

FINANTSINSPEKTSIOON

Company Enefit Green AS
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Attachments:

- EGR1T_1Q2023_Investor_Presentation_ENG.pdf (<http://oam.fi.ee/en/download?id=7361>)
- Q1_2023_interim_report_ENG.pdf (<http://oam.fi.ee/en/download?id=7362>)
- EGR1T_1Q2023_Investor_Presentation_EST.pdf (<http://oam.fi.ee/en/download?id=7363>)
- Q1_2023_interim_report_EST.pdf (<http://oam.fi.ee/en/download?id=7364>)

Currency

Title Enefit Green interim report for Q1 2023

In Q1 2023, Enefit Green group operating income increased by 16% y-o-y to EUR77.5m, but growth in operating expenses drove EBITDA down by 10% y-o-y to EUR41.1m. During the quarter, the group earned net profit of EUR30.5m (EUR0.12 per share), which is 13% lower than in Q1 2022.

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

"The beginning of the year has brought relief to prices that have remained exceptionally high. Market prices have been affected by the warm winter, high wind and hydro production and sufficient European natural gas reserves pushing down gas prices.

Enefit Green has a clear road map to quadruple the production capacity on its core markets in the coming years. We invested nearly 92 million euros in the first quarter and continued our development work to increase the production of renewable electricity.

Thanks to the good work of the team and partners, we stayed on schedule with the construction works. The production volume and share of green energy in the Baltic Sea region will increase significantly by the end of the decade, and the development of offshore wind energy will be a determining force in this. We have acquired the development project of the Liivi offshore wind farm from Eesti Energia and we will continue the development work to start large-scale renewable electricity production before 2030.

We produced more electricity in the quarter than a year earlier. Good wind conditions, high reliability of production units and production from new wind farms under construction helped to achieve this. Despite higher production



results, EBITDA and net profit decreased, mainly due to lower market prices for electricity and electricity purchase costs to balance the portfolio of long-term electricity contracts (PPAs)."

Webinar to present the results of Q1 2023

Today, on May 5, 2023 at 13.00 EEST Enefit Green will host a webinar in English to present and discuss its Q1 2023 results. To participate, please follow this link (https://teams.microsoft.com/l/meetup-join/19%3ameeting_OTVmNWYzZmItOGQ1OC00MTBiLTk0ZWUtODI1YjIyODUwMWI0%40thread.v2/0?context=%7B%22Tid%22%3A%2215cd778b-2b28-4ebc-956c-b5977a36cd28%22%2C%22Oid%22%3A%22775ae01b-e561-4cc9-8790-1290c7b28035%22%2C%22IsBroadcastMeeting%22%3Atrue%2C%22role%22%3A%22a%22%7D&btype=a&role=a).

Significant events

- * Acquisition of Liivi (Gulf of Riga) off shore wind farm project
- * Significant production contribution from wind farms under construction
- * We are exploring strategic alternatives for biomass assets belonging to the group

Key figures

	Q1 2023	Q1 2022	Change	Change %
PRODUCTION AND SALES VOLUMES				
Electricity production, GWh	406	368	38	10%
incl. new wind farms	38	0	38	-
Electricity sales	495	393	102	26%
Heat energy production, GWh	176	173	3	2%
Pellet production, th t	39	38	1	2%
Pellet sales, th t	62	55	7	13%
OPERATING INCOME, mEUR				
Sales revenue, mEUR	77.5	66.7	10.8	16%
Renewable energy support and other income, mEUR	68.8	58.1	10.6	18%
EBITDA, mEUR	8.7	8.6	0.1	2%
	41.1	45.6	(4.5)	(10)%



NET PROFIT, mEUR	30.5	34.9	(4.4)	(13)%
EPS, EUR	0.12	0.13	(0.01)	(13)%

Sales revenues and other operating income

The group's electricity production in the first quarter of 2023 was 406 GWh (+10% in the reference period).

Total operating income increased by EUR10.8m, of which sales revenue contributed EUR10.6m and renewable energy support and other operating income EUR0.1m. Of the EUR10.6m increase in sales revenue, EUR7.5m derived from the sale of pellets. The average sales price of pellets increased by 69% y-o-y. In the first quarter of 2022, the price was 149.3 EUR/tonne, in the first quarter of 2023 it was 252.7 EUR/tonne. In the first quarter, 62k tonnes of pellets were sold (55k tonnes in reference period). First quarter pellet sales were affected by the timing shift from Q4 2022 to 1Q 2023.

From the increase in sales revenue EUR2.4m was attributable to electricity sales. The growth in electricity sales was most positively influenced by the amount of electricity produced in Lithuania, which increased by 27% y-o-y. In Lithuania, two wind farms under construction, Akmene and Shilale II, started producing electricity in Q1 2023.

Lower market prices for electricity had a negative impact compared to the first quarter of last year. The production volume weighted average electricity price on the group's core markets was 100.5 EUR/MWh in the first quarter (136.4 EUR/MWh in the reference period). The group's implied captured electricity price was 101.4 EUR/MWh in the reporting period (127.3 EUR/MWh in the reference period). The implied captured electricity price differs from the average market price in the core markets, as the calculation takes into account long-term electricity sales contracts (PPAs) at a fixed price, renewable energy subsidies and the fact that wind farms do not produce the same amount of electricity every hour. The latter circumstance leads to a necessity to cover any short-term production shortages with purchases of electricity on the day-ahead market. In Q1 2023, we purchased from the market 92 GWh of electricity at an average price of 116.7 EUR/MWh. In Q1 2022, we purchased 29 GWh at an average price 128.1 EUR/MWh (the figures do not include the electricity purchased for pellet production). Electricity purchases from the market in Q1 2022 were significantly smaller because part of the output was covered by a fixed-price FiT support scheme and the volume of PPAs was very small.

Heat production remained stable compared with a year earlier but the price of heat sold grew by 38% due to growth in the price of biomass.

Other operating income for Q1 2023 was affected the most by the change in



renewable energy support received by Estonian wind farms, which decreased EUR1.1m year on year. The eligibility periods of the Tooma I, Vanaküla and Virtsu III wind farms expired in 2022. Other operating income was positively influenced by the decrease in the non-derivative contract liability incurred in 2021 by EUR0.9m in connection with the partial fulfilment of relevant PPAs.

EBITDA and segmental breakdown

Group's EBITDA decreased by 10% y-o-y to EUR41.1m in Q1 2023 driven negatively by the lower electricity prices and increased costs for purchased electricity. The main positive EBITDA driver was growth in electricity production volume, which in turn was driven by production from new wind farms under construction and good availabilities achieved.

The key word during the quarter was growth in variable expenses which were driven by growth in purchased electricity costs by EUR6.8m.

Group's fixed expenses increased by 22% or EUR1.7m driven by research and consulting expenses related to development activities.

Based on operating income and EBITDA for Q1 2023, the group's largest segment is Wind energy which accounted for 58% of operating income and 75% of EBITDA. The Cogeneration segment contributed 41% to operating income and 31% to EBITDA. The smallest reportable segment is Solar energy, which accounted for 1% of operating income and -1% of EBITDA.

Among reportable segments, EBITDA of the Cogeneration segment increased somewhat (by EUR0.6m or 4.8%) and EBITDA from the Wind segment decreased the most (by EUR3.9m or 11.2%). A more detailed segmental analysis is provided in the attached report.

Net profit

The group's net profit decreased by EUR4.4m y-o-y amounting to EUR30.5m for the reporting period. The decrease is attributable to growth in electricity purchase expenses.

Capital Expenditures

The group made capital investments of EUR91.9m in Q1 2023, which is EUR78.2m more than in Q1 2022. Growth resulted from development investments, which extended to EUR91.9m. Of the latter, EUR59.6m was invested in the development of three wind farms: EUR32.4m in the Sopi-Tootsi wind farm, EUR17.2m in the Kelme wind farm, EUR10.1m in the Purtse wind farm and EUR6.2m in the acquisition of the Liivi/Gulf of Riga offshore wind farm development from Eesti Energia. The largest investment in solar power development was made in the Purtse solar farm in the amount of EUR10.9m.

Base investments remained on a negligible level of EUR0.1m.



Condensed consolidated interim income statement

EUR thousand	Q1 2023	Q1 2022
Revenue	68,785	58,141
Renewable energy support and other operating income	8,719	8,579
Change in inventories of finished goods and work in progress	(5,060)	(2,067)
Raw materials, consumables and services used	(24,792)	(14,134)
Payroll expenses	(2,486)	(2,443)
Depreciation, amortisation and impairment	(9,815)	(9,648)
Other operating expenses	(4,055)	(2,504)
OPERATING PROFIT	31,296	35,924
Finance income	407	170
Finance costs	(380)	(325)
Net finance income (costs)	27	(155)
Profit from associates under the equity method	19	4
PROFIT BEFORE TAX	31,342	35,773
Income tax expense	(820)	(849)
PROFIT FOR THE PERIOD	30,522	34,924
Basic and diluted earnings per share		
Weighted average number of shares, thousand	264,276	264,276
Basic earnings per share, EUR	0.12	0.13
Diluted earnings per share, EUR	0.12	0.13



Condensed consolidated interim statement of financial position

EUR thousand

31 Mar 2023 31 Dec 2022

ASSETS

Non-current assets

Property, plant and equipment	843,998	776,870
Intangible assets	60,342	60,382
Right-of-use assets	4,528	4,239
Prepayments for property, plant and equipment	34,538	19,412
Deferred tax assets	1,344	1,321
Investments in associates	524	506
Derivative financial instruments	9,206	11,277
Non-current receivables	40	40
Total non-current assets	954,520	874,047

Current assets

Inventories	8,628	14,227
Trade and other receivables and prepayments	46,777	41,091
Cash and cash equivalents	80,509	131,456
Derivative financial instruments	3,871	3,349
Total current assets	139,785	190,123
Total assets	1,094,305	1,064,170

EUR thousand

31 Mar 2023 31 Dec 2022

EQUITY

Equity and reserves attributable to shareholders of



the parent

Share capital	264,276	264,276
Share premium	60,351	60,351
Statutory capital reserve	3,259	3,259
Other reserves	165,730	166,419
Foreign currency translation reserve	(797)	(762)
Retained earnings	255,712	225,190
Total equity	748,531	718,733

LIABILITIES

Non-current liabilities

Borrowings	252,470	255,755
Government grants	6,991	7,115
Non-derivative contract liability	18,086	18,086
Deferred tax liabilities	12,297	12,326
Other non-current liabilities	3,000	3,000
Provisions	9	9
Total non-current liabilities	292,853	296,291

Current liabilities

Borrowings	20,266	23,808
Trade and other payables	29,298	20,215
Provisions	2	2
Non-derivative contract liability	3,355	5,121
Total current liabilities	52,921	49,146
Total liabilities	345,774	345,437



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 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 2022, 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.