

Letter to our stakeholders

Navigating uncertainty with cautious optimism



Dear stakeholder,

Despite a historically strong end to the year, with fourth-quarter EBITDA reaching EUR 155m - nearly matching the full-year result for 2023 - and significant advancements in our solar, wind, battery storage, and Power-to-X activities, 2024 was a year of unsatisfactory financial performance. EBITDA totalled EUR 144m for the year, slightly down from EUR 178m in 2023, and falling short of our initial financial outlook of EUR 230m. Similarly, profit before tax decreased to EUR 41m from EUR 126m in 2023. Earnings after tax concluded at EUR 45m.

Lower-than-expected energy prices and the delayed closing of sales processes were the primary drivers of the lower performance. A substantial part of European Energy's earnings depends on the timing of executed divestments, the completion of which depends on factors not always under our control, such as regulatory approvals and final investment decisions by buyers. While divestments accelerated significantly in the fourth quarter, it could not close the financial gap from the preceding nine months. Energy production increased in volume, but earnings from energy sales were subdued due to a decline in power prices in the first half of the year and delays in securing operational permits for newly constructed parks.

The delayed divestments position us for a strong beginning of 2025, with expected project sales in the US, Denmark, and Poland. Additionally, falling interest rates and stabilising power price trends — potentially showing early signs of an upward trajectory in the first months of 2025 — provide grounds for cautious optimism for the year.

In 2024 — for the first time — global temperatures recorded an unprecedented 1.5°C rise since the pre-industrial era. Now, more than ever, renewable energy solutions are critical to electrifying the world and providing a stable, cost-effective and green alternative to fossil fuels in the fight to mitigate climate change. European Energy's substantial contribution to climate change mitigation is demonstrated by our seven Taxonomy-eligible economic activities and our 100% Taxonomy-eligible revenue.

The pace of global electrification across industries has been slower than anticipated but is gaining momentum, particularly in OECD countries. Solar power is now the cheapest method of producing electrons, and last year, renewable asset additions exceeded all other energy-producing asset classes globally. In Denmark alone, electricity demand is projected to double between 2024 and 2030, with an estimated 5.2% increase in 2024 alone.

We are fully prepared to meet this rising demand at European Energy by developing projects that facilitate broader electrification across multiple sectors. Our business model integrates the entire value chain, from screening renewable energy projects to managing the long-term operations of our assets across multiple technologies.

Our core solar and wind business made substantial progress in 2024:

- 2.2 GW of projects reached the ready-to-build stage
- 1.8 GW of Power Purchase Agreements (PPAs) signed
- 0.65 GW of Contracts for Difference (CfD) auctions won
- 479 MW was connected to the grid in five countries
- 2,080 GWh was produced from own assets

Through these efforts, more than half of the 2025-2027 construction programme is now backed by either a PPA or CfD, ensuring financial stability for the project owners.

Technological advancements and cost efficiencies further augmented the value of our projects in 2024. Battery energy storage systems prices fell by around 25%, making it increasingly viable to integrate battery storage into solar parks. This development improves revenue generation from energy sales and reduces curtailment risks. In 2024, we took significant steps into battery storage, building a pipeline of approximately 7 GW, procuring construction for a project in Denmark, and maturing projects in Lithuania, Sweden, the UK, Germany, the US, Denmark, and Australia.

Furthermore, solar panel prices declined by 30% and steel prices by 20% during the year, reducing construction costs and improving the competitiveness of solar power generation. Thanks to these favourable supply conditions, we have taken steps to ensure low prices and a supply of critical components for the coming years. While wind turbine prices remained stable, technological advancements — such as taller towers and greater rotor diameters — have improved project finances, reinforcing wind energy's role in the renewable energy mix.

A major contributor to European Energy's resilience and growth is our diversified presence across 25 markets. This strategic expansion demonstrated its value in 2024 as we strengthened our position in existing markets while establishing a foothold in new ones. We grid-connected our first project in Australia, commenced

construction of our first wind turbine project in Greece, and initiated our first solar project in Latvia.

Over the past few years, European Energy has established itself as a first mover in Power-to-X technology, a position that was further cemented in 2024. We commenced operation of our first hydrogen plant in Måde, Denmark, which produced its first green hydrogen in June and delivered the first shipment to one of our two offtakers, Air Liquide, in October.

Shortly before Christmas, we received grid connection approval (ION) for the world's largest commercial e-methanol plant — the Kassø e-methanol facility in Denmark. By early January 2025, we had produced the first green hydrogen at the site. We anticipate commencing commercial deliveries of green methanol to our offtakers, A.P. Møller - Mærsk, the LEGO Group and Novo Nordisk, in the first half of 2025.

Green methanol is poised to play a crucial role in the indirect electrification of various industries. In the shipping sector alone, methanol-fuelled vessels are expected to be a major driver of decarbonisation, with 20% of large vessel orders in 2024 being prepared to

run on methanol. Furthermore, the plastics, aviation and chemical industries will need to undergo significant green transitions, in which green methanol will be an essential element.

However, for this industry to scale effectively, it must develop more cost-efficient production methods. At European Energy, we have an innovation path and strategy to reduce costs and scale up the production of green Power-to-X commodities. In 2023 and 2024, European Energy secured more than EUR 180m from EU and Danish innovation funds to support innovation and projects. The grant has not yet been paid.

In 2024, we developed and installed a new carbon capture and utilisation system at one of the world's largest biogas plants. The equipment captures CO₂, purifies it to 99.995% (better than food-grade CO₂), and compresses and liquefies the CO₂ (LCO₂) for transportation in liquid form. The newly developed system will be the basis for entering the blue hydrogen market, which is expected to take off in 2025. The technology will also be used for the bio-LNG market, where biogas is liquefied as a green alternative to conventional LNG.

Infrastructure development is another critical element in accelerating hydrogen adoption. In 2024, Germany and the Netherlands committed to expanding their hydrogen infrastructure with a direct connection to the Danish hydrogen network. This was followed by the decision of the Danish government to support the construction of the first leg of the pipeline in the southern part of Denmark. This part of the pipeline will run close by our two current projects and one future project, positioning European Energy strongly for supplying green hydrogen to the rest of Europe.

2024 marked a new milestone in offshore wind energy for European Energy, as we secured authorisation to establish two projects in Danish territorial waters. In 2025, we will prepare to construct our first offshore wind installations, together with TotalEnergies. These projects, developed in partnership with Sønderborg Utility and TotalEnergies, represent the culmination of years of dedicated efforts to bring them to fruition.

In 2024, one event stands out in terms of our company's growth. After 20 years as a Danish-owned company, we strengthened our equity by partnering with Japan's Mitsubishi HC Capital, which acquired a 20% stake. The capital injection of approximately EUR 700m boosted our equity to EUR 1,028m. The acquisition reflects a shared commitment to accelerate the green transition. Having a partner like Mitsubishi HC Capital on board is crucial to our ambitions for the future, and we look forward to working shoulder to shoulder in the fight against climate change.

For the 2025 financial year, we expect to reverse the decline in our financial results compared to 2024, due to the continued high activity levels at European Energy. There are risks associated with our business that are outside our control, but we do also expect improvement in the overall market situation for renewables in the year to come.

Therefore, we expect a 2025 EBITDA in the range of EUR 200m to 300m. As experienced historically, we expect the results to fluctuate over the quarters, mainly reflecting the timing of divestment of energy parks.

Thank you.


Jens Due Olsen
Chair


Knud Erik Andersen
CEO

Renewable energy solutions are critical to electrifying the world and providing a stable, cost-effective and green alternative to fossil fuels in the fight to mitigate climate change