EUROPEAN ENERGY

Investor Presentation, 1H 2023

September 1, 2023

Agenda

1. Highlights
2. Business update
3. Financials
4. Q&A

Jens-Peter Zink
Deputy CEO

With European Energy since 2005

Jonny Thorsted
Chief Financial Officer

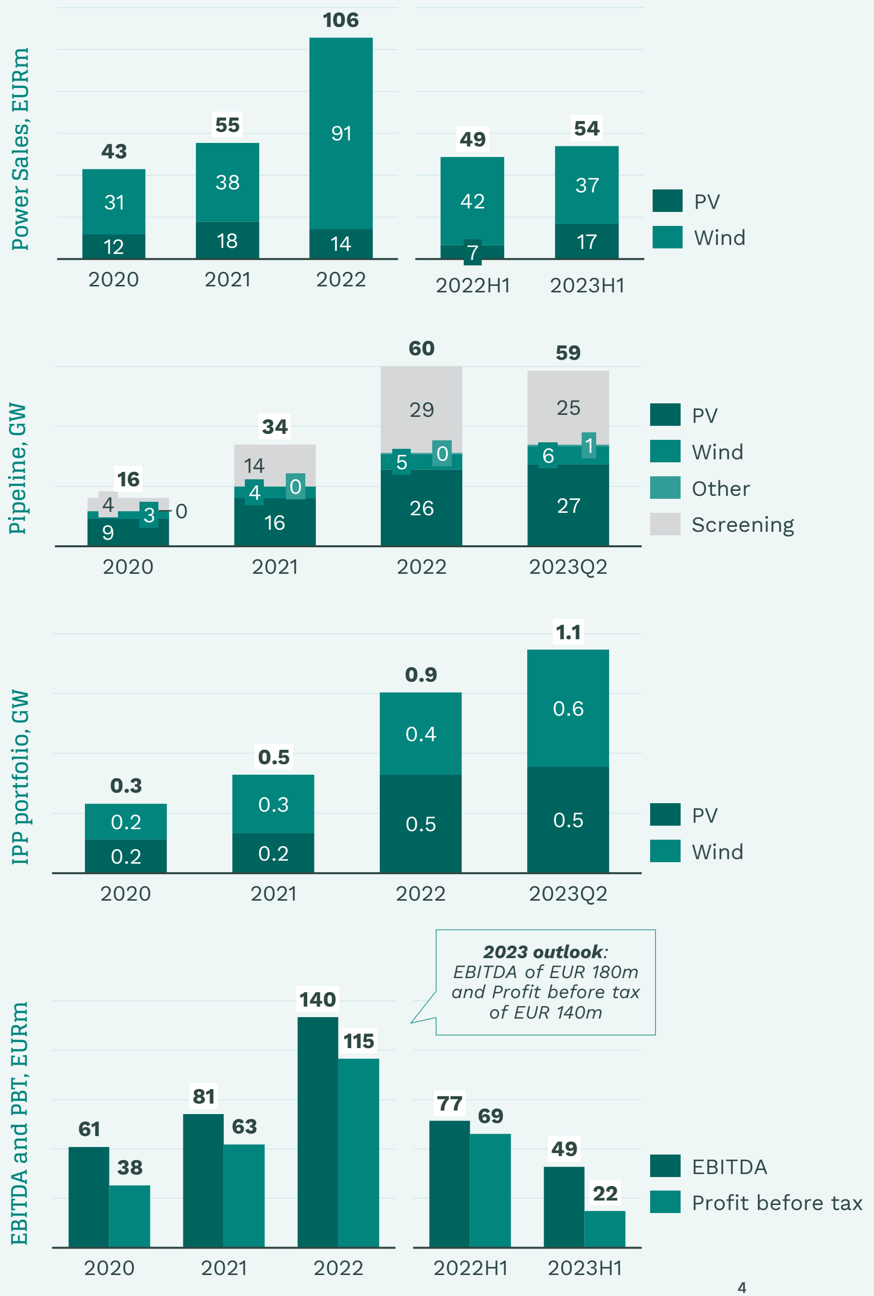
With European Energy since 2012

1 Highlights

Wind,
Telšiai,
Lithuania
120 MW

European Energy
- A record Q2 2023 for European Energy

- **Operating portfolio growth**: By the end of H1 2023, European Energy had a record high operating portfolio of 1.1 GW up from 0.5GW a year ago
- **Production increase**: Our operating portfolio generated a remarkable 825 GWh in H1 2023, which represents a twofold increase compared to the same period in 2022
- **Grid connection achievements**: During H1 2023, European Energy successfully grid-connected 7 projects totaling 281 MW. This includes a 40 MW solar PV project and 6 onshore wind projects totaling 241 MW
- **Power sales**: In H1 2023, European Energy realized over EUR 54 million in power sales, marking a growth of 11% compared to H1 2022
- **Project pipeline**: European Energy maintains a robust project pipeline, estimated at approximately 60 GW. Additionally, our late-stage development pipeline continues its upward trajectory, currently standing at 34 GW
- **Power-to-X initiatives**: Our Power-to-X initiatives demonstrate promising potential, with ongoing construction at two sites. Notably, our Danish site in Kassø is set to be the world's largest e-methanol plant. Post Q2 2023, we entered into a divestment agreement with Mitsui who will take a 49% ownership of the combined solar and P2X plant at Kassø.
- **Employee growth**: Number of employees has grown significantly, increasing to 669 by the end of H1 2023, up from 550 at end of 2022



Main events in the first half of 2023

January

- Received permits of 412 MW across UK, Italy and Lithuania
- Collaboration regarding a Sustainable Aviation fuel plant that will start production in 2024
- Submitted a request to build a floating wind farm consisting of 74 turbines with a total capacity of 1.1 GW in Italy

February

- Reached 1 GW of capacity in owned operating assets
- Joined forces with the Republic of Korea's largest shipping company HMM to secure future methanol supply

March

- Opening of an office in Texas
- Signed a PPA with Asahi Europe & International to offtake power from a new-to-be-built Marksbury Solar Farm, 19 MW, in England
- Groundbreaking ceremony at Power-to-X test facility in Maade, Esbjerg

April

- European Energy signs deal with the LEGO Group and Novo Nordisk on e-methanol
- Aarhus University, Copenhagen University, Slagelse Municipality and European Energy partner up in a research project on Agri-PV funded by the Danish Innovation Fund

May

- EE North America adds 700 MW of Colorado solar projects to pipeline
- Vårgrønn and EE partner up on Baltic offshore development
- EE North America sells 350 MW solar project in Texas to Osaka Gas USA
- European Energy obtains building permit for biggest solar farm in Italy
- Groundbreaking of the Kassø Power-to-X facility, as well as the official opening of Kassø Solar Farm in Denmark

June

- European Energy signs PPA with Faerch in the UK
- European Energy divests 20 MW solar project in Sicily, Italy, to IREN
- European Energy signs MoU on eSAF with Metafuels

Building the world's largest e-Methanol plant

- The Kassø e-Methanol plant will be the world's largest e-methanol plant when construction is completed Q4-23 / Q1-24
- It is supplied with electricity from Kassø Solar Park (300 MW) – the largest solar park in Northern Europe
- Annual production: 32.000 – 40.000 tonnes e-methanol
- Offtake agreements have already been made with key industry players, who will use it for sustainable plastics and fuels:

MAERSK LEGO novo nordisk CIRCLE K

Partnership with Mitsui & Co.

- In July 2023, we signed an agreement with Mitsui & Co., who will take 49% co-ownership of both Kassø Solar Park and the Kassø Power-to-X plant
- After the signing, the sale was approved by the Danish authorities, and we are now awaiting – among other things – the EU approval before the sale can be closed

MITSUI & CO.

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Business update

Hybrid,
Rødby Fjord,
Denmark
109 MW

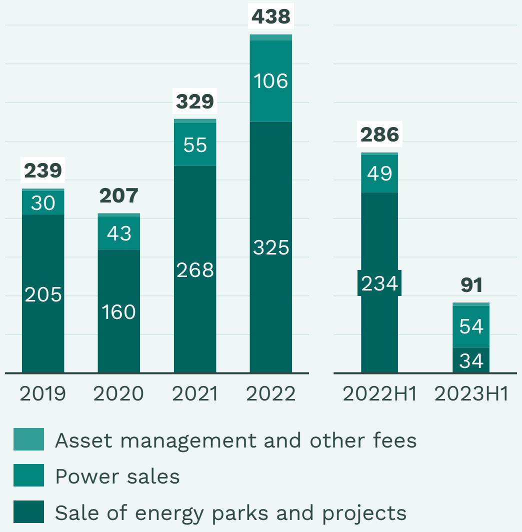
Stable recurring income from power sales and asset management

Revenue in H1 2023 declined by 68% compared to 1H 2022

- The decrease in revenue compared to H1 2022 stems from a decline in **sale of energy parks and projects**, from EUR 234m to EUR 34m as only a few projects were divested in H1 2023 compared to two larger Italian operational projects divested in H1 2022. Q2 2023 included the sales of two ready-to-build solar projects located in Italy and the USA with a combined capacity of 366 MW.
- **Power sales** have increased from EUR 49m in H1 2022 to EUR 54m in H1 2023, or 11%. The increase was mainly due to a significant higher production counterbalanced by significant lower power capture prices
- Our assets under management grew by 13% in 1H 2023, increasing from 2.2 GW at end of 2022 to 2.4 GW at end of 1H 2023. H1 2023 saw EUR 4m in **revenue from asset management** and other fees, a 29% increase from EUR 3.1m in 1H 2022.

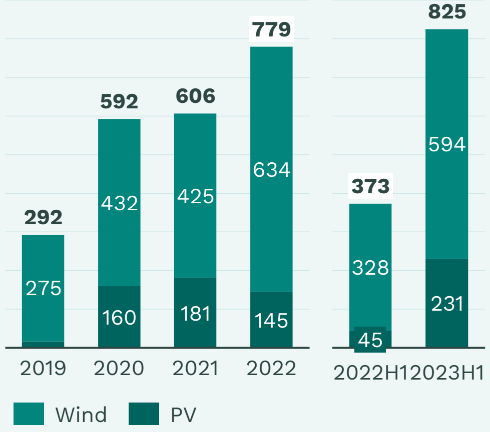
Revenue

EURm



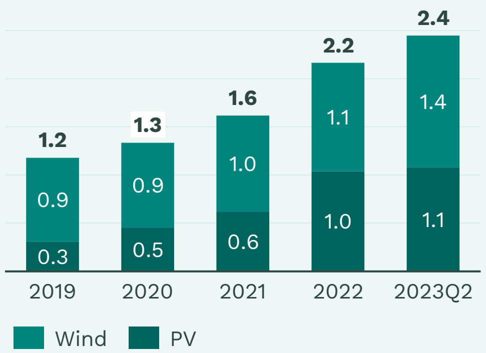
Power production

GWh

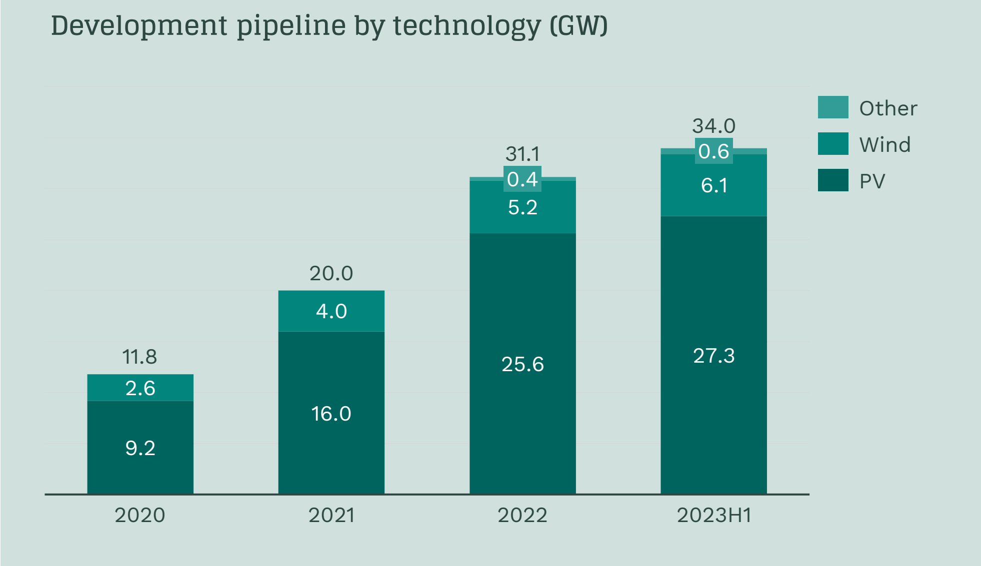


Assets under management

GW

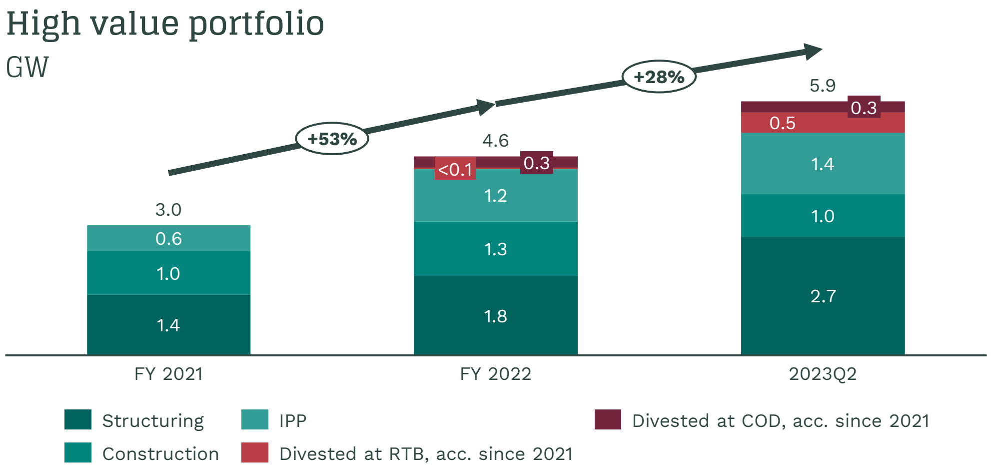


Our project pipeline has increased significantly over the recent years due to our dedicated efforts and strong local presence



- During Q2 2023, the development pipeline grew to 34.1 GW (Q2 2022: 24,1 GW), with a core focus on low-risk European markets
- By the end of Q2 2023, European Energy was active in project development in 20 countries
- Going forward, European Energy expects to continue the significant growth in the development pipeline. This is a key value driver and source for future earnings growth for the company

- Project development at European Energy follows the European Energy Development Model, which guides the progression of projects within the development matrix. Every project initiates at the screening phase and advances through subsequent stages (development, structuring, construction, operating)
- Since 2004, European Energy has completed around 250 projects, all generating positive results
- The aggregate of projects in Structuring (i.e. development projects 90% ready-to-build), Construction, and the IPP portfolio of 5.9 GW represents projects that has a high market value. In 2022, European Energy increased the high value portfolio by almost 50%, representing a record high value creation. During H1 2023, the company further increased this portfolio by an additional 28%

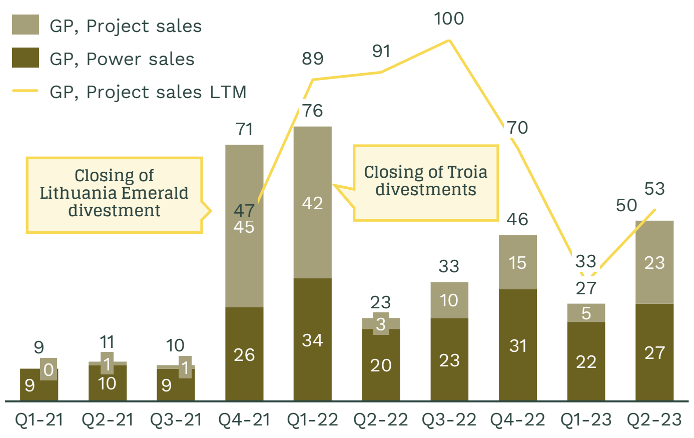


Notes: 1) Development pipeline consists of ~31.3 GW from development phase and ~2.7 GW from structuring phase

Increase in Group Leverage over the last quarters

… expected to decrease to 5-8x range end of 2023 due to divestments of energy farms

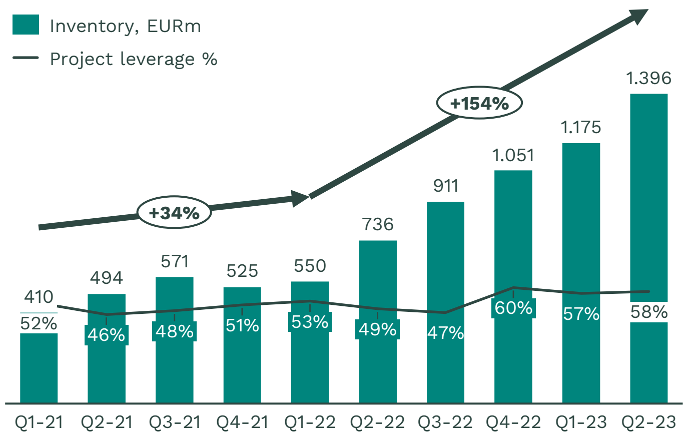
No significant project sales since Q1-22



Comments

- In Q1 2022, we closed the sale of the Italian PV project Troia, which together with the close of the Lithuania Emerald portfolio in Q4 2021 increased the GP and EBITDA LTM significantly at the time
- During 2022, we experienced very high gross profits from power sales, which supported the achievement of the 2022 earnings guidance without closing additional big project sales
- In addition to this, power price volatility, higher rates and regulatory uncertainty made the M&A market for renewable projects less well-functioning during H2 2022 and early 2023

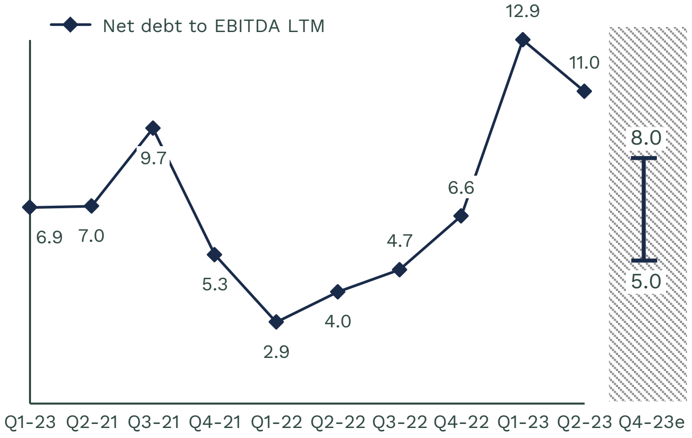
Increased investments in Inventory



Comments

- Since Q1 2022, inventory has increased significantly due to two main factors:
  - All time high construction activities – in 2022, we managed to almost fivefold the connection of new installed capacity to the grid, from 133 MW in 2021 to 655 MW in 2022
  - No significant divestments - latest significant project sale was the divestment of the Italian PV project Troia in Jan-22
- Project leverage maintained at ~50-60%, which increased project debt by net EUR 377m in 2022 and EUR 179m ytd 2023

Group Leverage expected to decrease



Comments

- Continuous growth in leveraged construction activities, combined with no significant project sales and earnings since Q1 2022 has resulted in the Groups leverage ratio increasing and peaking in Q1 2023
- We expect the Net Debt to EBITDA ratio to decrease to 5x–8x at end of 2023 based on an unchanged FY23 group EBITDA outlook of EUR 180m (+/- 20%) and the expected construction and divestment activities rest of 2023

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3
Financials

Palo, Italy
18 MW

Profit and loss and cash flow

Revenues amounted to EUR 91m in 1H 2023, down 68% compared to 1H 2022

- Revenues were split between a) sale of energy farms and projects (37% of total revenues in 1H 2023; 2022: 74%), b) power sales (59%; 24%), and c) asset management and other fees (4%; 2%)
- **Revenue from sales of energy farms and projects** in 1H 2023 was EUR 34m down from EUR 233m in 1H 2022 due to fewer sales. Capacity of project sales in 1H 2023 totals 433 MW of which 346 MW was ready-to-build
- **Power sales** have increased from EUR 49m in H1 2022 to EUR 54m in H1 2023, or 11%. The increase was mainly due to a significant higher production (from significant larger asset base) counterbalanced by significant lower power capture prices

EBITDA amounted to EUR 49m in 1H 2023, down 36% compared to 1H 2022

- The EBITDA decline stemmed from lower sales of energy farms and projects and increasing staff and other external costs following the growth in our business and project pipeline

Profit before tax decreased from EUR 69m in 1H 2022 to EUR 22m in 1H 2023, or 68%

- This decrease was mainly driven by **lower GP from sales of energy farms and projects, higher operating costs and financing costs**

Operating cash flow before changes in inventories of EUR 54m in 1H 2023 down from EUR 69m in 1H 2022, due mainly to lower profits from sale energy farms and projects. Increase in inventories was EUR 358m reflecting the ongoing high construction activity and low divestment activity in the period

Financing activities of the half year period was an inflow of EUR 270m, driven by issue of both senior bonds and hybrid capital as well as net proceeds from project financing

The **cash position** remained strong at EUR 177m at end of 1H 2023 (2022: EUR 210m)

Profit and loss

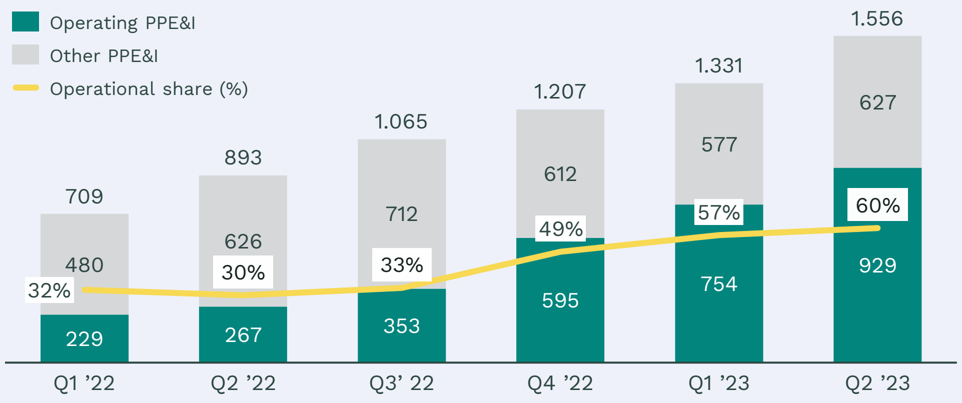
EURm	2021	2022	2022H1	2023H1
Revenues	**329**	**438**	**286**	**91**
Sale of energy farms and projects	268	325	234	34
Power sales	55	106	49	54
Asset management and other fees	5	7	3	4
Gross profit[1]	**105**	**186**	**99**	**79**
Sale of energy farms and projects	47	74	44	26
Power sales	54	107	53	49
Asset management and other fees	3	5	1	4
EBITDA	**81**	**140**	**77**	**49**
% margin	*25%*	*32%*	*27%*	*54%*
Profit/loss before taxes	**63**	**115**	**69**	**22**

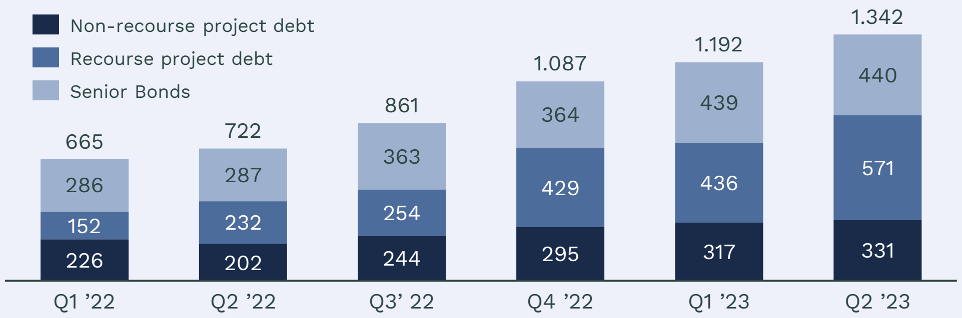
Cash flow statement

EURm	2021	2022	2022H1	2023H1
Cash flow from operating activities (excl. change in inventories)	74	105	69	54
Change in inventories	-189	-479	-157	-358
Cash flow from investing activities	-63	-25	-12	0
Cash flow from financing activities	283	382	32	270
Change in cash and cash equivalents	**105**	**-18**	**-69**	**-33**
Cash and cash equivalents (balance sheet)	**227**	**210**	**159**	**177**

A record high share of PPE&I is operating per Q2 2023 with additional parks expected grid connected during H2 2023

Property plant and equipment and Inventory (PPE&I) by phase (EURm)





- **PPE&I has increased with an average of 17%** per quarter from EUR 709m in Q1 2022 to EUR 1,556m in Q2 2023, primarily driven by significant investments in inventory from increasing construction activities
- The operational share of PPE&I has over the period increased from EUR 229m or 32% in Q1 2022 to EUR 929m or 60% in Q2 2023, an average growth of **32% pr. quarter**. At the end of Q2 2023, the IPP portfolio totaled **1.1 GW of projects**, and an additional ~600 MW are expected grid connected during H2 2023
- The recourse portion of project debt as at the end of Q2 2023 **amounts to EUR 571m** and consists of financing for project under construction. These loans will either be converted into non-recourse loans upon projects reaching operations, at the latest 12 months after COD, or be repaid when projects are divested
- The recourse part of the total project debt has increased from 40% in Q1 2022 to 63% in Q2 2023, highlighting the continuous expansion of our construction activities

Credit metrics – well within thresholds

Maintenance covenants definitions[1]

Equity ratio (parent)

- Equity / total assets
- Equity excludes fair-market-value adjustments of PPA contracts and includes only 50% of hybrid capital
- Total assets exclude cash and cash equivalents

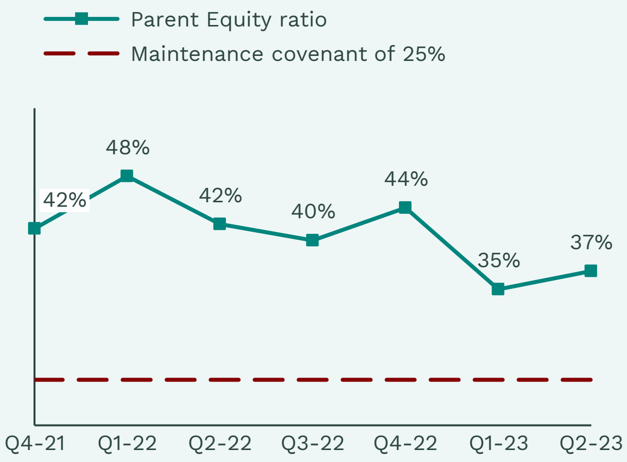
Project debt ratio

- Consolidated project debt / consolidated PPEI
- PPEI consists of property, plant, equipment and inventories

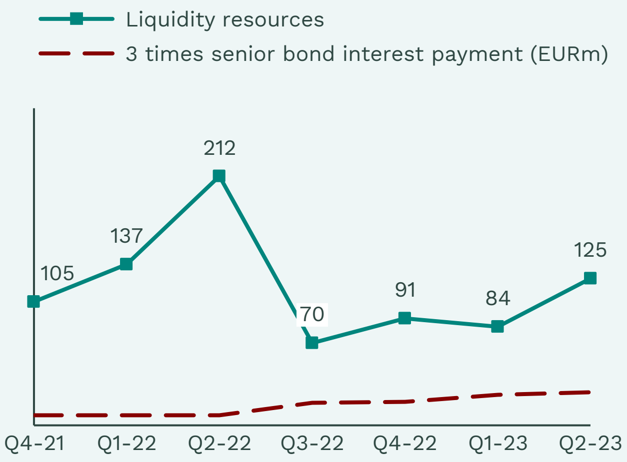
Minimum liquidity (parent)

- Cash, cash equivalents and undrawn committed credit facilities should correspond to at least the interest payments on the senior bonds for the next three quarters

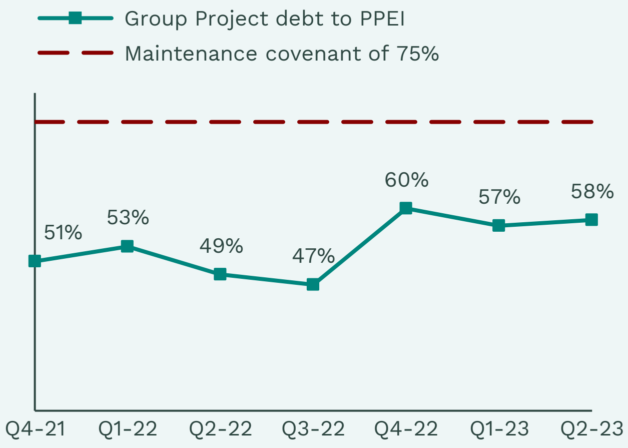
Equity ratio



Minimum liquidity (parent)



Project debt ratio



Notes: 1) Please refer to the senior bond terms and conditions for more information on the covenant definitions and structure;

Financial Outlook

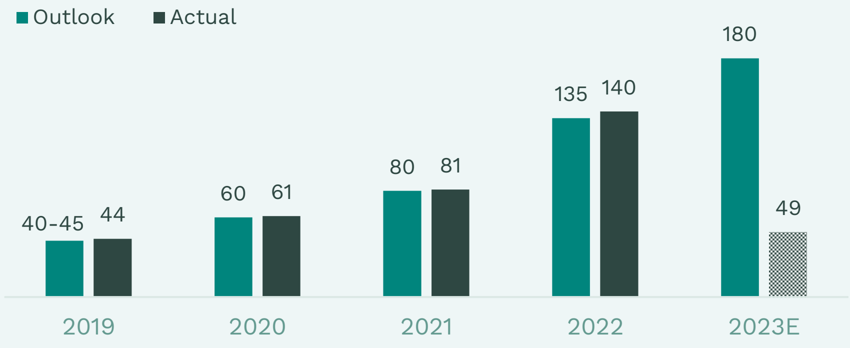
Earnings outlook for 2023 is maintained

Outlook for 2023

- The Group announced its financial outlook for 2023 on 28 February 2023, and this outlook is maintained:
  - 2023 Outlook for EBITDA of EUR 180m and for Profit before tax of EUR 140m
- The reconfirmation is based on our financial results achieved year-to-date and expectations for the remainder of the year
- Management expect the power price levels experienced on average over H1 2023 to remain approximately the same for the rest of the year. Sales of energy parks and projects are planned to pick up significantly in the last two quarters of the year
- Risk factors include 1) significant increases in financial market volatility during the last 12-18 months, which can adversely impact power and project sales, and 2) delays in permitting, grid connection works, supply chains or divestments
- We assess that the aforementioned increased risks and volatility could impact realised results by a margin of +/- 20% compared to outlook

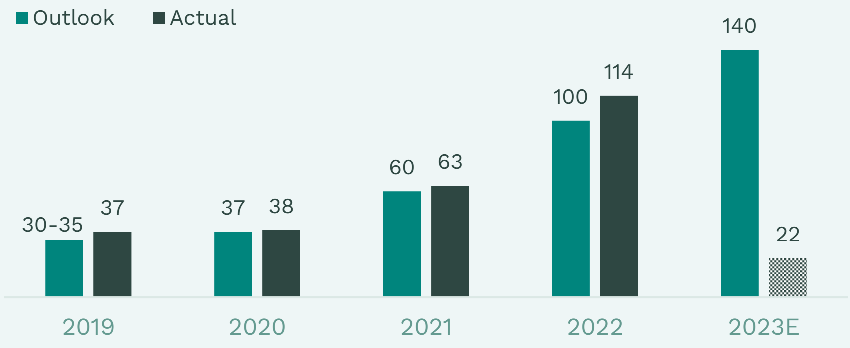
EBITDA

EURm



Profit before tax[1]

EURm



1) Re outlook for 2023 Profit before tax, FVA of power hedge instruments has been assumed to be EUR 0m

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Contact our Investor Relations:
investor.relations@europeanenergy.com