliver the annual green power consumption of 40,000 Italians.

CASE

Optimising energy crops

At Ålbæk in the Northern part of Denmark, European Energy has grid connected a new solar farm that replaces fields of existing energy crops with solar panels. In the past the local farmer was harvesting energy willow that would ultimately end up in biomass furnaces and trade marked as sustainable biomass.

By replacing the energy crops with solar power panels, the total output of the field is optimized and produces more than 20 times as much renewable energy compared to earlier, according to calculations made by European Energy. At the same time, CO2 emissions are directly reduced as solar farms power heat pumps for central heating compared to the emissions released when the biomass is burned for heating purposes. The bushes and trees planted around the solar farm will remain for the total lifespan of the park thereby giving living spaces for animals and other species.



CASE

Powering green transportation

If the electric cars are to contribute to the green transition, then they must run on green power. As part of this transition, European Energy has collaborated with the charging operator, Clever in developing and constructing a 42 MW solar park just south of Copenhagen.

With an expected average annual production of 61 GWh, the solar park will supply new and additional renewable energy to the electricity grid corresponding to the annual energy consumption from about half of Danish electric cars on the roads today.

The solar park is created based on an electricity purchase agreement, also known as a PPA. The PPA runs over 10 years from January 2022, and Clever will buy approx. 400 GWh over the 10 years or the power it takes to drive an electric car around the equator 475,000 times.

The Power of Tomorrow, Today





EUROPEAN
ENERGY