

Company Enefit Green AS
Type Company Release
Category Management interim statement or quaterly financial report
Disclosure time 02 Nov 2023 09:00:00 +0200

Attachments:

- EGR1T Q3 2023 interim report ENG.pdf (<http://oam.fi.ee/en/download?id=7785>)
- EGR1T_Q3_2023_presentation_ENG.pdf (<http://oam.fi.ee/en/download?id=7786>)
- EGR1T Q3 2023 vahearuanne EST.pdf (<http://oam.fi.ee/en/download?id=7787>)
- EGR1T_Q3_2023_esitlus_EST.pdf (<http://oam.fi.ee/en/download?id=7788>)

Currency

Title Enefit Green interim report for Q3 2023

The Enefit Green group's operating income for Q3 2023 decreased by 26% while operating expenses for the period grew by 4% compared with the same period last year. As a result, EBITDA dropped by 51% to EUR15.9m. Net profit for the period decreased by EUR17.9m to EUR5.0m.

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

"Compared to the exceptionally high electricity prices last year, prices on the electricity market have stabilized at new levels. However, the fluctuations in daily electricity prices in the Nord Pool price area continue to be high.

We produced 37% more electricity in third quarter than a year earlier. New wind and solar parks under construction and those already in operation helped to achieve this. Among the assets under construction 72MW Tolpanvaara wind farm in northern Finland started producing electricity. After a four-month shutdown, 11 out of 14 wind turbines were restarted in September at the Akmene wind farm (75 MW) in Lithuania.

Despite growing production results, electricity production was lower than previously planned. The main reason was the missing production of the Akmene wind farm, but availability challenges also had a significant impact. Overall, the decline in electricity prices and lower-than-expected electricity production affected the economic results of the third quarter, as they caused larger-than-expected purchases to rebalance the electricity portfolio to meet the obligations assumed under long-term PPAs.

Due to seasonality, the last quarter of the year is very important for Enefit Green, and our main goal is to maintain high availability of production assets



to achieve high production results. We will continue to work on the short- and long-term development portfolio and keep the focus on hybrid solutions. When making new investment decisions, our goal is to ensure the promised return on capital."

Webinar to present the results of Q3 2023

Today, November 2, 2023 at 13.00 EET Enefit Green will host a webinar in English to present and discuss its Q3 2023 results. To participate, please follow this link
(https://teams.microsoft.com/l/meetup-join/19%3ameeting_NzZlODJmYjctZDUyYy00NWNkLWE0MjAtYmNiMWU2MTMyN2Zh%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

- * Restart of Akmene wind farm
- * New 12-year EUR180m investment loan from EIB
- * Cornerstone to the Sopi-Tootsi renewable energy production area (255MW wind and 74MW solar farm)
- * First turbines started production in Tolpanvaara 72MW wind farm in Finland
- * Approval of phase one of a special spatial plan for wind power development in Lääne-Nigula

Key figures

| | Q3 2023 | Q3 2022 | Change | Change % |
|------------------------------|---------|---------|--------|----------|
| PRODUCTION AND SALES VOLUMES | | | | |
| Electricity production, GWh | 259 | 189 | 70 | 37% |
| incl. new wind farms | 53 | - | 53 | - |
| Electricity sales | 364 | 201 | 164 | 82% |
| Heat energy production, GWh | 115 | 84 | 31 | 37% |
| Pellet production, th t | 38 | 39 | (1) | (2)% |
| Pellet sales, th t | 17 | 39 | (22) | (56)% |
| ELECTRICITY PRICES, EUR/MWh | | | | |



| | | | | |
|-------------------------------------------------|------|-------|--------|-------|
| Core markets average* | 97.8 | 317.7 | (220) | (69)% |
| Implied captured price** | 84.9 | 205.1 | (120) | (59)% |
| OPERATING INCOME, mEUR | 44.5 | 60.3 | (15.8) | (26)% |
| Sales revenue, mEUR | 39.3 | 57.3 | (18.0) | (31)% |
| Renewable energy support and other income, mEUR | 5.2 | 3.0 | 2.2 | 74% |
| EBITDA, mEUR | 15.9 | 32.7 | (16.8) | (51)% |
| NET PROFIT, mEUR | 5.0 | 22.9 | (17.9) | (78)% |
| EPS, EUR | 0.02 | 0.09 | (0.07) | (78)% |
| FINANCIAL LEVERAGE | | | | |
| Net debt/EBITDA (LTM) | 3.2 | 0.7 | | |

* 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 revenue and other operating income

Total operating income decreased by EUR15.8m year on year, the figure comprising a decrease in revenue of EUR18.0m and an increase in renewable energy support and other operating income of EUR2.2m. Out of the EUR18.0m decrease in revenue, EUR11.0m was attributable to electricity sales which weakened mainly because the market prices of electricity were lower than a year earlier. The average electricity price in the group's core markets in Q3 2023 was 97.8 EUR/MWh (Q3 2022: 317.7 EUR/MWh). The group's average implied captured electricity price for the period was 84.9 EUR/MWh (Q3 2022: 205.1 EUR/MWh). The implied captured electricity price differs from the average market price in the core markets, because it is calculated by taking into account long-term fixed-price 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 Q3 2023 was 82.2 EUR/MWh compared with 285.2 EUR/MWh a year earlier. The group sold to the market



163 GWh of electricity in Q3 2023 compared with 120 GWh in Q3 2022.

In Q3 2023, 202 GWh of the group's portfolio was covered with PPAs at an average price of 80.9 EUR/MWh. A year earlier, 81 GWh of electricity was sold under an income model based on PPAs and the Feed-in Tariff (FiT) at an average price of 72.1 EUR/MWh. The share and prices of production covered with PPAs in future periods are disclosed in the risk management chapter of the interim report.

We purchased from the market 110 GWh of electricity at an average price of 116.5 EUR/MWh in Q3 2023, compared with 16 GWh at an average price of 337.7 EUR/MWh in the same period last year (the prices and quantities exclude the electricity purchased for pellet production). In Q3 2022, purchases from the market were substantially smaller because part of the production was covered with the fixed-price FiT support scheme and the volume of PPAs was very small. Electricity purchases were also increased by lower than expected electricity production.

Pellet sales revenue decreased by EUR3.0m year on year. While the average sales price of pellets increased by 32%, rising from 182.6 EUR/t in Q3 2022 to 240.6 EUR/t in Q3 2023, pellet sales volume decreased from 39 thousand tonnes in the comparative period to 17 thousand tonnes in the reporting period.

Heat production grew by 31 GWh to 115 GWh (Q3 2022: 84 GWh) but the price dropped by 14% (1.8 EUR/MWh). Through the combined effect of higher production and a lower price, heat sales revenue grew by EUR1.3m.

Revenue for Q3 2022 was also EUR3.2m higher due the sale of the inventories of the turnkey solar solutions business. We decided to exit the turnkey solar solutions business and sold relevant inventories in the comparative period.

Renewable energy support and other operating income for Q3 2023 were affected the most by renewable energy support, which grew by EUR1.4m year on year. The growth in renewable energy support was influenced by the support schemes of our solar farms in Poland: in Q3 2022 we had to repay renewable energy support of EUR0.7 million under the Polish CfD schemes. Renewable energy support received in Poland in Q3 2023 amounted to EUR16k. The renewable energy support received by our operating wind farms in Estonia and the Iru power plant grew by EUR0.3m and EUR0.4m, respectively. The amount of renewable energy support received is based on the quantity of energy produced. Although the eligibility periods of the Vanaküla and Virtsu III wind farms expired in Q3 2022 (contribution to operating income for the comparative period: EUR0.2m), the output of wind farms eligible for support in both periods grew by 13.6 GWh year on year (impact on operating income: +EUR0.5m). The renewable energy output of the Iru power plant grew from 6.2 GWh a year earlier to 10.5 GWh, increasing operating income by EUR0.4m.

Other operating income was improved by the decrease in the non-derivative contract liability incurred in 2021 by EUR0.4m in connection with partial fulfilment of relevant PPAs and liquidated damages of EUR0.4m received for the low availability of the Shilute wind farm. 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 Q3 2022 (negative impact: EUR25.1m). Due to PPAs the quantity of electricity sold grew considerably (positive impact: EUR15.5m), which also increased the volume of electricity purchased to balance the electricity portfolio (negative impact: EUR11.2m). The combined effect of the above factors on EBITDA development is influenced by the quantity and profile of electricity produced during the period. Electricity production grew by 37% compared with Q3 2022.

Excluding the effects of the electricity price and quantity, the Cogeneration segment had a EUR1.9m 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 renewable energy support and other operating income description above for details.

Fixed costs comprise costs not directly dependent on the production volume. Fixed costs grew by EUR2.2m (24%) year on year. The increase in fixed costs was attributable to higher maintenance costs, payroll expenses, and research and consulting expenses.

Based on total operating income and EBITDA, the group's largest segment is Wind energy, which accounted for 61% of operating income and 64% of EBITDA for Q3 2023. The Cogeneration segment contributed 33% to operating income and 41% to EBITDA. The smallest reportable segment is Solar energy, which accounted for 6% of the group's operating income and 10% of the group's EBITDA for Q3 2023. In terms of reportable segments, the EBITDA of the Wind energy segment and the Cogeneration segment decreased the most. A more detailed analysis by segment is presented in the attached report.

Net profit

The group's net profit decreased by EUR17.9m year on year to EUR5.0m. The decline is attributable to lower electricity prices and higher expenses on electricity purchased to balance the electricity portfolio.

Capital Expenditures

The group invested EUR87.3m in Q3 2023, which is EUR7.5m more than in Q3 2022. Growth resulted from development investments, which extended to EUR85.6m. Of the latter, EUR79.0m was invested in the construction of three wind farms: EUR45.4m in the Kelme wind farm, EUR18.9m in the Sopi-Tootsi wind farm and EUR14.8m in the



Tolpanvaara wind farm. The largest solar energy development investment was made in the Sopi solar project in the amount of EUR1.9m.

Expenditure on the maintenance and improvement of existing assets increased by EUR0.8m year on year, rising to EUR1.7m in Q3 2023. Maintenance expenditure of the period was mainly related to Estonian wind farms.

Financing

During Q3 2023, to finance its continuing investment activity Enefit Green drew down EUR60m of an investment loan raised from NIB which matures in 2035 and signed an additional 12-year investment loan agreement of EUR180m with EIB. The amortised cost of the group's interest-bearing liabilities at 30 September 2023 was EUR411.3m (31 December 2022: EUR279.6m). Loan liabilities to banks accounted for EUR407.0m of the total.

The average interest rate of bank loans drawn down at 30 September 2023 was 3.80% (31 December 2022: 2.60%). For about 39% 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 September amounted to EUR405m.

Condensed consolidated interim income statement

| EUR thousand | Q3 2023 | Q3 2022 | 9M 2023 | 9M 2022 |
|--------------------------------------------------------------|----------|----------|----------|----------|
| Revenue | 39,259 | 57,254 | 144,600 | 156,900 |
| Renewable energy support and other operating income | 5,233 | 3,011 | 18,562 | 17,363 |
| Change in inventories of finished goods and work in progress | 3,434 | 2,028 | 3,266 | 4,607 |
| Raw materials, consumables and services used | (26,011) | (24,969) | (71,386) | (55,468) |
| Payroll expenses | (2,634) | (2,029) | (8,025) | (6,641) |
| Depreciation, amortisation and impairment | (10,218) | (9,637) | (29,740) | (28,930) |
| Other operating expenses | (3,388) | (2,574) | (10,716) | (7,721) |
| OPERATING PROFIT | 5,675 | 23,084 | 46,561 | 80,110 |
| Finance income | 747 | 468 | 2,345 | 718 |



| | | | | |
|------------------------------------------------|---------|--------|----------|---------|
| Finance costs | (1,115) | (722) | (1,897) | (1,275) |
| Net finance income and costs | (368) | (255) | 448 | (558) |
| Profit from associates under the equity method | 45 | 120 | 85 | 687 |
| PROFIT BEFORE TAX | 5,352 | 22,949 | 47,094 | 80,239 |
| Income tax expense | (326) | 0 | (10,405) | (5,441) |
| PROFIT FOR THE PERIOD | 5,026 | 22,949 | 36,689 | 74,798 |

Basic and diluted earnings per share

| | | | | |
|---------------------------------------------|---------|---------|---------|---------|
| Weighted average number of shares, thousand | 264,276 | 264,276 | 264,276 | 264,276 |
| Basic earnings per share, EUR | 0.02 | 0.09 | 0.14 | 0.28 |
| Diluted earnings per share, EUR | 0.02 | 0.09 | 0.14 | 0.28 |

Condensed consolidated interim statement of financial position

| EUR thousand | 30 Sept 2023 | 31 Dec 2022 |
|------------------------------------|--------------|-------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 978,497 | 776,870 |
| Intangible assets | 60,275 | 60,382 |
| Right-of-use assets | 4,295 | 4,239 |
| Prepayments for non-current assets | 42,522 | 19,412 |
| Deferred tax assets | 1,379 | 1,321 |
| Investments in associates | 568 | 506 |
| Derivative financial instruments | 9,310 | 11,277 |
| Non-current receivables | 0 | 40 |



| | | |
|--------------------------|-----------|---------|
| Total non-current assets | 1,096,846 | 874,047 |
|--------------------------|-----------|---------|

Current assets

| | | |
|---------------------------------------------|-----------|-----------|
| Inventories | 19,177 | 14,227 |
| Trade and other receivables and prepayments | 59,765 | 41,091 |
| Cash and cash equivalents | 25,731 | 131,456 |
| Derivative financial instruments | 4,473 | 3,349 |
| Total current assets | 109,146 | 190,123 |
| Total assets | 1,205,992 | 1,064,170 |

| | | |
|--------------|--------------|-------------|
| EUR thousand | 30 Sept 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 | 167,621 | 166,419 |
| Foreign currency translation reserve | (709) | (762) |
| Retained earnings | 204,613 | 225,190 |
| Total equity | 701,707 | 718,733 |

LIABILITIES

Non-current liabilities



| | | |
|-----------------------------------|-----------|-----------|
| Borrowings | 334,639 | 255,755 |
| Government grants | 6,745 | 7,115 |
| Non-derivative contract liability | 18,086 | 18,086 |
| Deferred tax liabilities | 12,445 | 12,326 |
| Other non-current liabilities | 3,000 | 3,000 |
| Provisions | 8 | 9 |
| Total non-current liabilities | 374,923 | 296,291 |
| Current liabilities | | |
| Borrowings | 76,686 | 23,808 |
| Trade and other payables | 51,107 | 20,215 |
| Provisions | 2 | 2 |
| Non-derivative contract liability | 1,567 | 5,121 |
| Total current liabilities | 129,362 | 49,146 |
| Total liabilities | 504,285 | 345,437 |
| Total equity and liabilities | 1,205,992 | 1,064,170 |

Further information:

Sven Kuning

Head of Finance Communications

investor@enefitgreen.ee

(https://www.globenewswire.com/Tracker?data=eahglFI0K4UUxwsmqXkQd03N_ld1uojlGTE_vteiKcyQulwfu3r9tXxEfe64TI9iPjXXdLcA-1wKJkk402r4cwPqdjBXLG-Ga36PZFEEUJ4=)

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

(https://www.globenewswire.com/Tracker?data=2hvtWZj2Sah7P5FHBmegLeIoMxl_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 operates 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.

