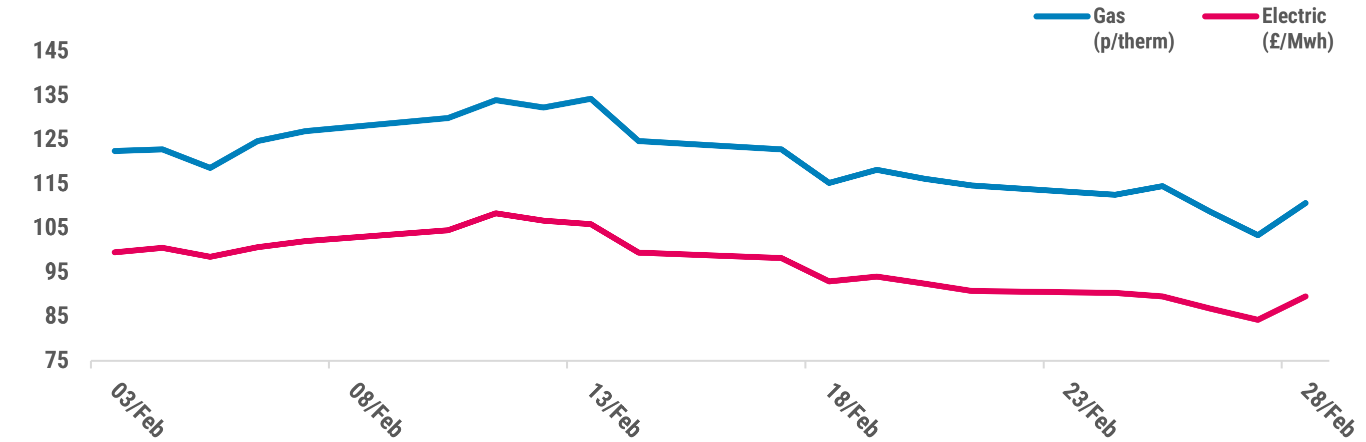
ENERGY MARKET UPDATE
FEBRUARY 2025

YEAR AHEAD WHOLESALE GAS AND ELECTRICITY PRICE



Overall, February 2025 saw a clear shift from the Winter 24/25 bullish (upward trending) movements to more bearish (downward trending) conditions, with improving supply, geopolitical changes, and weather forecasts providing some relief and softening prices.

An initially bullish start to the month in UK and European energy markets, was being driven by swiftly reducing gas storage levels at record pace, gas supply disruptions, and sustained periods of below seasonal norm temperatures. EU gas stocks fell below 50% full, raising concerns about supply shortages now and for Winter 25/26. Outages at Norway's Njord and Sleipner fields restricted gas flows into Europe, while Liquefied Natural Gas (LNG) disruptions in Malaysia added uncertainty. Colder-than-expected temperatures across Northwest Europe increased heating demand, and low wind generation forced greater reliance on gas for power generation. By mid-February, storage fell to 13% below five-year averages.

However, from February 13th onward, bearish factors emerged, applying downward pressure to the pricing curve.

China's 15% tariff on U.S. LNG imports led to expectations that redirected LNG would ease supply concerns in Europe. Geopolitical developments, such as Ukraine's plans to facilitate gas transit from Azerbaijan and Trump's peace negotiations between Russia and Ukraine, fuelled speculation of returning gas supply to Europe, albeit not imminently.

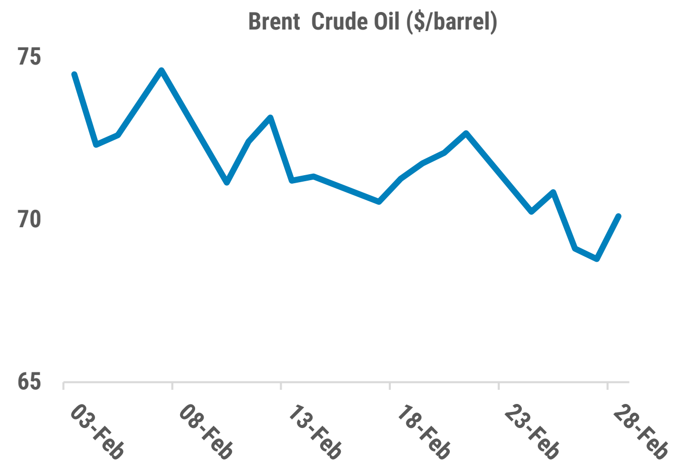
Warmer forecasts for NW Europe and improved wind generation reduced heating demand and gas reliance. Near month's end, gas prices had fallen to a six-week low, due to strong LNG imports and U.S. export growth, but the uptick in the last few days, a likely reaction to the news that the mandated target of 90% storage levels for European countries will remain enforced in 2025, reiterated that volatility and uncertainty remains.

BRENT CRUDE OIL

In February 2025, Brent crude oil prices fell from c.$75 to c.$70 per barrel, a 6.7% decline. The drop was driven by ongoing geopolitical tensions, The Organisation of the Petroleum Exporting Countries (OPEC+) decisions, and economic factors.

New U.S. sanctions on Iran and Russia raised supply concerns, but a market surplus prevented price spikes. OPEC+ delayed production increases due to weak demand and rising output from non-OPEC producers. Meanwhile, strong Chinese manufacturing data supported demand, but global economic uncertainty and potential U.S. tariffs caused volatility.

Overall, Brent crude prices are expected to face continued pressure amid ample supply, slowing growth, and geopolitical risks.



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