Annual report 2023

Investor presentation

February 29, 2024

Agenda

1. 2023 Highlights
2. Business update
3. Financial update
4. Q&A

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2023 highlights

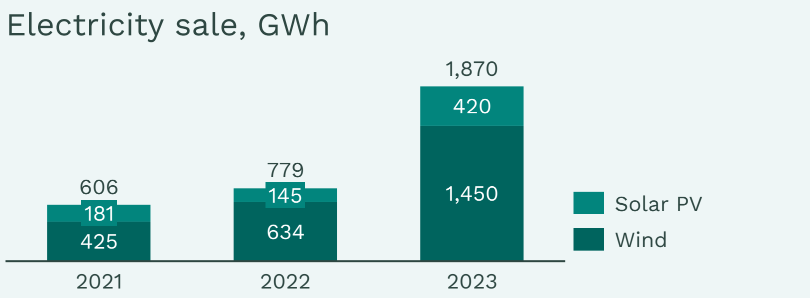
Delfzijl Zuid,
Netherlands

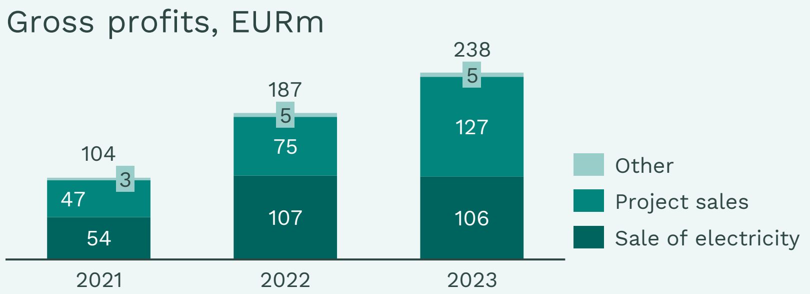
Growth and resilience in a turbulent year

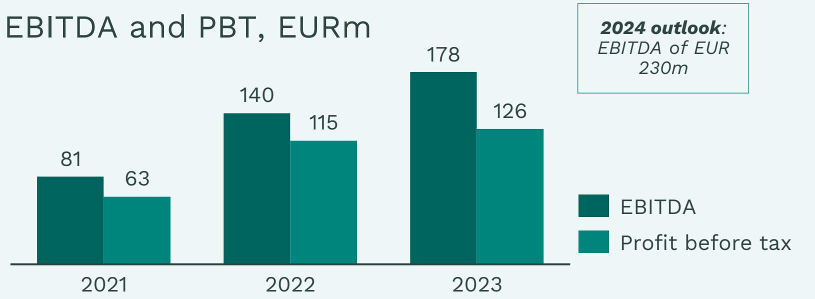
Once again in 2023, European Energy achieved its financial outlook

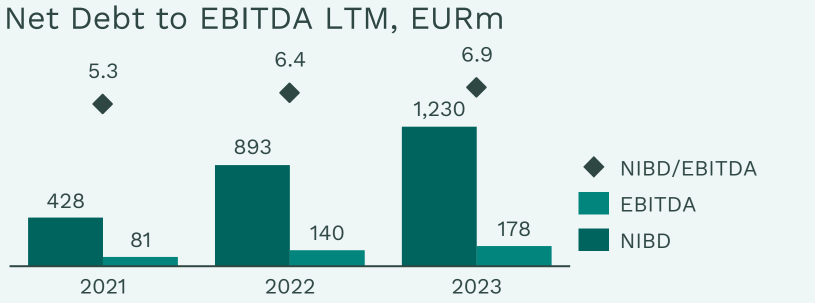
Highlights

- **Record high EBITDA of EUR 178m** represents a 27% increase, achieving our 2023 financial outlook. This result was driven largely by the sale of energy parks and projects, including a revaluation gain from Kassø, slightly offset by a decrease in power sale profits and increasing staff and external expenses due to higher activity
- **Record Electricity Generation:** In 2023, our total renewable energy production reached a record high level of 1,870 GWh or +140% compared to 2022. As power prices in many markets more than halved during 2023, our power sales profit was stable compared to 2022
- **Profitable Power-to-X Projects**: Demonstrated through the profitable farm down of the world's largest e-methanol project in Kassø to Mitsui. Another achievement in 2023 was securing over DKK 1bn from Danish green hydrogen price premium tenders, ensuring significant subsidies for the next decade for three new Danish PtX projects.
- **Valuable Project Pipeline:** The company maintains a large and ambitious project pipeline, estimated at approximately 63 GW, with 39 GW already in the advanced stages of development
- **Group Leverage** improved significantly during the year after spiking in Q1 and ended at 6.9x on level with 2022
- **2024 equity raise:** In January 2024, we fortified our business by forming a partnership with Mitsubishi HC Capital Inc., who will acquire a 20% ownership stake in European Energy and inject approx. EUR 700m in fresh equity. Regulatory approval processes conditional for closing of the transaction is ongoing as planned. After closing and receipt of the new equity, we will consider our liability management options
- **2024 Financial Outlook**: Our 2024 financial outlook anticipates an EBITDA of EUR 230m or a growth of approximately 30%, with a risk margin of +/- 10%. Profit before tax will also grow but at a lower rate than EBITDA









Main events in 2023

Q1

- Received permits of 412 MW across UK, Italy and Lithuania
- 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
- Opened 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 Måde, Esbjerg

Q2

- Signed e-methanol offtake agreement with the LEGO Group and Novo Nordisk
- Vårgrønn and EE partner up on Baltic offshore development
- 350 MW ready-to-build solar project in Texas sold to Osaka Gas USA
- Building permit for largest solar farm in Italy
- Groundbreaking ceremony of the Kassø Power-to-X facility, as well as the official opening of Kassø Solar Farm in Denmark

Q3

- European Energy and Mitsui sign share purchase agreement regarding 49% of Kassø Solar Park and Power-to-X facility in Denmark
- Strategic sourcing agreement with Montauk Renewables granting EE an option to purchase biogenic CO2 for production of green e-fuels
- TotalEnergies and European Energy agree on the intention to develop, build and operate in a 65/35 joint venture at least 4 GW of onshore renewable energy projects in multiple geographies

Q4

- European Energy wins Danish Power-to-X tender to start the next generation of e-fuel production
- Ammongas, a division of European Energy, installs biogas upgrading facility in New York
- European Energy unveils a novel EUR 150m portfolio financing facility to propel renewable energy projects in Northern Europe
- European Energy successfully divests more than 331 MW of renewable energy projects in Germany, the United Kingdom and Italy

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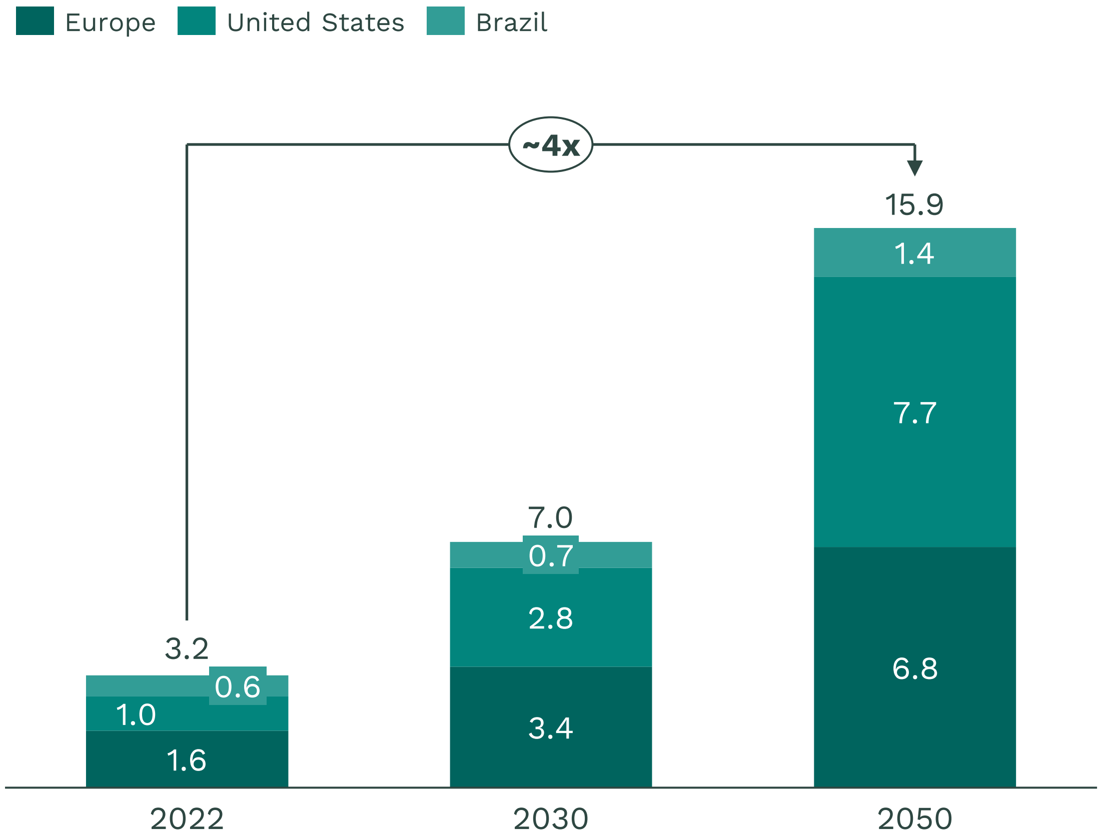
Business update

Kassø PtX,
Denmark

Reaching governmental targets requires rapid expansion of renewable energy capacity

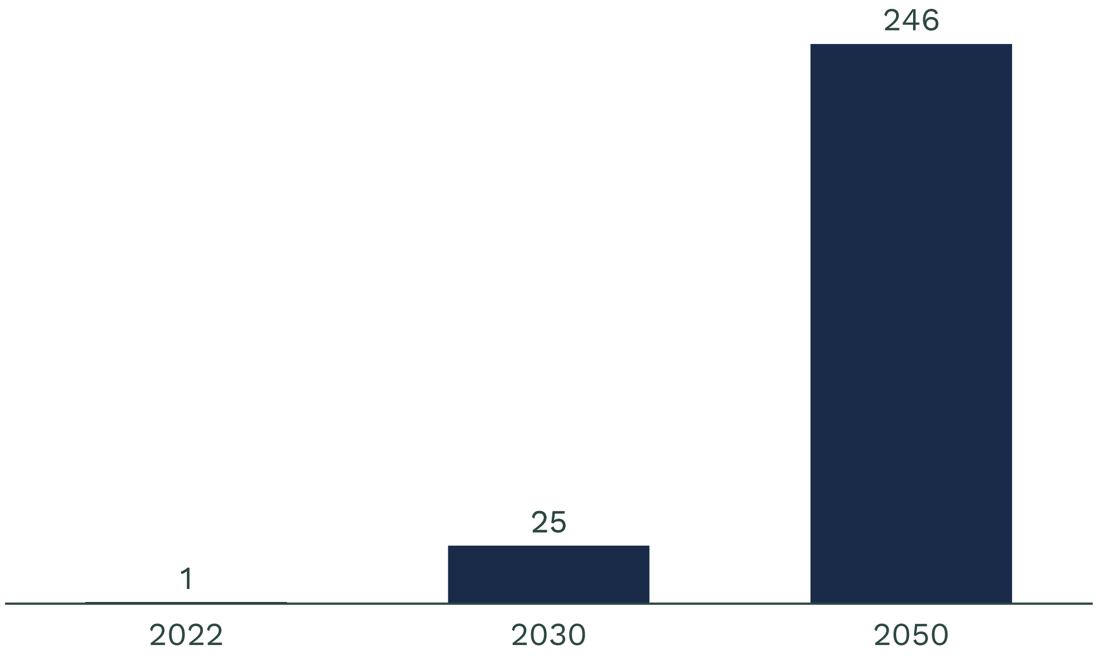
Renewable electricity production in our core markets[1] needs to quadruple...

Renewable electricity generation, 000' TWh



...and low-emission hydrogen production needs to reach more than 200 million tons

Global low-emission hydrogen production, Mt H2 equivalent



Notes: 1) Data for Australia not available
Source: IEA World Energy Outlook 2023, Announced Pledges scenario

European Energy's equity to triple following new strategic partnership with Mitsubishi HC Capital Inc.

About the transaction

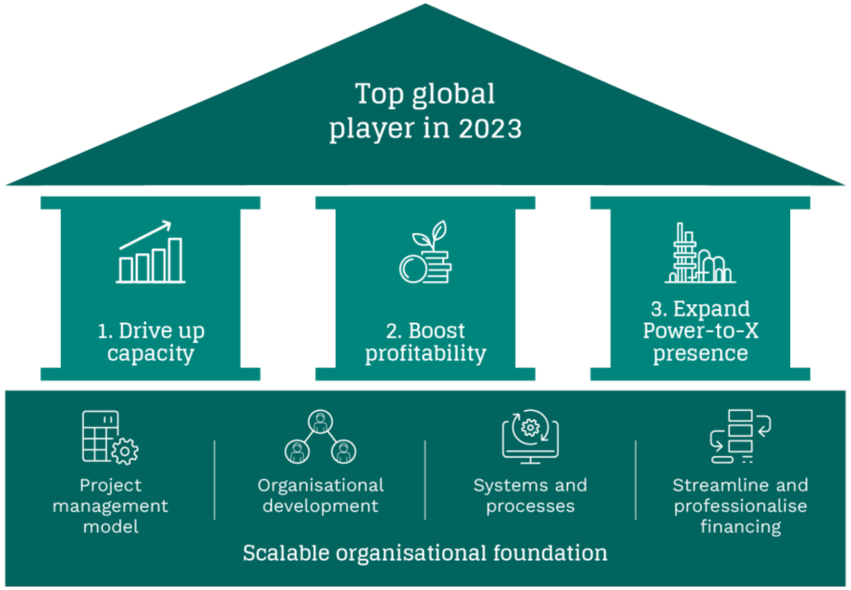
- Strategic equity partnership between European Energy A/S and Mitsubishi HC Capital Inc. signed on the 19th January 2024
- Mitsubishi HC Capital to acquire a 20% stake in European Energy, of which approx. EUR 700m will be injected in European Energy
- Transaction aims to significantly bolster European Energy's capital base and growth potential, positioning it strongly in the green energy sector
- The closing of the transaction is progressing as planned and is contingent upon receiving regulatory approvals, anticipated to be completed by the first half of 2024

About Mitsubishi HC Capital Group's Business

- Mitsubishi HC Capital Group (the Group) globally operates and develops a variety of business with seven business segments; Customer Solutions, Global Business, Environment & Energy, Aviation, Logistics, Real Estate and Mobility
- In Environment & Energy, the Group is already one of the leading players of renewable energy in Japan and has been investing in renewables in Europe and North America since 2017. It intends to strengthen and make the renewable energy business a growth driver for the group by actively expanding its presence overseas
- Mitsubishi HC Capital Inc. (TSE, NSE: 8593), incorporated in 1971, has achieved a solid and stable business growth backed by its strong financial position and long-term credibility
- Please visit https://www.mitsubishi-hc-capital.com/english/ for more information

Through our 2023 strategy, we have driven up capacity and profitability, expanded into PtX, and scaled up and professionalized our organisation

European Energy Strategy 2023



Main achievements from our 2021-2023 strategy

Top global player in 2023

- ✓ EBITDA increased from EUR 61m in 2020 to EUR 178m in 2023 or almost threefold

Drive up capacity

- ✓ Expanded into 25 markets and 5 technologies
- ✓ Grid connected more than 1.5 GW
- ✓ 5x increase in development pipeline to 63 GW

Boost profitability

- ✓ Cost reductions and technological enhancements
- ✓ Development of larger projects
- ✓ Stronger in-house value chain presence

Expand into Power-to-X

- ✓ Started construction of first PtX plant
- ✓ Established a global pipeline with strong partners
- ✓ First divestment of a PtX project with a profit

Scalable organisational foundation

- ✓ Over 750 employees up from ca. 200 (headcount)
- ✓ Professionalized and centralized functions
- ✓ Established efficient project management systems
- ✓ New management hierarchy and board governance

Looking ahead, our 2026 strategy sets out 5 priorities to fuel the next wave of growth, and build a sustainable and scalable business

European Energy 2024-2026 strategy

A global major in driving the green transition

1 Accelerate world-class core in solar and wind

- **1A** Build **high-quality pipeline** for **future growth**
- **1B** Expand **building program** to **new core markets**
- **1C** Maximize **value creation** in **IPP portfolio**

2 Expand first-mover position in Power-to-X

- **2A** Build **leading position** in **e-methanol** and a **competitive position** in H_2
- **2B** Monetize **tech.-coupling** and prepare for **future products**
- **2C** Establish position in **CCUS** and a **platform** for **biogas**

3 Deliver Operational Excellence

- **3A** Expand **dev. capabilities** with focus on **technology-coupling**
- **3B** Establish **EPC excellence**
- **3C** Lift **Asset Management** to **next level**

4 Establish EE with a robust sustainability model

- **4A** Build a **front position** on **decarbonization, circularity** and **biodiversity**
- **4B** Focus on **social contribution**
- **4C** Reach **high standards** in **business accountability**

5 Build a scalable business

- **5A** Attract, develop and retain **talent**
- **5B** Build a **fit-for-growth operating model**
- **5C** Establish **growth-ready capital structure**

X Strategic pillar   X Must-win-battle

European Energy is currently active in 25 countries, increasing presence across value chain

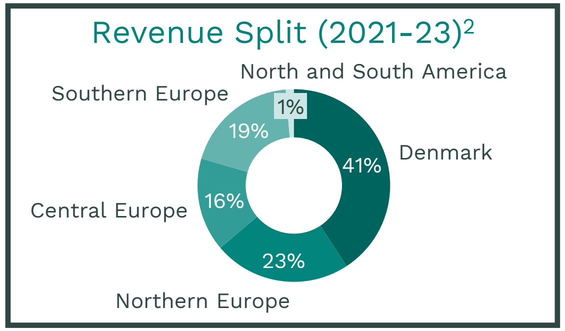
25 Countries with activities

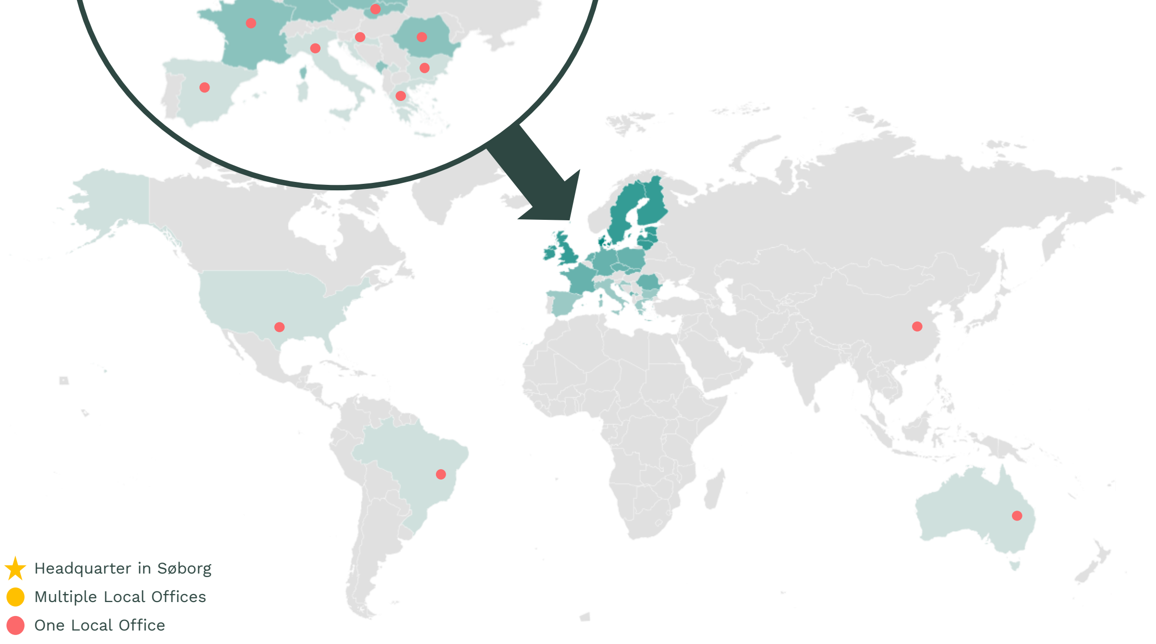
21 Countries with developing activities

6 Countries with construction activities

11 Countries with operating assets under management

Region	Developing[1]	Constructing[1]	Operating[1]	Offices[1]
Denmark	■	■	■	4
Northern Europe				
Estonia	■			1
Finland	■			1
Latvia	■			1
Lithuania	■		■	1
Sweden	■		■	1
UK	■	■	■	1
Central Europe				
Czech Republic	■			
France	■			
Germany	■	■	■	3
Montenegro	■			1
Netherlands	■		■	1
Poland	■	■	■	1
Romania	■			1
Southern Europe				
Bulgaria	■		■	1
Croatia				1
Greece	■			1
Italy	■	■	■	1
Spain	■		■	1
Rest of the World				
Australia	■	■		1
Brazil	■		■	1
China	Equipment sourcing hub			1
USA	■			1



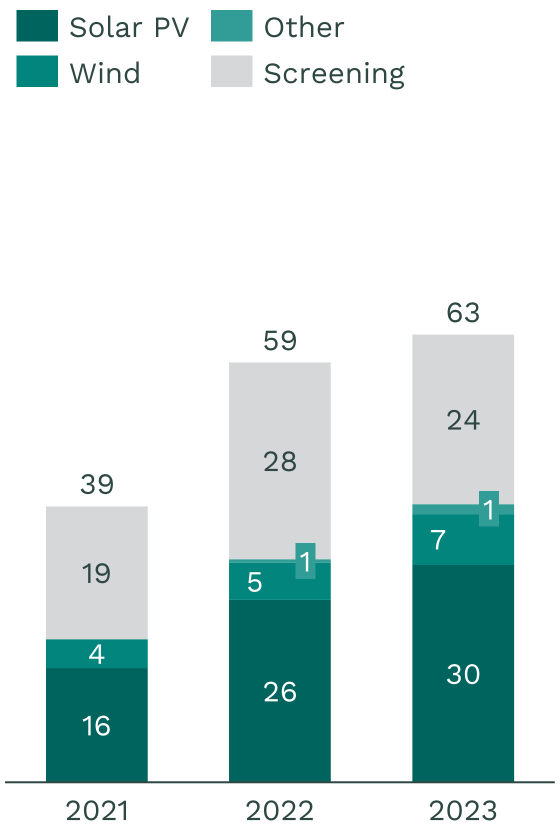


Notes: 1) As per end of 2023; 2) Calculated as the ratio of the summed market revenue to the summed total revenue for fiscal years 2021-2023

We developed 2.4 GW of projects to the ready-to-build stage in 2023 while still increasing our development pipeline

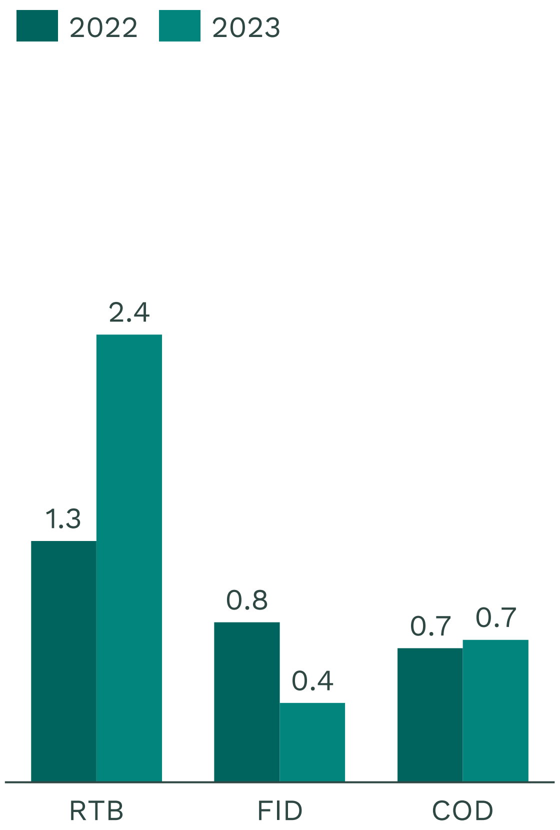
Development pipeline

GW



Gate passings[1]

GW



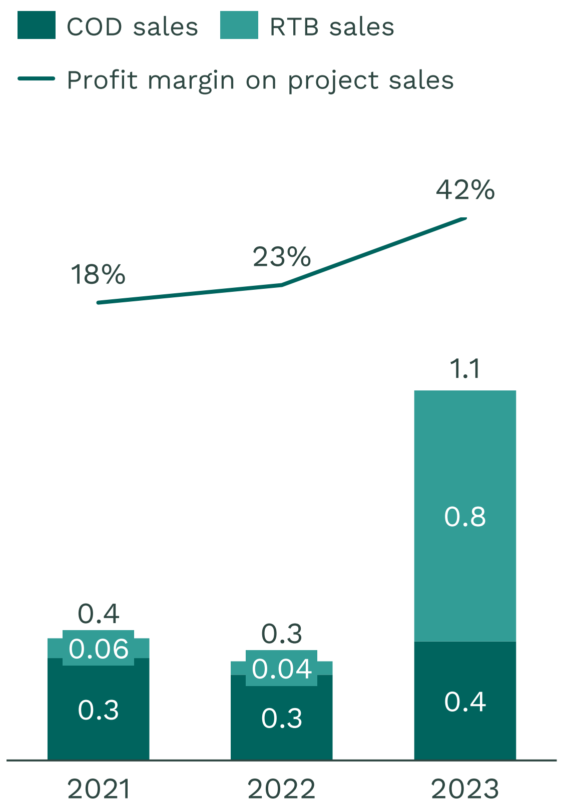
- Screening and development pipeline increased from 59 GW to 63 GW
- Large conversion of projects from screening to development[2] proving our continued ability to progress development projects
- 2.4 GW of projects across 10 countries reached RTB or the structuring phase in 2023. Largest countries were Lithuania (1.1 GW), Italy (330 MW) and Latvia (214 MW)
- Due to challenging market conditions coming from high inflation and interest rates and slowdown in speed of asset rotation (M&A activity), we have put some FIDs on hold during 2023.
- FIDs are expected to pick up in 2024 due to lower inflation, interest rates expectation coming down and more certainty regarding funding following better functioning M&A markets and expected capital injection from Mitsubishi HC Capital
- Number of grid connected MW (COD) was steady around 0.7 GW from 2022 to 2023. Current assets under construction of 0.9 GW end of 2023 (see next page)

Notes: 1) RTB is an abbreviation for Ready-to-build, FID is an abbreviation for Final Investment Decision, COD is an abbreviation for Commercial Operation Date and here defined at time of grid connection; 2) Criteria for moving to development varies by country but usually requires land rights as a minimum

We divested a record high number of MW in 2023 with many more projects ready for divestment in the years to come

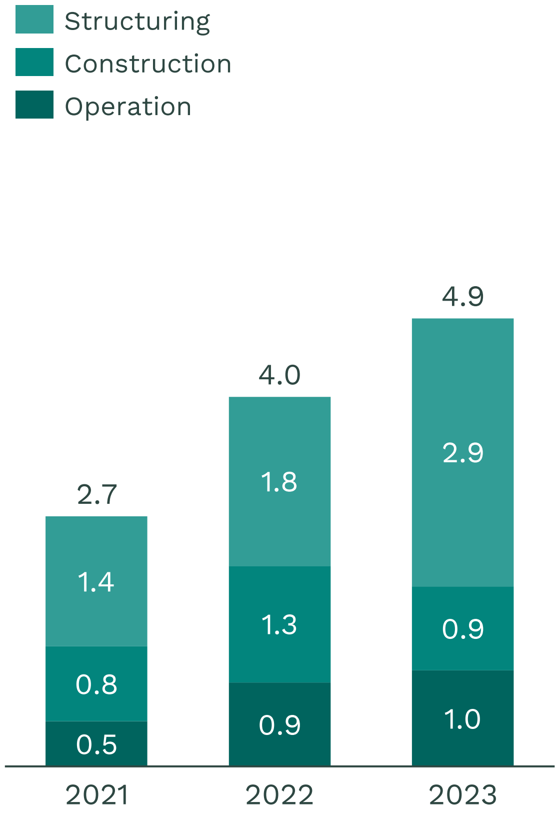
Divested projects

GW, by timing of divestment



High-value portfolio[1]

GW, by current phase



- First Power-to-X divestment through partnership with Mitsui on our Kassø e-methanol plant is a first proof of profitability of our power-to-X activities
- Main part of 2023 divestments closed during H2 indicating stabilising investor environment during the year
- Increasing number of projects sold at RTB stage which is expected to continue:
  - High interest in our projects from strategic investors underlining quality of our pipeline
  - Decision to sell before largest capital commitments at FID can be used to manage funding need
  - Through RTB sales, we can harvest development profits without building up EPC competences in all or our most complex markets from the outset.
- High-value portfolio[1] at an all-time high with 4.9 GW of projects available for investors
- More than 34 projects currently in divestment processes

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

Our ambition is to establish European Energy as a sustainability role model with high-quality ESG data that drives progress and performance

First time reporting on EU taxonomy

- Eligible share of revenue was 83%, primarily linked to sale and operation of solar and wind projects
- Non-eligible revenue (17%) was primarily associated with the sale of Power-to-X facilities, which is not categorized as an eligible economic activity within the EU Taxonomy
- Objective for 2024 is to ensure greater alignment and documentation of the Do-no-significant-harm principle and comply with all minimum safeguards

Economic activities		Code	Total revenue (EURk)	Proportion of revenue (%)	Total Capex (EURk)	Proportion of Capex (%)	Total Opex (EURk)	Proportion of Opex (%)
A.2	**Taxonomy-eligible, but not Taxonomy-aligned activities**							
	Electricity generation using solar photovoltaic technology	CCM 4.1	185,285	44	6,260	55	12	1
	Electricity generation from wind power	CCM 4.3	131,754	31	2,518	22	3,082	96
	Storage of electricity	CCM 4.10	2,491	1	0	0	0	0
	Installation, maintenance and repair of renewable energy technologies	CCM 7.6	28,026	7	0	0	0	0
	Research, development and innovation for direct air capture of CO_2	CCM 9.2	791	0	0	0	0	0
A.2	**Total Taxonomy-eligible activities**		**348,347**	**83**	**8,777**	**77**	**3,094**	**97**
B	**Total Taxonomy-non-eligible activities**		**71,908**	**17**	**2,649**	**23**	**112**	**3**
	Total		**420,255**	**100**	**11,426**	**100**	**3,206**	**100**

Sustainability achievements 2023

Environment

- Produced 1870 GWh of wind and solar power (2022: 779 GWh)
- Avoided 435 thousand tonnes of CO_2e greenhouse gas emissions (2022: 181 thousand tonnes of CO_2e)

Social

- Increased our workforce by 24% to 609 FTEs (2022: 493)
- In 2023, the Lost Time Injury Rate (LTIR) of our contractors' employees is 3.3 (2022: 3.6)
- The lost time injury rate of our own employees remains 0

Governance

- Screened 92% of critical suppliers against sustainability criteria (2022: 60%) and launched CoC for Business Partnerships
- One female board member left resulting in a ratio of the underrepresented gender (female) on BoD of 0%[1]

Notes: 1) One new female board member joined in early 2024

3 Financial update

Rødby Fjord, Denmark

Record high EBITDA of EUR 178m driven mainly by increase in project sales

Record high EBITDA of EUR 178m (increase of 27% from EUR 140m in 2022), driven by:

- EUR 43m increase in EBITDA from sale of energy farms and projects including re-evaluation gain related to Kassø. Gross profit margin on sale of energy farms and projects increased from 22% to 28% due to higher share of project sales at RTB stage vs. operational
- EUR 7m decrease in power sales profit because of 140% increase in production of power due to more assets in operation more than offset by lower power prices compared to 2022, which were considered unusually high. Power sales profits also include compensation received from a supplier related to performance issues for two wind parks in Sweden

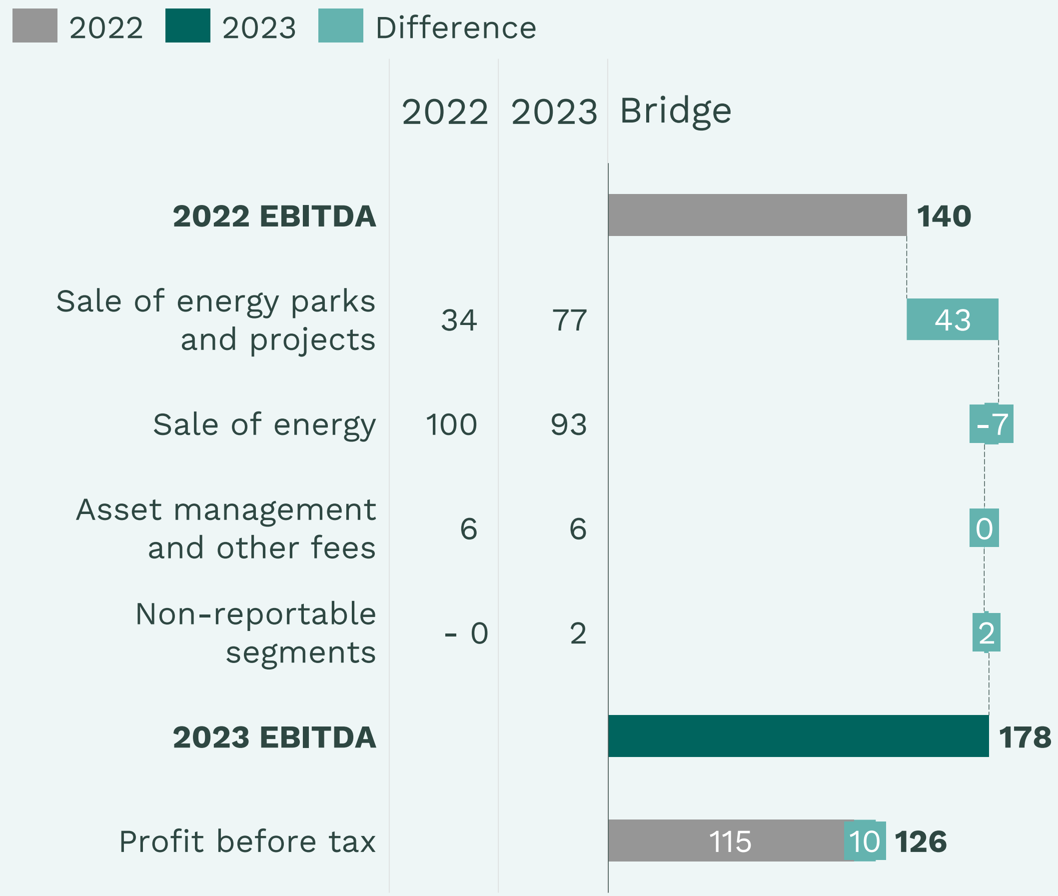
Profit before tax of EUR 126m (increase of 10% from EUR 115m in 2022)

Items between EBITDA and profit before tax have increased due to:

- Increase in number of operating parks and higher base interest rates, resulting in higher net financial expenses
- Increase in depreciation of property, plant and equipment driven by a reversal of prior years' impairments in 2022

EBITDA, 2023 vs. 2022

EURm



Our total property, plant, equipment and inventories (PPE&I) increased to EUR 1.5bn by end of 2023

Property, plant, equipment and inventories (PPE&I) reached EUR 1.5bn

- PPE&I increase of EUR 293m to EUR 1,498m despite lower construction activities compared to 2022 and the deconsolidation of Kassø
- Increase in net-interest bearing debt of EUR 337m driven by:
  - EUR 91m decrease in cash position
  - EUR 167m increase in project financing
  - EUR 78m increase in bond debt

Cash flow decreased from EUR -18m to EUR -91m:

- Lower cash flow from operations (excl. change in inventories) mainly due to lower proceeds from divestments (re-evaluation gain of Kassø was non-cash) and higher interests paid
- The lower change in inventories in 2023 compared to 2022 is mainly the result of lower construction activities and the deconsolidation of Kassø solar park and Power-to-X plant
- Lower cash flow from financing activities is due to a decrease in net proceeds from project financing and part repayment of hybrid capital

Balance sheet

EURm	2022	2023
Property, plant and equipment	156	178
Inventories	1,051	1,321
Equity	391	432
Hybrid capital	150	115
Net interest-bearing debt (NIBD)	893	1,230

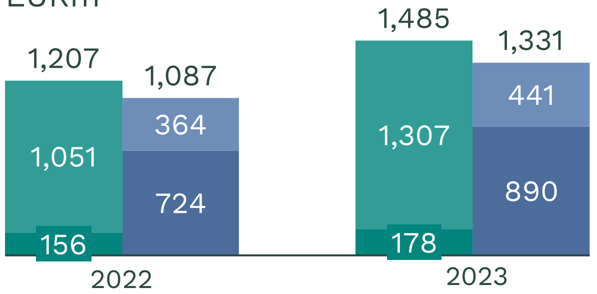
Cash flow statement

EURm	2022	2023
Cash flow from operating activities (excl. change in inventories)	105	77
Change in inventories	-479	-349
Cash flow from investing activities	-25	-13
Cash flow from financing activities	382	194
Change in cash and cash equivalents	**-18**	**-91**
Cash and cash equivalents (balance sheet)	210	119

European Energy has robust asset coverage based on growing and diversified pipeline

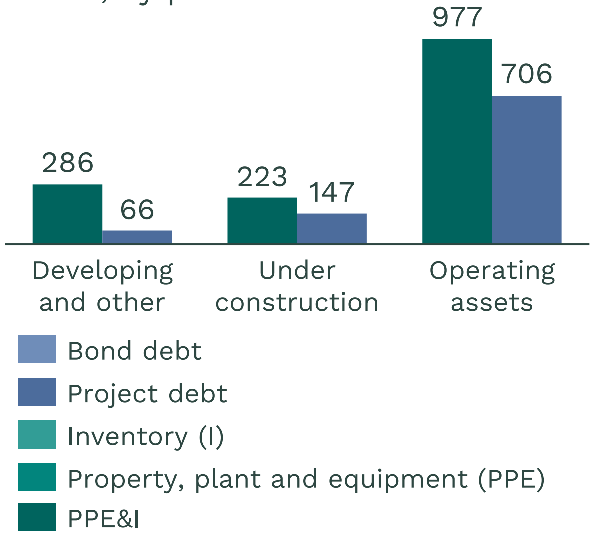
Development of PPE&I and Debt

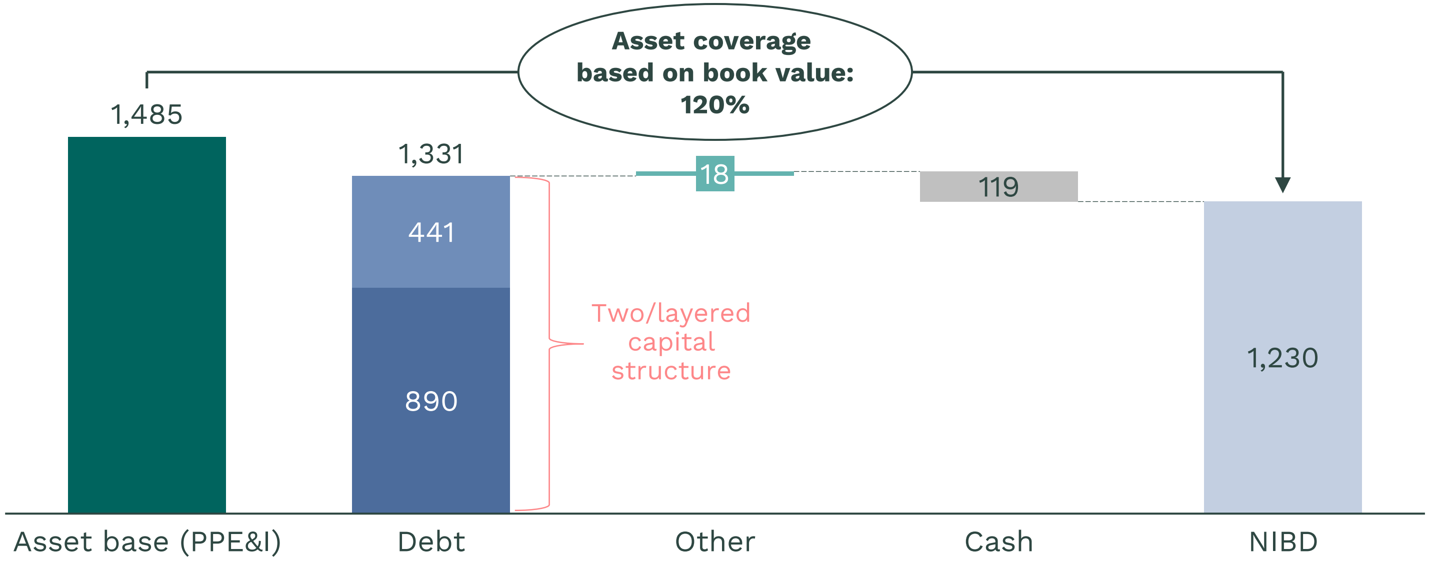
EURm



Breakdown of PPE&I and Debt 2023

EURm, by phases





- European Energy's asset base, which includes Property, Plant & Equipment, and Inventory (PPE&I), is experiencing an increase in book value due to the ongoing development and expansion of the project pipeline
- End of 2023, the project debt totals EUR 890m, of which EUR 552m (62%) had recourse to the parent. Following the completion of the projects, the project debt will be converted into non-recourse debt
- Asset coverage ratio is 120% based on the book value of assets. Historically, European Energy has realized a profit margin around 25% upon divestment. By adding a 25% profit margin to our book value of operating projects and those under construction, asset coverage ratio will increase with approximately EUR 300m

Credit metrics improved significantly in second half of 2023 due to closing of planned project divestments, displaying our rapid deleveraging capabilities

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)

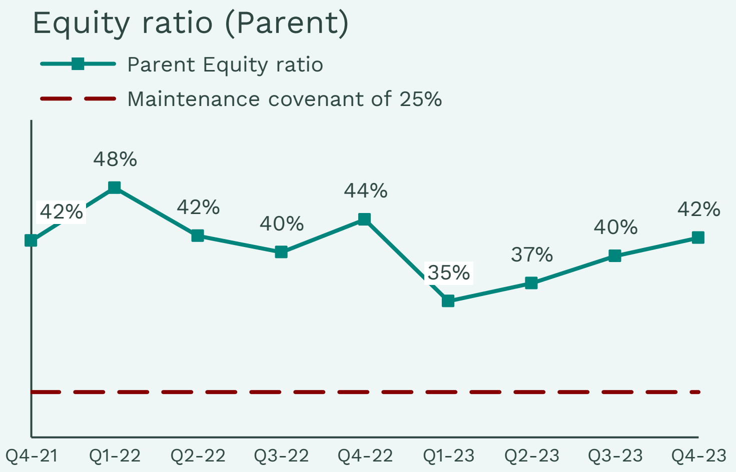
- Cash, cash equivalents and undrawn committed credit facilities should correspond to at least the interest payments on the senior bonds for the next three quarters

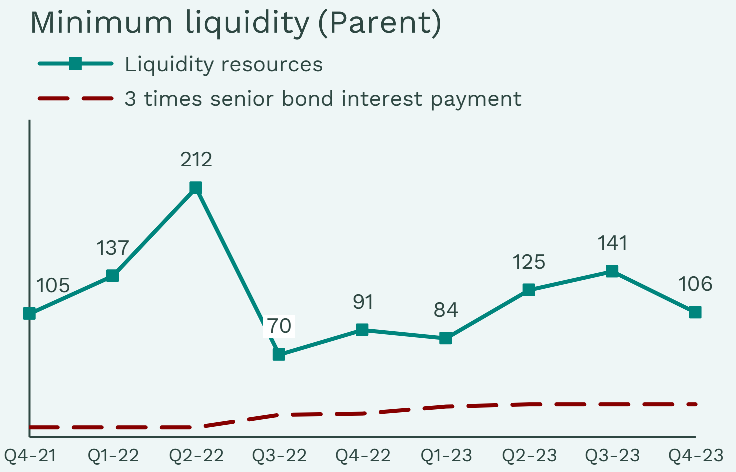
Project debt ratio (Group)

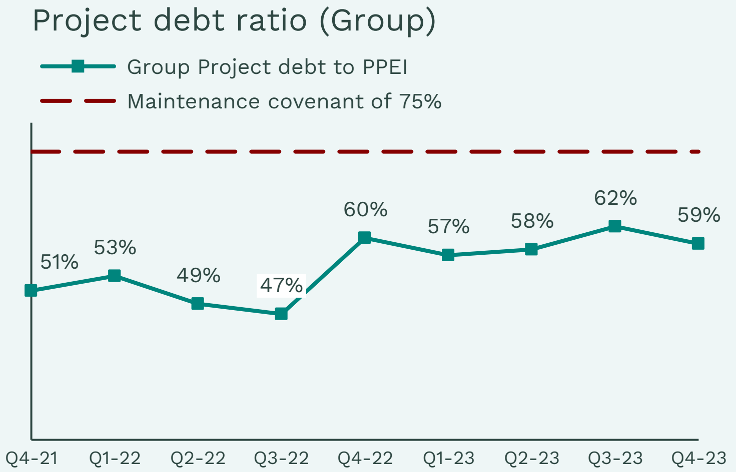
- Consolidated project debt / consolidated PPEI
- PPEI consists of property, plant, equipment and inventories

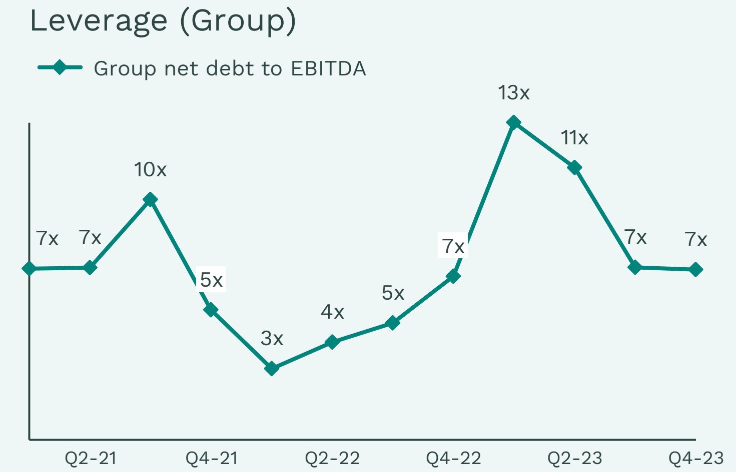
Leverage (Group)

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









EBITDA guidance for 2024 is EUR 230m

Achieving 2023 targets

- EBITDA and profit before tax guidance for 2023 were EUR 180m and EUR 140m[1], respectively, with a risk margin of +/- 20%
- 2023 results were EUR 178m EBITDA and EUR 124m profit before tax and thereby the targets for the year were achieved despite the challenging market conditions

EBITDA outlook for 2024

- Management expects EBITDA of EUR 230m for 2024. Profit before tax[3] will also grow but at a lower rate than EBITDA
- Market volatility and inflation declined during 2023 and inflation appears to be under control. On the back of declining inflation, long-term interest rates have also fallen
- The market environment are considered less risky compared to last year and could therefore only impact forecasted results by a margin of +/- 10%

Notes:

1) Based on an assessment of EUR 0m in financial impact from power hedging instruments.
2) 2023 profit before tax of EUR 126m, reduced by EUR 2m in realised financial impact on P&L from power hedging instruments.
3) Based on the assessment of EUR 0m in financial impact from power hedging instrument and FX.

4
Q&A

Sprogø,
Denmark

EUROPEAN ENERGY

Contact our Investor Relations:
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