



Enefit Green Q2 2022

Interim results presentation



Enefit Green

Results are presented by:



Aavo Kärmas

CEO



Veiko Räim

CFO

Enefit Green

By 2026 we will be the **largest renewable energy producer** in the **Baltics** and a **rapidly growing renewable energy company** in **Poland**.

20 years

renewable energy
experience

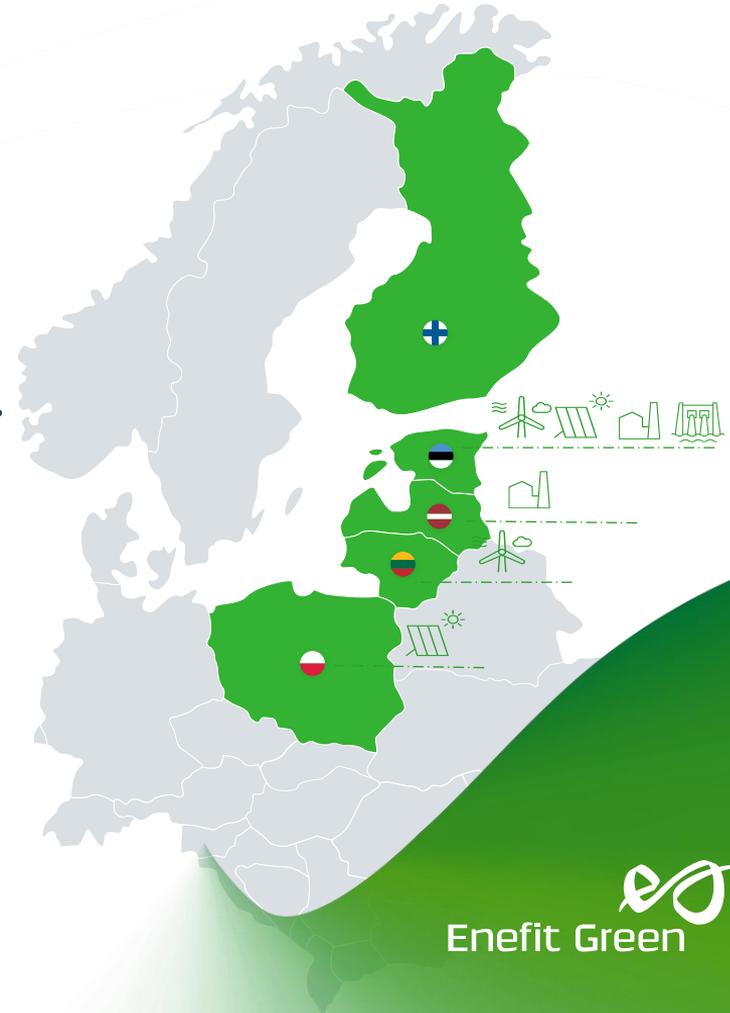
Largest
**wind energy
producer**
in the Baltics

177
employees
in Estonia, Latvia,
Lithuania and Poland

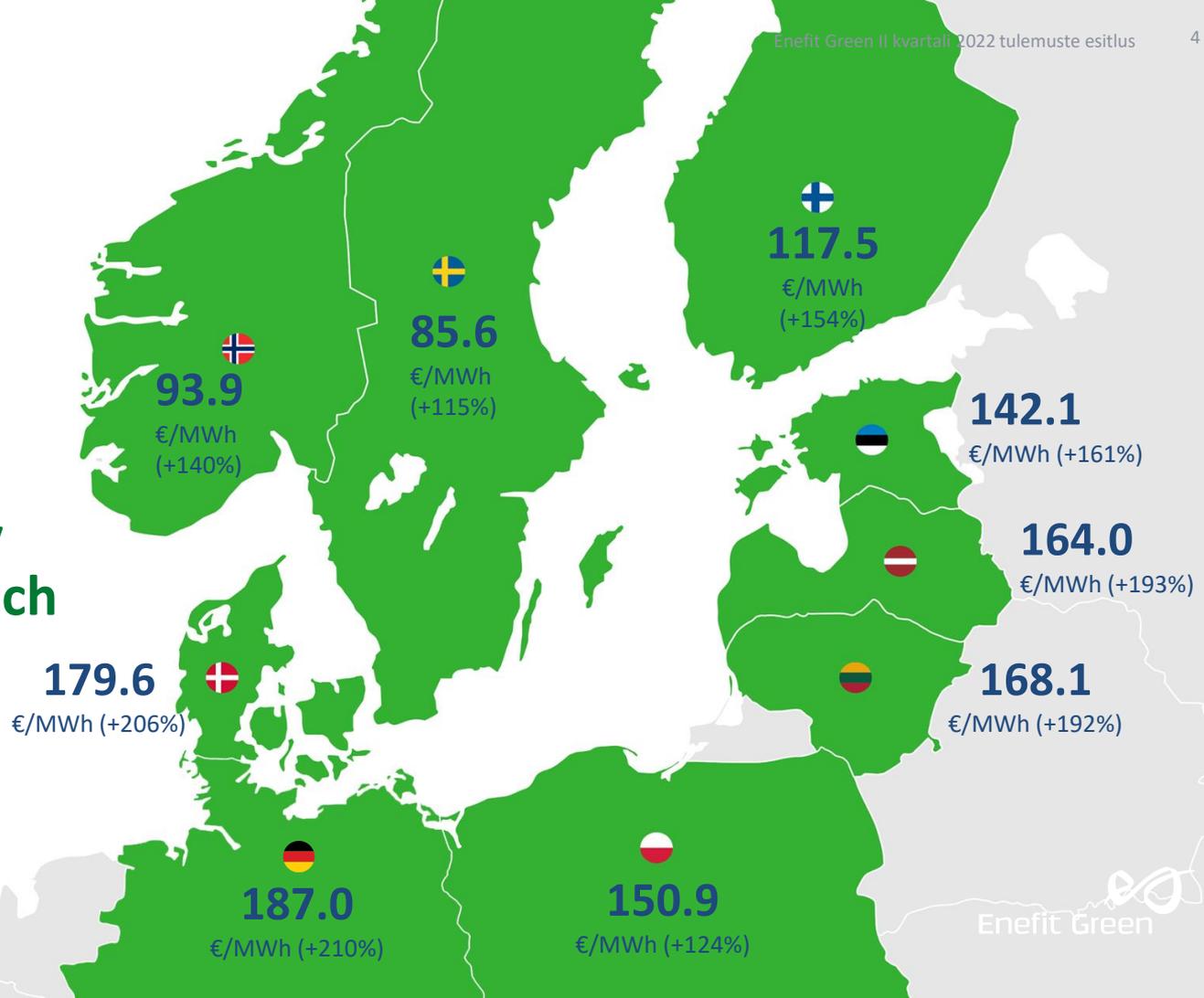
Production capacity
4X
growth
by 2026

Electricity production 2021:
1,19 TWh
Heat production 2021:
618 GWh

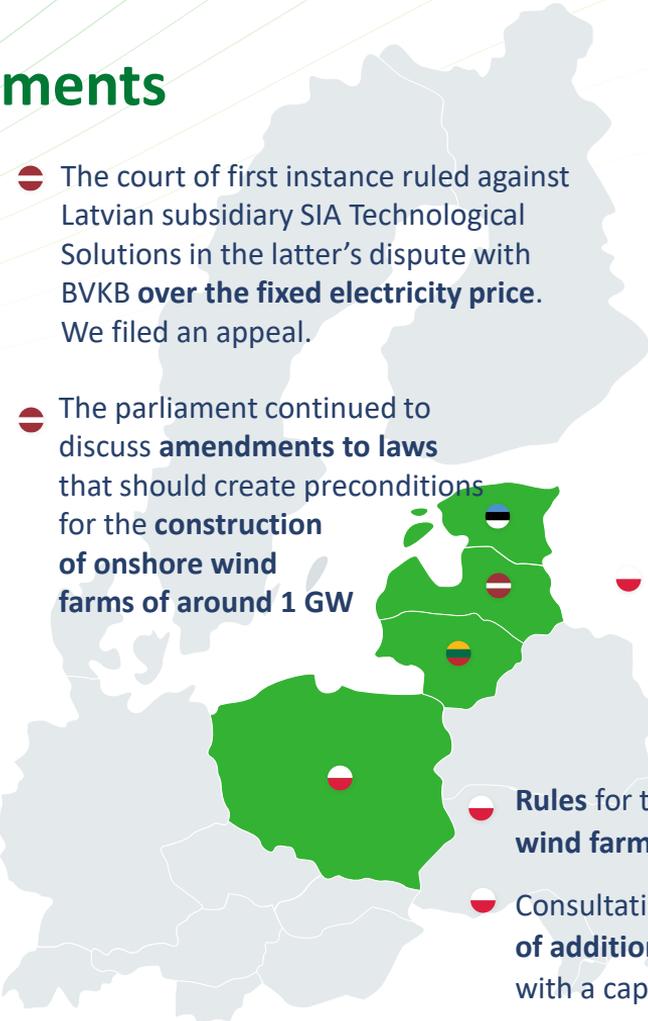
60 000+
investors



Quarterly average regional electricity prices up by as much as 3X y-o-y

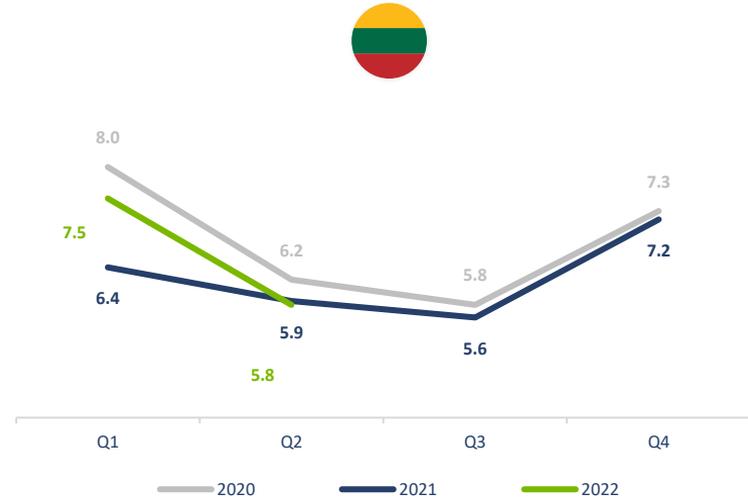
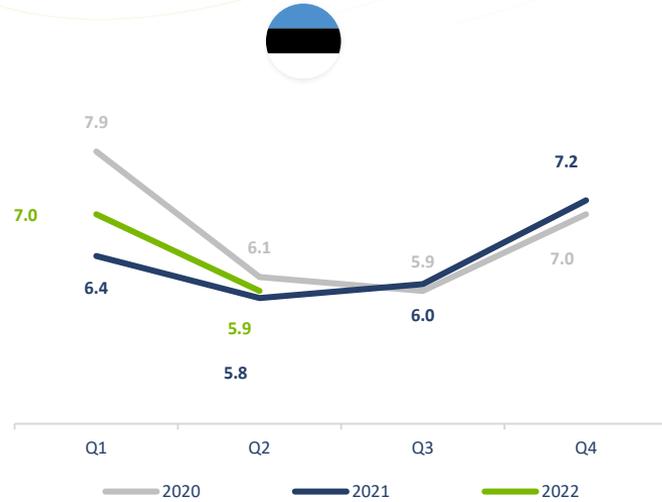


Regulatory developments

- 
- 🇳🇵 The Riigikogu adopted amendments to the **Natural Gas Act**. From July 2023, the owners of new wind farms will have to pay local authorities and residents **wind farms compensation**.
 - 🇳🇵 The government used the opportunity in the regulation of national reverse auction and **increased the amount of renewable electricity procured** from 450 GWh to 540 GWh.
 - 🇳🇵 The new coalition set the **goal that by 2030 Estonia should produce at least as much renewable energy as it consumes** (the previous goal was 50% of consumption). Various measures are being implemented to accelerate the green transition.
 - 🇱🇻 The court of first instance ruled against Latvian subsidiary SIA Technological Solutions in the latter's dispute with BVKB **over the fixed electricity price**. We filed an appeal.
 - 🇱🇻 The parliament continued to discuss **amendments to laws** that should create preconditions for the **construction of onshore wind farms of around 1 GW**.
 - 🇱🇹 The parliament passed a package of energy law amendments „**Breakthrough Package**” to accelerate the implementation of renewable energy projects
 - 🇱🇹 Discussions on the **development of offshore wind farms continued**.
 - 🇱🇹 We **applied for the exit of the Šilalė and Mockiai wind farms** from the Lithuanian FIT support scheme
 - 🇱🇹 The government submitted a proposal to Parliament to **remove the restriction that significantly hinders the construction of onshore wind farms**, which prohibits the construction of a wind farm closer than 10 times the height of the wind turbine to residential buildings
 - 🇱🇹 **Rules for the certification and supervision of offshore wind farms** were adopted.
 - 🇱🇹 Consultations are ongoing on the **possible introduction of additional restrictions** on the planning of solar parks with a capacity of more than 1MW.

Wind conditions remained similar to Q2 2021

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



Good availabilities achieved

Availability of Estonian wind farms (%)



Availability of Lithuanian wind farms (%)



CHP availabilities (%)



Availabilities of solar farms (%)



STRATEGY 2026

Accelerated adoption of green energy is the path to CO₂ free way of life

MISSION

We produce renewable energy and deliver green transition based on electrification.

VISION

By 2026 we will be the largest renewable energy producer in the Baltics and a rapidly growing renewable energy company in Poland.

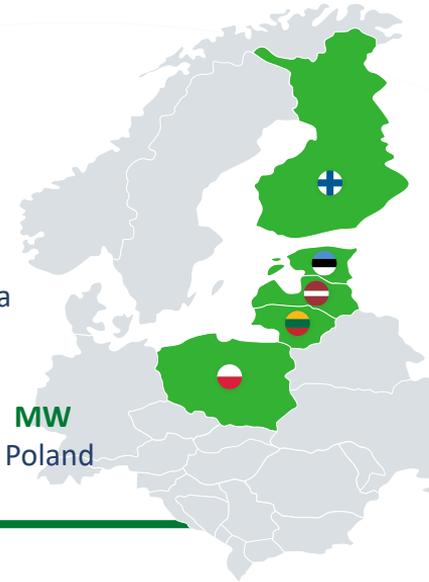
4x growth in green generation



- Portfolio: **800 MW**
- Fastest growth in Estonia and Lithuania



- Portfolio: **600 MW**
- Client solutions: **100 MW**
- Focus on Baltics and Poland



Key strengths

- ✓ Dedicated and experienced team
- ✓ Strong capability to operate and develop renewable energy assets
- ✓ Strong Enefit brand
- ✓ Synergies with Eesti Energia
- ✓ 60,000 shareholders

... 2026



Electricity production
4.5 TWh



Electrical capacity
1,900 MW



Thermal energy production approx
600 GWh



Investments
EUR 1.5 billion



Number of employees
220

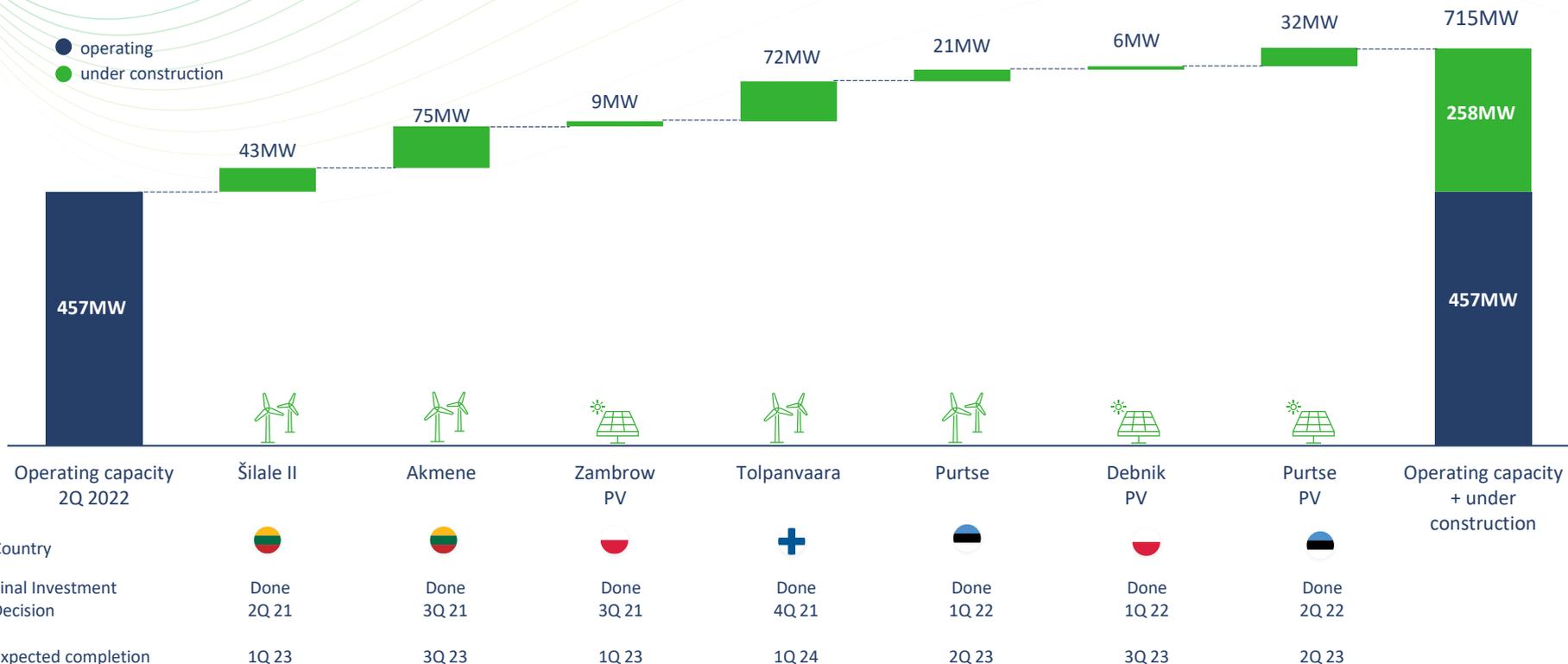
Enefit Green 

We will quadruple production capacity to accelerate the deployment of renewable electricity and to reduce carbon footprint in the region



Projects under construction

● operating
● under construction



Near term development portfolio

Targeted investment decisions until end of 2023

- operating
- under construction
- near term dev portfolio

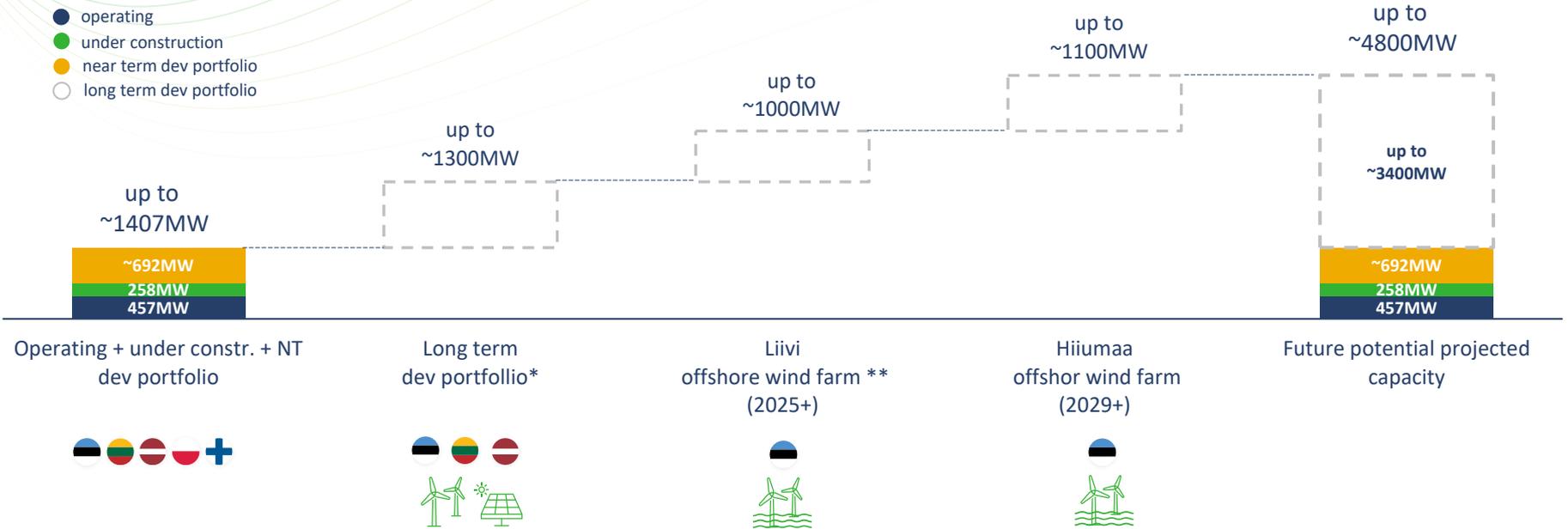


NB! Development projects are in continuous change.

The presented information is management team's best assessment of the current status of the near term development portfolio as of 31 July 2022

Complete view of the development portfolio

- operating
- under construction
- near term dev portfolio
- long term dev portfolio

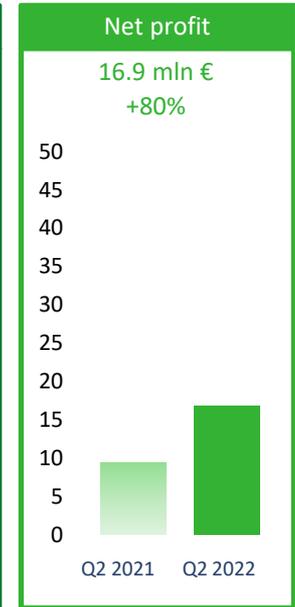
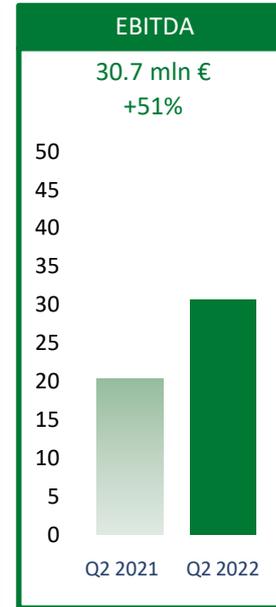
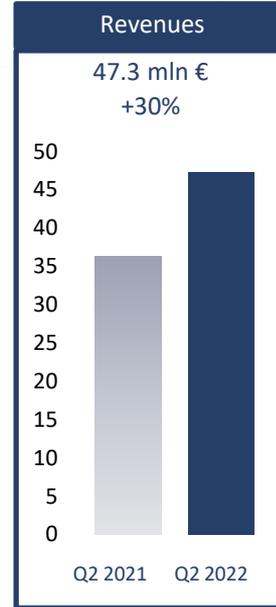
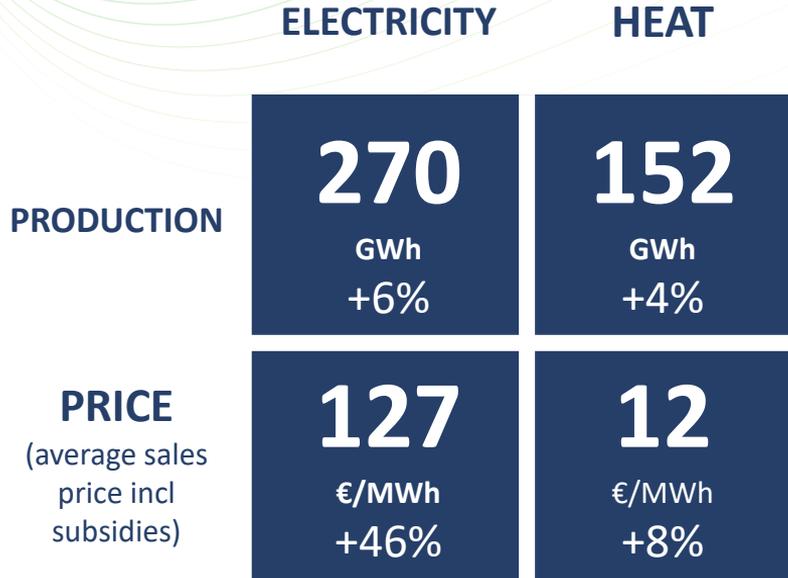


NB! Development projects are in continuous change.

* Various onshore wind and solar farm developments that are not expected to get final investment decision before 2024.

** Liivi Offshore wind farm development is owned by Eesti Energia. Eesti Energia is willing to offer Enefit Green a possibility to participate in the project and/or acquire the project based on market terms.

2Q 2022 Key highlights



+32 MW Purtsé
(Final investment decision)



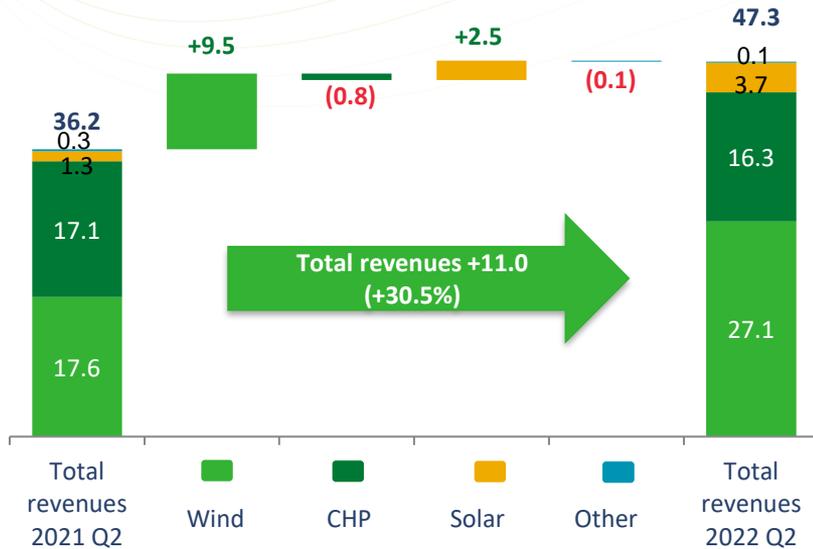
Updated strategy



€39.9m
Dividend distribution
(€0.151 / share)

Revenue growth driven by high electricity prices in Estonia

Total revenues by segment, €m



**Total revenues €47.3m
+30%**

Wind

- Implied captured Estonian average electricity price* 144 €/MWh (+66%)
- Higher electricity production in Estonian wind parks

CHP

- Implied captured average electricity price* 175 €/MWh (+80%)
- Pellet sales shift from June to July

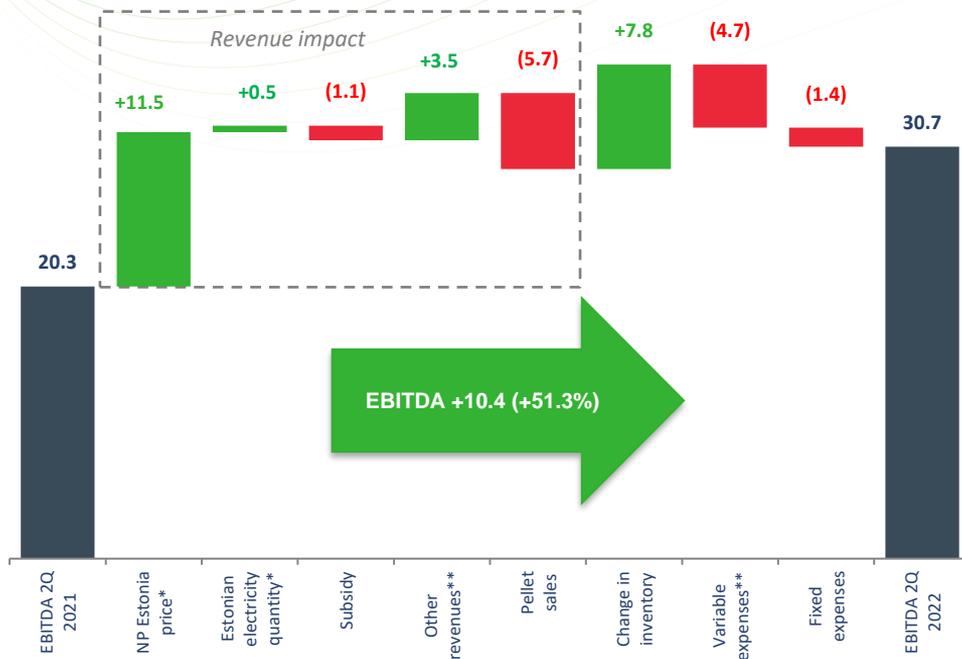
Solar

- Solar services volume growth

*(Total electricity revenues - balancing energy purchase + renewable energy support)/production

EBITDA growth driven by strong NP Estonia prices

Group's EBITDA development by drivers, €m



EBITDA €30.7m
+51%

- **Revenue impact +€8.8m***
- **Change in inventories +€7.8m:**
 - Higher pellet production, sales shift to Q3
- **Impact of variable expenses** - €4.7m:**
 - Higher biomass prices
 - Higher electricity cost (incl. change in accounting principles, no EBITDA impact)
- **Impact of fixed expenses - €1.4m:**
 - Increased labor cost
 - Increased development related costs

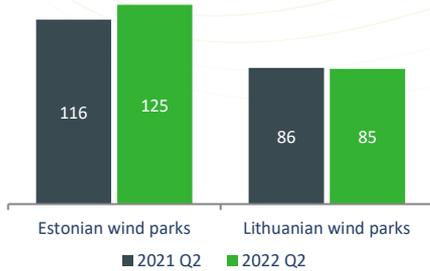
*Calculated based on Estonian wind parks, Iru CHP and Paide CHP implied electricity prices in 2021 and 2022 and respective electricity quantities

**Impact of balancing energy purchases is included in NP Estonia price and Estonian electricity quantity. Therefore, it is not part of Variable expenses impact nor Remaining income impact.

Wind energy segment: high prices, volume growth

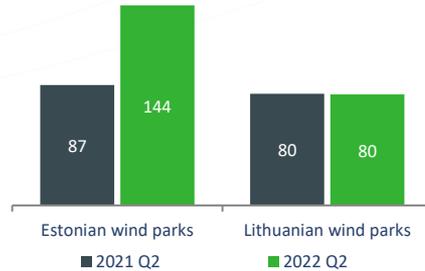
Electricity production, GWh

+9.5 (+8.2%) -0.6 (-0.6%)



Average electricity sales price, €/MWh*

+57.3 (+66.2%) -0.4 (-0.4%)



* (Total electricity revenues - balancing energy purchase + renewable energy support)/production

Total revenues and EBITDA, €m

+9.5 (+54.1%) +7.3 (+55.6%)

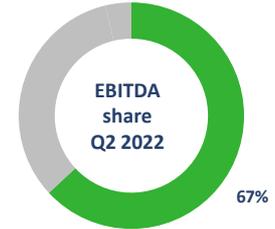


Operating expenses per MW for last 4 quarters, €/MW*

-1,6 (-4,4%)



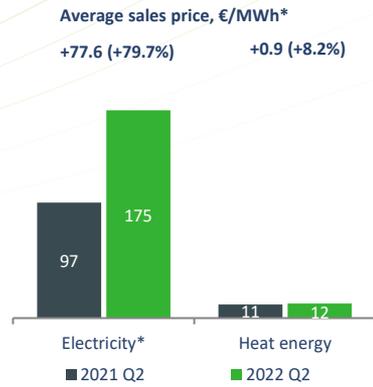
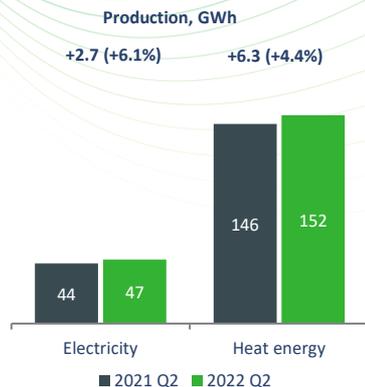
*(Total operating expenses - balancing energy purchase - D&A) / operating capacity. Only operating wind assets are included: Enefit Wind OU and Enefit Wind UAB



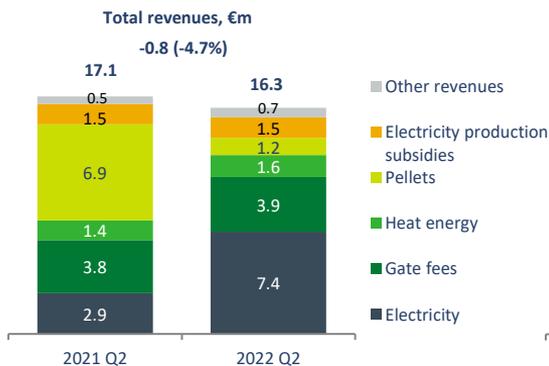
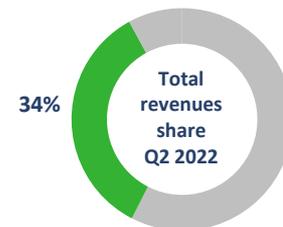
EBITDA €20.5m
+55.6%

- High electricity prices in Estonia
- Strong Estonian production volume due to good wind conditions
- Stable operating expenses

Cogeneration segment: stable production, improved margins



* (Total electricity revenues - balancing energy purchase + renewable energy support)/production



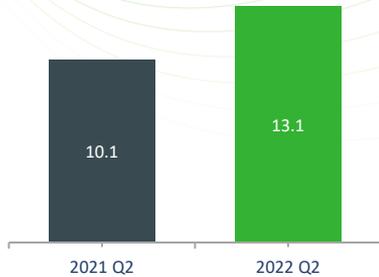
EBITDA €10.8m +44.0%

- Stable production volumes, average realised electricity price driven by NP Estonian prices (Iru & Paide)
- Fixed costs stable
- Pellet sales shift from June to July

Solar segment: higher production due to good weather conditions

Electricity production, GWh

+2.9 (+29.0%)



Average electricity sales price, €/MWh (1)

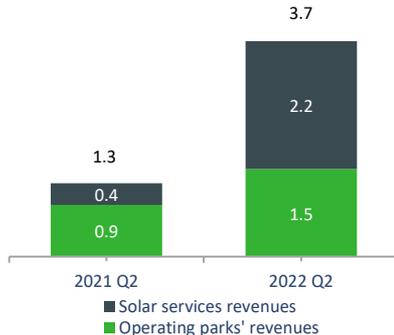
+27.7 (+31.1%)



(1) (Total electricity revenues - balancing energy purchase + renewable energy support)/production

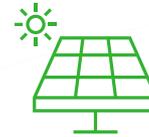
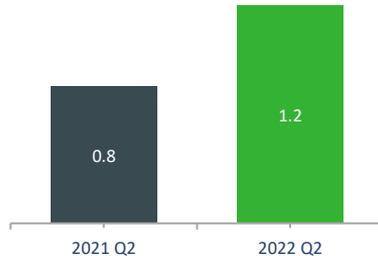
Total revenues, €m

+2.5 (+193.4%)



EBITDA, €m

+0.5 (+59.7%)



EBITDA €1.2m
+59.7%

- Higher production due to good weather conditions
- Higher solar energy average sales price in Estonia
- Solar services volume growth

Q2 2022 Earnings per share €0.06



Dividends for financial year 2021

General meeting of shareholders held on 17 May 2022, approved management board's proposal to pay dividends in the amount of €39.9m (0,151 euros per share).

Dividends were paid out on 8 June 2022.

**Net profit €16.9m
+80%**

Net financial income

- Financial income increased due to sale of minority stake in Wind Controller
- Financial expenses decreased due to loan principal repayments, lower average interest margin and capitalization of loan interest payments

Corporate income tax expenses

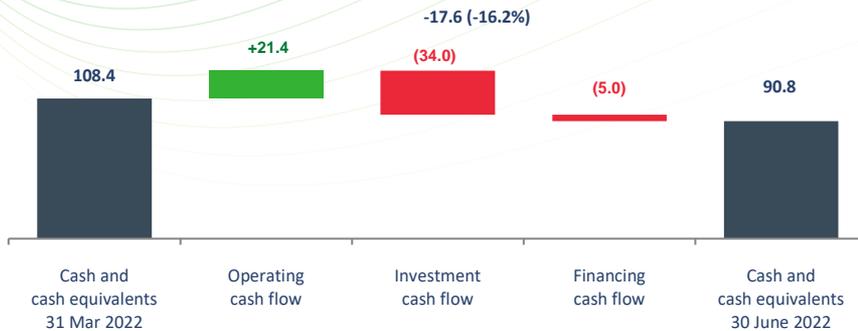
- Increase in Estonian income tax due to dividend payment

Net profit

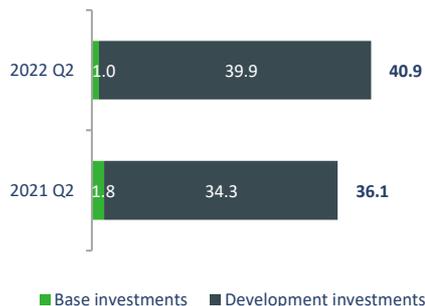
- High electricity market prices
- Growth in production volumes

Growing importance of investment cash flow

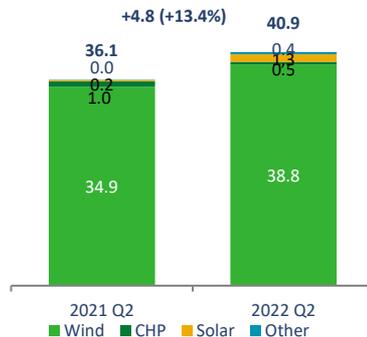
Liquidity development in Q2 2022, €m



Investments by type, €m



Investments by segments, €m



**Investments €40.9m
+13%**

Operating cash flow

- One-off negative influence from marked growth in (pellet) inventories

Investments

- Q2 2022 investments in the amount of €40.9m, majority into wind developments:
 - Akmene €24.9m
 - Šilale II €6.9m
 - Tolpanvaara €6.0m
 - Sopi PV €1.1m

Strong capital structure

Return on invested capital and return on equity, %

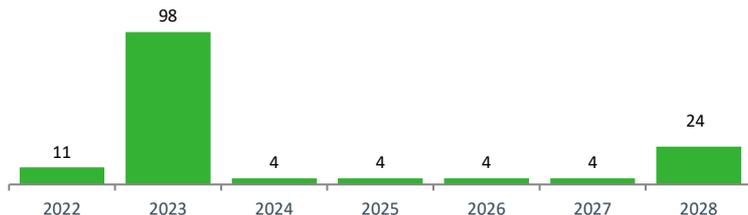


Net Debt/EBITDA, times



Return on invested capital = LTM operating profit / (net debt + equity)
 Return on equity = LTM net profit / equity

Loan repayment schedule, €m



Financial leverage 9%

Capital structure

- Low leverage and net debt / EBITDA levels

Financing

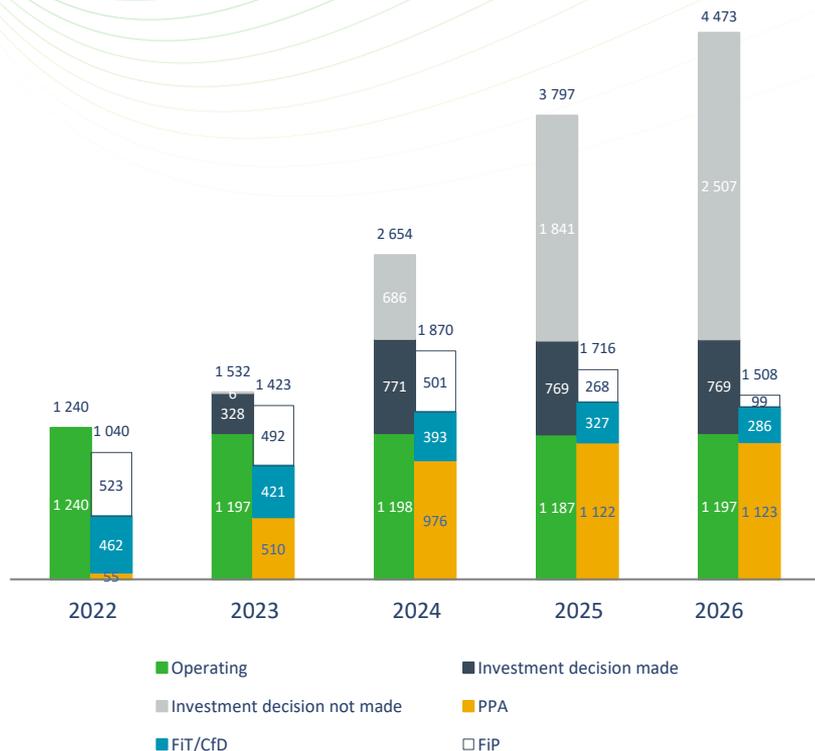
- Undrawn credit facilities €180m
- Average effective interest rate increased 1.13% -> 1.30% (primarily due to PLN rates)
- Since Q1 2022 interest rate swaps are used to hedge interest rate risk of investment loans (interest rates fixed between 1.049%-1.125%, plus margin 0.78-0.80%)

Return on equity 16.3%

Returns

- Return on invested capital improved due to higher operating profit
- Return on equity increased due to higher net profit

Overview of power portfolio hedging



Power Purchase Agreements

2022-2026

- 3,786 GWh PPAs signed (29% of expected production)
- Average locked price 49.7 EUR/MWh

2027+

- Longest PPA contracts span to 2033
- Production fixed with PPAs after 2026 in the amount of 3,039 GWh with average price of 47.7 EUR/MWh

Q2 2022 Summary

Revenues	EBITDA	Net profit
47.3 mln € +30%	30.7 mln € +51%	16.9 mln € +80%

- Updated strategy until 2026
- Final investment decision on 32MW Purtse PV
- High electricity prices
- Stable wind conditions
- Good availabilities
- 74MW Tootsi development acquisition (July)
- Change in the management board (July)

Total renewable capacity
under construction

258 MW

+56% additional capacity
when completed





Q&A

Aavo Kärmas, CEO
Veiko Räm, CFO



Appendix

Condensed consolidated interim
financial statements Q2 2022

Condensed consolidated interim income statement

€ thousand	Note	Q2 2022	Q2 2021	1H 2022	1H 2021
Revenue	9	41,505	29,408	99,646	63,522
Renewable energy support and other income	10	5,773	6,833	14,352	14,886
Change in inventories of finished goods and work-in-progress		4,646	(3,158)	2,579	(5,942)
Raw materials, consumables and services used	11	(16,365)	(9,508)	(30,499)	(19,086)
Payroll expenses		(2,169)	(1,477)	(4,612)	(3,307)
Depreciation, amortisation and impairment		(9,644)	(9,547)	(19,292)	(19,126)
Other operating expenses		(2,645)	(1,772)	(5,150)	(3,688)
OPERATING PROFIT		21,101	10,778	57,025	27,259
Finance income		1,117	50	1,525	145
Finance costs		(626)	(1,022)	(1,188)	(1,576)
Net finance costs		491	(972)	337	(1,431)
Profit (loss) from associates under the equity method		(76)	(58)	(72)	(36)
PROFIT BEFORE TAX		21,516	9,748	57,290	25,792
Corporate income tax expense		(4,592)	(328)	(5,441)	(760)
PROFIT FOR THE PERIOD		16,924	9,420	51,849	25,032

Basic and diluted earnings per share

Weighted average number of shares, thousand	6	264,276	4,793	264,276	4,793
Basic earnings per share, €	6	0.06	1.97	0.20	5.22
Diluted earnings per share, €	6	0.06	1.97	0.20	5.22

Basic earnings per share based on post-IPO number of shares

Post-IPO number of shares, thousand	6	264,276	264,276	264,276	264,276
Basic earnings per share, €	6	0.06	0.04	0.20	0.09

Condensed consolidated statement of other comprehensive income

€ thousand	Note	Q2 2022	Q2 2021	1H 2022	1H 2021
PROFIT FOR THE PERIOD		16,924	9,420	51,849	25,032
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Revaluation of hedging instruments in a cash flow hedge	5,7	5,586	(2,981)	6,524	(2,981)
Exchange differences on the translation of foreign operations	7	(106)	326	(244)	94
Other comprehensive income/(loss) for the period		5,480	(2,655)	6,280	(2,887)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		22,404	6,765	58,129	22,145

Condensed consolidated interim statement of financial position

€ thousand	Note	30 June 2022	31 Dec 2021
ASSETS			
Non-current assets			
Property, plant and equipment	4	647,634	612,503
Intangible assets		68,578	68,239
Right-of-use assets		4,298	2,750
Prepayments	4	20,030	20,710
Deferred tax assets		734	442
Investments in associates		427	578
Derivative financial instruments	5,7	6,703	-
Long-term receivables		40	78
Total non-current assets		748,444	705,300
Current assets			
Inventories		16,267	9,529
Trade and other receivables and prepayments		23,479	22,373
Cash and cash equivalents		90,845	80,454
Derivative financial instruments	5	12	-
Total current assets		130,603	112,356
Total assets		879,047	817,656

€ thousand	Note	30 June 2022	31 Dec 2021
EQUITY			
Equity and reserves attributable to equity holder of the parent			
Share capital		264,276	264,276
Share premium	6	60,351	60,351
Statutory reserve capital		3,259	479
Other reserves	5,7	158,317	151,793
Foreign currency translation reserve	7	(1,209)	(965)
Retained earnings		166,836	157,673
Total equity		651,830	633,607
LIABILITIES			
Non-current liabilities			
Borrowings	8	132,297	93,884
Government grants		7,344	7,458
Non-derivative contract liability	5,7	23,207	23,207
Deferred tax liabilities		12,384	12,568
Other long-term liabilities		3,000	3,000
Provisions		12	13
Total non-current liabilities		178,244	140,130
Current liabilities			
Borrowings	8	22,936	29,572
Trade and other payables		25,791	14,291
Provisions		55	56
Derivative financial instruments	5	191	-
Total current liabilities		48,973	43,919
Total liabilities		227,217	184,049
Total equity and liabilities		879,047	817,656

Condensed consolidated interim statement of cash flows

€ thousand	Note	Q2 2022	Q2 2021	1H 2022	1H 2021
Cash flows from operating activities					
Cash generated from operations	12	22,898	17,516	68,915	43,897
Interest and loan fees paid		(495)	(852)	(997)	(1,577)
Interest received		3	-	6	23
Corporate income tax paid		(1,001)	(391)	(1,501)	(394)
Net cash generated from operating activities		21,405	16,273	66,423	41,949
Cash flows from investing activities					
Purchase of property, plant and equipment and intangible assets	4	(34,739)	(30,806)	(47,048)	(38,747)
Proceeds from sale of property, plant and equipment		-	23	3	23
Proceeds from repurchased of shares and liquidation of associate		718	-	718	-
Net cash used in investing activities		(34,021)	(30,783)	(46,327)	(38,724)
Cash flows from financing activities					
Change in overdraft(net)		-	33,312	-	33,312
Received bank loans	8	40,000	10,000	40,000	10,000
Repayments of bank loans	8	(5,027)	(9,676)	(9,670)	(18,962)
Repayments of leases	8	(47)	(48)	(129)	(109)
Dividends paid		(39,906)	(27,100)	(39,906)	(27,100)
Net change in an intragroup liability		-	(55)	-	-
Net cash used in financing activities		(4,980)	6,433	(9,705)	(2,859)
Net cash flows		(17,596)	(8,077)	10,391	366
Cash and cash equivalents at the beginning of the period		108,441	19,217	80,454	10,774
Cash and cash equivalents at the end of the period		90,845	11,140	90,845	11,140
Net increase / (-) decrease in cash and cash equivalents		(17,596)	(8,077)	10,391	366