

Company Enefit Green AS
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Attachments:

- EGR1T_Q2_2023_interim_report_ENG.pdf (<http://oam.fi.ee/en/download?id=7611>)
- EGR1T_Q2_2023_presentation_ENG2.pdf (<http://oam.fi.ee/en/download?id=7612>)
- EGR1T_Q2_2023_vahearuanne_EST.pdf (<http://oam.fi.ee/en/download?id=7613>)
- EGR1T_Q2_2023_esitlus_EST.pdf (<http://oam.fi.ee/en/download?id=7614>)

Currency

Title Enefit Green interim report for Q2 2023

The Enefit Green group's operating income for Q2 2023 decreased by 13% while operating expenses for the period grew by 32% compared with Q2 2022. As a result, EBITDA decreased by 37% to EUR19.3m. Net profit for the period fell by EUR15.8m to EUR1.1m. The key factors which influenced the group's financial performance are described below.

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

"Last year's rally in energy commodity prices has reversed with prices normalising, average electricity prices in our core markets declined by almost two times. Enefit Green's implied captured electricity price in the second quarter was EUR90/MWh (-29%).

This was mainly due to lower natural gas prices, warmer than normal weather, the start of the regular production at the Olkiluoto-3 nuclear reactor and strong hydropower supply in the region.

Considering factors driving power generation and prices, Enefit Green's Q2 financial results were lower than expected. Mainly the decline in implied captured electricity price, but also lower production volumes influenced by weak wind conditions and higher fixed costs all left their marks on the results. Although there was a 56GWh contribution from new wind and solar farms under construction, our Q2 electricity production still decreased by 2% compared to last year. The increase in fixed costs was driven by development activities and related overheads and management expenses. The planned increase in fixed costs is intended to support the implementation of our long-term growth plan. Higher income tax expense related to the dividend payout put an additional dent on the Q2 bottom line.



The electricity price outlook for autumn and winter will depend to a large extent on how Europe manages its natural gas inventory and on the carbon price. There is still a shortage of renewable power plants at the system level and the Baltic region is heavily dependent on imported electricity. Forecasts indicate that average electricity prices should remain higher in the second half of the year than in the second quarter.

Enefit Green has a very clear growth plan up to 2026. In the first half of this year, we invested nearly EUR166m in increasing our production capacity. This is almost three times more than in the same period last year. When making new investment decisions, we are guided by the market situation and the investment criteria we have set to ensure the sufficient return on capital. In the second half of the year, it is crucial to ensure high availability of our operating assets in order to reach the production targets in key fall and winter months ahead."

Webinar to present the results of Q2 2023

Today, August 3, 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://worksup.com/app/#/event/EGR13/agenda/plan>).

Significant events

- * Final investment decision to build 74MW Sopi solar farm
- * 62MW operating capacity added (completion of Purtse and Zambrow)
- * The incident in Akmene wind farm in May and following activities to restart the wind farm and to complete the development
- * Submission of the Environmental Impact Assessment Report on North-West Estonia offshore wind farm to the Ministry of Climate

Key figures

| | Q2 2023 | Q2 2022 | Change | Change % |
|------------------------------|---------|---------|--------|----------|
| PRODUCTION AND SALES VOLUMES | | | | |
| Electricity production, GWh | 265 | 270 | (6) | (2)% |
| incl. new wind farms | 56 | - | 56 | - |
| Electricity sales | 357 | 284 | 73 | 26% |



| | | | | |
|-----------------------------|-----|-----|------|------|
| Heat energy production, GWh | 141 | 152 | (11) | (7)% |
| Pellet production, th t | 37 | 36 | 2 | 5% |
| Pellet sales, th t | 12 | 7 | 4 | 54% |

ELECTRICITY PRICES, EUR/MWh

| | | | | |
|--------------------------|------|-------|------|-------|
| Core markets average* | 78.7 | 151.3 | (73) | (48)% |
| Implied captured price** | 89.9 | 126.8 | (37) | (29)% |

| | | | | |
|---|-------|------|--------|-------|
| OPERATING INCOME, mEUR | 41.2 | 47.3 | (6.1) | (13)% |
| Sales revenue, mEUR | 36.6 | 41.5 | (4.9) | (12)% |
| Renewable energy support and other income, mEUR | 4.6 | 5.8 | (1.2) | (20)% |
| EBITDA, mEUR | 19.3 | 30.7 | (11.5) | (37)% |
| NET PROFIT, mEUR | 1.1 | 16.9 | (15.8) | (93)% |
| EPS, EUR | 0.004 | 0.06 | (0.06) | (93)% |

FINANCIAL LEVERAGE

| | | | | |
|-----------------------|-----|-----|--|--|
| Net debt/EBITDA (LTM) | 2.2 | 0.4 | | |
|-----------------------|-----|-----|--|--|

* Production weighted average market price on group's core markets

** (electricity sales revenue + renewable energy support and efficient cogeneration support + revenues from sale of guarantees of origin - day-ahead and intraday purchases on Nord Pool - balancing energy purchases) / production

Sales revenues and other operating income

Total operating income decreased by EUR6.1m year on year, the figure comprising a decrease in revenue of EUR4.9m and a decrease in renewable energy support and other operating income of EUR1.2m. Out of the EUR4.9m decrease in revenue, EUR4.4m was attributable to electricity sales. Results weakened because the market prices of electricity were lower than a year earlier. The average electricity price in the



group's core markets in Q2 2023 was 78.7 EUR/MWh (Q2 2022: 151.3 EUR/MWh). The group's average implied captured electricity price for the period was 89.9 EUR/MWh (Q2 2022: 126.8 EUR/MWh). The implied captured electricity price differs from the average market price in the core markets, because its calculation takes into account long-term fixed-price power purchase agreements (PPAs), renewable energy support, purchases of balancing energy, electricity purchases from the Nord Pool day-ahead and intraday markets, and the fact that wind farms do not produce the same amount of electricity every hour.

The group's average price of electricity sold to the market in Q2 2023 was 63.7 EUR/MWh compared with 127.6 EUR/MWh a year earlier. In Q2 2023, the group sold to the market 139 GWh of electricity compared with 182 GWh in Q2 2022.

In Q2 2023, 218 GWh of the group's portfolio was covered with PPAs at an average price of 83.5 EUR/MWh. A year earlier, 102 GWh of electricity was sold under an income model based on PPAs and the Feed-in Tariff (FiT) at an average price of 79.1 EUR/MWh. The share and prices of production covered with PPAs in future periods are disclosed in the risk management chapter.

Another factor which affected revenue was lower electricity production. In Q2 2023, the group produced 265 GWh of electricity, which is 2% less than in Q2 2022 (270 GWh). The decline was due to weaker wind conditions.

Revenue from solar services in Q2 2023 was EUR2.2m smaller than in Q2 2022 because we exited the turnkey solar solutions business in mid-2022.

Pellet sales revenue grew by EUR1.7m compared with a year earlier. The average sales price of pellets increased by 53%, rising from 165.8 EUR/t in Q2 2022 to 253.6 EUR/t in Q2 2023. Pellet sales volume increased from 7 thousand tonnes in Q2 2022 to 12 thousand tonnes in Q2 2023.

The price of heat energy grew by 16% due to an increase in the price of biomass, but heat production decreased by 7%. Heat sales revenue remained at a level similar to Q2 2022.

Other operating income for Q2 2023 was affected the most by the change in renewable energy support received by Estonian wind farms, which decreased by EUR1.5m compared with a year earlier. Renewable energy support is related to the quantity of electricity produced and as output decreased, the amount of renewable energy support received decreased as well. The eligibility periods of the Vanaküla and Virtsu III wind farms expired in Q3 2022. Other operating income was improved by the decrease in the non-derivative contract liability incurred in 2021 by EUR0.2m in connection with the partial fulfilment of relevant PPAs. The non-derivative contract liability results from earlier electricity derivatives (base load swaps) which were converted into fixed-price physical electricity sales contracts (PPAs). The decrease in the non-derivative contract liability does not affect cash flow and monetary settlement of electricity sales takes place on the basis of PPAs.



EBITDA and segmental breakdown

The factor with the strongest impact on EBITDA development was the price of electricity sold, which fell steeply compared with Q2 2022 (negative impact EUR12.1m). Due to PPAs the quantity of electricity sold grew considerably (positive impact EUR6.5m), which increased the volume of electricity purchased to balance the electricity portfolio (negative impact EUR6.8m). The combined effect of the above factors on EBITDA is influenced by the quantity and profile of electricity produced during the period. Electricity production decreased by 2% compared with Q2 2022.

Excluding the effects of the electricity price and quantity, the Cogeneration segment had a positive impact on EBITDA. The calculation takes into account the effects of pellet sales revenue, the change in inventories, technological fuel and heat sales revenue.

The change in the non-derivative liability increased EBITDA. See the other operating income chapter for further information.

Fixed costs comprise costs not directly dependent on the production volume. Fixed costs grew by EUR1.6m (18%) year on year. The increase in fixed costs was driven by development activities and related overheads and management expenses, including personnel and research and consulting expenses.

Based on total operating income and EBITDA, the group's largest segment is Wind energy, which accounted for 58% of operating income and 61% of EBITDA for Q2 2023. The Cogeneration segment contributed 34% to operating income and 40% to EBITDA. The smallest reportable segment is Solar energy, which accounted for 7% the group's operating income and 10% of EBITDA for Q2 2023. A more detailed analysis by segment is presented in the attached report.

Net profit

The group's net profit for Q2 decreased by EUR15.8m y-o-y to EUR1.1m. The decrease is attributable to lower electricity prices, higher expenses on electricity purchased to balance the electricity portfolio, and EUR4.7m higher income tax expense related to dividend payout.

Capital Expenditures

The group invested EUR74.6m in Q2 2023, which is EUR33.6m more than in Q2 2022. Growth resulted from development investments, which extended to EUR74.0m. Of the latter, EUR48.0m was invested in the construction of three wind farms: EUR31.7m in the Tolpanvaara wind farm, EUR13.9m in the Sopi-Tootsi wind farm and EUR2.4m in the Akmene wind farm. The largest solar farm development investment was made in the Vändra solar project in the amount of EUR9.4m.

Base investments amounted to EUR0.5m in the reporting period.



Financing

During Q2 2023, to finance its continuing investment activity Enefit Green drew down credit facilities raised earlier in the amount of EUR90m. The amortised cost of the group's interest-bearing liabilities at 30 June 2023 was EUR358.9m (31 December 2022: EUR279.6m). Loan liabilities to banks accounted for EUR353.9m of the total.

The average interest rate of bank loans drawn down at 30 June 2023 was 3.44% (31 December 2022: 2.60%). For about 46% of loan liabilities, the interest rate risk has been hedged until maturity of the respective loan contracts.

Investment loans raised but not drawn down at 30 June amounted to EUR285m.

Condensed consolidated interim income statement

| EUR thousand | Q2 2023 | Q2 2022 | H1 2023 | H1 2022 |
|--|----------|----------|----------|----------|
| Revenue | 36,556 | 41,505 | 105,341 | 99,646 |
| Renewable energy support and other operating income | 4,610 | 5,773 | 13,329 | 14,352 |
| Change in inventories of finished goods and work in progress | 4,892 | 4,646 | (168) | 2,579 |
| Raw materials, consumables and services used | (20,583) | (16,365) | (45,375) | (30,499) |
| Payroll expenses | (2,905) | (2,169) | (5,391) | (4,612) |
| Depreciation, amortisation and impairment | (9,707) | (9,644) | (19,522) | (19,292) |
| Other operating expenses | (3,274) | (2,645) | (7,329) | (5,150) |
| OPERATING PROFIT | 9,589 | 21,101 | 40,885 | 57,025 |
| Finance income | 1,191 | 1,117 | 1,598 | 1,525 |
| Finance costs | (402) | (626) | (782) | (1,188) |
| Net finance income | 789 | 491 | 816 | 337 |
| Profit (loss) from associates under the equity method | 22 | (76) | 41 | (72) |



| | | |
|---|-----------|-----------|
| Inventories | 14,265 | 14,227 |
| Trade and other receivables and prepayments | 37,304 | 41,091 |
| Cash and cash equivalents | 52,996 | 131,456 |
| Derivative financial instruments | 4,887 | 3,349 |
| Total current assets | 109,452 | 190,123 |
| Total assets | 1,129,971 | 1,064,170 |

EUR thousand 30 Jun 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 | 5,555 | 3,259 |
| Other reserves | 166,959 | 166,419 |
| Foreign currency translation reserve | (361) | (762) |
| Retained earnings | 199,586 | 225,190 |
| Total equity | 696,366 | 718,733 |

LIABILITIES

Non-current liabilities

| | | |
|-----------------------------------|---------|---------|
| Borrowings | 283,032 | 255,755 |
| Government grants | 6,879 | 7,115 |
| Non-derivative contract liability | 18,086 | 18,086 |
| Deferred tax liabilities | 12,482 | 12,326 |



| | | |
|-----------------------------------|-----------|-----------|
| Other non-current liabilities | 3,000 | 3,000 |
| Provisions | 9 | 9 |
| Total non-current liabilities | 323,488 | 296,291 |
| Current liabilities | | |
| Borrowings | 75,818 | 23,808 |
| Trade and other payables | 31,698 | 20,215 |
| Provisions | 2 | 2 |
| Non-derivative contract liability | 2,599 | 5,121 |
| Total current liabilities | 110,117 | 49,146 |
| Total liabilities | 433,605 | 345,437 |
| Total equity and liabilities | 1,129,971 | 1,064,170 |

Further information:

Sven Kuning

Head of Finance Communications

investor@enefitgreen.ee

(https://www.globenewswire.com/Tracker?data=eahglFI0K4UUxwsmqXkQdO3N_ld1uojlGTE_vteiKcyQulwfu3r9tXxEfe64TI9iPjXXdLcA-1wKJkk402r4cwPqdjBXLG-Ga36PZFEEUJ4=)

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

(https://www.globenewswire.com/Tracker?data=2hvtWZj2Sah7P5FHBmegLeIoMx1_pu7PK9v_TsWBkf9HVGRVBco0gBWNAR8sTIf_rfHfPwlv74a_H6m3SjVkiBzGyIVVbjGOe57EOq9-agKg8ttz2h5EHYmF0la-hs-rAYHvQm2Fvlu3QknP8tcDCA==)

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.

