

FINANTSINSPEKTSIOON

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Attachments:

- Enefit Green unaudited interim report Q4 and 12 months 2023.pdf (<http://oam.fi.ee/en/download?id=8108>)
- EGR1T_2023_Presentation_ENG.pdf (<http://oam.fi.ee/en/download?id=8109>)
- Enefit Green auditeerimata vahearuanne IV kvartal ja 12 kuud 2023.pdf (<http://oam.fi.ee/en/download?id=8110>)
- EGR1T_2023_Esitus_EST.pdf (<http://oam.fi.ee/en/download?id=8111>)

Currency

Title Enefit Green's unaudited financial results Q4 and 12 months of 2023

Enefit Green's unaudited financial results Q4 and 12 months of 2023

Enefit Green's consolidated operating income for Q4 2023 decreased by 19 percent to EUR66.9m compared to the same time last year, and operating expenses (excluding depreciation) increased by 1 percent to 37.3 million euros. As a result, Q4 2023 EBITDA fell by 35 per cent to EUR29.6m. In the last quarter of the year, the Group earned a net profit of EUR19.1m, which is 46 percent less than in the same period last year.

In 2023 as a whole, Enefit Green's consolidated operating income decreased by 10 percent compared to the previous year to EUR230.1m, EBITDA by 32 percent to EUR105.9m, and net profit by 49 percent to EUR55.8m. 2023 earnings per share was EUR0.21 (2022: EUR 0.42).

The Management Board of Enefit Green, in coordination with the Supervisory Board, proposes to pay the shareholders EUR27.7m or EUR0.105 per share in dividends.

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

"Enefit Green continued to work on development projects in 2023 and we completed two new renewable power plants in Estonia and one in Poland. As of the end of the year, the company had more than 500 megawatts of operating production capacity and more than 700 megawatts under construction.

We made investment decisions for the construction of one onshore wind farm in Lithuania and the construction of three solar farms in Estonia and Latvia. The total capacity of these investments is approximately 180 megawatts and the total



investment will exceed 200 million euros.

In 2023, we produced 1.3 terawatt-hours of electricity and 604 gigawatt-hours of thermal energy. 20% growth in electricity production result was driven by the increase in the output of new completed wind and solar farms and of those still under construction. Although the new wind and solar farms added a significant part of the year's electricity production, it turned out to be smaller than planned, primarily due to the low wind speed, the Akmen? incident and the lower availability of the Shilut? wind farm.

Lower than planned production led to an increase in the cost of purchasing electricity to fulfil the obligations related to the long-term electricity contracts (PPAs). To reduce the power price risk, large proportion of Enefit Green's electricity production has been sold forward with long-term PPAs. As the actual production was well below the planned level, the shortfall had to be purchased on the market to meet contractual obligations.

We will continue to work this year to ensure the completion of our construction projects and that every megawatt-hour of electricity will be produced. Enefit Green has a strong development portfolio of approximately 4,900 megawatts of short- and long-term on- and offshore wind and solar farm projects. We have long-term development and operating experience and a good access to capital markets. However, the speed of the company's growth is determined by the demand on our core markets and of our customers, as well as our promise to manage the assets of our shareholders well."

Webinar to present the results

Enefit Green is organising a webinar in English for investors today, 29 February at 13:00 (EET) to present the unaudited 2023 results. To participate, please use this link (https://teams.microsoft.com/l/meetup-join/19%3ameeting_YzU4YTJhZDgtMDVlNi00NjFkLWIxYzYtNWVmNGY3MzlhMTll%40thread.v2/0?context=%7B%22Tid%22%3A%2215cd778b-2b28-4ebc-956c-b5977a36cd28%22%2C%220id%22%3A%22775ae01b-e561-4cc9-8790-1290c7b28035%22%2C%22IsBroadcastMeeting%22%3Atrue%2C%22role%22%3A%22a%22%7D&btype=a&role=a).

Highlights in 2023

- * 65 MW of new wind and solar parks completed
- * Suspension and restart of the construction of the Akmen? wind farm
- * One final investment decision to build a wind farm - 87 MW
- * Three final investment decisions to build a new solar farm - a total of 91 MW
- * Total value of 2023 final investment decisions exceeds EUR200m
- * A total of EUR505m of loan facilities signed during 2023
- * In Q4, we signed contracts for the sale of all biomass assets

Key indicators



	Q4 2023	Q4 2022	Change %	12m 2023	12m 2022	Change %
PRODUCTION AND SALES VOLUMES						
Electricity production, GWh	413	291	42%	1 343	1 118	20%
Incl. new wind and solar farms	112	0	-	259	0	-
Sales of electricity, GWh	520	340	53%	1 736	1 217	43%
Heat production, GWh	172	157	10%	604	566	7%
Pellet production, thousand t	42	42	0%	156	154	1%
Pellet sales, thousand t	43	47	-9%	134	149	-10%
OPERATING INCOME, mEUR	66.9	82.8	-19%	230.1	257.0	-10%
Sales revenue, mEUR	61.2	76.4	-20%	205.8	233.3	-12%
Support for renewable energy and other business income, mEUR	5.7	6.4	-10%	24.3	23.7	2%
OPERATING EXPENSES*, mEUR	37.3	36.9	1%	124.2	102.2	22%
EBITDA, mEUR	29.6	45.8	-35%	105.9	154.8	-32%
NET PROFIT, mEUR	19.1	35.4	-46%	55.8	110.2	-49%
EPS, EUR	0.07	0.13	-46%	0.21	0.42	-49%

* excluding D&A

Operating income

The Group's electricity production increased to 1,343 gigawatt-hours in 2023 (+20% compared to the reference period). The growth was driven by the wind and solar farms completed last year and by those still under construction.



Total operating income decreased by EUR27.0m, the figure reflecting a decrease in revenue of EUR27.5m and an increase in renewable energy support and other operating income of EUR0.6m. Of the EUR27.5m revenue decrease, EUR24.4m was attributable to electricity sales, which were strongly influenced by the market price of electricity.

In 2023, the average electricity price in the group's core markets was 92.7 EUR/MWh (2022: 205.5 EUR/MWh) and the group's average implied captured electricity price was 89.6 EUR/MWh (2022: 149.5 EUR/MWh).

The implied captured electricity price differs from the average market price in the group's core markets, because it 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 2023 was 73.0 EUR/MWh compared with 165.7 EUR/MWh in 2022. The group sold 783 GWh of electricity to the market in 2023 compared with 786 GWh in 2022. In 2023, 953 GWh of the group's portfolio was covered by PPAs at an average price of 86.9 EUR/MWh. A year earlier, 432 GWh of electricity was sold under an income model based on PPAs and the feed-in tariff (FiT) at an average price of 90.8 EUR/MWh.

Various factors like the incident-induced long stoppage of Akmene wind farm, lower than average wind speeds and lower than forecasted availabilities caused lower than expected electricity production, which in turn contributed to increased cost of purchasing electricity, because to fulfil the obligations under the PPAs, we had to cover the resulting production deficit with purchases from the market. In 2023, we purchased 411 GWh of electricity from the market at an average price of 110.2 EUR/MWh, compared with 115 GWh at an average price of 229.2 EUR/MWh in 2022 (the prices and volumes exclude the electricity purchased for pellet production). In 2022, the amount of electricity purchased from the market was significantly lower as part of the production was covered by the fixed-price FiT support scheme and the volumes agreed under PPAs were very small.

Pellet sales revenue grew by EUR1.7m compared to the previous year. While the average sales price of pellets increased by 17% to 238.6 EUR/t in 2023, the pellet sales volume decreased by 10% to 134 k tonnes.

Heat production grew by 38 GWh to 604 GWh (2022: 566 GWh) and the heat price increased by 11% (+1.7 EUR/MWh). Through the combined effect of higher production and a higher price, heat sales revenue grew by EUR1.4m.

Other operating income grew by EUR0.6m to EUR24.3 million (2022: EUR23.7m). Other operating income was also supported by liquidated damages of EUR1.0m received for the low availability of the Shilute wind farm and a gain of EUR1.0m on the sale of



the Broc?ni cogeneration (CHP) plant and the pellet factory.

Operating expenses

Operating expenses excluding depreciation increased by 22 million or 22% to 124.2 million euros last year.

Expenses on raw materials, consumables and services increased by EUR14.4m (17%). The biggest changes were in electricity costs, which grew by EUR15.7m due to an increase in balancing energy costs (up EUR1.7m due to production growth) and the cost of electricity purchased to service the PPA portfolio (up EUR16.8m compared to 2022).

Technological fuel costs grew by EUR3.8m, driven by an increase in the price of wood chips. Repair and maintenance costs increased by EUR2.5m due to the indexation of full-service maintenance contracts and additional planned and unplanned maintenance of wind farms.

Expenses on materials, supplies and spare parts decreased by EUR7.5. Expenses on materials, supplies and spare parts were higher in 2022 due to a increase in solar services. Due to its low profit margin, however, we decided to exit the solar services business in mid-2022 in order to focus on our more profitable core business and sold related inventories.

The group's payroll expenses grew by 1.7m (19%) compared to 2022, mainly due to an increase in the number of full-time equivalent staff from 183 to 194 and a general pay rise. The sale of the Broc?ni CHP plant and the pellet factory, which was finalised on 29 December 2023, reduced the group's headcount by 40 to 154 by the end of 2023.

Other operating expenses increased by EUR4.8m, driven by growth in consulting expenses (EUR2.9m), IT expenses (EUR0.3m) and insurance expenses (EUR0.2m). The biggest items within consulting expenses were the compensation paid to Eesti Energia AS for development expenses incurred in connection with development projects (EUR0.7m) and consulting expenses related to wind energy development projects (EUR0.8m), solar energy development projects (EUR0.4m) and the sale of the CHP plants and the pellet factory (EUR0.4m).

EBITDA and segment reporting

2023 EBITDA of the Group decreased by EUR 48.9 million to EUR 105.9 million (-32%).

The factor with the strongest impact on EBITDA development was the price of electricity sold, which fell steeply compared to 2022 (negative impact: EUR77.6m). Due to PPAs, the volume of electricity purchase to balance the electricity portfolio grew significantly (negative impact: EUR33.4m), which also increased the volume of electricity sold (positive impact: EUR49.3m). The combined effect of the above factors on EBITDA development is influenced by the volume and profile of



electricity produced during the period.

The increase in fixed costs by EUR8.6m also played an important role in the decrease of EBITDA. The increase in fixed costs was driven by maintenance costs, research and consulting expenses and payroll expenses, as explained above.

In terms of operating income and EBITDA for 2023, the Group's largest segment is Wind energy, which accounted for 59% of operating income and 71% of EBITDA. The Cogeneration segment contributed 37% of operating income and 35% of EBITDA. The smallest reportable segment is Solar energy, which accounted for 4% of operating income and 3% of EBITDA. In absolute terms, the EBITDA of the Wind energy and the Cogeneration segments decreased the most as those segments were hit the hardest by the fall in the market price of electricity sold.

Depreciation, amortisation and impairment (D&A)

D&A expense grew by EUR2.8m to EUR40.6m in 2023 (2022: EUR37.8m). Major assets completed and recognised during the period included the Purtse wind and solar farm and a solar power plant built for the Estonia mine in Estonia and the Zambrów solar farm in Poland. Recognition of the Purtse wind and solar farm and the Zambrów solar farm increased D&A expense by EUR0.9m and EUR0.1m, respectively. D&A expense for 2022 was reduced by EUR1.4m by the reversal of the impairment losses recognised for the Aulepa and the Shilale wind farms.

Net finance income

Net finance income increased by EUR2.1m year on year. Interest expense on bank loans grew by EUR9.5m to EUR12.9m but 94% of it was capitalised due to the wind farms still being under construction. The change in the exchange rate of the Polish zloty had a positive impact (2023: a gain of EUR0.5m, 2022: a loss of EUR0.5m).

Net profit

In addition to the factors explained above, net profit was additionally affected by the increase in income tax expense by EUR4.1m to EUR9.7m due to the higher income tax expense in Estonia related to the payment of larger dividends last year. As a result, 2023 net profit of the Group was EUR55.8m, which was EUR54.4m or 49% lower than in 2022.

Investments

The Group invested EUR355.7m in 2023, which is EUR162.2m more than in 2022.

Growth resulted from development investments, which extended to EUR350.6m. Of this, EUR262.5m was invested in the construction of three wind farms: EUR127.5m in the Kelm? wind farms, EUR84.1m in the Sopi-Tootsi wind farm and EUR51.8m in the Tolpanvaara wind farm. Investments made in the Kelm? wind farms consisted of investments of EUR89.5m in the Kelm? I wind farm, EUR27.9m in the Kelm? II wind farm



and EUR10.2m in the Kelme III wind farm.

The largest investments in the development of solar energy were EUR12.7m for the Purtse solar farm and EUR9.4m for the Vändra solar farm.

Base investments amounted to EUR5.1m (2022: EUR5.4m) and were mainly related to the Estonian wind farms (EUR2.5m) and the Iru power plant (EUR1.3m).

Financing

Enefit Green finances its operations with equity and debt capital. In 2023, we continued to optimise our capital structure by raising debt by securing new and drawing down previously secured loans to finance our ongoing investment programme for wind and solar farms.

During the year, we signed new loan agreements for EUR505m. In January, we signed a 12-year loan agreement for EUR100m with NIB and a 7-year loan agreement for EUR225m with SEB. In September, we signed a 12-year loan agreement for EUR180m with EIB.

As of 31 December 2023, we had EUR285m of undrawn investment loans.

In addition to investment loans, Enefit Green has signed three revolving credit facility agreements of EUR50m in total, which mature between 2024-2026 (all facilities were undrawn as of 31 December 2023).

As of 31 December 2023, the amortised cost of the group's interest-bearing liabilities was EUR482.4m (31 December 2022: EUR279.6m). The figure comprises bank loans and finance lease liabilities of EUR472.6m and EUR9.8m, respectively.

The weighted average interest rate of bank loans drawn down as at 31 December 2023 was 3.75% (31 December 2022: 2.60%). The base rates at the end of 2023 were significantly higher than a year earlier. During the year, the 3-month EURIBOR increased by 1.78 percentage points to 3.91% and the 6-month EURIBOR increased by 1.17 percentage points to 3.86%. As of 31 December 2023, 33.3% of the loans drawn down by Enefit Green were hedged with interest rate swaps.

Dividend proposal

In coordination with the supervisory board, the management board proposes that in 2024 the company pay the shareholders a dividend of EUR27.7m (EUR0.105 per share) from retained earnings, which is equivalent to 49.7% of the group's unaudited net profit for 2023.

Condensed consolidated interim income statement

EUR thousand	Q4 2023	Q4 2022	2023	2022
Revenue	61,157	76,380	205,757	233,280



Renewable energy support and other income	5,745	6,372	24,307	23,735
Change in inventories of finished goods and work-in-progress	(1,056)	(1,304)	2,210	3,303
Raw materials, consumables and services used	(28,944)	(30,486)	(100,330)	(85,954)
Payroll expenses	(2,782)	(2,470)	(10,807)	(9,111)
Depreciation, amortisation and impairment	(10,819)	(8,848)	(40,559)	(37,777)
Other operating expenses	(4,520)	(2,688)	(15,237)	(10,411)
OPERATING PROFIT	18,781	36,956	65,341	117,065
Finance income	1,134	240	1,960	337
Finance costs	(1,481)	(1,688)	(1,858)	(2,342)
Net finance costs	(347)	(1,448)	102	(2,005)
Profit (loss) from associates under the equity method	(20)	27	66	714
PROFIT BEFORE TAX	18,414	35,535	65,509	115,774
Corporate Income Tax Expense	690	(126)	(9,716)	(5,567)
PROFIT FOR THE PERIOD	19,104	35,409	55,793	110,207

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	0.072	0.13	0.21	0.42
Diluted earnings per share, EUR	0.072	0.13	0.21	0.42

Condensed consolidated interim statement of financial position

EUR thousand 31 Dec 2023 31 Dec 2022



ASSETS

Non-current assets		
Property, plant and equipment	1,027,057	776,870
Intangible assets	59,891	60,382
Right-of-use assets	9,097	4,239
Prepayments	55,148	19,412
Deferred tax assets	2,013	1,321
Investments in associates	548	506
Derivative financial instruments	5,054	11 277
Long-term receivables		40
Total non-current assets	1,158,808	874,047

Current assets

Inventories	3,180	14,227
Assets of a company held for sale	15,370	
Trade and other receivables and prepayments	55,082	41,091
Cash and cash equivalents	65,677	131,456
Derivative financial instruments	3,806	3,349
Total current assets	143,115	190,123
Total assets	1,301,923	1,064,170

EUR thousand

31 Dec 2023 31 Dec 2022

EQUITY

Equity and reserves attributable to equity holder of
the parent



Share capital	264,276	264,276
Share premium	60,351	60,351
Statutory reserve capital	5,556	3,259
Other reserves	163,451	166,419
Foreign currency translation reserve	(162)	(762)
Retained earnings	223,718	225,190
Total equity	717,190	718,733
LIABILITIES		
Non-current liabilities		
Borrowings	454,272	255,755
Goverment grants	3,102	7,115
Non-derivative contract liability	12,412	18,086
Deferred tax liabilities	12,497	12,326
Other non-current liabilities	5,239	3,000
Provisions	8	9
Total non-current liabilities	487,530	296,291
Current liabilities		
Borrowings	28,159	23,808
Trade and other payables	58,412	20,215
Liabilities of a company held for sale	4,952	0
Provisions	6	2
Non-derivative contract liability	5,674	5,121
Total current liabilities	97,203	49,146



Total liabilities	584,733	345,437
Total equity and liabilities	1,301,923	1,064,170

Additional information:

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 (https://www.globenewswire.com/Tracker?data=eahglFI0K4UUxwsmqXkQd03N_ld1uojlGTE_vteiKcyQulwfu3r9tXxEfe64TI9iPjXXdLcA-1wKJKK402r4cwPqdjBXLG-Ga36PZFEUJ4=)
<https://enefitgreen.ee/investorile/>
 (https://www.globenewswire.com/Tracker?data=2hvtWZj2Sah7P5FHBmegLeIoMx1_pu7PK9v_TsWBkf-qdy705TQpwp1_2cNDmb3iCN-NkLHES8SIwbSVVzso9h20XumT41kxmuMBN6kQDnpPywlTouLu7hjVZ5aMG9g6)

