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Enefit Green AS

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Attachments:

- Enefit_Green_4kQ21_and_12m2021_unaudited_interim_report_20220228.pdf (<http://oam.fi.ee/en/download?id=6101>)
- EGR1T_Q4_12m21_Presentation_ENG_28022022.pdf (<http://oam.fi.ee/en/download?id=6102>)
- Enefit_Green_4kv21_ja_12k2021_auditeerimata_vahearuanne_20220228.pdf (<http://oam.fi.ee/en/download?id=6103>)
- EGR1T_Q4_12m21_Presentation_EST_28022022.pdf (<http://oam.fi.ee/en/download?id=6104>)

Currency

Title

Enefit Green unaudited financial results for Q4 and 12 months 2021

In Q4 2021, Enefit Green group total revenues increased by 57% y-o-y to EUR68.9m and EBITDA was up by 77% y-o-y at EUR49.6m. During the quarter, the group earned net profit of EUR39.4m, which is 142% more than in fourth quarter of 2020.

For the full year 2021, Enefit Green group total revenues increased by 13% y-o-y to EUR183.7m and EBITDA was up by 10% y-o-y at EUR121.5m, net profit increased to EUR79.7m or by 17% compared to the year before. Earnings per share (based on post-IPO number of shares) for the full year was EUR0.30 (2020: EUR0.26).

Aavo Kärmä, Chairman of the management Board of Enefit Green comments:

"The year 2021 proved that people's faith in green transition is well grounded and gave a powerful signal that we quickly and strongly need to increase carbon neutral power generation capacities. There is a demand for more renewable energy in both Estonia and Europe. Wind and solar are the cheapest and most sustainable energy sources and the technologies and solutions for large-scale wind and solar power production are available.

Enefit Green's financial results in 2021 were very strong. The year started on a slightly weaker note due to hard comparison with one of the windiest first quarters in recent memory which had allowed us to achieve record wind energy production volume in 1Q20. As wind conditions were weak in 1Q21, our wind energy production suffered, but as the year progressed, wind conditions improved and so did our results. Second half production volumes were very good and financial results were also supported by strong electricity prices. I am very happy about record electricity and heat production results of our Iru facility and about the



tremendous work of our digitalisation focused asset management team which has enabled us to keep availability of our production units at a very high level.

During the year we made good progress with our near term development pipeline - we approved final investment decisions on two wind farms in Lithuania, on one wind farm in Finland and on one solar park in Poland. These projects have a combined installed capacity of ca 199 MW and will be a good addition to our current 457 MW installed electricity production capacity. This year we have about twice the amount of investment decisions before us to complete our 600-plus MW investment program.

During our highly successful IPO in October we promised not only to invest in new capacities to grow the production volumes in the future, but also to treat our shareholders fairly and distribute half of the profits of Enefit Green as dividends. The management board in coordination with the supervisory board are thus proposing to pay out EUR39.9 million or EUR0.151 per share."

Webinar to present the results of 2021

Today, February 28, 2022 at 11.30 EET Enefit Green will host a webinar in English to present and discuss its 2021 results. To participate, please follow this link (<https://worksup.com/app#id=EGR2802>) (if asked, please use event id EGR2802).

Significant events during 2021

- * Investment decision to build a 43 MW wind farm in Shilale (Lithuania)
- * Investment decision to build a 75 MW wind farm in Akmene (Lithuania)
- * Investment decision to build a 72 MW wind farm in Tolpanvaara (Finland)
- * Investment decision to build a 9 MW solar farm in Zambrow (Poland)
- * New loan agreements with SEB and OP Bank
- * Successful IPO raising 100m EUR to finance investments (+75m EUR worth existing shares sold by Eesti Energia)

Key figures

	Q4 2021	Q4 2020	Change %	12m 2021	12m 2020	Change %
PRODUCTION VOLUMES						
Electricity, GWh	385	366	5%	1,193	1,350	-12%
Heat, GWh	174	169	3%	618	544	14%



Pellets, t	38	43	-12%	135	162	-16%
TOTAL REVENUES, mEUR	68.9	44.0	57%	183.7	162.7	13%
Sales revenue, mEUR	59.3	36.0	65%	153.0	114.0	34%
Renewable energy support and other income, mEUR	9.6	8.0	20%	30.7	48.7	-37%
EBITDA, mEUR	49.6	27.9	77%	121.5	110.2	10%
NET PROFIT, mEUR	39.4	16.3	142%	79.7	67.9	17%
EPS, EUR (post-IPO number of shares)	0.15	0.06	142%	0.30	0.26	17%

Sales revenues and other operating income

The group's electricity production in 2021 was 1,193 GWh (158 GWh lower than in 2020). The group's average implied captured electricity price for the period was EUR107/MWh (2020: EUR75/MWh).

The key revenue driver was a surge in the electricity price in the Estonia price area of the Nord Pool power exchange (NP Estonia), which increased the group's sales revenue by around EUR38.9m. The average market price in NP Estonia in 2021 was EUR86.7/MWh compared with EUR33.7/MWh in 2020. The average implied sales price of the group's production units that are exposed to the NP Estonia electricity price was EUR82.7/MWh in 2021 and EUR29.2/MWh in 2020.

Another major factor that influenced the group's sales revenue was pellet sales, which grew by EUR6.2m. While pellet production declined by 26k tonnes, pellet sales grew by 54k tonnes year on year on the back of reduced inventory level.

Heat production grew by 14% compared with a year earlier but average sales price dropped by 30%, because on the one hand the new contract with the district heating provider Utilitas Tallinn enabled the group to sell heat year-round but on the other the heat price cap approved by the Estonian Competition Authority was lower. The combined effect of the two factors lowered heat sales revenue by EUR1.3m. For further information, see the cogeneration section in segment reporting.

The decrease in other operating income for 2021 is attributable to a one-off sale of greenhouse gas emission allowances in the comparative period (EUR13.7m).



Also, the renewable energy support received by the group decreased by EUR3.7m because the eligibility period of the earliest completed part of the Aulepa wind farm (39 MW) expired in July 2021, the electricity production of Estonian wind farms dropped by 13% and the market price of electricity generated by Polish solar farms was higher, which lowered the amount of support received.

EBITDA and segmental breakdown

EBITDA was positively influenced by the electricity price in the Estonian production units (effect: EUR38.9m), growth in pellet sales revenue (EUR6.2m) and a decrease in variable expenses (EUR3.2m). The strongest negative impact resulted from other income because in 2020 the group earned one-off income from the sale of emission allowances (EUR13.7m). Other notable drivers were: pellet stocks changed (negative impact: EUR8.4m), both Estonian and Lithuanian wind farms suffered from lower wind speeds and thus produced less electricity (combined negative impact: EUR7.9m), renewable energy support decreased (negative impact: EUR3.7m).

Based on total revenues and EBITDA for the reporting period, the group's largest segment is the Wind energy segment (with 59% of total revenues and 74% of EBITDA). The Cogeneration segment contributed 38% to total revenues and 29% to EBITDA. The smallest reportable segment was Solar energy, which accounted for 3% of the group's total revenues and 1% of the group's EBITDA.

Net profit

The group's net profit increased by EUR11.8m to EUR79.7m. Growth was supported by high electricity prices in the second half of the year, control of growth in fixed costs and digitalised asset management which helped secure the availability of production assets and stability in production operations.

Capital Expenditure

The group's capital expenditures in 2021 totalled EUR76.5m, EUR62.7m up on 2020. Growth resulted from development expenditures, which amounted to EUR72.2m. Out of the latter, EUR70.0m was related to wind farm developments in the construction phase or scheduled to reach the construction phase in 2022: the group purchased from Eesti Energia's subsidiary Tootsi Windpark plots for the development of the Sopi wind farm for EUR29.4m and invested EUR19.3m in the Shilale II wind farm, EUR8.3m in the wind turbines of the Akmene wind farm, EUR6.6m in the Purtse wind farm and EUR7.1m in the Tolpanvaara wind farm which received an investment decision at the end of 2021.



Expenditure on the improvement and maintenance of existing assets was EUR4.3m compared with EUR2.9m in 2020 and was mainly related to the improvements of the Estonian wind farms (EUR2.0m) and cogeneration facilities.

Capital Structure

At the end of 2021 Enefit Green's total invested capital of EUR676.6m (2020: EUR698.1m) consisted of EUR633.6m of equity (2020: EUR509.6m) and EUR43.0m (2020: EUR188.6m) of net debt (outstanding debt less cash and equivalents). The ratio of net debt to total invested capital or financial leverage was thus unusually low (6% vs 27% at the end of 2020) due to the IPO proceeds from Q4 2021 and reshaping of the loan portfolio in connection with the launch of new development projects and the addition of new financing partners. At the end of 2021, the group's undrawn credit facilities totaled EUR140m. The average interest rate of bank loans drawn down at the end of 2021 was 1.17% (2020: 1.66%). Enefit Green's capital structure is thus very well prepared for continuing the EUR600m investment program.

Dividend proposal

In coordination with the Supervisory Board, the Management Board proposes to distribute to shareholders EUR 39.9 million in dividends (0.151 euros per share) from earnings of previous periods in 2022, which is equivalent to 50% of group's unaudited net profit in 2021.

Condensed consolidated interim income statement

in thousand euros	Q4 2021	Q4 2020	2021	2020
Revenue	59,346	35,979	153,002	113,994
Renewable energy support and other income	9,562	7,990	30,705	48,689
Change in inventories of finished goods and work-in-progress	(1,468)	1,057	(3,708)	4,674
Raw materials, consumables and services used	(13,854)	(13,446)	(44,037)	(43,820)
Payroll expenses	(1,781)	(1,625)	(6,713)	(6,071)
Depreciation, amortisation and impairment	(9,553)	(9,260)	(38,145)	(38,192)



Other operating expenses	(2,236)	(2,014)	(7,791)	(7,297)
OPERATING PROFIT	40,016	18,681	83,312	71,979
Finance income	503	4	721	203
Finance costs	(669)	(795)	(2,833)	(3,580)
Net finance costs	(166)	(791)	(2,112)	(3,377)
Profit (loss) from associates under the equity method	36	20	46	5
PROFIT BEFORE TAX	39,886	17,910	81,246	68,607
Corporate Income Tax Expense	(516)	(1,639)	(1,584)	(737)
PROFIT FOR THE PERIOD	39,370	16,271	79,661	67,870

Condensed consolidated interim statement of financial position
in thousand euros

31 Dec 2021 31 Dec 2020

ASSETS

Non-current assets

Property, plant and equipment	612,503	594,980
Intangible assets	68,239	67,839
Right-of-use assets	2,750	2,222
Prepayments	20,710	-
Deferred tax assets	442	344
Investments in associates	578	532



Long-term receivables	78	103
Total non-current assets	705,300	666,020
Current assets		
Inventories	9,529	11,085
Trade and other receivables and prepayments	23,347	51,566
Cash and cash equivalents	80,454	10,774
Total current assets	113,330	73,425
Total assets	818,629	739,445

in thousand euros 31 Dec 2021 31 Dec 2020

EQUITY

Equity and reserves attributable to equity holder of the parent

Share capital	264,276	4,794
Share premium	60,351	-
Statutory reserve capital	479	479
Other reserves	150,828	399,165
Retained earnings	157,673	105,111
Total equity	633,608	509,549

LIABILITIES

Non-current liabilities

Borrowings	93,884	161,558
Goverment grants	7,458	8,020



Derivative financial instruments	23,207	-
Deferred tax liabilities	12,568	12,555
Other long-term liabilities	3,000	-
Provisions	13	13
Total non-current liabilities	140,130	182,146
Current liabilities		
Borrowings	29,572	37,778
Trade and other payables	15,264	9,858
Provisions	56	114
Total current liabilities	44,892	47,750
Total liabilities	185,021	229,896
Total equity and liabilities	818,629	739,445

Further information:

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<https://enefitgreen.ee/en/investorile/>

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Enefit Green is one of the leading diversified renewable energy producers in the Baltic sea area. The Company owns 22 wind farms, 38 solar power plants, 4 cogeneration plants, a pellet plant and a hydroelectric plant located in Estonia, Latvia, Lithuania and Poland. As of the end of 2021, the Group had a total installed electricity production capacity of 457 MW and a total installed heat production capacity of 81 MW. During 2021, the Company produced 1193 GWh of electricity and 618 GWh of heat.

