H1 2024

Investor presentation

September 6, 2024

EUROPEAN ENERGY

Agenda

1. H1 2024 Highlights
2. Business update
3. Financial update
4. Q&A

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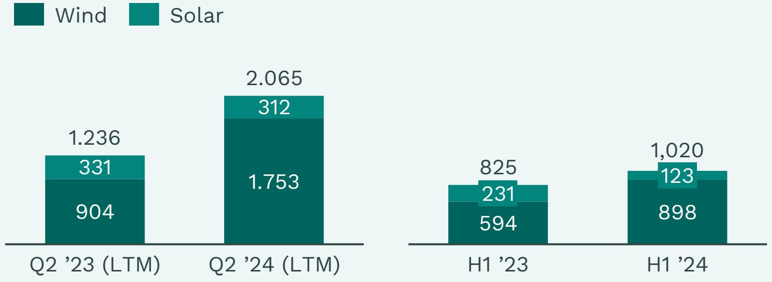
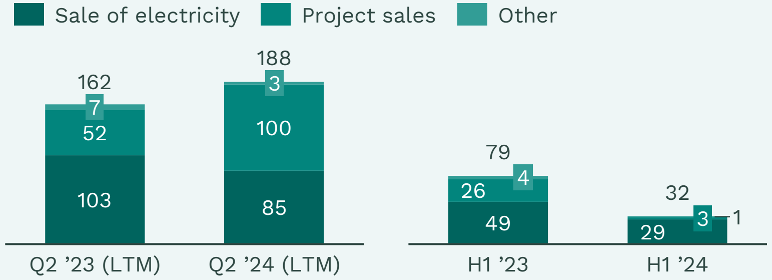
H1 2024: Financially moderate start to 2024 amid market pressure but satisfying underlying traction

- **H1 2024 EBITDA:** Earnings impacted by lower realized power prices and low project sales largely due to ordinary sales seasonality resulting in a H1 24 EBITDA of EUR -2m down from EUR 49m the year before. However, the Q2 2024 last-twelve-month (LTM) EBITDA increased by EUR 15m or 16%.
- **Maintaining 2024 financial outlook:** With 1.7 GW of projects in active sales processes, we reaffirm our 2024 financial outlook of an EBITDA of EUR 230m and with continued growth in a profit before tax but at a lower rate than EBITDA. With most project sales expected to close in Q4, uncertainty of the outlook has increased, leading to a revised and higher risk margin of +/- 20% up from +/- 10%.
- **Record electricity generation:** The H1 2024 electricity output of 1,020 GWh represents an increase of approximately 24% compared to the year before. However, as power prices in many markets declined and balancing cost were higher, our power sales profit decreased by 42%. Q2 2024 LTM electricity output increased by 67% while gross profit decreased by 17% due to the same reasons as in 1H 24.
- **High activity:** In H1 2024, European Energy signed 9 PPAs for the delivery of 1.4 GW of renewable energy across five countries providing a significant value uplift for our projects. Also, construction activities are high and increasing, and deployment of battery storage and the near-term completion of our Power-to-X activities have generated additional economic value to the company.
- **2024 equity raise:** The Mitsubishi HC Capital Inc. agreement concluded on 16 April with a resulting EUR 700m capital injection for a 20% stake in European Energy. This will enable European Energy to make more long-term and value-creating decisions on investments and divestments. Short term, part of the proceeds has been applied for liability management, including a partial redemption of our senior bonds and a full redemption of our hybrid capital.

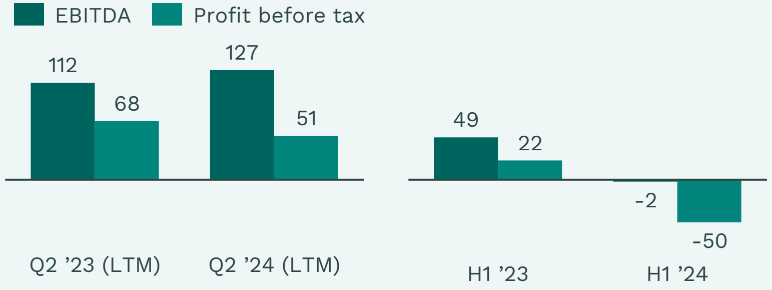
Electricity sale, GWh



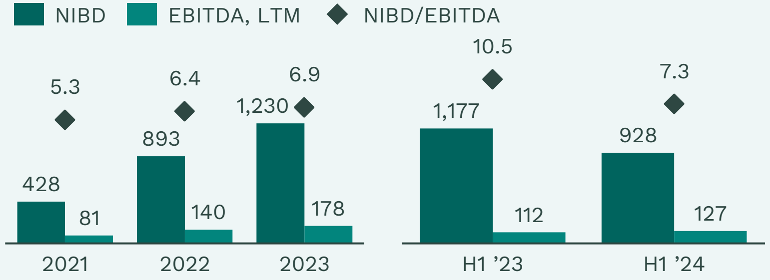
Gross profits, EURm



EBITDA and PBT, EURm



Net Debt to EBITDA LTM, EURm



Main events in H1 2024

Q1

- European Energy secures Australia's largest corporate PPA with Rio Tinto
- TotalEnergies and European Energy expand their collaboration to offshore wind projects in Denmark, Finland and Sweden
- European Energy secures a 50-year land lease with Port of Victoria, Texas, USA, with the vision to develop an e-methanol facility
- Hilde Bakken becomes a new member of the Board of Directors in European Energy
- European Energy surpasses 3 GW of renewable energy assets under management
- Construction commences of European Energy’s first solar park in Australia.

Q2

- European Energy completes the transaction with Mitsubishi HC Capital, in which Mitsubishi HC Capital acquires a 20 percent stake in European Energy and injects approximately EUR 700 million into the company as new equity
- European Energy starts the construction of Sweden's first large-scale hybrid wind and solar farm in Skåramåla
- Metafuels AG partners with European Energy to build a synthetic sustainable aviation fuel (eSAF) facility near Padborg, Southern Denmark. The facility, located next to a future Power-to-X plant by European Energy, will produce about 12,000 liters of eSAF daily
- The Måde Power-to-X plant produces its first batch of green hydrogen
- European Energy enters several long-term power purchasing agreements (PPAs) with Microsoft. The renewable energy will be produced by a portfolio of wind and solar assets in Sweden and Denmark
- Danske Commodities partners with Solar Park Kassø to optimise the world’s largest commercial Power-to-X plant in Southern Denmark

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Capital raised from MHC Capital will support our strategic ambitions

Actions taken short-term

- Redeemed app. EUR 500m in total of debt at parent and project level[1] to bridge period between transaction closing and deployment of capital in projects
- Increase selective brownfield focus to accelerate construction pipeline in the short- to mid-term

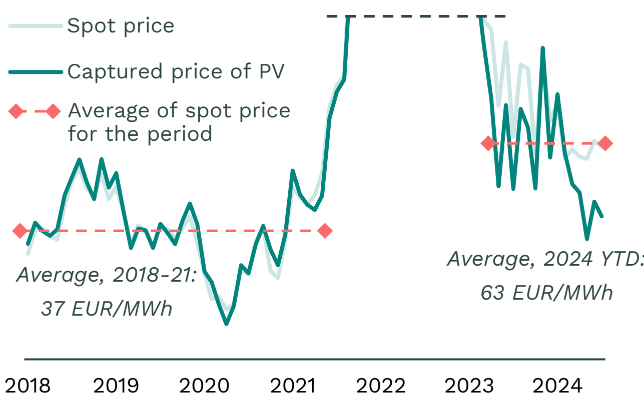
Long-term implications

- Support the development and construction of our large pipeline of core market projects
- Deepen value chain expertise in existing markets, for example by starting construction in development-only markets
- Explore new technologies such as battery storage and Power-to-X-adjacent technologies

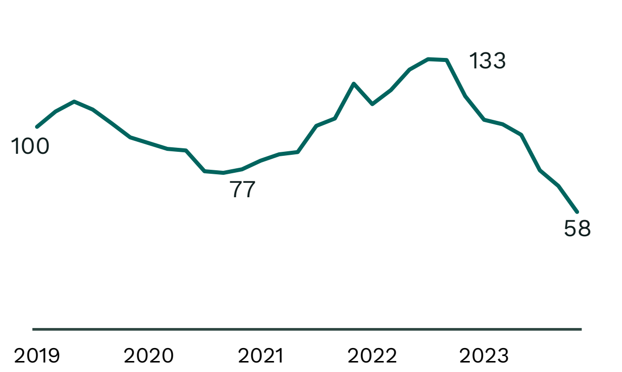
Notes: 1) Includes full redemption of hybrid bonds (EUR 115m), 35% redemption of outstanding senior bonds (EUR 158m), full repayment of drawn RCFs (EUR 90m) and project debt of EUR 121m

Balanced ups and downs in key solar value drivers

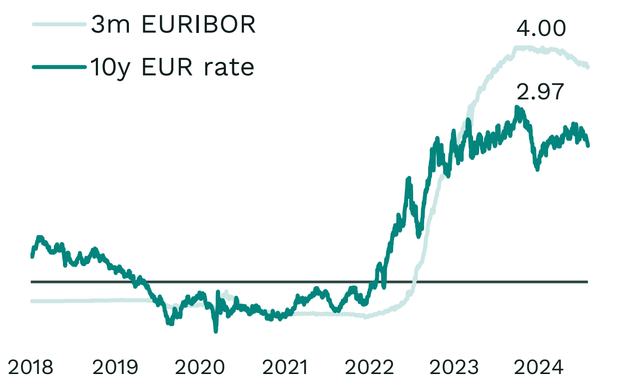
Power prices in DK1, 2018-2024 (EUR/MWh)



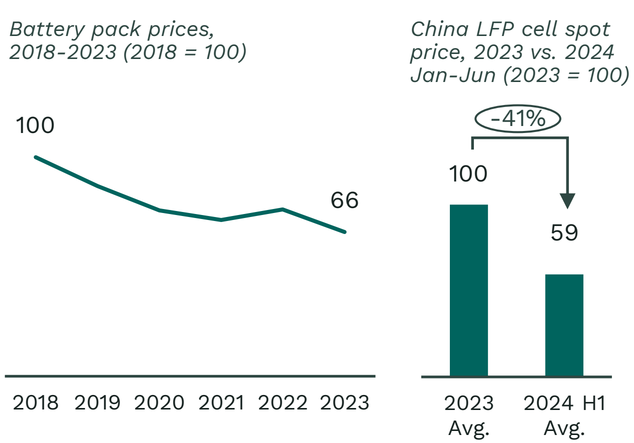
PV modules costs, 2019-2023 (Jan 2019 = 100)



Interest rates, 2018-2024 (%)



Battery cell prices



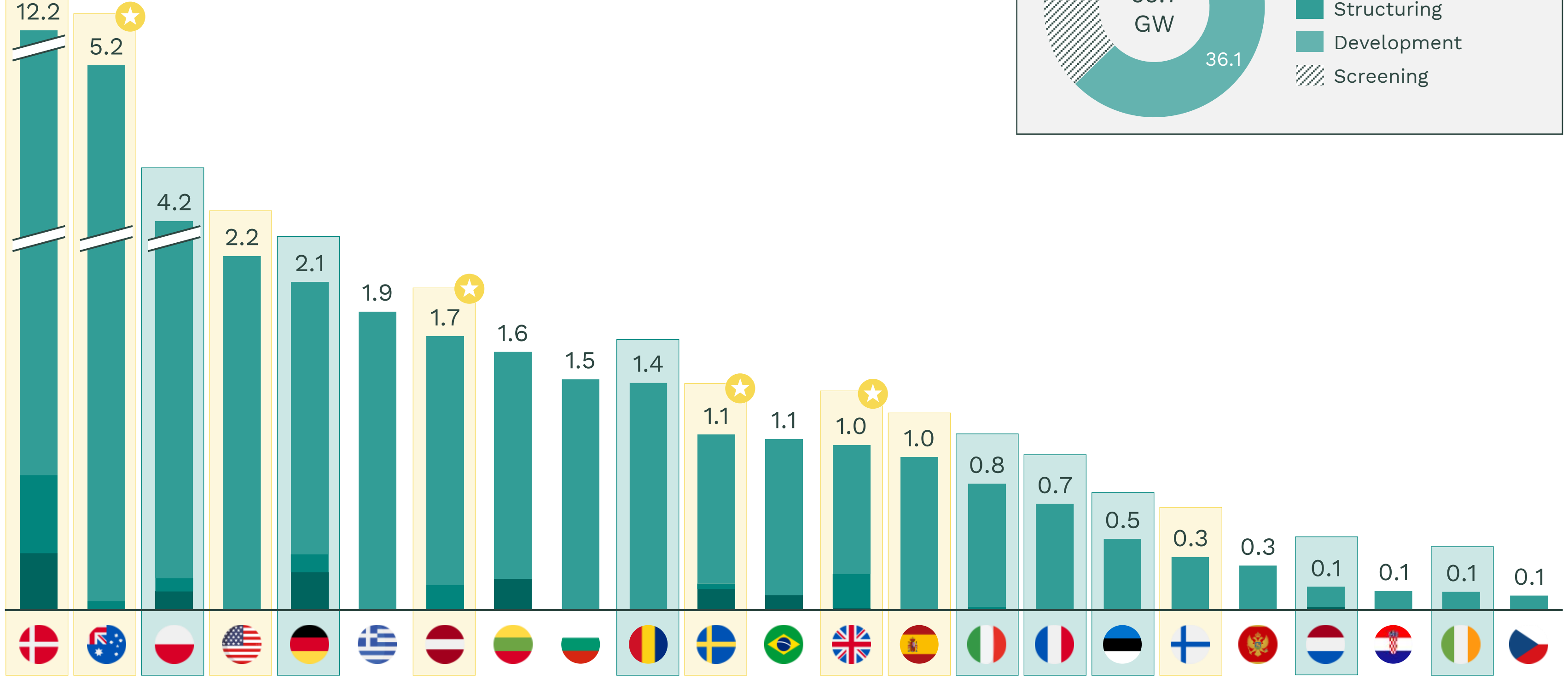
- Despite general declining power prices across Europe since peak in 2022, price are still close to double of pre-crisis levels. The pricing of new PPAs also reflects this rebasing in market levels
- High % of renewable power results in higher intra-day power price spread and negative prices mid-day. Especially solar capture ratio has also declined year over year harming income from solar plants
- Interest rates have started declining in expectation of inflation coming in line with central bank goals and they have consequently started to cut rates. This will reduce financing costs and help stabilize M&A markets
- Solar panel prices continues declining to record low levels as increasing production capacity exceeds demand providing strong support for solar plant investments
- Battery prices have come down significantly lately enabling co-located battery energy storage systems with solar/wind plants. This will over time reduce price volatility and hours with negative prices

Source: EIKON, BloombergNEF

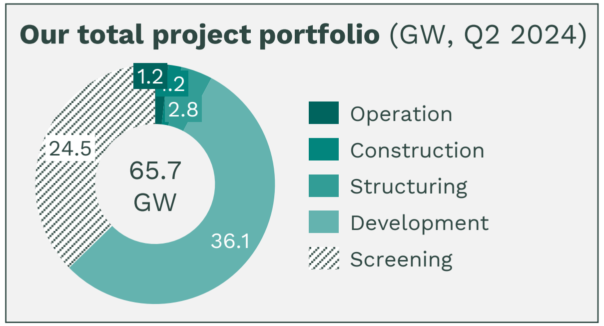
Traction in securing new offtake agreements during 2024 stems primarily from low-risk OECD countries

Total pipeline by country (excl. screening)

GW, Q2 2024



Our total project portfolio (GW, Q2 2024)



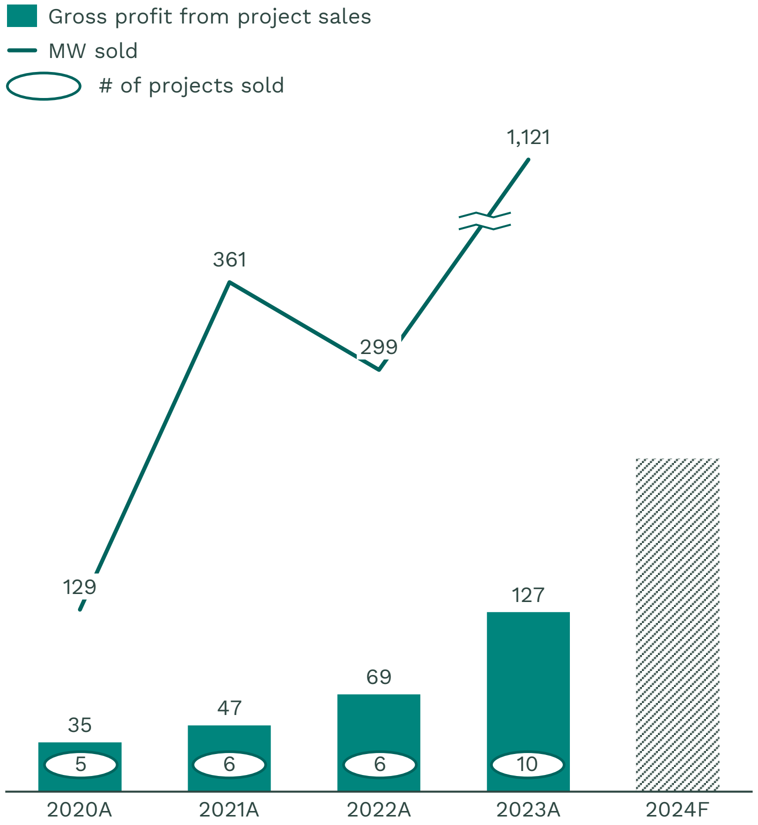
- In 2024, we have secured over 1.4 GW of pay-as-produced PPAs[2] with tier 1 bankable counterparts at attractive price levels
- Nearly the entire construction portfolio is now backed by fixed offtake agreements
- Several European countries have also started to introduce Contracts for Difference (CfD) support regimes for new renewable energy projects
- Italy, Romania and Estonia are among the latest countries to support the installation of new renewable capacity with long-term price regimes

Notes: 1) Contract for difference, 2) Pay-as-produced power purchase agreements are offtake agreements for 100% of the power produced by a project

App. 1.7 GW of projects are currently in active sales processes

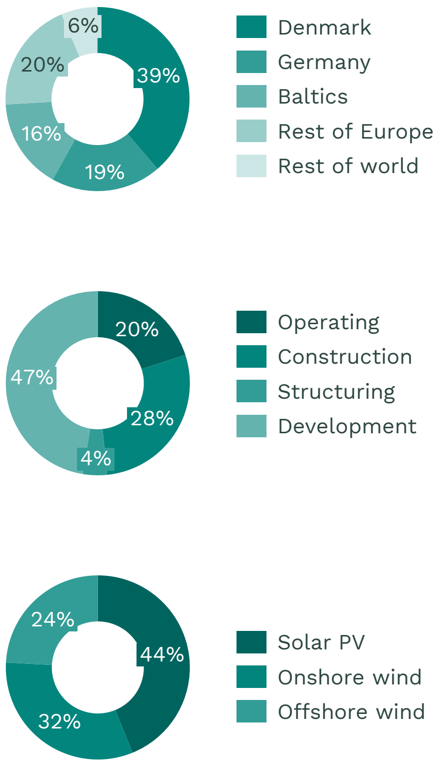
Project sales, 2020-2024

EURm



Current divestment pipeline[1]

(% of MW)



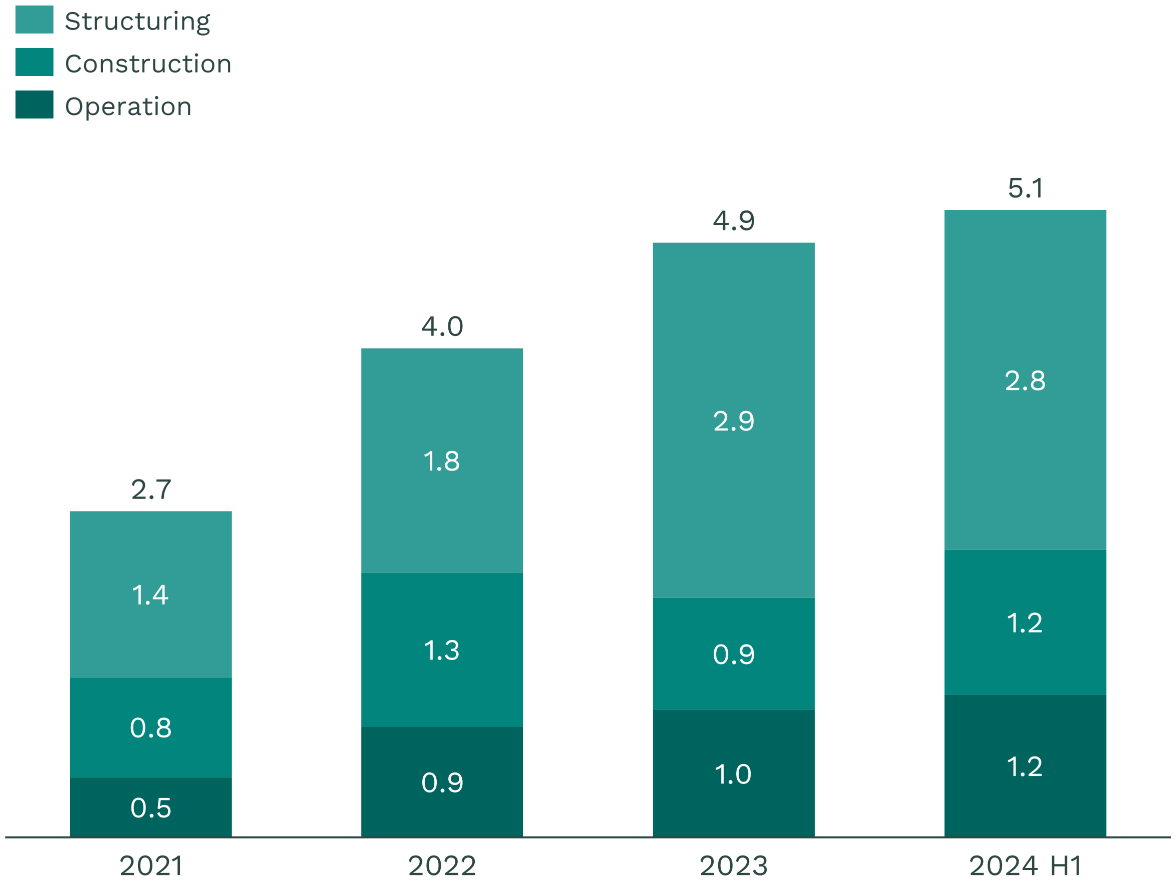
- Current divestment pipeline contains app. 40 projects with a total capacity of app. 1.7 GW
- The pipeline is diversified across geography, phase and technology to limit exposure to individual markets risks
- Our assets continue to receive interest, but we also see longer timelines to conclude sales
- As in 2023, we expect most divestments in 2024 to materialize during the last half of the year

Notes: 1) Covers divestment expected both in 2024 and 2025

Activity levels picking up on the back of improving market conditions and stronger capital base

High-value portfolio[1]

GW, by current phase



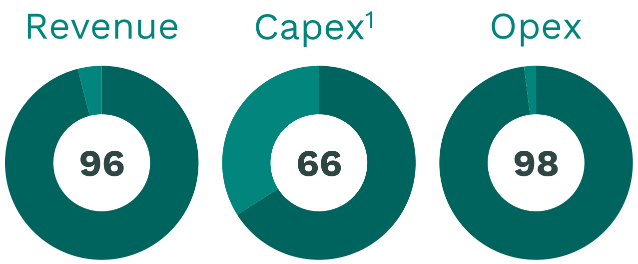
- Since Q4 2023, we have increased both our construction pipeline and operating portfolio, bringing our high-value portfolio from 4.9 GW to 5.1 GW
- We have brought 300 MW of projects to FID during H1 2024, increasing our construction portfolio from 0.9 GW to 1.2 GW
- At the same time, we have increased our operating portfolio through the COD of a Danish solar PV project and the acquisition of German onshore projects
- Our structuring portfolio has decreased slightly, but we expect many projects to move through RTB this year, leading to a net increase

Notes: 1) High-value portfolio comprises projects in structuring, construction and operations. Projects in these phases are routinely divested and therefore a leading indicator of value

ESG highlights H1 2024

Taxonomy-eligible KPIs

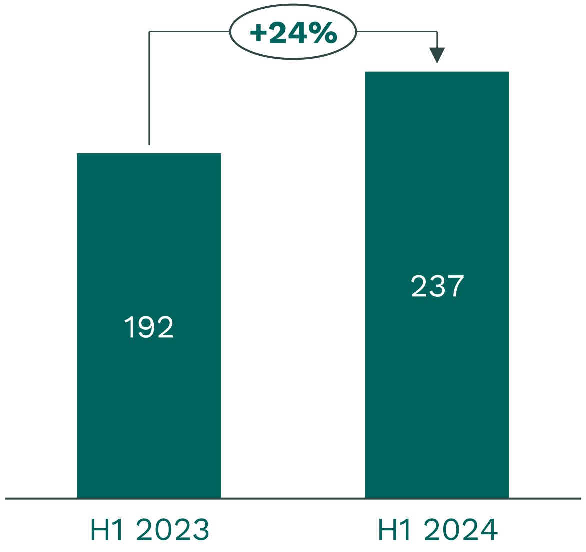
%



European Energy's economic activities are Taxonomy-eligible with high eligility across revenue, capex and opex, showing our substantial contribution to climate change.

Avoided GHG emissions

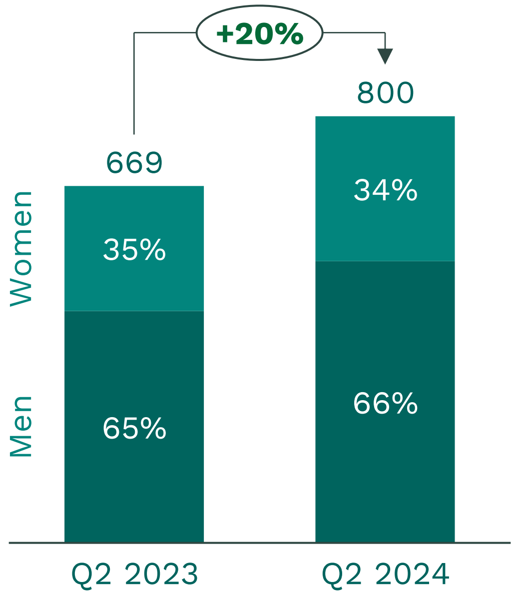
000' Tonnes CO2e



We avoided 237,252 tonnes of CO2e GHG emissions through the 1,020 GWh renewable energy we produced in H1 2024, which is an increase of 24% compared to H1 2023.

Number of employees

%, women and men



We employed 800 employees by the end of Q2 2024, which is an increase of 20% compared to H1 2023. The share of women was 34%.

Notes: 1) The non-eligible share of Capex additions (34%) is related to office equipment and land acquisitions. Capex does not include changes in inventory, which make up most of our investments in renewable energy assets

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Financially moderate start to 2024 amid market pressure

1H 2024 EBITDA of EUR -2m (decrease from EUR 49m in 1H 2023), driven by:

- 1H 2024 gross profit from sale of energy parks and projects totaled EUR 2.7m in H1 2024 (H1 2023: EUR 26.5m) where positive profits from projects sales concluded was offset by adjustments to parks sold in previous periods, screening costs and impairments
- Gross profit from sale of energy was EUR 28.6m down from EUR 49.0m the year before mainly because of lower margin on sale of energy due to higher balancing costs and lower power prices. The latter mainly driven by lower spot prices and solar capture ratios as well as start of settlement period for hedges signed pre-energy crisis.

1H 2024 LTM EBITDA increases by 16% to EUR 127m compared to the year before due to higher project sales offset by lower profits from power sales (due to lower power prices)

1H 2024 profit before tax of EUR -50m (decrease from EUR 68m in 1H 2023), driven by:

- Lower EBITDA from lower gross profit and higher salary and external costs due to higher number of FTEs
- Higher net financial expenses due to higher interest base rates and margins, one-off costs related to liability management exercise, and lower capitalized interest on projects due to the higher number of energy parks in operation.

Income statement

EURm	2023 H1	2024 H1
Sale of energy parks and projects	-0	-27
Sale of energy	45	23
Asset management and other fees	5	1
Non-reportable	-	-
EBITDA	**49**	**-2**
Profit before tax	**22**	**-50**

EURm	2023 H1 LTM	2024 H1 LTM
Sale of energy parks and projects	8	51
Sale of energy	96	72
Asset management and other fees	9	2
Non-reportable	-	2
EBITDA	**112**	**127**
Profit before tax	**68**	**54**

Significant increase in equity due to closing of MHC transaction

Total balance increased from EUR 2.0bn to EUR 2.4bn or 20% from YE 2023

- Total equity increases to EUR 962m or 122% from end of 2023 mainly due to MHC equity injection (EUR 697m) partly offset by full redemption of hybrid bonds (EUR 115m)
- Interest bearing debt has decreased:
  - project financing by EUR 71m
  - bond debt by EUR 154m

  mainly because part of the MHC proceeds have been applied for liability management.
- On the asset side, PPE and Inventory have increased by EUR 142m or 9% due to construction activity and low project sales while cash/cash equivalents increased from EUR 115m to EUR 234m[1]

Cash flow statements significantly impacted by MHC equity injection as well as subsequent liability management

- Positive financing cash flows mirrors the impact on equity and debt following the closing of MHC transaction and the related liability management, cf above
- 1H 24 cash flow from operating activities excl. inventories decline to EUR -39m from EUR 54m a year ago due to lower EBITDA as well as higher net interest paid due increasing base rates and margins as well as one-time effects from the concluded liability management .

Balance sheet

EURm	2023	2024 H1
Property, plant and equipment	178	182
Inventories	1,321	1,464
Equity	432	962
Hybrid capital	115	0
Net interest-bearing debt (NIBD)	1,230	928

Cash flow statement

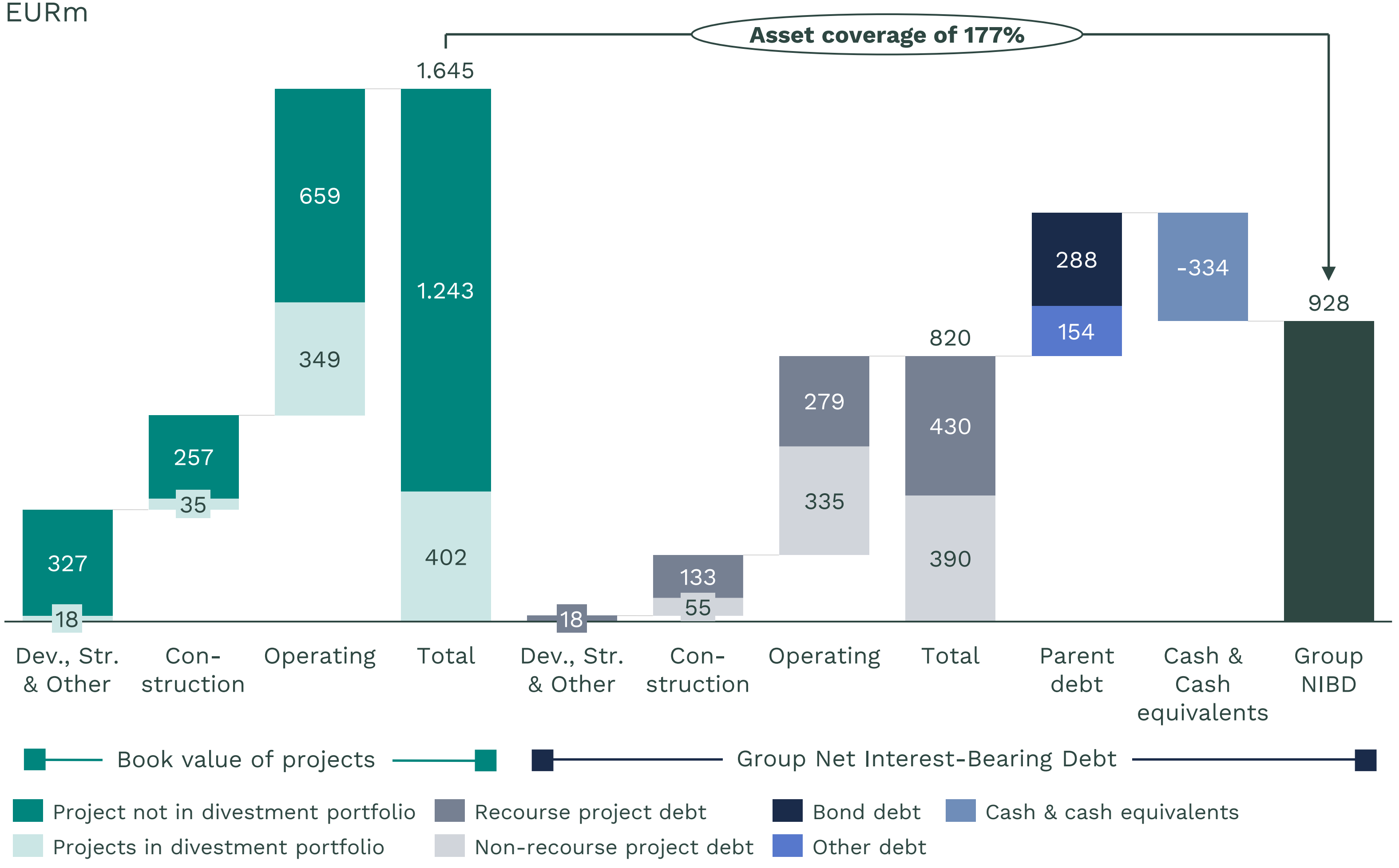
EURm	2023 H1	2024 H1
Cash flow from operating activities (excl. change in inventories)	54	-39
Change in inventories	-358	-161
Cash flow from investing activities	0	-234
Cash flow from financing activities	270	447
Change in cash and cash equivalents	**-33**	**14**
Cash and cash equivalents (balance sheet)	177	132

Notes 1) Cash and cash equivalents net of REPO'ed securities

European Energys robust asset coverage further improved on the back of the MHC capital raise, emphasizing the strong solvency of the Group

Breakdown of book value of assets and debt

EURm



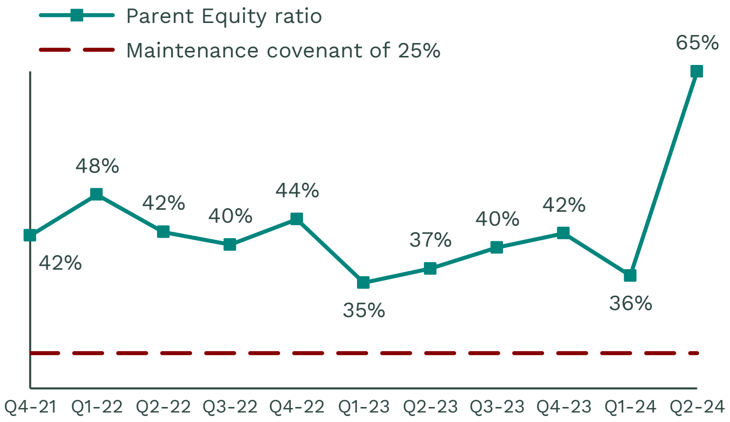
- European Energy's asset base, which includes Property, Plant & Equipment and Inventory (PPE&I), experiences continued growth from expansion- and progression of pipeline increasing book value from EUR 1,498m FY'23 to EUR 1,645m at H1'24, out of which EUR 380m currently is in the active divestment portfolio.

- Asset coverage ratio end of H1'24 is 177% based on the book value of assets. Historically, European Energy has realized a profit margin of ~25% upon divestment, potentially increasing asset value by EUR ~400m and asset coverage ratio to ~220%.

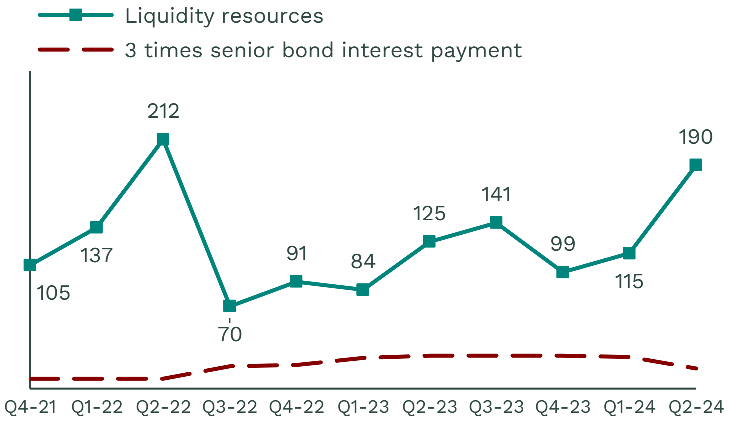
- End of H1' 2024, the project debt totals EUR 820m corresponding to an average debt ratio of 50%. Of this EUR 430m (52%) had recourse to the parent. Following the completion of the projects, the project debt will be converted into non-recourse debt.

Maintenance covenants improved significantly on the back of the MHC capital raise and subsequent liability management exercise

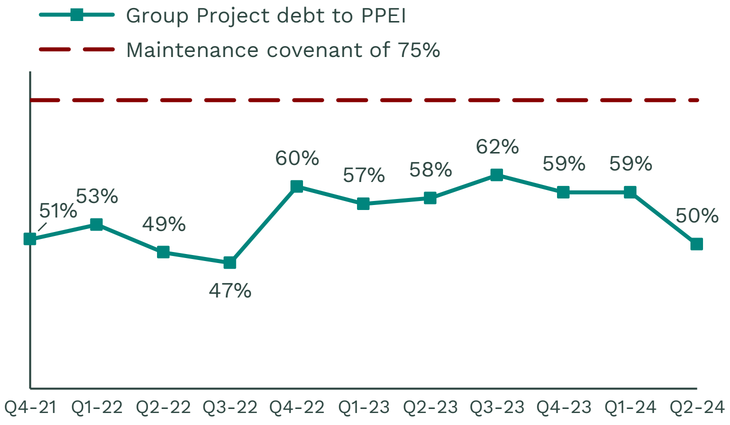
Equity ratio (Parent)



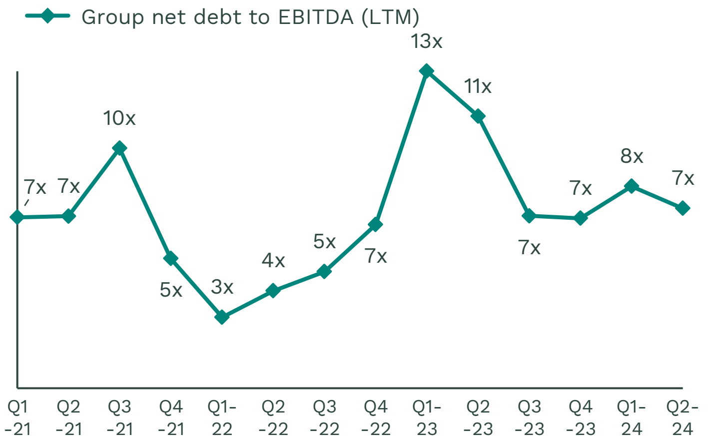
Minimum liquidity (Parent)



Project debt ratio (Group)



Leverage (Group)



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

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

Project debt ratio (Group)

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

Leverage (Group)

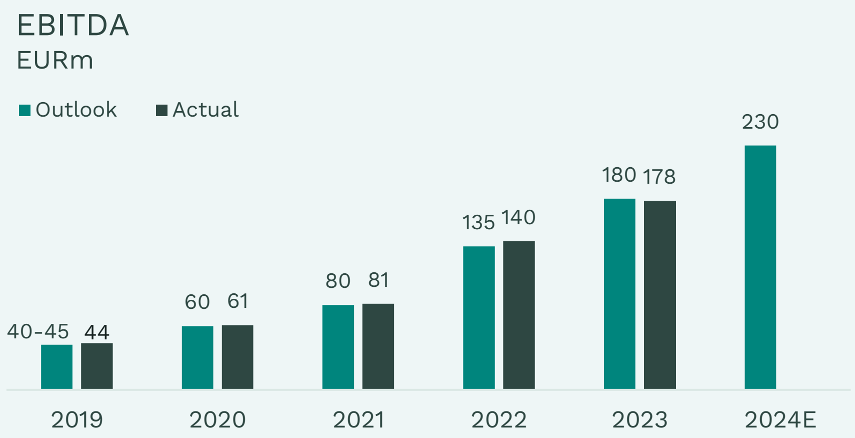
- Net interest-bearing debt to last twelve months of EBITDA
- Net debt primarily consisting of senior bonds, project financings and cash position

Guidance for 2024 is maintained but with higher risk margin

- The Group announced its financial outlook for 2024 on 28 February 2024, stating a 2024 EBITDA of EUR 230m, with a risk margin of +/- 10% due to a series of possible risks.

- We are currently engaged in the divestment of numerous energy parks and projects, now in the due diligence phase. However, the decision-making process among many of our business partners has become more prolonged than previously. Consequently, we expect the majority of this year's EBITDA will occur in the fourth quarter adding additional uncertainty to the outlook.

- Based on the above, we maintain our 2024 financial outlook of an EBITDA of EUR 230m, however with an increased risk margin of +/- 20% up from +/- 10%. Profit before tax[1] is also expected to continue to grow but at a lower rate than EBITDA.



Notes:

1) Based on the assessment of EUR 0m in financial impact from power hedging instrument and FX.

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The Power of Tomorrow, Today

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