

FINANTSINSPEKTSIOON

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Attachments:

- EnefitGreen_interim_report_2022_eng.pdf (<http://oam.fi.ee/en/download?id=7077>)
- EGR1T_2022_Presentation_ENG_.pdf (<http://oam.fi.ee/en/download?id=7078>)
- EnefitGreen_vahearuanne_2022_est.pdf (<http://oam.fi.ee/en/download?id=7079>)
- EGR1T_2022_Esitus_EST_.pdf (<http://oam.fi.ee/en/download?id=7080>)

Currency

Title Enefit Green unaudited financial results for Q4 and 12 months 2022

In Q4 2022, Enefit Green group total revenues increased by 20% y-o-y to EUR82.8m. EBITDA was down by 8% y-o-y at EUR45.8m. During the quarter, the group earned net profit of EUR35.4m, which is 10% lower than in fourth quarter of 2021.

For the full year 2022, Enefit Green group total revenues increased by 40% y-o-y to EUR257.0m and EBITDA was up by 27% y-o-y at EUR154.8m, net profit increased to EUR110.2m or by 38% compared to the year before. Earnings per share (based on post-IPO number of shares) for the full year was EUR0.42 (2021: EUR0.30).

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

"2022 confirmed that in addition to climate goals, renewable energy is also important due to energy security and electricity prices. Russia's aggression in Ukraine led the whole of Europe to seek solutions to volatile energy prices and security of supply risks. The greatest impact solution to the energy crisis is to increase the production of renewable energy.

Last year, Enefit Green made a total of half a billion euros of investment decisions to bring electricity to the market at an affordable price, three of which were for the construction of wind farms and three for the construction of solar farms. Among them, we started the construction of the 255-megawatt Sopi-Tootsi wind farm in Estonia and the construction of the first 80-megawatt stage of the three-stage Kelme project in Lithuania. We are currently building a total of ten new wind and solar farms with a total capacity of 596 megawatts. This means that the production capacity under construction is larger than that of Enefit Green's current production assets.

Enefit Green produced 1.1 terawatt-hours of electricity and 566 gigawatt-hours



of thermal energy in 2022. The output was lower than a year earlier in both cases, mainly due to wind speed and lower availabilities. Despite the somewhat smaller volume of production, the financial results improved.

Last year, we firmly moved forward on the course of our strategy to increase production capacity fourfold by the end of 2026. We are working to reach investment decisions for new onshore wind and solar farms with our team this year in the total volume of up to 480 megawatts. We are supported on this journey by nearly 60,000 investors, whose trust gives us confidence to continue investing in green energy. The Management Board of Enefit Green, in coordination with the Supervisory Board, proposes to pay the shareholders 55.0 million euros or 0.208 euros per share in the form of dividends."

Webinar to present the results of 2022

Tomorrow, March 1, 2023 at 12.10 EET Enefit Green will host a webinar in English to present and discuss its 2022 results. To participate, please follow this link (<https://worksup.com/app/#/event/EGR0103/>) (if asked, please use event id EGR0103).

Significant events during 2022

- * Three investment decisions to build a new wind farm - total capacity of 356 MW
- * Three investment decisions to build a new solar farm - total capacity of 41 MW
- * Total value of investment decisions made in 2022 - ca EUR500m
- * 4.9 TWh of new PPA sales
- * Adopting of the Sustainability Principles of Enefit Green

Key figures

	Q4 2022	Q4 2021	Change %	12m 2022	12m 2021	Change %
PRODUCTION VOLUMES						
Electricity, GWh	291	385	-25%	1 118	1 193	-6%
Heat, GWh	157	174	-10%	566	618	-9%
Pellets, th tonnes	42	38	9%	154	135	14%
TOTAL REVENUES, mEUR	82.8	68.9	20%	257.0	183.7	40%
Sales revenue, mEUR	76.4	59.3	29%	233.3	153.0	52%



Renewable energy support and other income, mEUR	6.4	9.6	-33%	23.7	30.7	-23%
EBITDA, mEUR	45.8	49.6	-8%	154.8	121.5	27%
NET PROFIT, mEUR	35.4	39.4	-10%	110.2	79.7	38%
EPS, EUR (post-IPO number of shares)	0.13	0.15	-10%	0.42	0.30	38%

Total revenues

The group's electricity production in 2022 was 1,118 GWh (-75 GWh compared to 2021). The implied captured electricity price of the group was 149 EUR/MWh in the reporting period (107 EUR/MWh in the reference period).

Total revenues grew by EUR73.3m, the figure reflecting growth in sales revenue by EUR80.3m as well as a decrease in renewable energy support and other income by EUR7.0 million. Electricity sales revenue contributed EUR67.2m to the EUR80.3m growth in sales revenue. The increase in electricity sales revenue was mainly driven by a rise in electricity prices in the Estonia price area and to a lesser extent by rising electricity prices in the Latvia and Lithuania price areas of the Nord Pool power exchange (NP). The average market price in the NP Estonia price area was 192.0 EUR/MWh (2021: 86.5 EUR/MWh). The implied captured electricity price of the group's Estonian production units was 182.2 EUR/MWh (2021: 122.8 EUR/MWh). The average implied captured electricity prices of the group's Latvian and Lithuanian production units were 208.7 EUR/MWh (2021: 100.6 EUR/MWh) and 86.9 EUR/MWh (2021: 78.9 EUR/MWh), respectively. As an important factor, in addition to the previous effects arising from various support schemes, the average implied captured electricity prices are from Q4 2022 onwards also influenced by electricity purchase transactions related to balancing the PPA portfolio starting from the fourth quarter of 2022.

The effect of high electricity prices was counterbalanced by a lower electricity production volume in Estonia, which lowered sales revenue by EUR7.3m. Production volume decreased due to less favourable wind conditions and repair works lasting for five weeks at the Iru power plant which required the facility to be offline. Lower availability also reduced the quantity of electricity produced in Lithuania, which lowered sales revenue by EUR1.5m year on year.

Pellet sales revenue supported total revenue growth with a strong EUR7.7m. Pellet sales volume was 149k tonnes compared with 171k tonnes in 2021. While sales volume was smaller, the average sales price grew by 55%, rising to 203 EUR/t.

Heat production decreased by 9% compared with 2021 but the price of heat sold grew by 14%.



The growth in total revenues was also supported by rapidly expanding turnkey solar services whose sales revenue grew by EUR5.9m year on year. Due to its low profit margin, we decided to exit this business in the middle 2022 and sold related inventories.

Expenses, EBITDA and segmental reporting

Expenses on raw materials, consumables and services grew by EUR42m, i.e. 95%. The biggest change was in electricity costs, which grew by EUR24.5m due to higher electricity prices which increased the costs on balancing energy and due to extraordinarily low production outcome in Q4 2022 which drove electricity purchases to fulfil PPAs. Expenses on technological fuel grew by EUR10.8m due to significantly higher wood chip and waste wood prices.

The group's payroll expenses grew by EUR2.4m, i.e. 36% compared with 2021 due to an increase in the average number of full-time employees from 165 to 178 as well as growth in existing employees' payroll expenses. New people were mostly hired to the development team to support the group's growth plan in all its core markets.

Other operating expenses grew by EUR2.6m. Several cost items increased, including consulting expenses by EUR0.8m, IT expenses by EUR0.1m, business travel expenses by EUR0.2m and land-related expenses by EUR0.7m. Land-related expenses have increased due to higher electricity prices.

The growth in Group EBITDA was mainly driven by the increase in electricity prices (+EUR48.1m, which also includes the impact of significantly higher cost of electricity purchases), as well as increased pellet sales revenue (+EUR7.7m) and inventory changes (+EUR7.0m). Among negative contributors to EBITDA, the increase of variable costs was the most important one (minus EUR20.5m) due to higher biomass prices and higher solar service expenses. Another important negative contributor (minus EUR8.7m) was lower volume of electricity production. The growth in development and labour costs was the driver behind fixed costs, which also had a negative impact on EBITDA (minus EUR5.1m).

Depreciation, amortisation and impairment (D&A)

D&A expense remained stable compared with a year earlier. Although the volume of investments made in 2022 extended to EUR194.6m, this did not affect D&A expense because investments were mostly made in wind and solar farm development projects which are still in the construction phase.

Net profit

The group's net profit grew by EUR30.5m, rising to EUR110.2m. The key factor behind the vigorous growth was high market prices of electricity.

Capital Expenditure



The group's capital expenditures grew by EUR118.1m year on year, rising to EUR194.6m in 2022. Growth resulted from development investments, which extended to EUR188.1m. Out of the total, EUR111.4m was invested in the construction of three wind farms: EUR62.5m in the Akmene wind farm, EUR30.7m in the Shilale II wind farm and EUR18.3m in the Tolpanvaara wind farm. In addition, Enefit Green acquired the Tootsi wind farm development from Eesti Energia for EUR26.9m. The largest expenditures on solar developments were investments of EUR10.0m made in the development of the Vändra solar farm and additionally the group acquired Enefit Green Solar OÜ for EUR6.6m. Base investments (expenditure on the improvement and maintenance of existing assets) amounted to EUR6.5m compared with EUR4.3m in 2021. 2022 base investments were mainly made in the Estonian wind farms (EUR2.3m) and the Iru cogeneration plant (EUR1.8 m).

Financing

In 2022, we focused on optimising our capital structure by drawing down and refinancing previously secured loans as well as signing and preparing new loan agreements to finance our ongoing wind and solar energy investment programme.

The amortised cost of the group's interest-bearing liabilities at 31 December 2022 was EUR279.6m (31 December 2021: EUR123.5m). The figure comprises bank loans and finance lease liabilities of EUR275.0m and EUR4.6m, respectively.

The average interest rate of bank loans (considering also concluded interest rate swaps) drawn down at 31 December 2022 was 2.60% (31 December 2021: 1.44%). The base interest rates at the end of 2022 were significantly higher than a year earlier. During the year, 3-month Euribor increased by 2.70 percentage points, rising to 2.13%, and 6-month Euribor increased by 3.24 percentage points, rising to 2.69%. At 31 December, the interest rate risk of 61.2% of the loans drawn down by Enefit Green was hedged with interest rate swap agreements.

After the reporting period, in January 2023, Enefit Green signed loan agreements of EUR325m in total with SEB and NIB. The amount of the loan raised from NIB is EUR100m and the loan term is 12 years. The amount of the loans raised from SEB is EUR225m and the loan term is seven years.

Dividend proposal

In coordination with the Supervisory Board, the Management Board proposes to distribute to shareholders EUR55.0m in dividends (0.208 euros per share) from earnings of previous periods in 2023, which is equivalent to 49.9% of group's unaudited net profit in 2022.

Condensed consolidated interim income statement

EUR thousand	Q4 2022	Q4 2021	2022	2021
Revenue	76 381	59 346	233 280	153 002



Renewable energy support and other income	6 372	9 562	23 735	30 705
Change in inventories of finished goods and work in progress	-1 304	-1 468	3 303	-3 708
Raw materials, consumables and services used	-30 486	-13 854	-85 954	-44 038
Payroll expenses	-2 470	-1 781	-9 111	-6 713
Depreciation, amortisation and impairment	-8 847	-9 553	-37 777	-38 146
Other operating expenses	-2 690	-2 236	-10 411	-7 790
 OPERATING INCOME	 36 956	 40 016	 117 065	 83 312
Finance income	240	503	337	721
Finance costs	-1 688	-669	-2 342	-2 833
Neto finance costs	-1 448	-166	-2 005	-2 112
 Profit from associates under the equity method	 27	 36	 714	 46
 PROFIT BEFORE TAX	 35 535	 39 886	 115 774	 81 246
Income tax expense	-126	-516	-5 567	-1 585
 PROFIT FOR THE PERIOD	 35 409	 39 370	 110 207	 79 661
 Basic and diluted earnings per share				
Weighted average number of shares, thousand	264 276 256 405		264 276 86 707	
Basic earnings per share, EUR	0.13	0.15	0.42	0.92
Diluted earnings per share, EUR	0.13	0.15	0.42	0.92



Basic earnings per share based on post-IPO
number of shares

Post-IPO number of shares, thousand	264	276	264	276	264	276	264	276
Basic earnings per share, EUR			0.13	0.15			0.42	0.30

Condensed consolidated interim statement of financial position

EUR thousand 31 Dec 2022 31 Dec 2021

ASSETS

Non-current assets

Property, plant and equipment	776	870	612	503
Intangible assets	60	382	68	239
Right-of-use assets	4	239	2	750
Prepayments for property, plant and equipment	19	412	20	710
Deferred tax assets	1	321		442
Investments in associates		506		578
Derivative financial instruments	11	277		0
Long-term receivables		40		78
Total non-current assets	874	047	705	300

Current assets

Inventories	14	227	9	529
Trade and other receivables and prepayments	41	091	22	373
Cash and cash equivalents	131	456	80	454
Derivative financial instruments	3	349		0
Total current assets	190	123	112	356



Total assets	1 064 170	817 656
EUR thousand	31 Dec 2022	31 Dec 2021
EQUITY		
Equity and reserves attributable to owners of the parent		
Share capital	264 276	264 276
Share premium	60 351	60 351
Statutory capital reserve	3 259	479
Other reserves	166 419	151 793
Foreign currency translation reserve	-762	-965
Retained earnings	225 190	157 673
Total equity	718 733	633 607
LIABILITIES		
Non-current liabilities		
Borrowings	255 755	93 884
Government grants	7 115	7 458
Non-derivative contract liability	18 086	23 207
Deferred tax liabilities	12 326	12 568
Other non-current liabilities	3 000	3 000
Provisions	9	13
Total non-current liabilities	296 291	140 130
Current liabilities		
Borrowings	23 808	29 572
Trade and other payables	20 215	14 291



Provisions	2	56
Non-derivative contract liability	5 121	0
Total current liabilities	49 146	43 919
Total liabilities	345 437	184 049
Total equity and liabilities	1 064 170	817 656

Further information:

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Enefit Green is one of the leading diversified renewable energy producers in the Baltic Sea area. The Company wind farms in Estonia and Lithuania, cogeneration plants in Estonia and Latvia, solar farms in Estonia and Poland, a pellet plant in Latvia and a hydroelectric plant in Estonia. In addition, the Company is developing several wind and solar farms in the mentioned countries and Finland. As of the end of 2021, the Company had a total installed electricity production capacity of 457 MW and a total installed heat production capacity of 81 MW. During 2022, the Company produced 1,118 GWh of electricity, 565 GWh of heat energy and 154 thousand tonnes of wood pellets.

