

Enefit Green 

**Q2 2024
Results Presentation**



Results are presented by:

Andres Maasing

Interim Chief Executive Officer



Veiko Räm

Chief Financial Officer



Changes in board composition

- Due to the expiry of the term of office of the CEO and chairman of the management board, Aavo Kärmas, on 1 July, the supervisory board appointed **Juhan Aguraiuja** as the new CEO and chairman of the management board with effect from 14 October 2024
- **Andres Maasing**, member of the board and Head of Development has been appointed as intrerim chairman of the board
- **Recruitment of a new board member** is underway as current CFO Veiko Räim is not applying for extension of his contract after the end of his current contract (24 September 2024)



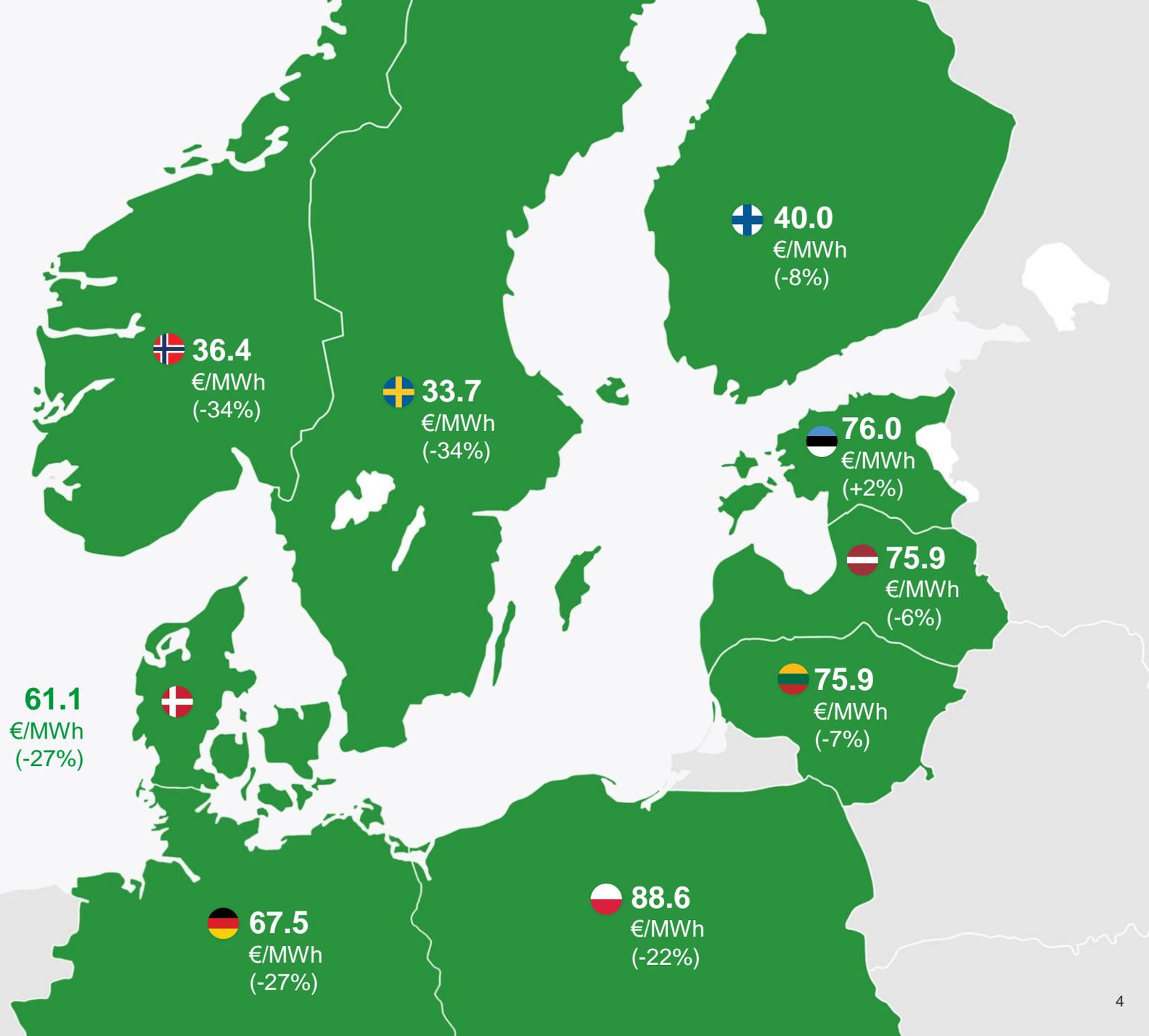
Juhan Aguraiuja

Baltic electricity price decline slowing, occasionally even reversing

Drivers:

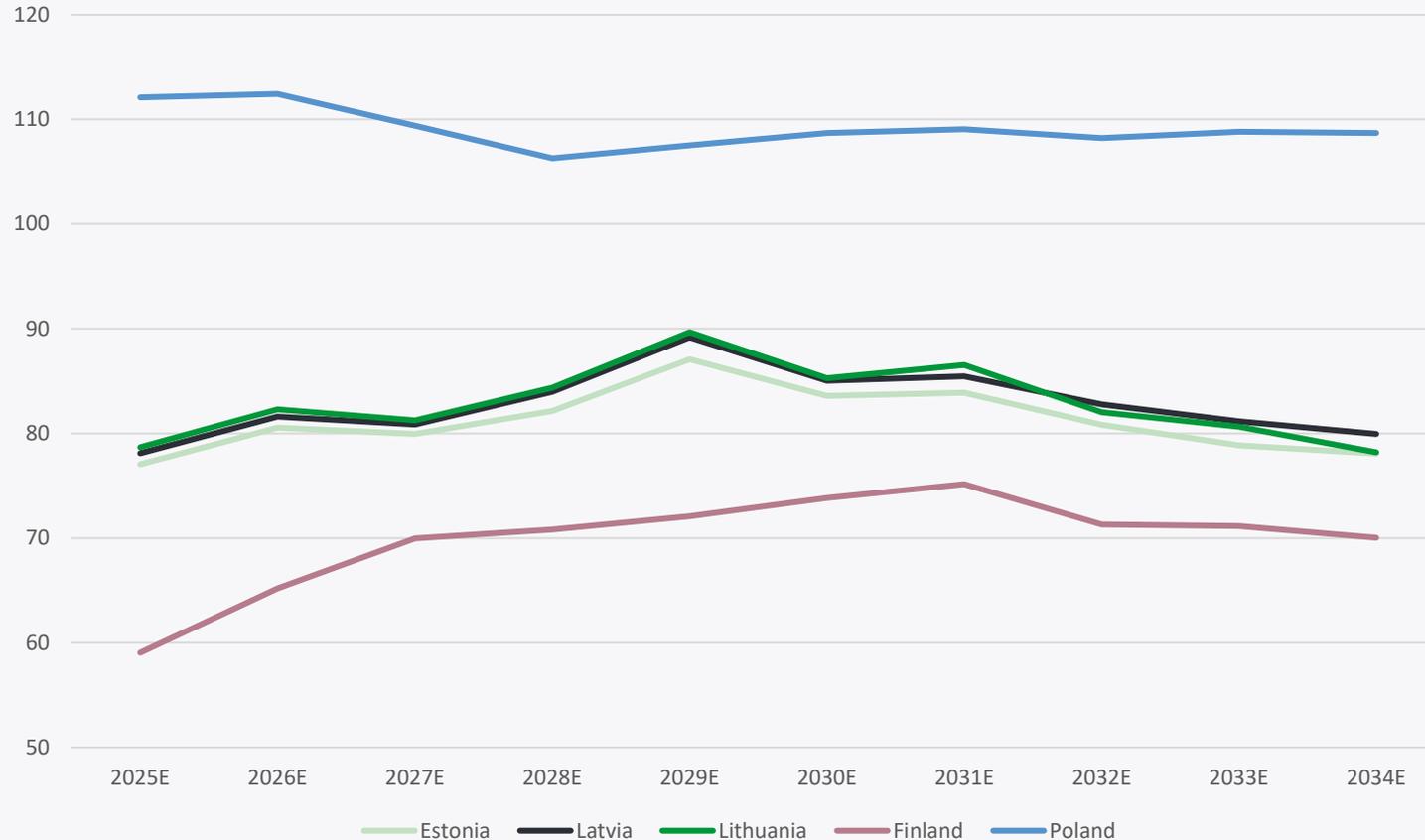
- EstLink2 (650 MW) down
- Natural gas and emission allowance prices stabilising at new level

Enefit Green 



Long term electricity price forecasts increased during Q2

Core market electricity prices*, €/MWh



Long-term price forecast

- Price forecasts for all core markets were updated higher in Q2 2024
- The prices for years 2025 and 2026 were raised by around 15%
- Longer term forecasts remained largely unchanged
- Forecasts were raised due to:
 - Increased natural gas and CO₂ prices
 - Higher production costs of gas power plants

Regulatory developments

European Union

- The process of changing the EU's electricity market rules came to an end. Aim to create a market environment with more stable prices (for example, the obligation to use two-way contracts for difference)
- The Directive gives in Baltic states the right to allow their TSOs and their affiliates to own, develop, manage and operate energy storage facilities

Estonia

- Accelerated Deployment of Renewable Energy Act was adopted, which introduced a superficies licence for offshore wind farms, thereby changing the rights of persons that had previously developed offshore wind farms
- An amendment to the Electricity Market Act was adopted, suspending the payment of renewable electricity and efficient cogeneration support for electricity produced from waste at Iru power plant in the first half of 2025 (estimated negative impact on revenues and EBITDA: € -2.8m)
- Work continued on draft legislation on waste reform, which will affect the production of electricity and heat from waste from 2025
- The preparation of draft laws related to renewable electricity auctions, electricity storage, the establishment of the principle of proactive development of the main grid, and the amendment of district heating regulations has begun
- Desynchronization entails the cost of frequency reserves for generators, which is estimated to be €5.31/MWh for the producer – negatively impacting the construction of new renewable energy projects in Estonia
- Elering launched a call for tenders for the procurement of 500 MW of electricity generation and storage capacity

- Parliament adopted a decision on supporting the introduction of nuclear energy in Estonia

Latvia

- A regulation on the compensation (toleration fees) to be paid for the benefit of the communities around wind farms was drafted
- Preparations continued for the amendment of the Electricity Market Law in the area of network services
- To speed up the use of the right to connect to the grid, it is planned to allow the right to be transferred to another person without losing the deposit paid for the connection

Lithuania

- Amendments to the conditions for connection to the system operator's grid entered into force, clarifying, the rules for the connection of power plants to be built in several phases and hybrid farms
- Parliament adopted the revised National Energy Independence Strategy, which focuses on the production of electricity from renewable energy sources

Finland

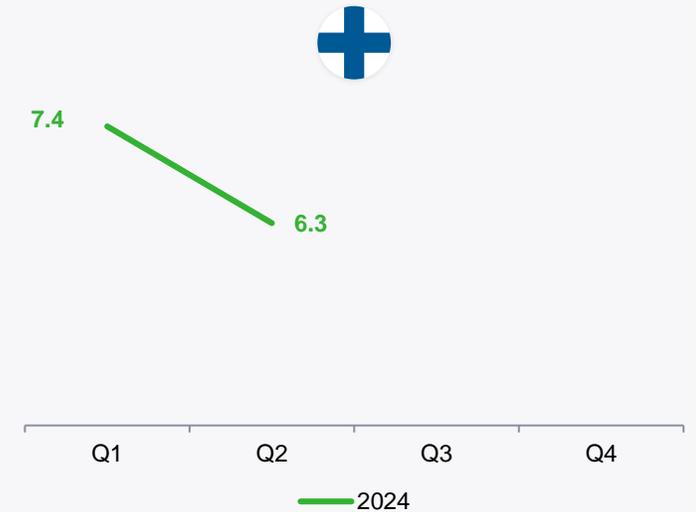
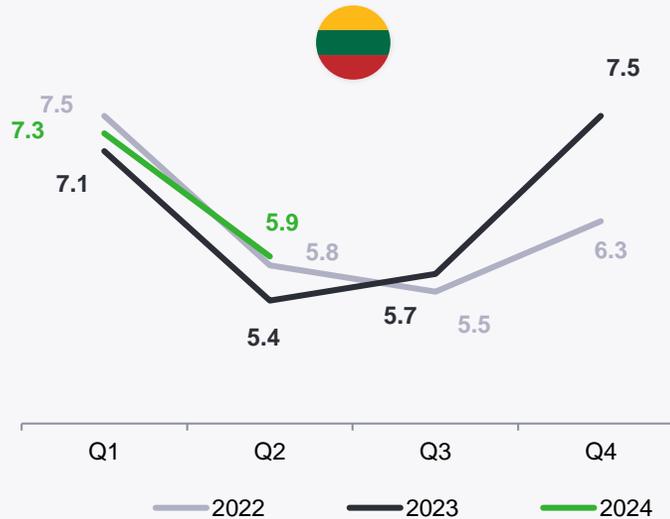
- Ministry of Economic Affairs and Employment set up a working group to prepare the changes needed for the addition of wind power and industrial electricity consumers

Poland

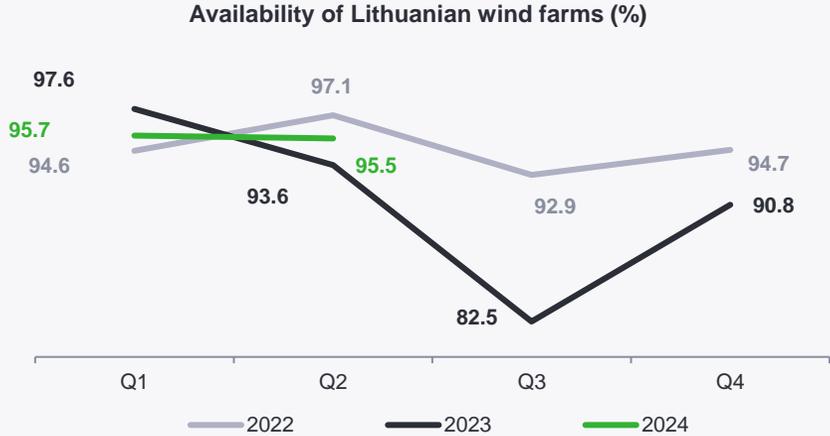
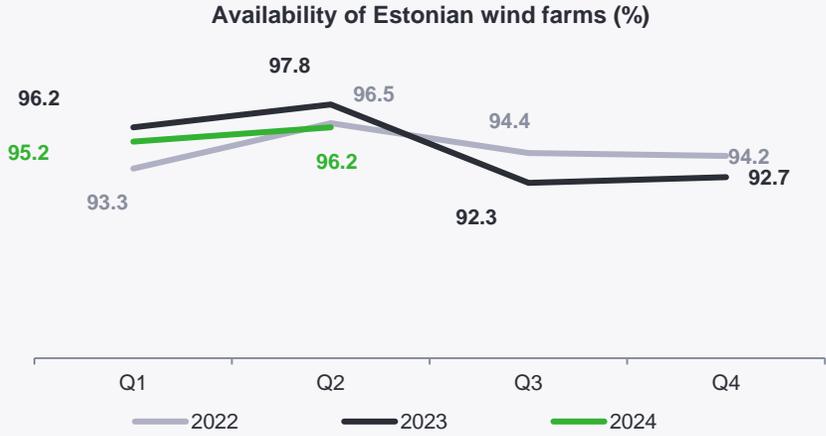
- Amendments to the regulation on balancing responsibility were adopted. Aims to strengthen market mechanisms so that the pricing of balancing energy would incentivise market participants to adjust production and consumption to market conditions

Wind conditions better than last year, but still below expectations

Average measured wind speed in Enefit Green wind farms, m/s



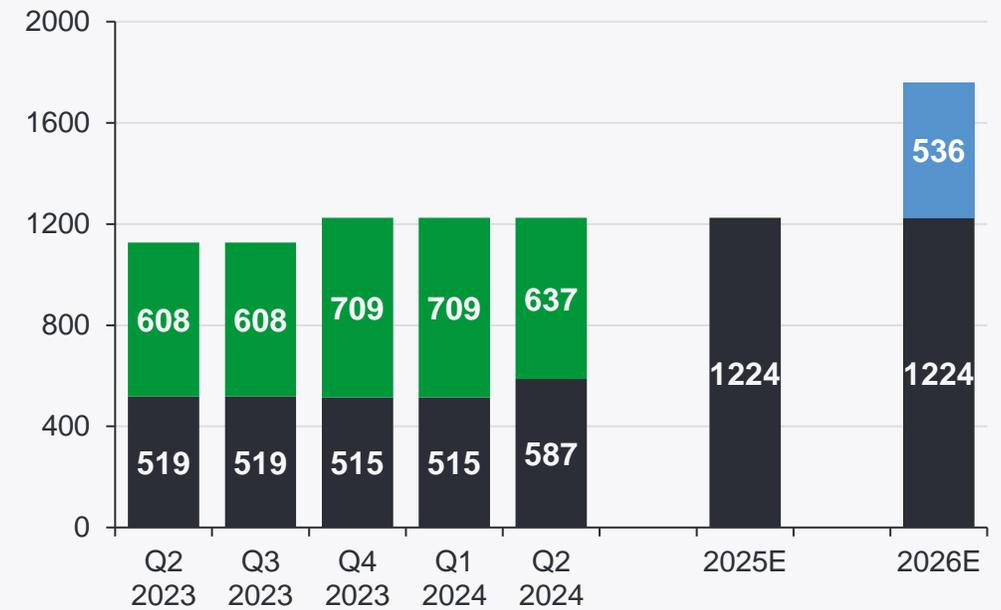
Good availabilities of operating wind assets





Development of production portfolio

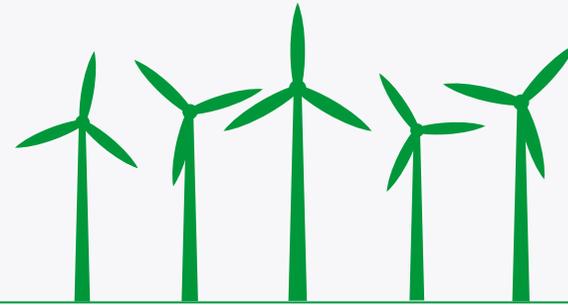
Production capacity, MW



■ Near-term development portfolio* ■ Under construction ■ Operating capacity

* Near-term development portfolio includes projects, which are developed to the state of final investment decision (FID) readiness before the end of 2024. The actual timing of FID depends on PPA demand, availability of other instruments for revenue security (state auctions, possible support mechanisms etc), pricing of equipment for electricity production, construction prices and financing

Projects under construction

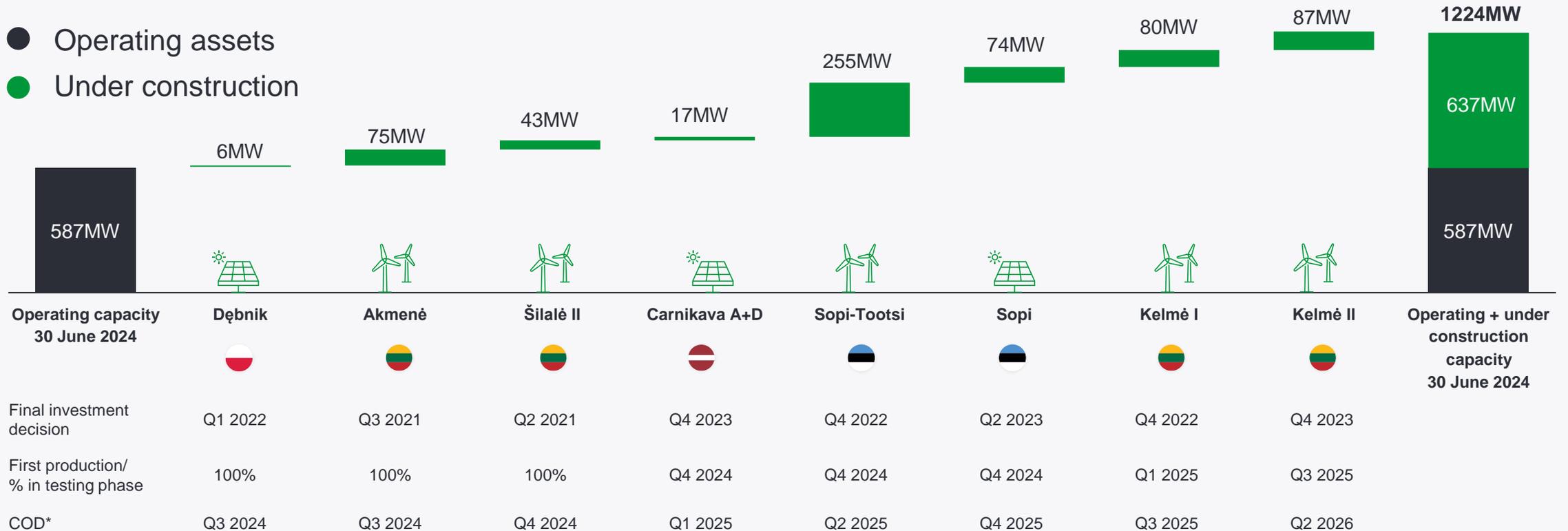


540 MW



97 MW

- Operating assets
- Under construction

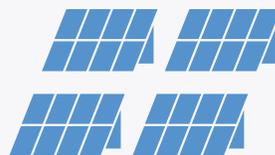


* COD – Commercial Operating Date (a date when the asset will be categorised as operating asset). During Q2, 72 MW Tolpanvaara wind farm has been categorised as operating asset.

Near-term development portfolio



150 MW



386 MW

+



4 MW/8MWh

H₂

1 MW

- Operating assets
- Under construction
- Near term development portfolio

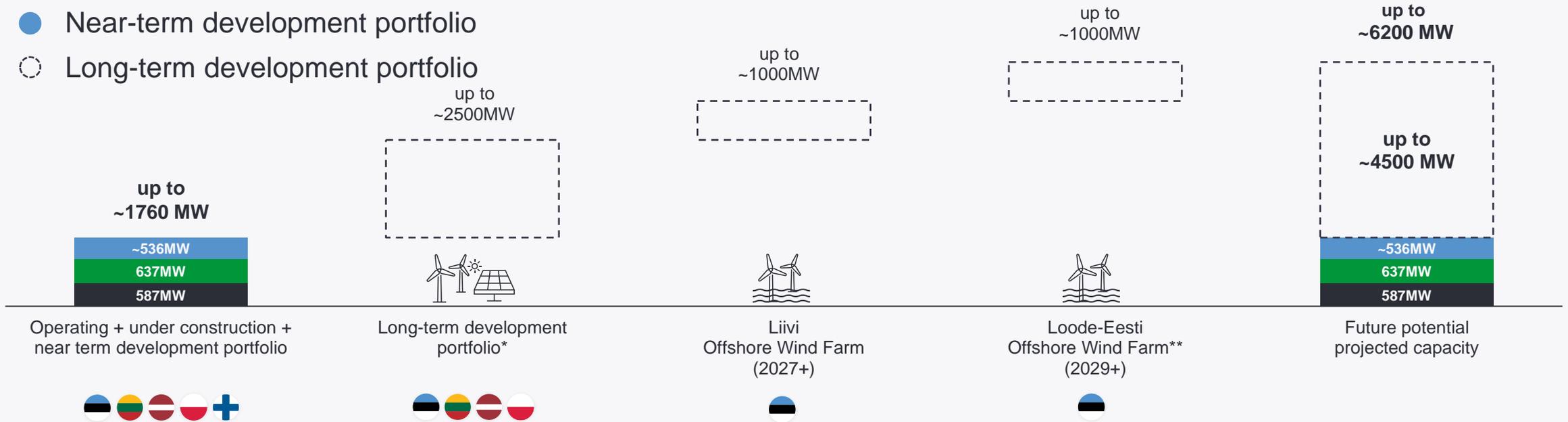


* Projects are being developed to the state of final investment decision (FID) readiness by the indicated time. The actual timing of FID depends on PPA demand, availability of other instruments for revenue security (state auctions, possible support mechanisms etc), pricing of equipment for electricity production, construction prices and financing

Full overview of the development portfolio



- Operating
- Under construction
- Near-term development portfolio
- Long-term development portfolio

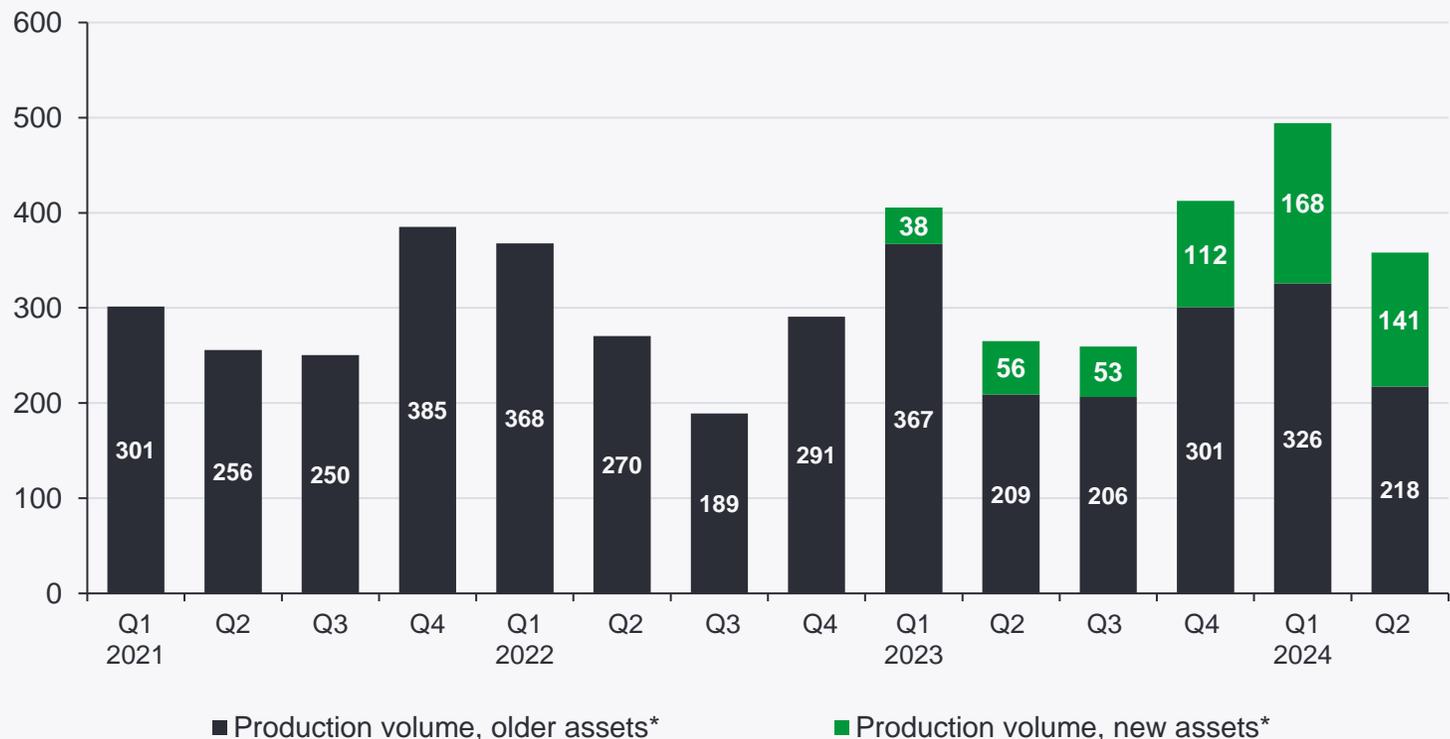


* Various onshore wind and solar farm developments that are not expected to get final investment decision before 2025. The actual timing of FID depends on PPA demand, availability of other instruments for revenue security (state auctions, possible support mechanisms etc), pricing of equipment for electricity production, construction prices and financing.

** Also known as Hiiumaa Offshore Wind Farm

The share of new assets is growing

Electricity production, GWh

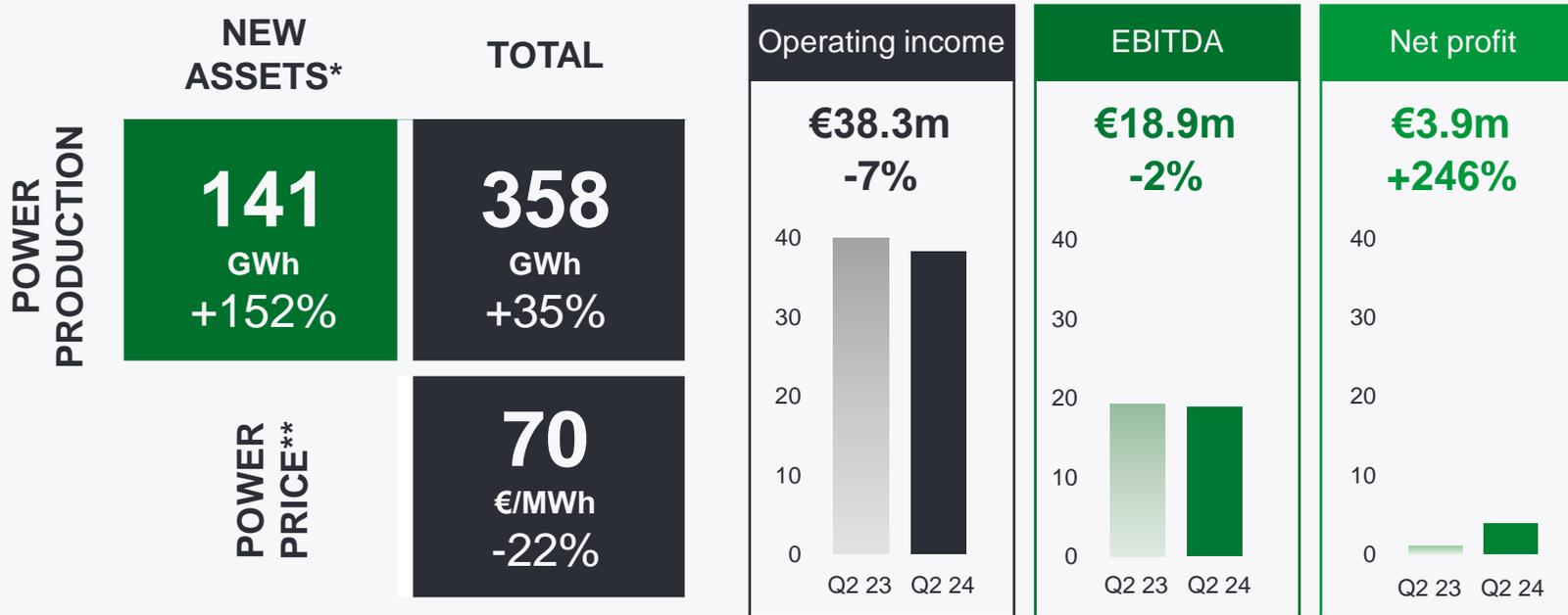


Šilale II	43 MW		1/2023**
Akmene	75 MW		3/2023
Purtse	21 MW		3/2023
Zambrow	9 MW		4/2023
Purtse	32 MW		5/2023
Estonia	3 MW		3/2023
Tolpanvaara	72 MW		12/2023
Debnik	6 MW		2/2024

* New assets include production assets, commissioned 2023 or later or those still uncommissioned but producing electricity – ie all assets, that have been completed or are under construction as part of the investment programme launched in 2021

** The month in which the asset made first significant contribution to Enefit Green's electricity production

Q2 2024 key highlights



* Production assets commissioned in 2023 or later

** (Electricity sales revenue + renewable energy support and efficient cogeneration support – electricity purchases on the Nord Pool day-ahead and intraday market – balancing energy purchases) / production

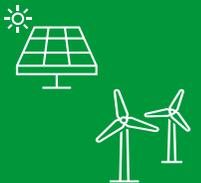
€100m

Extension of the maturity and increase of the loan amount (Swedbank, prev. €50m)

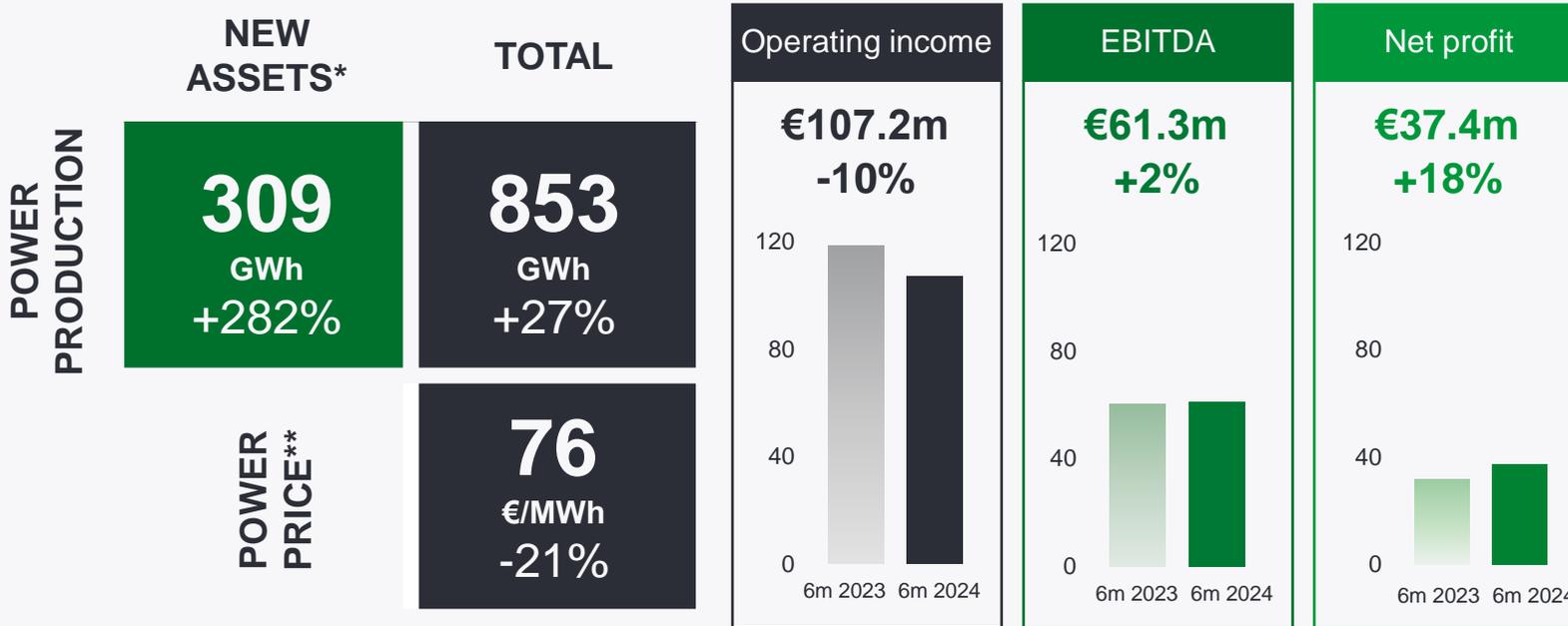


 **Focus on completion of major new assets**

Sopi-Tootsi
Kelme I
Sopi PV



6m 2024 key highlights

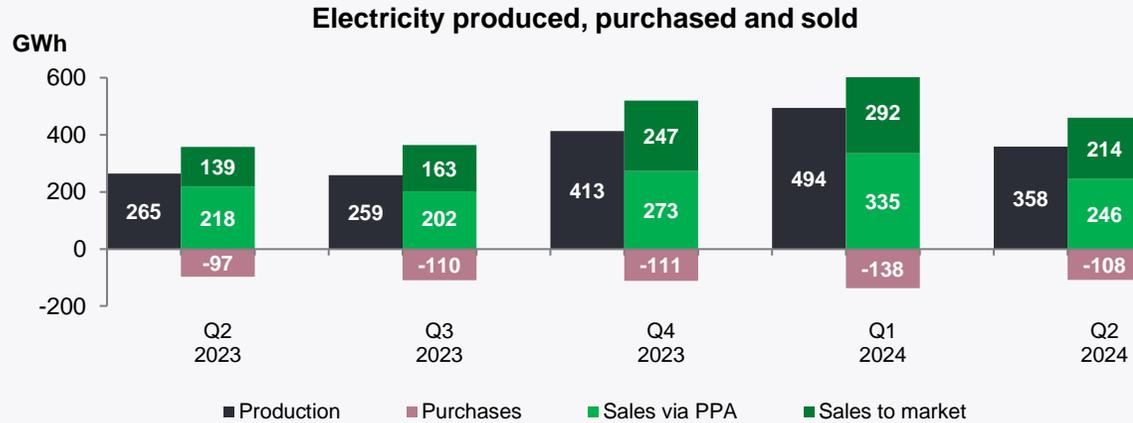


* (Electricity sales revenue + renewable energy support and efficient cogeneration support – electricity purchases on the Nord Pool day-ahead and intraday market – balancing energy purchases) / production

 **360 MW**
 Agreement with RES Global Investment to co-develop early stage onshore wind projects 

 **Focus on completion of major new assets**
 Sopi-Tootsi
 Kelme I
 Sopi PV 

Captured price driven by lower PPA price, increasing profile discounts



Implied captured price -22%

- 📌 Core markets average price -8%
- 📌 Price of electricity sold to the market -18%
- 📌 PPA average price decrease (19%) caused by the beginning of the settlement period of lower-priced PPAs signed in 2021 for windfarms in Lithuania and Finland
- ➡ The realised purchase price has decreased by 4% compared to the first quarter of 2023 due to the decline in the market price, but the increased profile discount has led to a growth in the gap between the purchase price and the selling price.
- ➡ The discount for the Lithuanian wind profile increased by 4.4 percentage points compared to the previous year, reaching 13% in the second quarter of 2024, while the discount for the Estonian solar profile deepened by 6.3 percentage points to 30.3%.

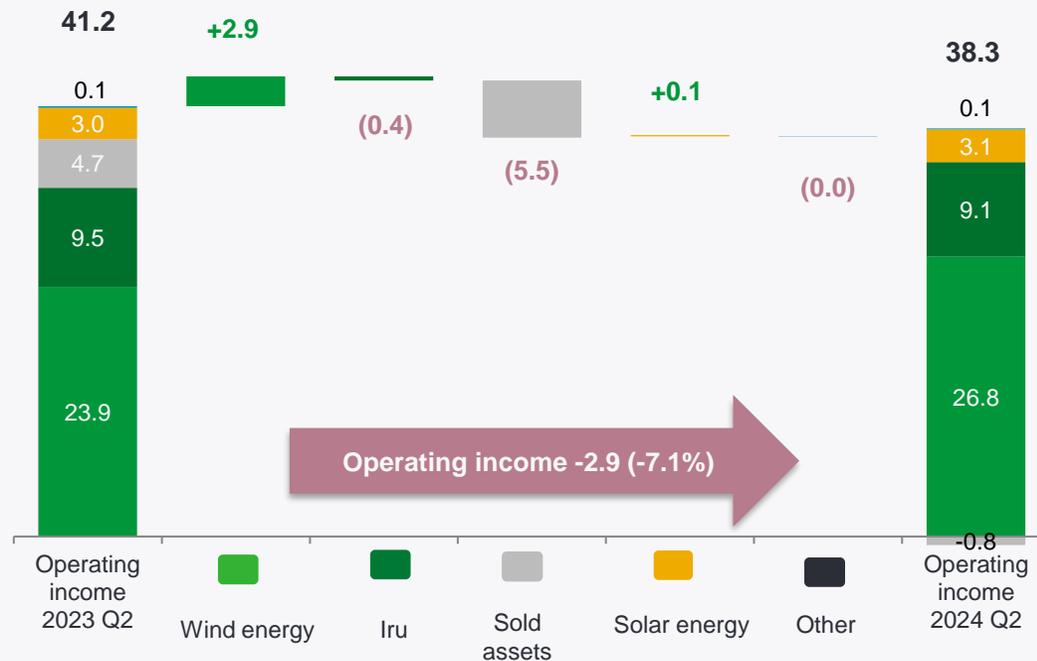
Power prices €/MWh	Q2 2023	Q2 2024
Core markets' average electricity price*	78.7	72.2
Price of electricity sold to the market	63.7	52.3
PPA price (incl. FiT until Q4 2022)	83.5	6.8
Realised purchase price	83.8	80.4
Implied captured electricity price**	89.3	69.7

* 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



Operating income decreased mainly due to assets sold

Operating income by segment, €m



Total revenues €38.3m
-7%

Wind energy

- Production growth from new wind farms (+81 GWh)
- Lower implied captured electricity price* 64 €/MWh (-26%)

CHP

- Sale of assets impacted operating income by €5.5m
- Lower electricity (-10%) and heat (-9%) production in Iru CHP
- Higher implied captured electricity price* 113 €/MWh (+8%)

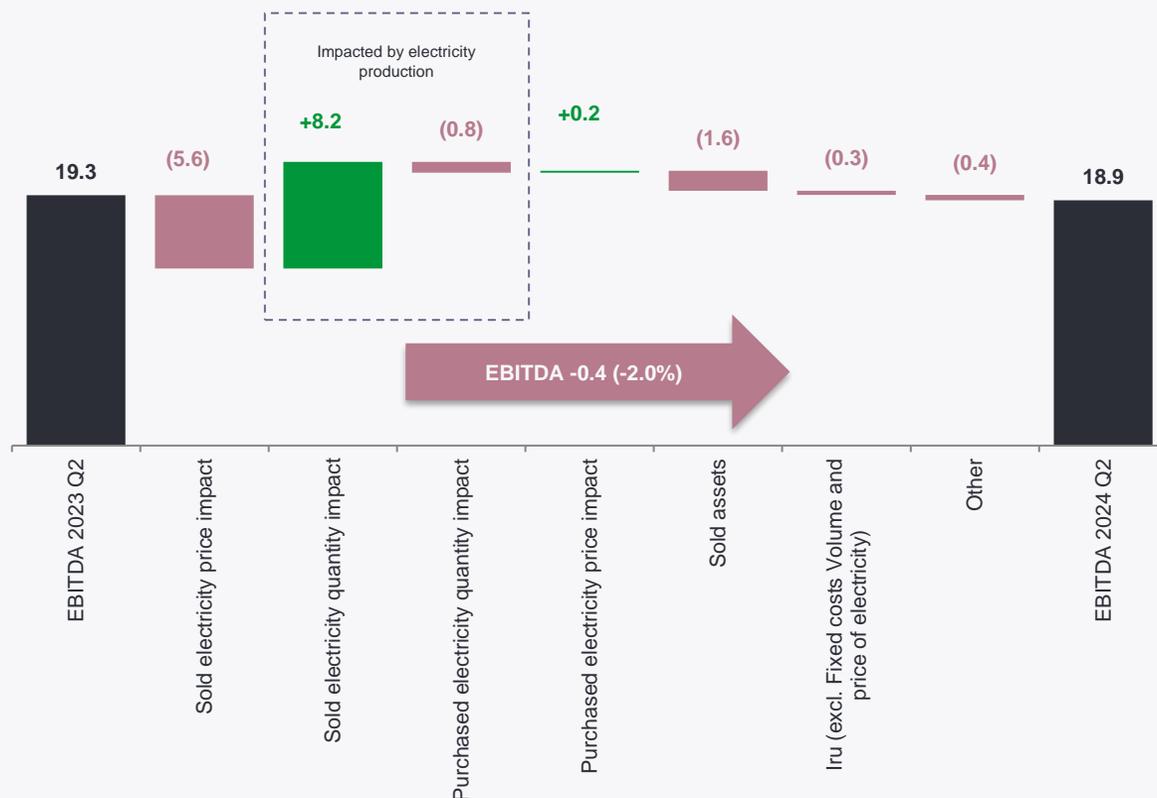
Solar energy

- Stable operating revenues as higher production balanced decline in captured prices.

* Implied captured electricity price = (electricity sales revenue + renewable energy support and efficient cogeneration support – electricity purchases on the Nord Pool day-ahead and intraday market – balancing energy purchases) / production

Increased production from new assets (+85 GWh) neutralised lower price impact on EBITDA

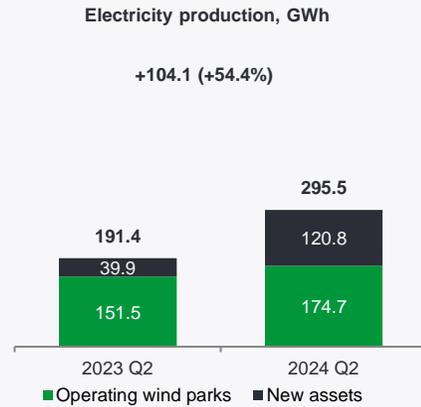
Group's EBITDA change by drivers, €m



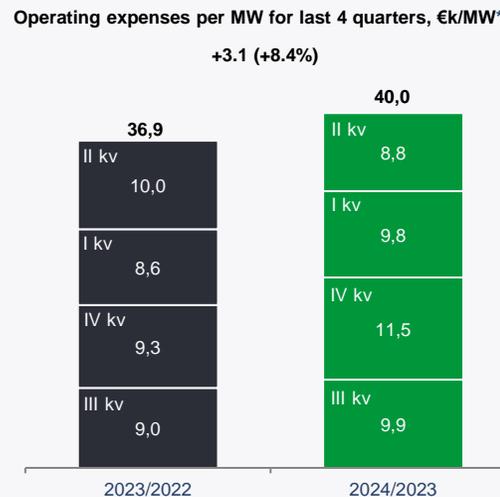
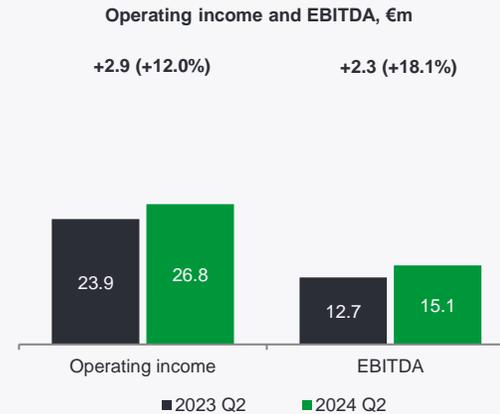
EBITDA €18.9m
-2%

- ↘ **Electricity price net impact -€5.4m**
 The impact of the 18% lower price of electricity sold to the market was mitigated by a 4% lower purchase price. Due to the increased profile discount, the gap between the purchase price and the selling price widened, which had a negative impact on revenues amounting to -0.9 million EUR.
- ↗ **Sold / purchased quantities net impact +€7.4m**
 35% higher production volume increased sales (+103 GWh) more than purchase volumes (+11 GWh)
- ↘ **Iru (excluding fixed costs and electricity volume and price impact) CHP -€0.3m**
 The decline was mainly caused by lower energy production due to lower availability, which was offset by an increase in the heat price ceiling compared to the comparison period.
- ↗ **Sold assets result +€1.6m:**
 In the second quarter of 2024, the EBITDA impact of sold assets was -0.8 million EUR, related to the adjustment of the sales profit of the Paide and Valka cogeneration plants in April.

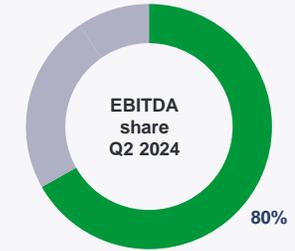
Wind energy segment: negative impact from lower electricity prices was offset by increased production from new wind farms



*(Electricity sales revenue + renewable energy support and efficient cogeneration support – electricity purchases on the Nord Pool day-ahead and intraday market – balancing energy purchases) / production



*(Total operating expenses - balancing energy purchase - D&A) / operating capacity. Only operating wind assets are included: Enefit Wind OÜ, Enefit Wind UAB and starting from Q3 2023 Purtsse windfarm.



**EBITDA €15.1m
+18.1%**

- Production growth from new wind farms (+81 GWh)
- Lower implied captured electricity price* 64 €/MWh (-26%)
- Cost of electricity purchased to meet our obligations under the PPAs
- In Q2 2024, operating expenses have decreased by 12% compared to Q2 2023, due to lower maintenance and repair costs in operating wind farms (-€0.4m)

Cogeneration segment: Sold assets EBITDA decreased segment profitability

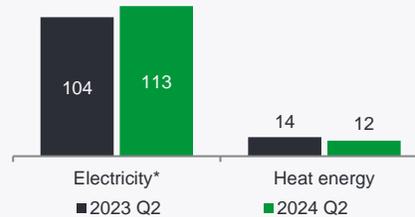
Electricity production, GWh
-12.6 (-28.8%)



Heat production, GWh
-44.9 (-31.8%)



Implied captured electricity price, €/MWh*
+8.4 (+8.1%) -2.7 (-18.5%)

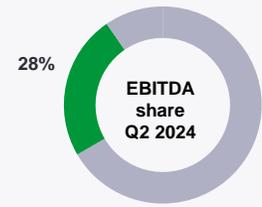
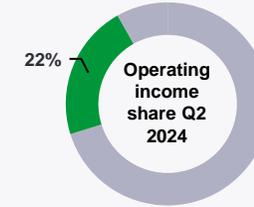


*(Electricity sales revenue + renewable energy support and efficient cogeneration support – electricity purchases on the Nord Pool day-ahead and intraday market – balancing energy purchases) / production

Operating income, €m
-5.9 (-41.5%)



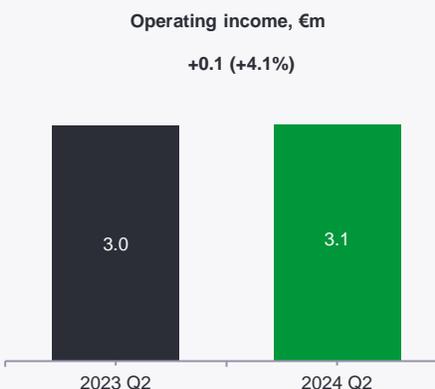
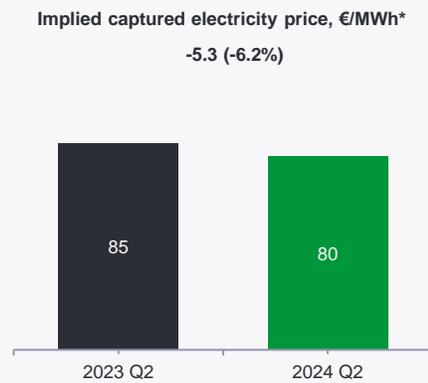
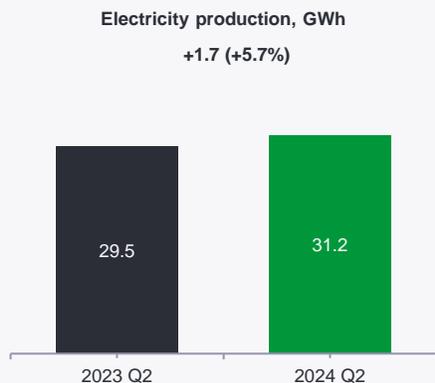
EBITDA, €m
-2.4 (-31.1%)



**EBITDA €5.4m
-31%**

- Higher implied captured electricity price 113 €/MWh (+8%) due to the growth in the Nord Pool Estonia price area
- In the second quarter of 2024, the EBITDA impact of sold assets was -€0.8m, related to the adjustment of the sales profit of the Paide and Valka cogeneration plants in April.
- Decline in Iru EBITDA was mainly caused by lower energy production due to lower availability and increased maintenance and repair costs, which was offset by an increase in the heat price

Solar segment: higher production balances lower prices

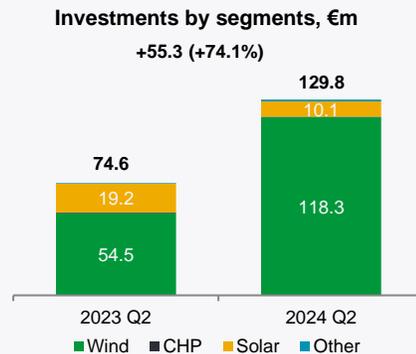
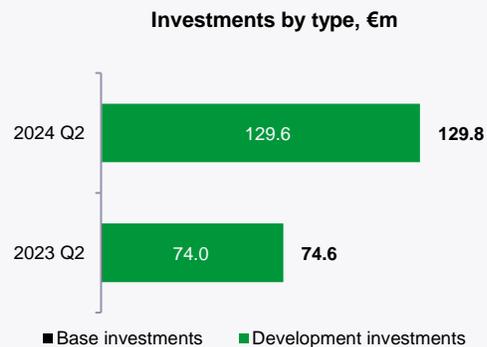


**EBITDA €2.2m
-0.6%**

- +6% higher production due to new solar parks
- +€0.4m higher subsidies in Poland
- +€0.2m curtailment provision in Poland
- Solar energy implied captured electricity price* 80 €/MWh (-6%)
- +€0.1m higher operating costs from new parks Zambrow and Purtse (network service costs)

*(Electricity sales revenue + renewable energy support and efficient cogeneration support – electricity purchases on the Nord Pool day-ahead and intraday market – balancing energy purchases) / production

€129.8m of investments in 2024 Q2



Investments €129.8m
+74%

Operations

Lower support than previously to continuing investments due to lower electricity prices

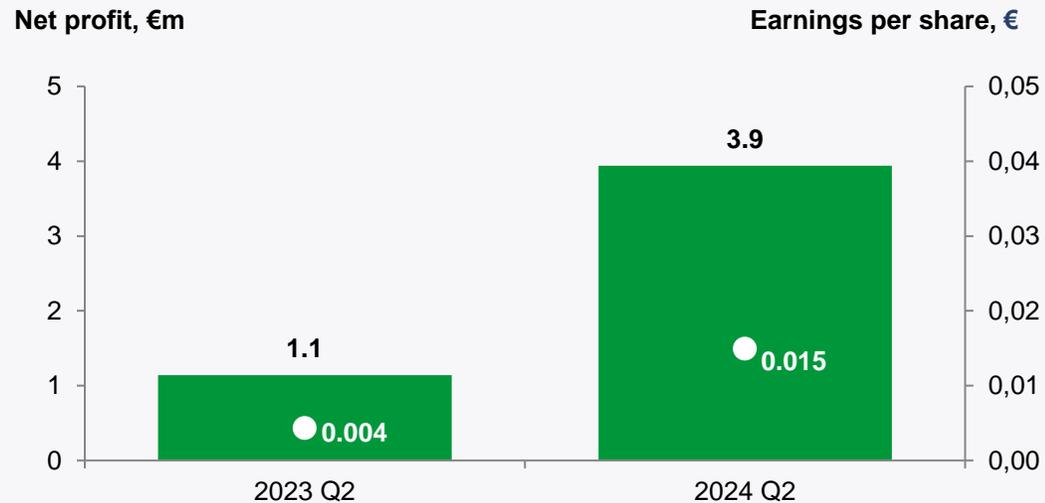
Investments

2024 Q2 investments in the amount of €129.8m, majority into developments:

- ↳ Sopi-Tootsi €86.6m
- ↳ Kelmé I €11.6m
- ↳ Kelmé II €8.7m
- ↳ Sopi PV €7.4m

The completion of projects currently under construction will cost an estimated €250 mln

Q2 2024 earnings per share €0.015



Net profit €3.9m
+246%

Net financial costs

- ⇒ Interest expense increase of +€3.5m, but neutral impact on profit due to 99% capitalization rate

Corporate income tax

- ⇒ Decrease by €4.1m

Net profit

- ⇒ Higher production volume from new assets
- ⇒ Lower power prices
- ⇒ Higher profile discount

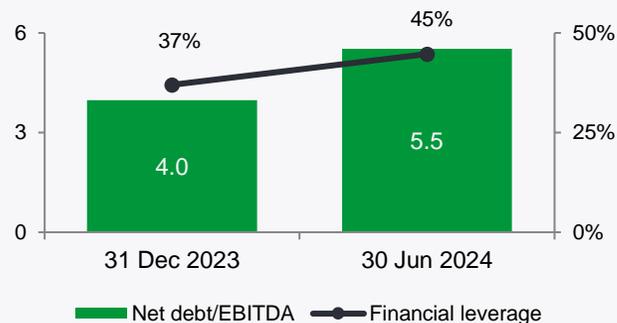
We expect leverage to peak in 2025

Return on invested capital and return on equity, %

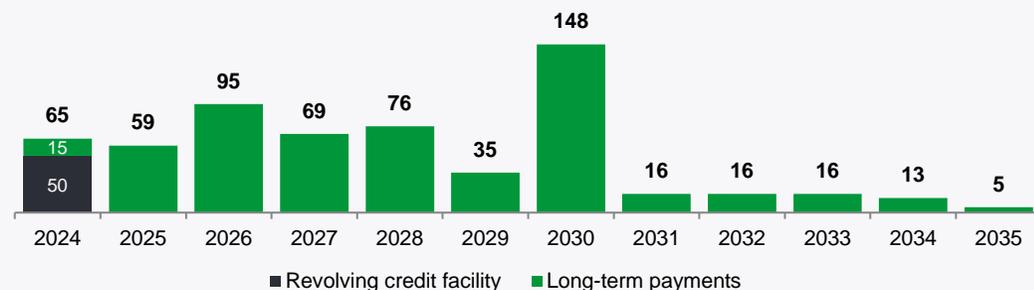


Return on invested capital = operating profit for the last 12 months / (net debt + equity)
 Return on equity = net profit for the last 12 months / equity

Net Debt/EBITDA, times Financial leverage, %



Loan repayment schedule, €m



Financial leverage 45%

Capital structure

Higher leverage and net debt / EBITDA ratio as expected

Financing

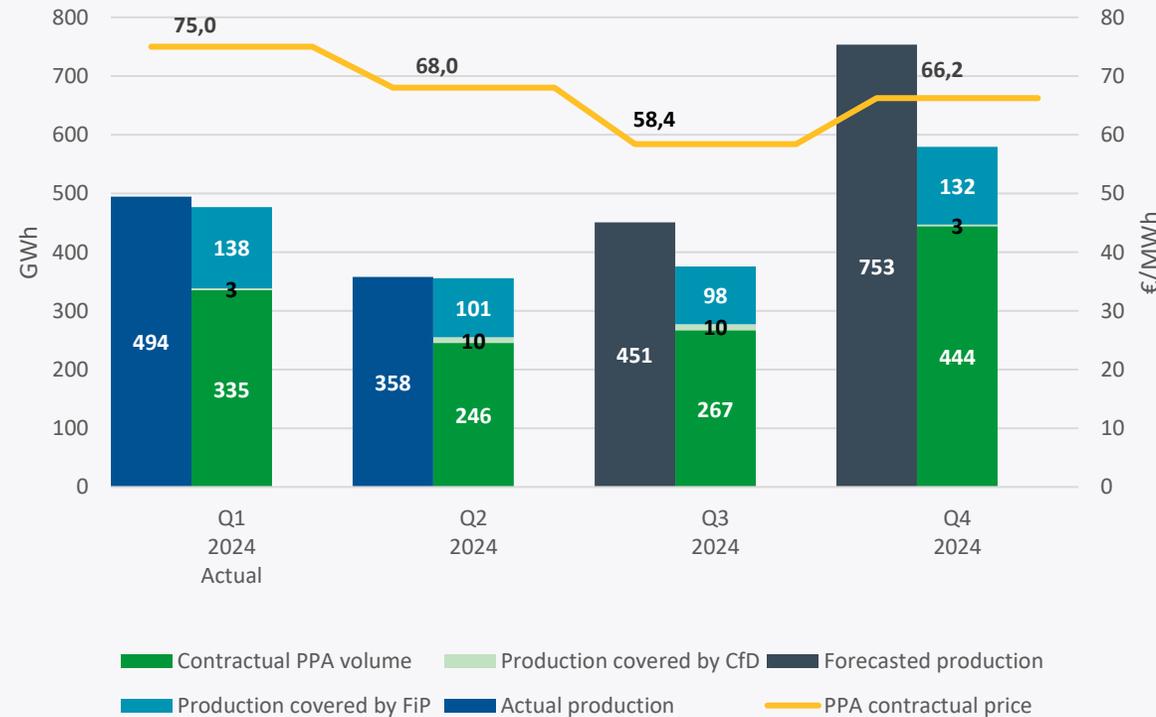
- Balance of outstanding loans €614m
- Average interest rate 4.23%, including interest rate swaps (31 March 2024: 3.79%). Swaps cover 24% of loans.
- Increased our loan with Swedbank to €100mIn
- Unutilised loans of €235m

Return on equity 8.4%

- Lower return on invested capital declined due to growth in invested capital
- Higher return on equity due to larger net profit

Electricity price risk management in 2024

Enefit Green's electricity production portfolio in 2024, as at 30 June 2024



Power Purchase Agreements (PPAs)

Actual Q2 production volume was -61 GWh compared to forecast (-155 GWh YTD)

- Mainly due to wind conditions, but also Tolpanvaara, Akmene and Iru availability

We expect to produce 2.06 TWh of electricity in 2024

- Operating assets: 1.18 TWh
- Newly completed assets and assets under construction: 0.88 TWh

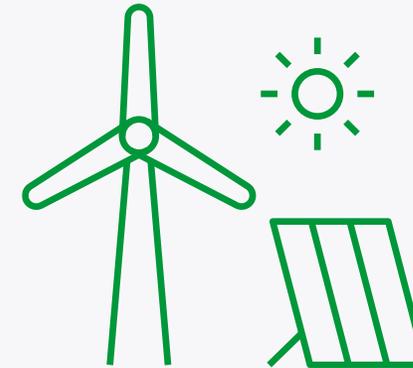
Risk Management instruments and activities

- PPAs in volume of 1.29 TWh (62.8% of expected production) at an average price of 67.2 €/MWh.
- 26 GWh is covered by CfD at an average price of 112.4 €/MWh and 469 GWh is covered with FiP at an average level of 50.1 €/MWh
- To reduce PPA balancing purchase risk:
 - Reduced the Q3 2024 PPA volume in the Baltic price region by 23.1 GWh

1H 2024 summary

Operating income	EBITDA	Net profit
€107.2m -10%	€61.3m +2%	€37.4m +18%

- ↗ +27% electricity production growth supported by new assets...
- ↘ ... but trailing forecast by -155 GWh
(weaker wind speeds, availability at Iru and Tolpanvaara)
- ⇒ Decline of electricity prices is slowing down
- ⇒ Op. income (- €7.9m) and EBITDA (+€8.3m) impacted by assets sold
- ↗ Sopi-Tootsi: over 50% of turbines have been erected
- ↗ Kelme I: 100% of turbines erected
- ↗ Sopi PV: panels are being installed
- ↗ Battery storage and hydrogen pilot projects approaching RtB status
- ↗ Net profit impacted by lower corporate income tax expense (- €4.1m)



**Total renewable capacity
under construction**

637 MW

**+108% additional capacity
when completed**



Q&A

Andres Maasing, interim CEO
Veiko Räm, CFO



Appendix

Electricity portfolio hedging

Condensed consolidated interim financial statements Q2 2024

Electricity Portfolio: PPAs provide protection against low power prices

Forecasted production volumes of existing and new production assets, sold PPAs and RE support measures, GWh



* Price floor – state support in the form of a price floor received through a reverse auction at a price level of 34.9 €/MWh (maximum support 20 €/MWh) for 12 years.

** Expected production comprises the forecasted production of operating assets and assets under construction.



Power Purchase Agreements (PPAs)

2024 - 2028

⇒ 7,127 GWh of sold PPAs (47.2% of expected production**)

⇒ Average contractual price 68.1 €/MWh

2029+

⇒ The longest PPAs maturity is in 2033

⇒ Against production expected beyond 2028, 2,458 GWh of PPAs have been sold at an average price of 79 €/MWh

Volume of new contracts

⇒ No new PPAs were concluded during first quarter of 2024

Near-term development portfolio production

We have omitted from production forecast potential contribution of near-term development portfolio regarding which no FID was yet made

Condensed consolidated interim income statement

€ thousand	Q2 2024	Q2 2023	H1 2024	H1 2023
Revenue	33,875	36,760	90,067	106,451
Renewable energy support and other operating income	4,377	4,406	17,106	12,219
Change in inventories of finished goods and work in progress	0	4,892	0	(168)
Raw materials, consumables and services used	(13,910)	(20,583)	(34,584)	(45,375)
Payroll expenses	(2,363)	(2,905)	(4,588)	(5,391)
Depreciation, amortisation and impairment	(9,829)	(9,707)	(19,171)	(19,522)
Other operating expenses	(3,073)	(3,274)	(6,668)	(7,329)
OPERATING PROFIT	9,077	9,589	42,162	40,885
Finance income	456	1,191	1,026	1,598
Finance costs	(436)	(402)	(742)	(782)
Net finance income and costs	20	789	284	816
Profit (loss) from associates under the equity method	(39)	22	(49)	(41)
PROFIT BEFORE TAX	9,058	10,400	42,397	41,742
Income tax income (expense)	(5,117)	(9,260)	(5,010)	(10,080)
PROFIT FOR THE PERIOD	3,941	1,140	37,387	31,662
Basic and diluted earnings per share				
Weighted average number of shares, thousand	264,276	264,276	264,276	262,276
Basic earnings per share, €	0.015	0.004	0.14	0.12
Diluted earnings per share, €	0.015	0.004	0.14	0.12

Condensed consolidated interim statement of financial position

€ thousand	30 June 2024	31 December 2023	€ thousand	30 June 2024	31 December 2023
ASSETS			EQUITY		
Non-current assets			Equity and reserves attributable to shareholders of the parent		
Property, plant and equipment	1,250,517	1,027,057	Share capital	264,276	264,276
Intangible assets	59,808	59,891	Share premium	60,351	60,351
Right-of-use assets	8,651	9,097	Statutory capital reserve	8,291	5,556
Prepayments for non-current assets	47,477	55,148	Other reserves	166,296	163,451
Deferred tax assets	1,487	2,013	Foreign currency translation reserve	(103)	(162)
Investments in associates	499	548	Retained earnings	230,620	223,718
Derivative financial instruments	5,772	5,054	Total equity	729,731	717,190
Non-current receivables	1,026	0	LIABILITIES		
Total non-current assets	1,375,237	1,158,808	Non-current liabilities		
Current assets			Borrowings	532,860	454,272
Inventories	5,425	3,180	Government grants	3,139	3,102
Trade receivables	6,207	8,618	Non-derivative contract liability	12,412	12,412
Other trade receivables	6,970	16,380	Deferred tax liabilities	12,442	12,497
Prepayments	13,098	30,084	Other non-current liabilities	5,239	5,239
Derivative financial instruments	4,135	3,806	Provisions	7	8
Cash and cash equivalents	39,372	65,677	Total non-current liabilities	566,099	487,530
	75,207	127,745	Current liabilities		
Assets classified as held for sale	0	15,370	Borrowings	96,100	32,126
Total current assets	75,207	143,115	Trade payables	32,720	29,464
Total assets	1,450,444	1,301,923	Other payables	22,916	24,981
			Provisions	2	6
			Non-derivative contract liability	2,876	5,674
			Liabilities directly associated with assets classified as held for sale	0	4,952
			Total current liabilities	154,614	97,203
			Total liabilities	720,713	584,733
			Total equity and liabilities	1,450,444	1,301,923

Condensed consolidated statement of cash flows

€ thousand	Q2 2024	Q2 2023	H1 2024	H1 2023
Cash flows from operating activities				
Cash generated from operations	31,003	14,006	66,166	58,343
Interest and loan fees paid	(3,944)	(2,084)	(12,441)	(4,137)
Interest received	233	207	691	518
Income tax paid	(871)	(631)	(871)	(1,205)
Net cash generated from operating activities	26,421	11,498	53,545	53,519
Cash flows from investing activities				
Purchase of property, plant and equipment and intangible assets	(115,661)	(69,907)	(212,943)	(149,480)
Acquisition of a subsidiary	0	0	0	(6,174)
Proceeds from disposal of subsidiaries (net of cash and cash equivalents transferred)	0	0	16,879	0
Net cash used in investing activities	(115,661)	(69,907)	(196,064)	(155,654)
Cash flows from financing activities				
Proceeds from bank loans	125,000	90,000	155,000	90,000
Repayments of bank loans	(4,080)	(4,040)	(13,092)	(11,177)
Repayments of lease principal	(147)	(95)	(205)	(179)
Proceeds from realisation of interest rate swaps	599	0	2,260	0
Dividends paid	(27,749)	(54,969)	27,749	(54,969)
Net cash generated from (used in) financing activities	93,623	30,896	116,214	23,675
Net cash flow	4,383	(27,513)	(26,305)	(78,460)
Cash and cash equivalents at the beginning of the period	34,989	80,509	65,677	131,456
Cash and cash equivalents at the end of the period	39,372	52,996	39,372	52,996
Change in cash and cash equivalents	4,383	(27,513)	(26,305)	(78,460)

Thank you!