

Enefit Green 

Unaudited interim report
Q4 and 12 months 2023



Results are presented by:

Aavo Kärmas

Chief Executive Officer



Veiko Räm

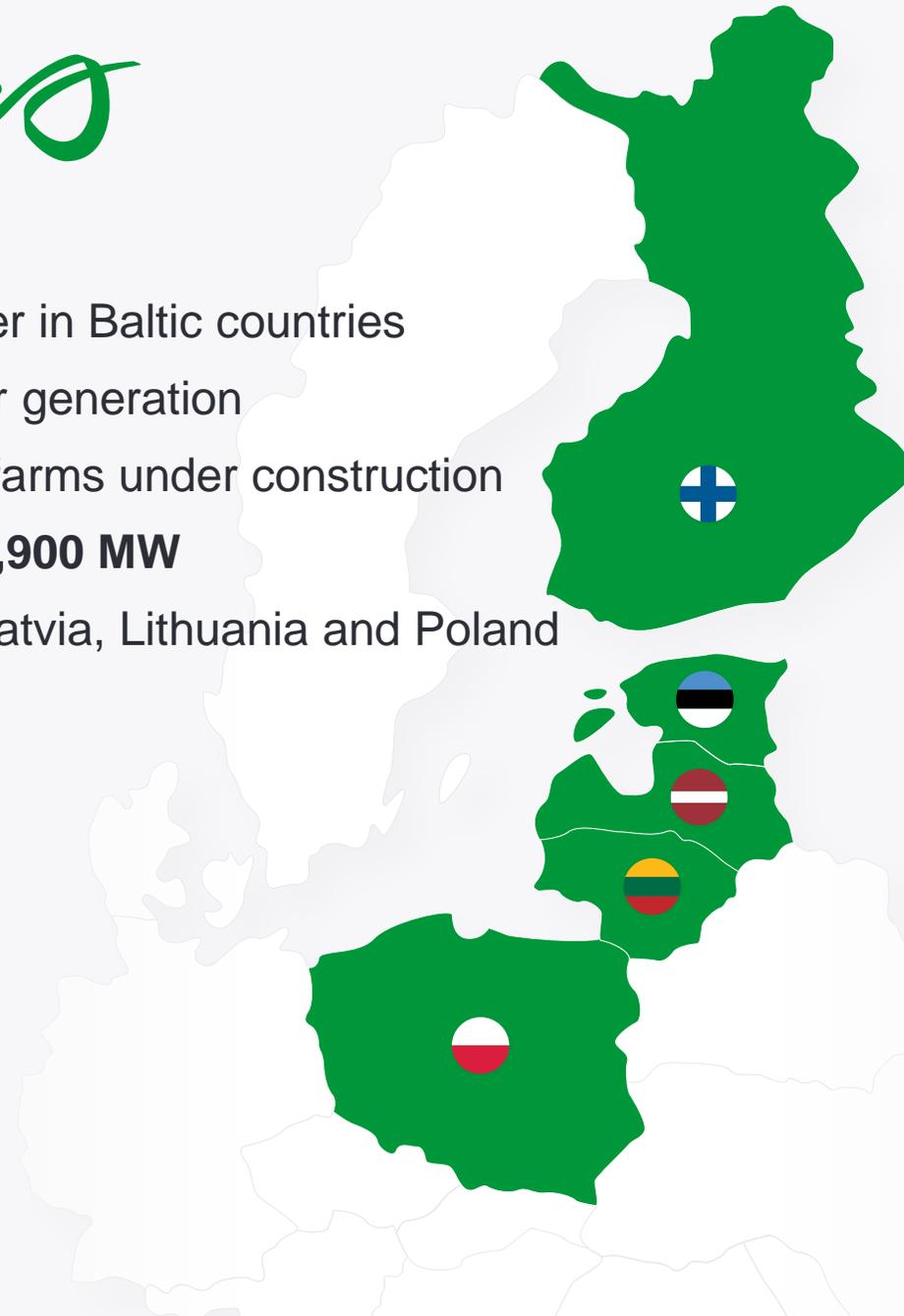
Chief Financial Officer



Enefit Green

- Largest wind energy producer in Baltic countries
- **500+ MW** of operating power generation
- **700+ MW** of wind and solar farms under construction
- Development portfolio of ~ **4,900 MW**
- 154 employees in Estonia, Latvia, Lithuania and Poland
- ~ **64 000** investors

-  Operating wind farms
-  Wind farms under construction
-  Operating solar farms
-  Solar farms under construction
-  Cogeneration plant
-  Hydro power station / other



Production Portfolio*

Finland

 72 MW

Estonia

 280 MW  255 MW
 48 MW  74 MW

 0,8 MW

 50 MW heath / 19 MW electricity

Latvia

 17 MW

Lithuania

 139 MW  285 MW

Poland

 27 MW  6 MW

* After sale of biomass-based cogeneration and pellet production

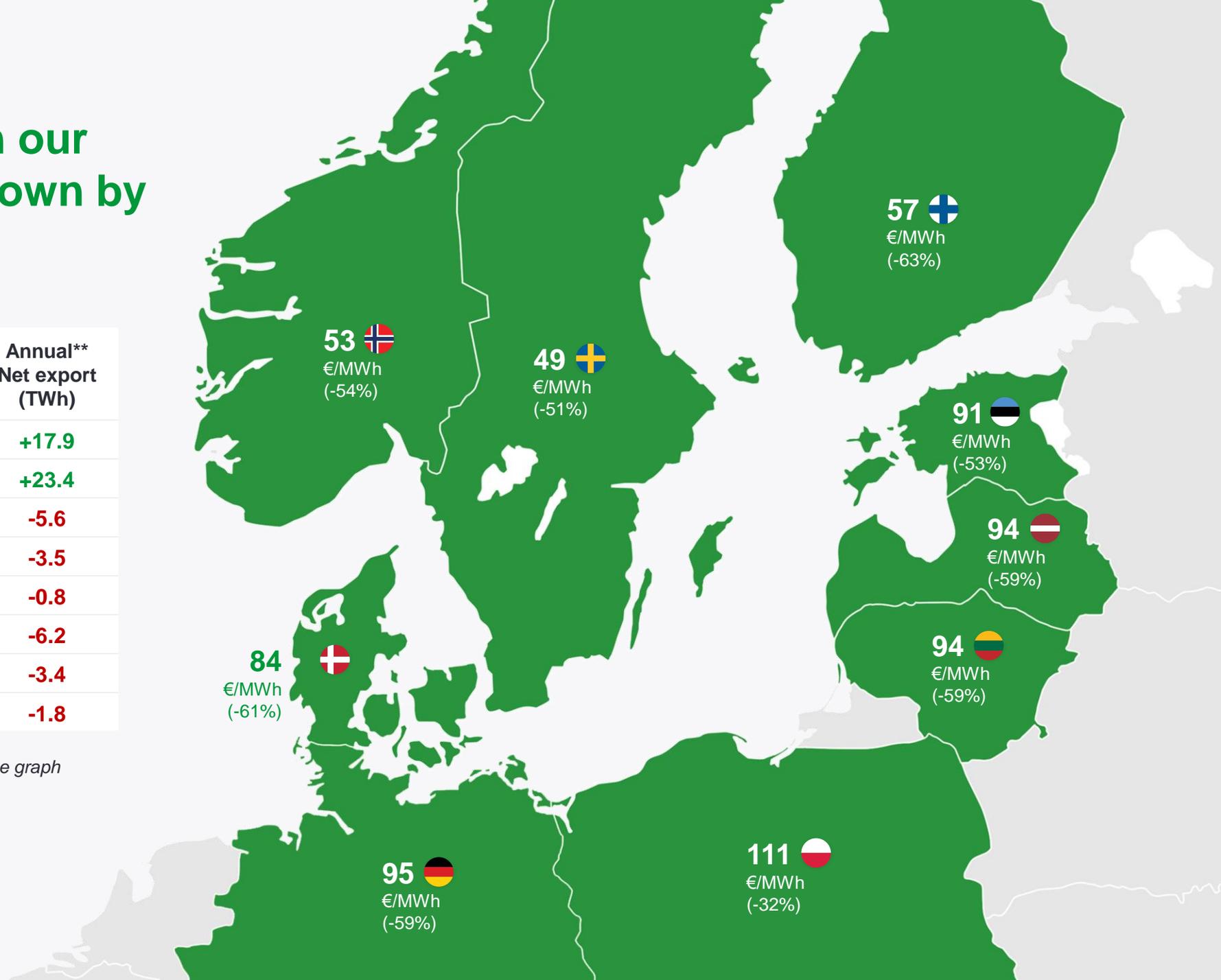
Electricity prices* on our core markets were down by more than 50%

	Annual** production (TWh)	Annual** Consumption (TWh)	Annual** Net export (TWh)
Norway	152.4	134.5	+17.9
Sweden	155.5	132.1	+23.4
Finland	74.2	79.8	-5.6
Estonia	4.6	8.1	-3.5
Latvia	5.7	6.5	-0.8
Lithuania	5.5	11.7	-6.2
Poland	162.7	166.1	-3.4
Denmark	32.7	34.5	-1.8

* 2023 averages and yoy growth rates shown on the graph

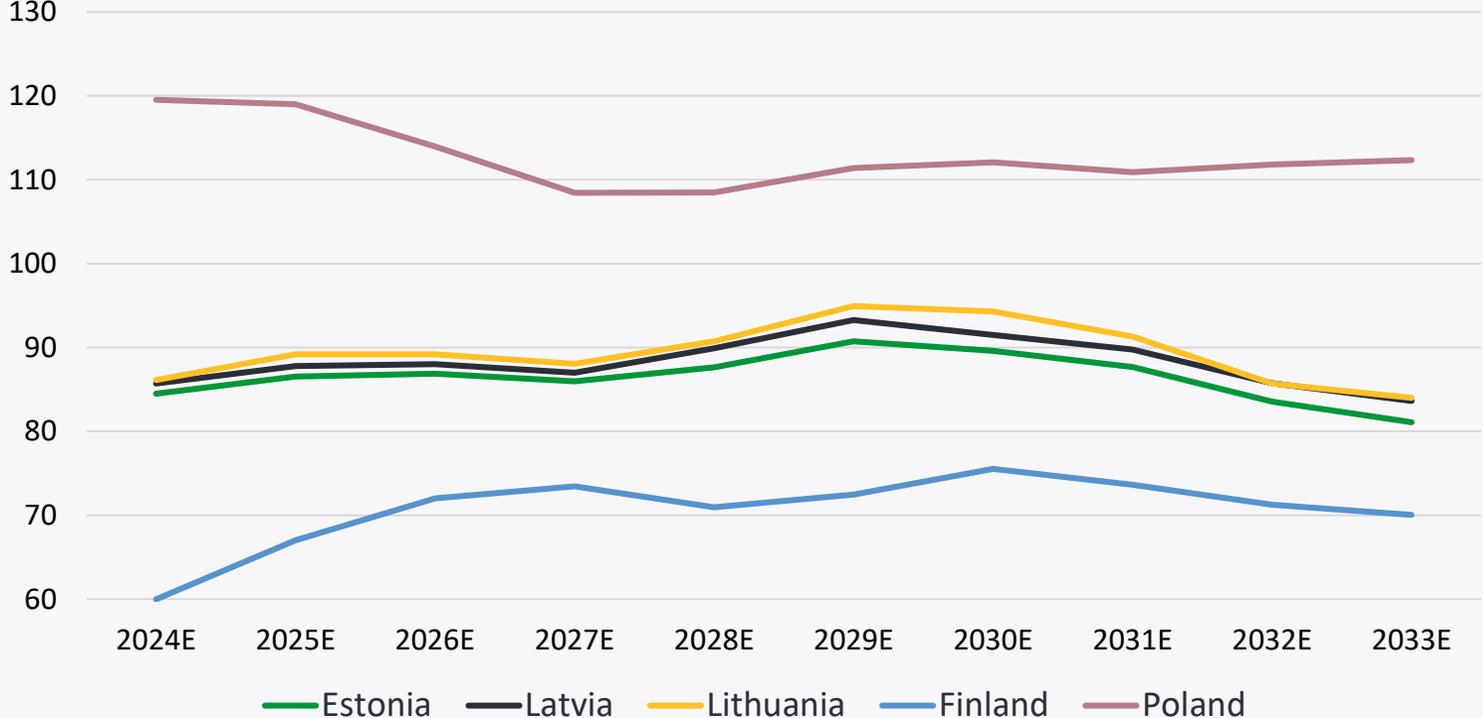
** 2023 data

Sources: ENTSO-E, Nord Pool



In 2023, electricity market price forecasts have come down

Core market electricity prices, €/MWh



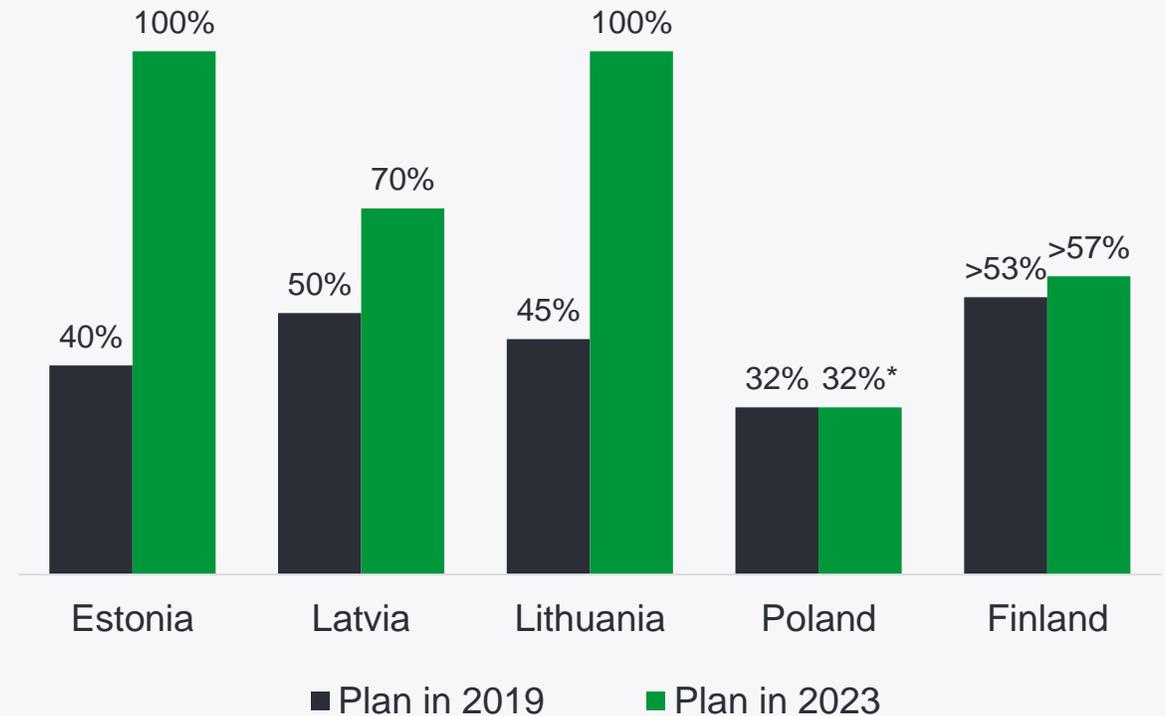
During 2023 analysts' 2024 electricity price expectations for Enefit Green's core markets were lowered by up to 50%.

* The 2024E – 2033E electricity prices have been estimated by averaging the forecasts of market analysis companies SKM, Volue and Thema (SKM Market Predictor Long-Term Power Outlook – November 2023, Volue Long Term Price Forecast – December 2023, Thema Power Market Outlook – December 2023 (prices in Poland and Finland, May 2023)). The figures presented are nominal prices which have been estimated assuming a constant 2% rate of inflation.



New national climate plans

- Targets set out in national climate plans for the share of electricity produced from renewable sources in the country's electricity consumption in 2030
- More ambitious overall RE target share in consumption on EU level – min target 42.5% by 2030, aiming for 45%



* Based on Poland's 2019 plan

Source: national energy and climate plans

Regulatory developments

Electricity market design

- Baltic TSOs granted exception to use long-term contracts to purchase creation of capacities to balance electricity system
- Wind Power Action Plan by European Commission
- EC to publish guidance on the conduct of reverse auctions for wind power generation in Q2 2024

Wind power

- Poland set the wind turbine restriction zone to 700 m
- Lithuania and Estonia held first offshore wind auctions
- Latvian government established a procedure for granting the right to build wind farms on state or municipal land
- The Finnish coalition agreement foresees a possible new requirement for wind energy producers to invest in electricity system regulation

Accelerating renewable energy

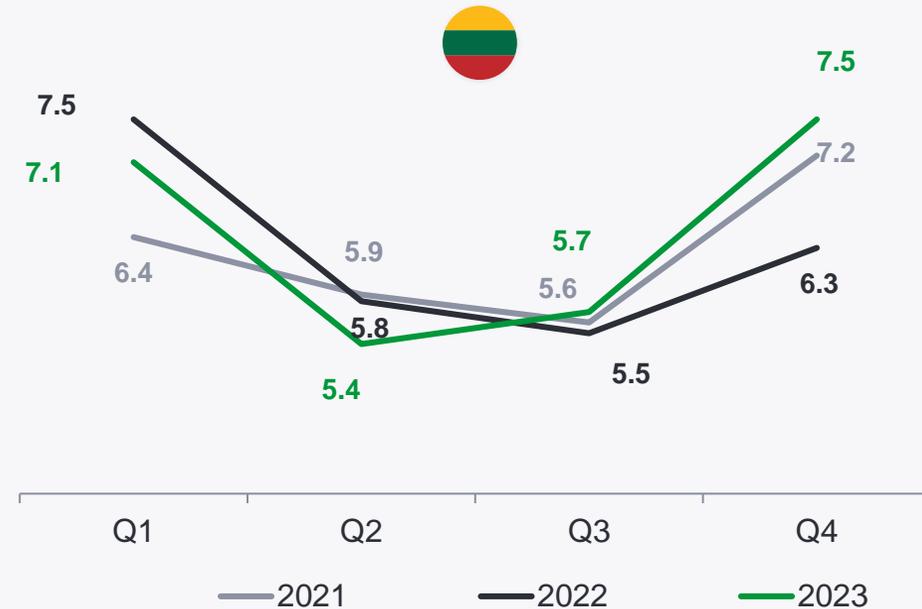
- Amendments to RED III – raising RE ambitions
- Faster permitting
- Detailed rules for production of transport fuels (incl hydrogen) from renewable electricity
- Estonia, Latvia and Lithuania enforced rules to prevent electricity producers from overbooking grid connections

Solar power

- Poland prohibited the installation of solar power generation plants on class IV land when fast-track permitting is used starting from 2025.
- In Lithuania rules for connecting solar power generators to the grid were first adopted and then declared null and void
- Finland was first to test the viability of the EU's renewable energy support scheme
- Estonia plans a fixed price grid connection option to households and apartment associations with up to 30kW production capacity

Last year's production was 75 GWh lower due to weaker than average wind conditions

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



Availability problems were more pronounced in Lithuanian wind farms

Availabilities of Estonian wind farms (%)



Availabilities of Lithuanian wind farms (%)



CHP availabilities (%)



Availabilities of solar farms (%)



Three new renewable energy power plants with a total capacity of 65 MW were completed

Purtse hybrid park (21 MW + 32 MW)

Annual output: ~ 78 GWh
Investment: *approx.* €46m



Estonia kaevanduse solar farm (3 MW)

Annual output: ~ 4 GWh
Investment: *approx.* €3m



Zambrówi solar farm (9 MW)

Annual output: ~ 9 GWh
Investment: *approx.* €6m





Strategy 2026

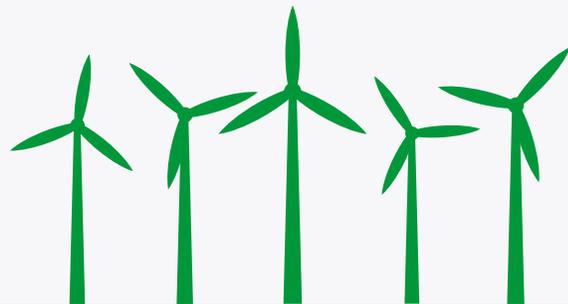
Production capacity, MW



■ Operating capacity ■ Projects under construction ■ Near-term development portfolio*

* 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 of 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

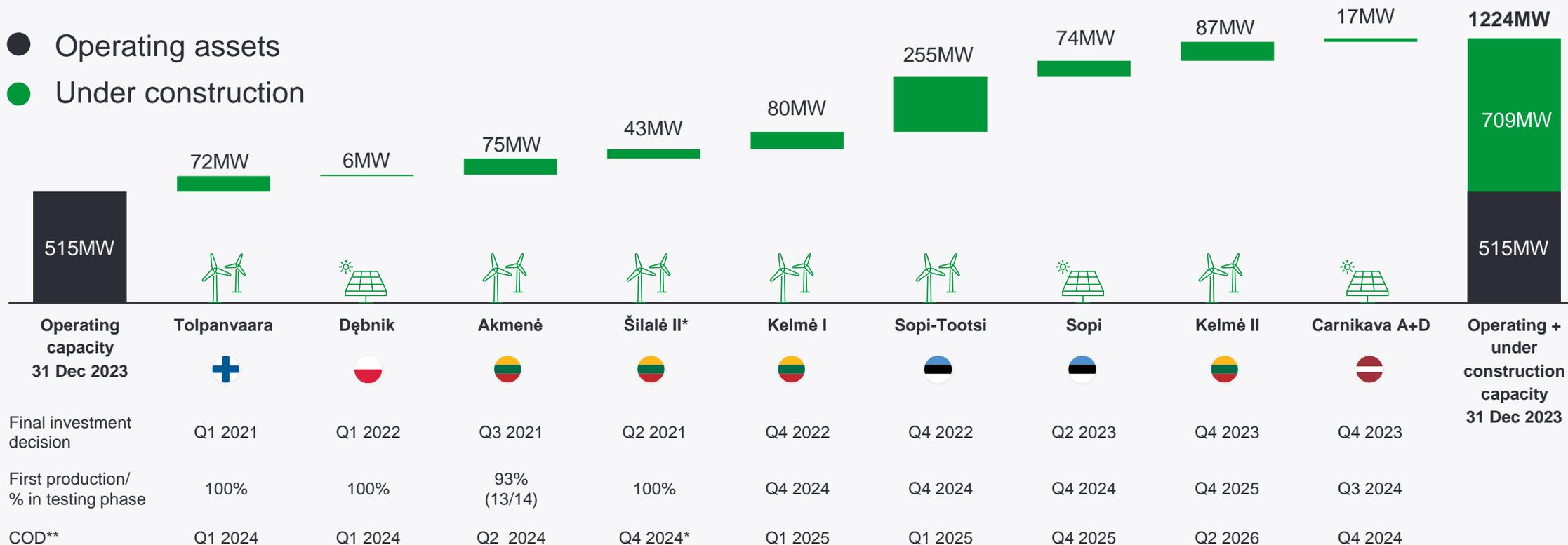


612 MW



97 MW

- Operating assets
- Under construction

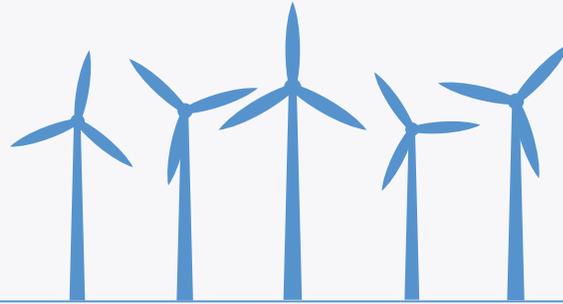


	Tolpanvaara	Dębnik	Akmenė	Šilalė II*	Kelmė I	Sopi-Tootsi	Sopi	Kelmė II	Carnikava A+D	Operating + under construction capacity 31 Dec 2023
Operating capacity 31 Dec 2023										515MW
Final investment decision	Q1 2021	Q1 2022	Q3 2021	Q2 2021	Q4 2022	Q4 2022	Q2 2023	Q4 2023	Q4 2023	
First production/ % in testing phase	100%	100%	93% (13/14)	100%	Q4 2024	Q4 2024	Q4 2024	Q4 2025	Q3 2024	
COD**	Q1 2024	Q1 2024	Q2 2024	Q4 2024*	Q1 2025	Q1 2025	Q4 2025	Q2 2026	Q4 2024	

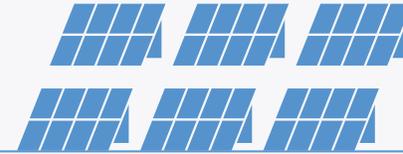


* Šilalė wind farm generates electricity at full capacity, but passing of certain grid tests (POD, power oscillation damping test) requires additional development activities.
 ** COD – Commercial Operating Date (a date when the asset will be categorised as operating asset) During 2023 following projects have been categorised as operating: Purtse WF (21MW), Purtse PV (32MW), Zambrów PV (9MW), Estonia (3MW)

Near term development portfolio



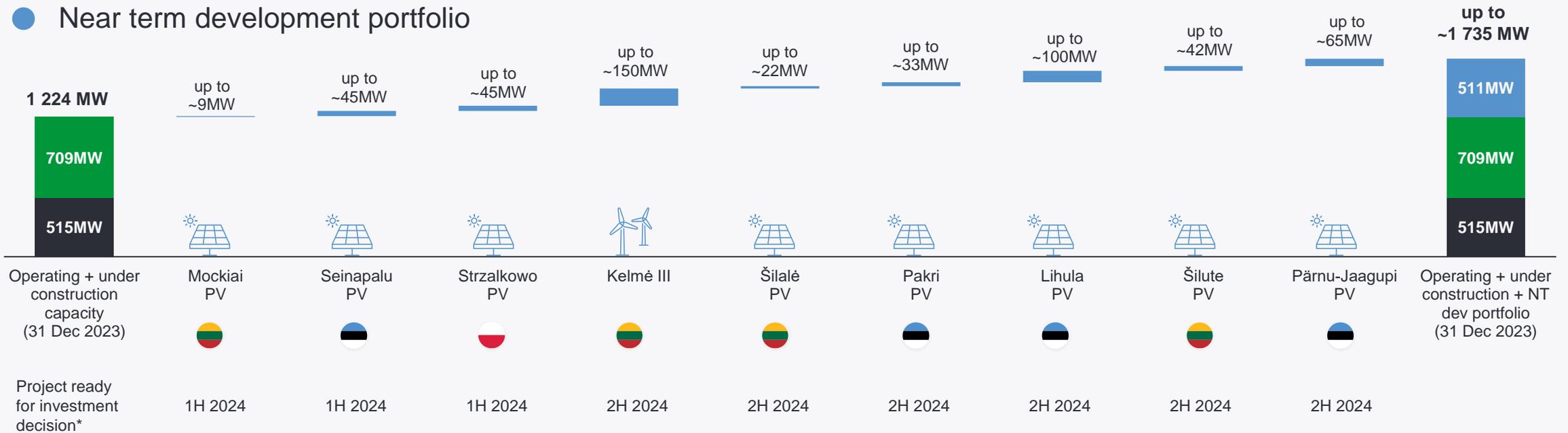
150 MW



361 MW

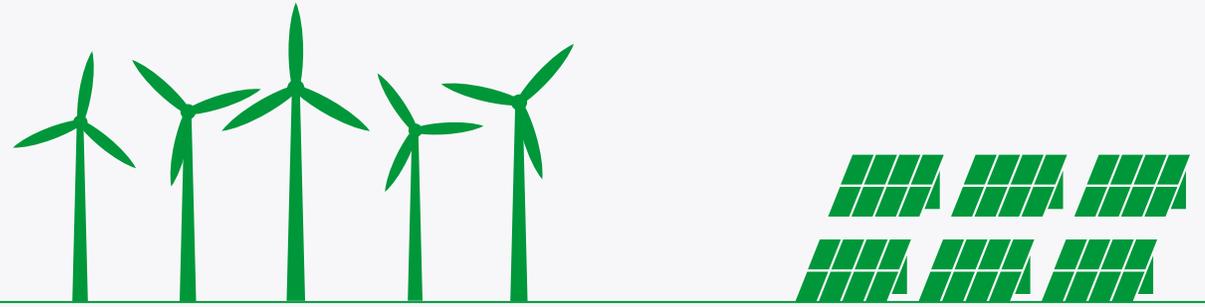
Projects which are developed to be ready for final investment decision before the end of 2024*

- Operating assets
- Under construction
- Near term development portfolio

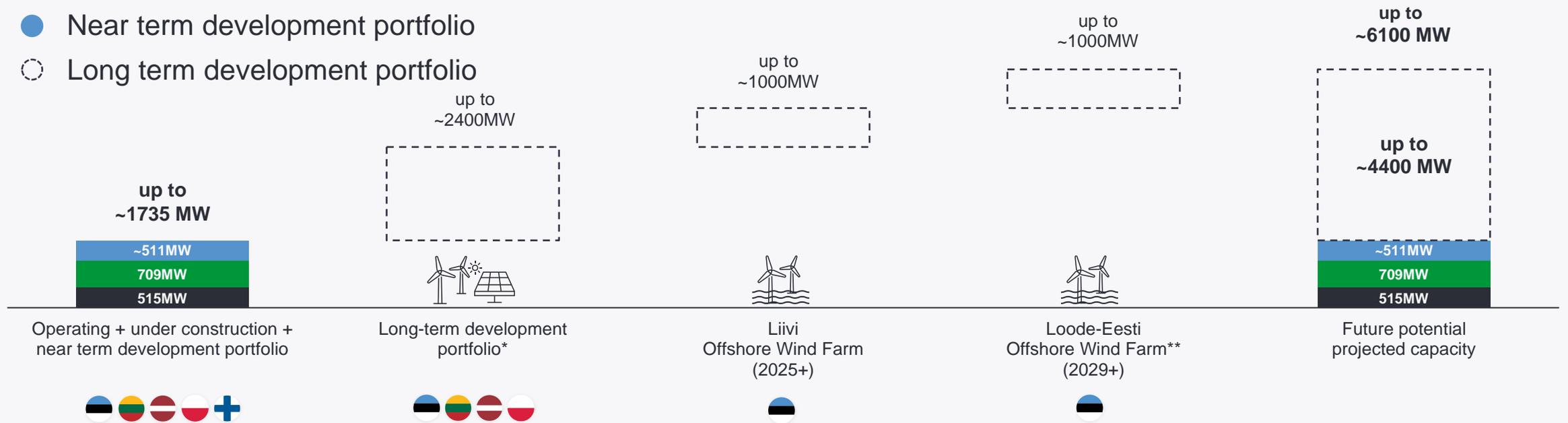


* Projects are being developed to the state of final investment decision (FID) readiness by the indicated time. The actual timing of FID depends of PPA demand, availability of other instruments for revenue security (state auctions, possible support mechanisms etc), pricing of equipment for electricity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

Complete view 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

We decided to sell biomass cogeneration plants

Paide cogeneration plant 



Buyer: Utilitas

Transaction value: €15.8m*

Valka cogeneration plant 



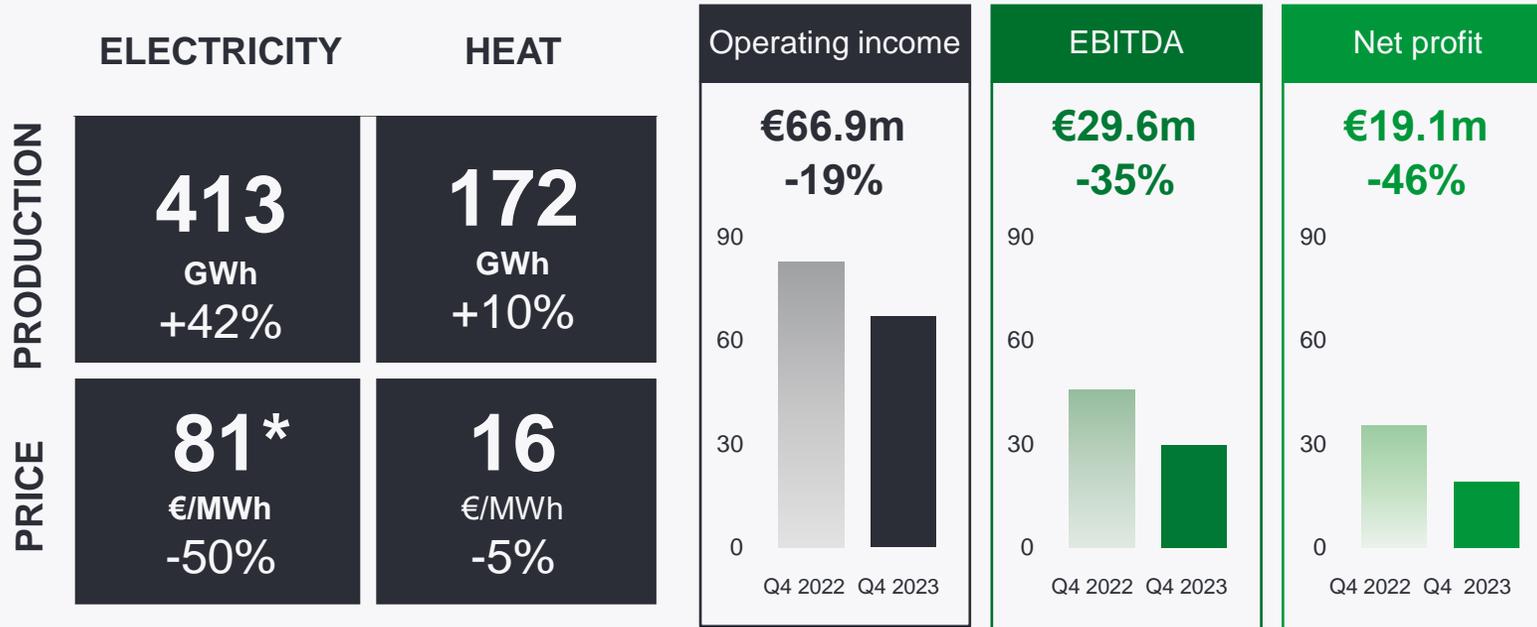
Brocēni cogeneration plant and pellet factory 



Buyer: Warmeston

Transaction value: €32m*

Q4 2023 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

+87 MW Kelmē II
Final investment decision



+ 17 MW Carnikava Austrum + Dzērves
Final investment decision



Exiting biomass business

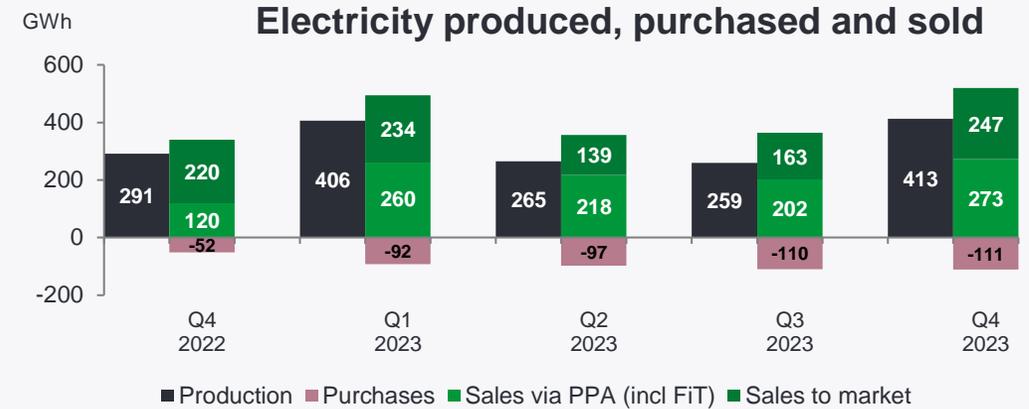
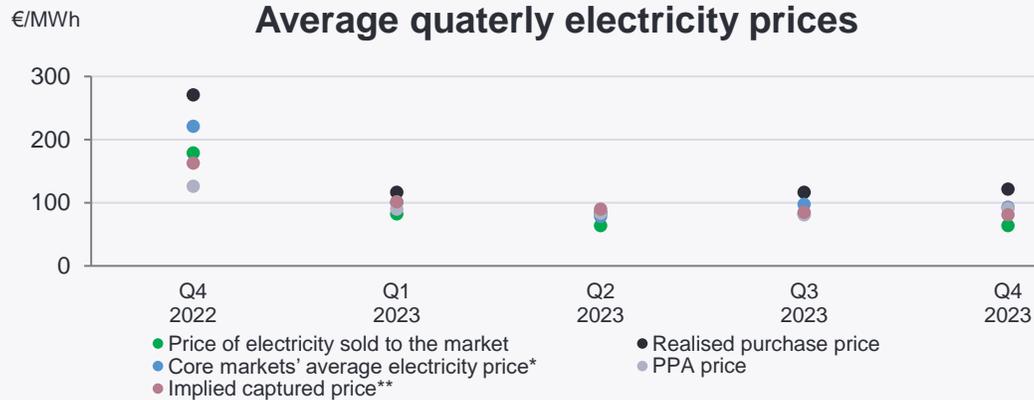


Contracts for the sale of the Brocēni, Valka, and Paide cogeneration plants and pellet factory

EIA for North-Western Estonian offshore wind farm
Approved by the Ministry of Climate



Summary of Q4 2023 electricity prices



Power prices €/MWh	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Core markets' average electricity price*	221.5	100.5	78.7	97.8	93.1
Price of electricity sold to the market	179.0	82.4	63.7	82.2	64.1
PPA price (incl. FiT until Q4 2022)	126.2	89.8	83.5	80.9	91.2
Realised purchase price	271.1	116.7	83.8	116.5	121.5
Implied captured electricity price**	163.0	101.4	89.9	84.9	80.9

* 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

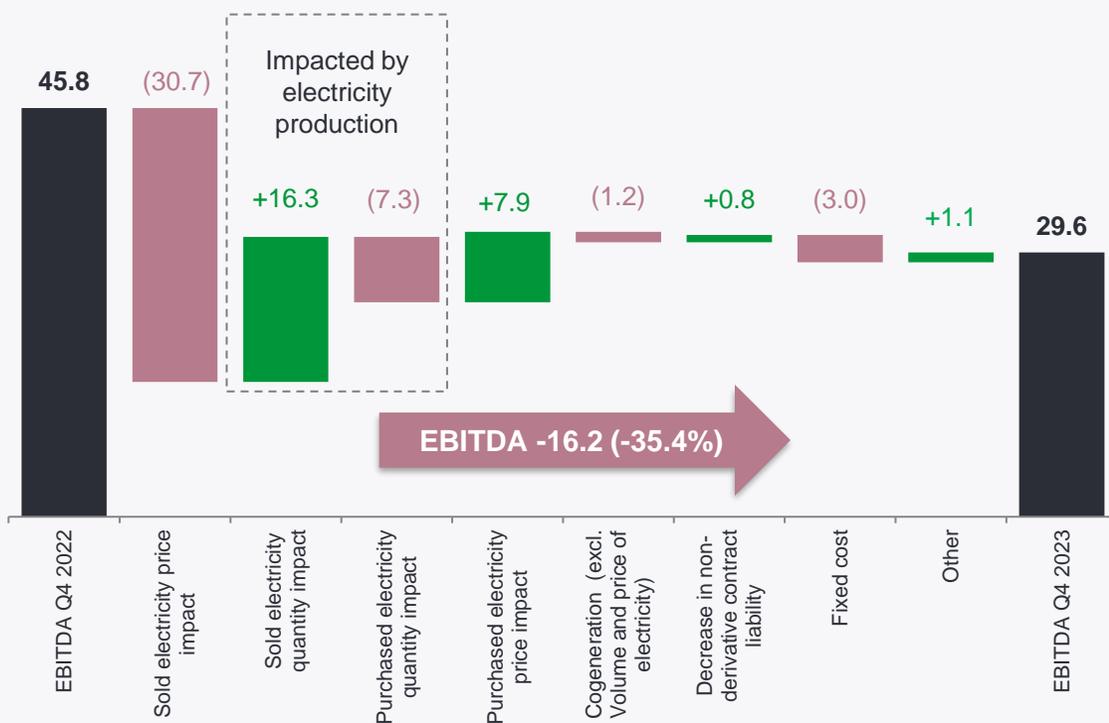


Implied captured price -50%

- 📉 Core markets average price -58%
- 📈 Increased volume of electricity purchases (2.1 times)
- 📉 Price of electricity sold to the market -64%
- 📉 PPA/FiT average price -28%
- 📈 Increased electricity purchase volume (2.1 times) to cover the PPA portfolio and to balance the electricity portfolio. The increase in volume had lower combined impact compared to the positive impact resulting from 55% lower purchase price.

The primary driver of the change for Q4 2023 EBITDA was lower price for power sold to exchange

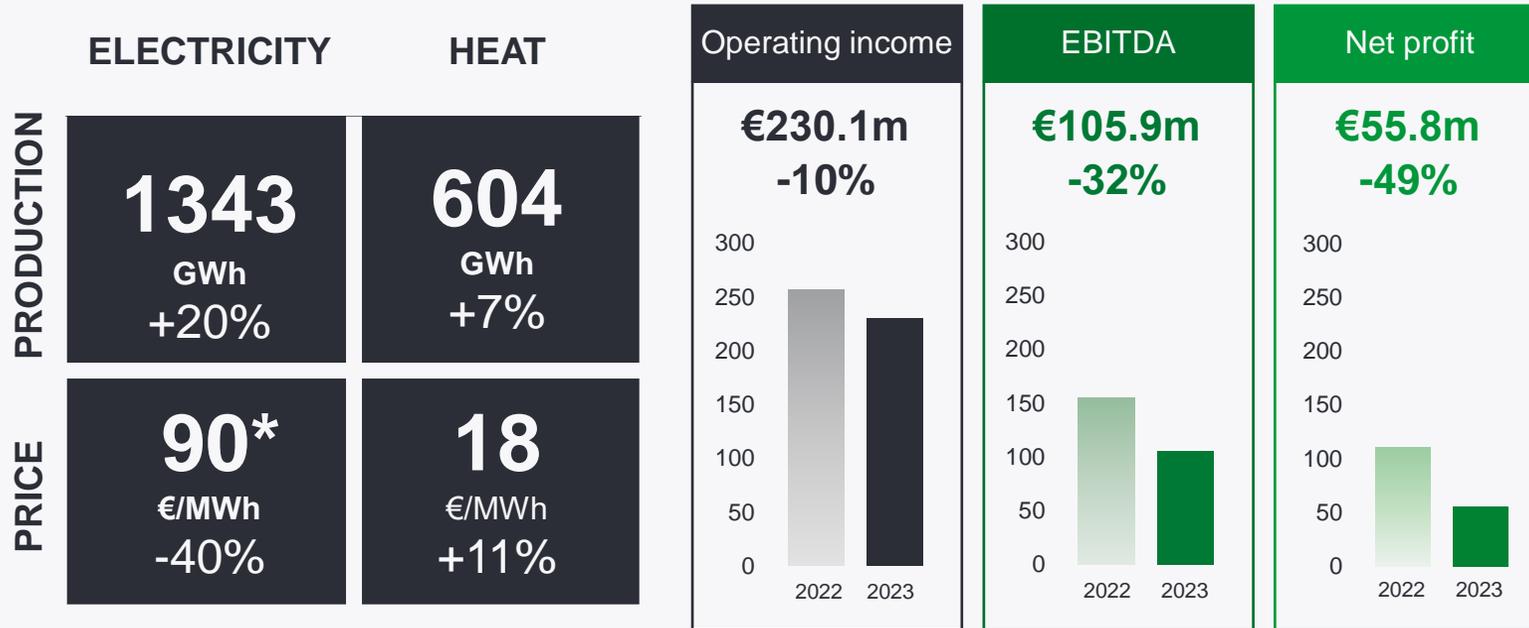
Group's EBITDA change by drivers, €m



EBITDA €29.6m
-35%

- 📌 **Electricity price net impact -€22.8m**
Lower power market prices impacted electricity sold to power Exchange the most
- 📌 **Sold / purchased quantities net impact +€8.9m**
42% higher production supported EBITDA growth, but fluctuation in production increased both electricity purchase and sale quantities
- 📌 **Impact of fixed expenses -€3.0m**
The increase in fixed costs was attributable to growth in maintenance costs, payroll expenses and research and consultation expenses
- 📌 **Other cogeneration segment result -€1.2m**
Decline in pellet sales revenue (-€4.4m) exceeded decrease in variable expenses (+€1.7m) and the gain on the sale of the Brocēni CHP plant and the pellet factory of €1.0m

2023 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

 **+178 MW**
4 new final investment decisions



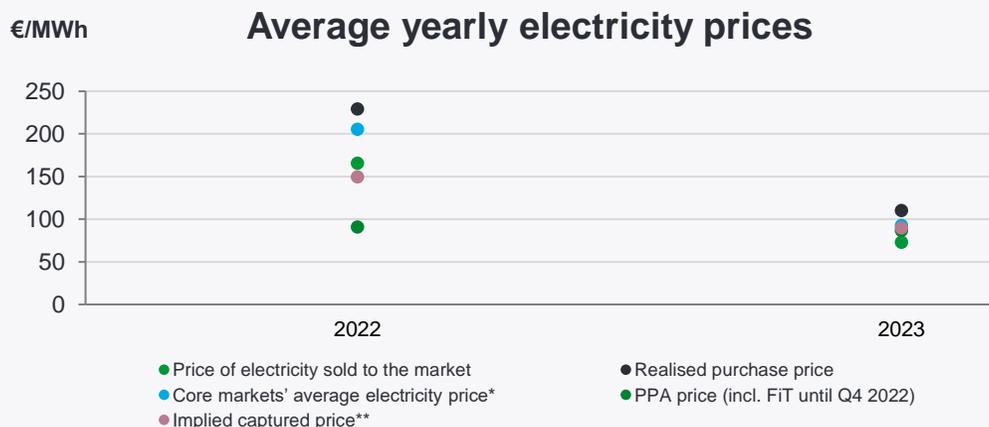
€505m
New investment loans (SEB, NIB, EIB)



 **+65 MW**
New operating capacity (Purtse, Zambrów, Estonia)



Summary of 2023 electricity prices



Power prices €/MWh	2022	2023
Core markets' average electricity price*	205.5	92.7
Price of electricity sold to the market	165.7	73.0
PPA price (incl. FiT until Q4 2022)	90.8	86.9
Realised purchase price	229.2	110.2
Implied captured electricity price**	149.5	89.6

* 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

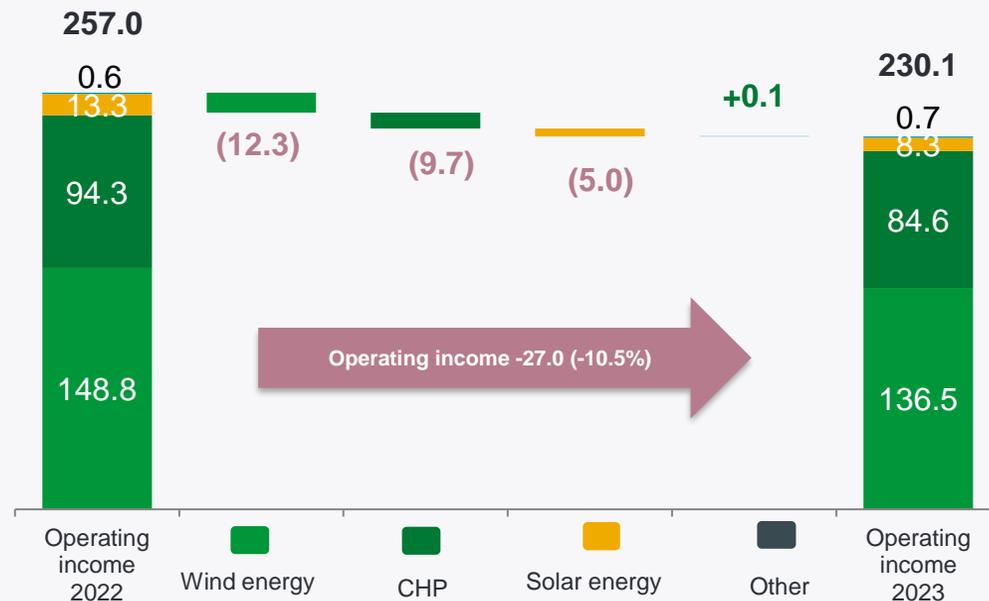


Implied captured price -40%

- 📉 Core markets average price -55%
- 📉 Price of electricity sold to the market -56%
- 📉 PPA/FiT average price -4%
- 📈 Increased electricity purchase volume (3.6 times) to cover the PPA portfolio and to balance the electricity portfolio. The increase in volume had higher combined impact compared to the positive impact resulting from 52% lower purchase price.

Operating income impacted by low electricity prices

Operating income by segment, €m



Total revenues €230.1m
-10%

Wind energy

- Production growth from new wind farms (+226 GWh)
- Lower implied captured electricity price* 87 €/MWh (-37%)

CHP

- More production in heat (+7%) and electricity (+1%)
- Higher revenues from pellet (+€1.7m), waste collection (+€2.1m) and heat sales (+€1.4m)
- Lower implied captured electricity price* 126 €/MWh (-41%)

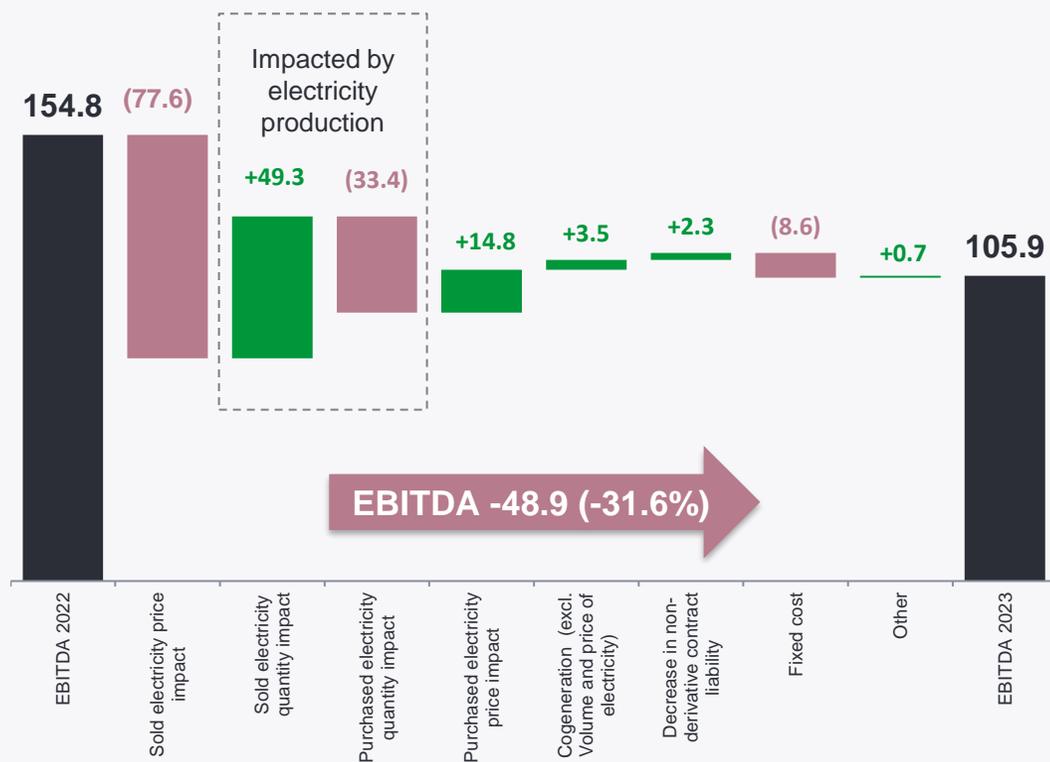
Solar energy

- Electricity production +99% due to new solar farms (operating farms' operating income +€2.4m)
- Exit from low profit margin „turn-key“ solar services business in Q3 2022

* 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

EBITDA decreased mainly due to lower electricity price for electricity sold to power exchange

Group's EBITDA change by drivers, €m



EBITDA €105.9m
-32%

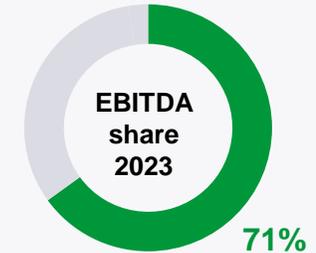
-  **Electricity price net impact -€62.8m**
 56% lower price impact for electricity sold to exchange (-€72.9m) was reduced by 52% lower purchase price impact (+€14.2m)
-  **Sold / purchased quantities net impact +€15.9m**
 20% higher production volume increased sales more than purchase volumes
-  **Impact of fixed expenses -€8.6m**
 The increase in fixed costs was attributable to growth in maintenance costs, research and consultation expenses and payroll expenses.
-  **Other cogeneration segment result +€3.5m:**
 Higher revenue from waste gate fee (€2.1m) and the gain on the sale of the Brocēni CHP plant and the pellet factory of €1.0m

Wind energy segment: lower electricity prices and increased electricity purchases decreased profits even at production growth

Electricity production, GWh



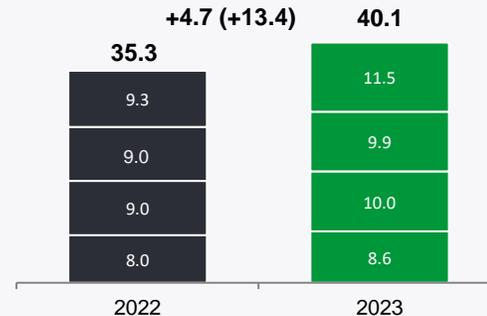
Operating income and EBITDA, €m



Implied captured electricity price, €/MWh*



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



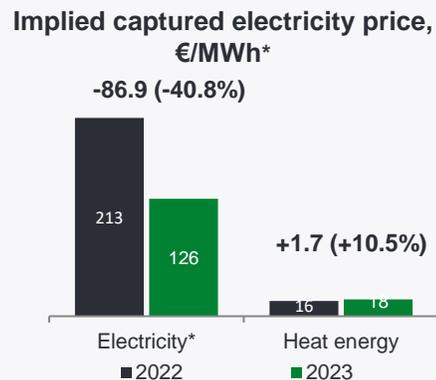
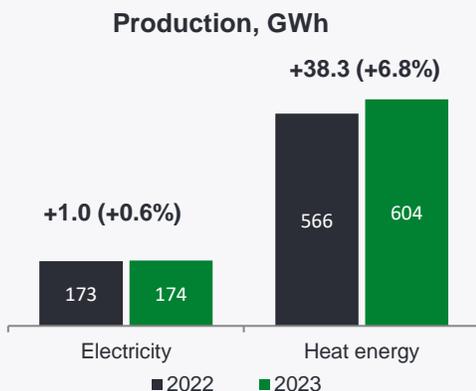
EBITDA €75.1m
-31%

- Production growth from new wind farms (+226 GWh)
- Cost of electricity purchased to meet our obligations under the PPAs
- Increased wind farm operating expenses (+13%) mainly from older wind parks
- Lower implied captured electricity price* 87 €/MWh (-37%)

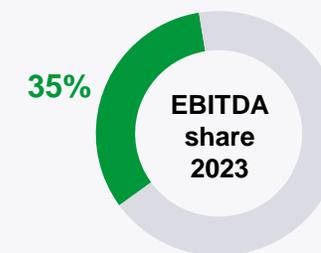
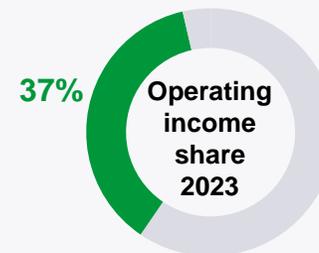
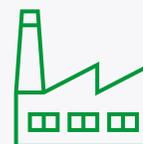
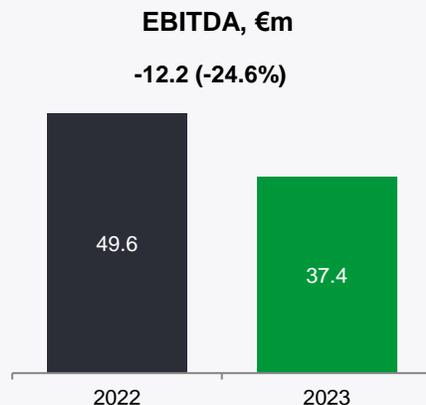
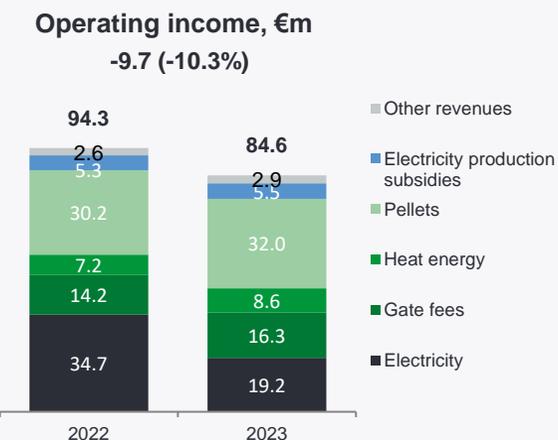
* (Electricity sales revenue + renewable energy support and efficient cogeneration support – electricity purchases on the Nord Pool day-ahead and intraday market – balancing energy purchases) / production

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

Cogeneration segment: lower electricity prices had negative impact on profitability



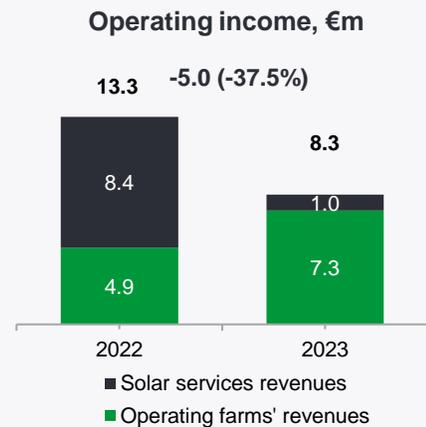
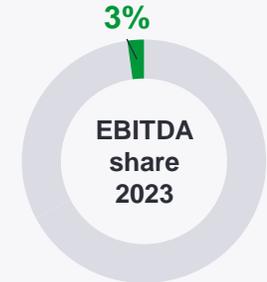
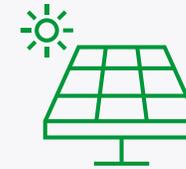
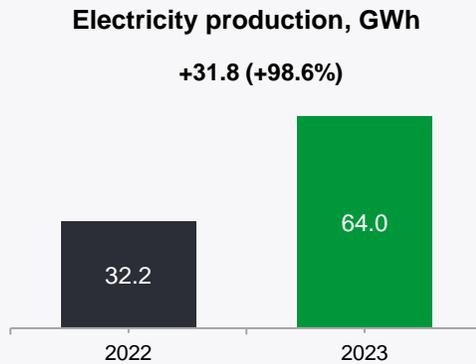
*(Electricity sales revenue + renewable energy support and efficient cogeneration support – electricity purchases on the Nord Pool day-ahead and intraday market – balancing energy purchases) / production



EBITDA €37.4m
-25%

- Gain of €1.0m on the sale of Broceni CHP plants and pellet factory. 2023 cogeneration segment EBITDA includes €29.1m Iru power plant EBITDA
- More production in heat (lower base value due to Iru power plant stoppage in 2022)
- Higher revenues from pellet (+€1.7m), waste collection (+€2.1m) and heat sales (+€1.4m)
- Lower implied captured electricity price* 126€/MWh (-41%)

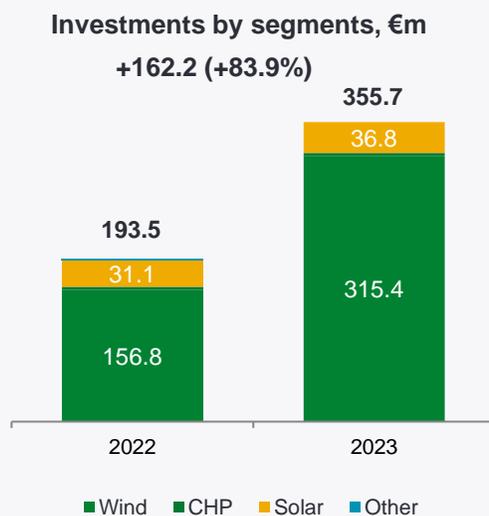
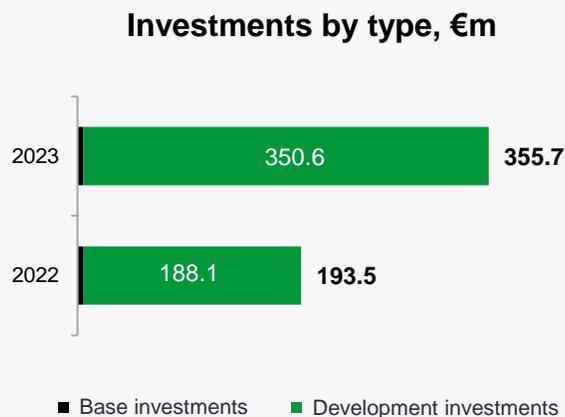
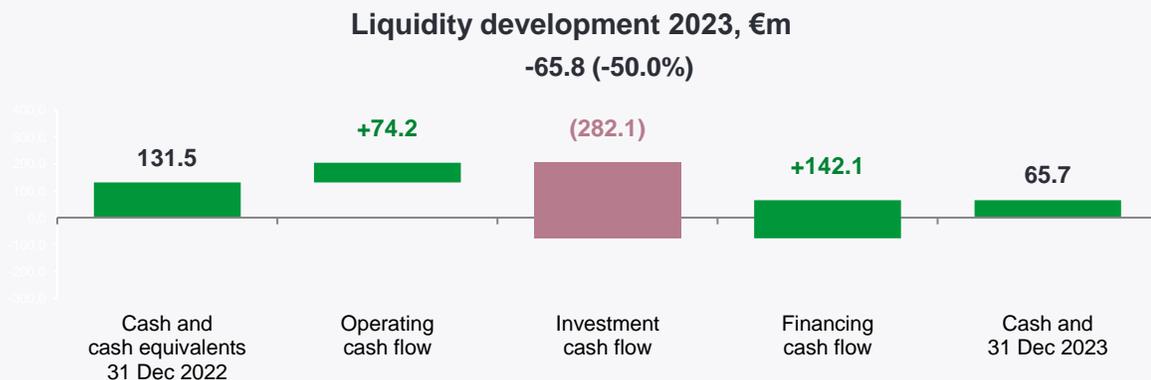
Solar segment: production from new solar farms improved operating income despite lower electricity prices



**EBITDA €3.0m
-16%**

- 99% higher production due to new solar parks (operating farms' revenues +€2.4m)
- Solar energy implied captured electricity price* 102€/MWh (-19%)
- +2.2€m (+174%) higher fixed costs to support our growth plan (including +0.9€m higher payroll expenses)

€355.7m of investments in 2023



Investments €355.7m
+84%

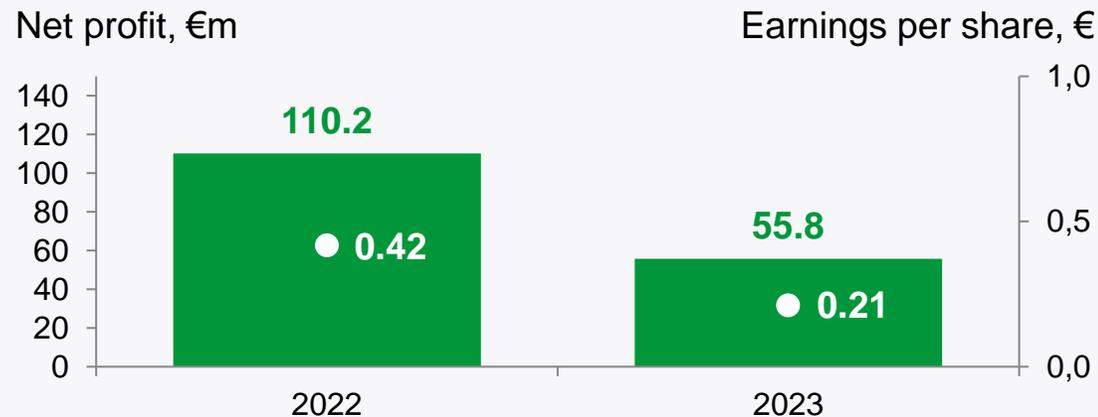
Operations
 Lower support than previously to continuing investments due to lower electricity prices

Investments
 2023 investments in the amount of €355.7m, majority into developments:

- Kelmé I €89.5m
- Kelmé II and III €38.0m
- Sopi-Tootsi €84.1m
- Tolpanvaara €51.8m
- Purtse PV €12.7m
- Vändra PV €9.4m

2023 Earnings Per share €0.21

Management's dividend proposal: €0.105 per share



Dividend proposal

In coordination with the supervisory board, the management board proposes that in 2024 the company pay the shareholders a dividend of €27.7m (**€0.105 per share**) from retained earnings, which is equivalent to 49.7% of the group's unaudited net profit for 2023.



Net profit €55.8m -49%

Neto finantstulud

- ↗ Increase interest income
- ↔ Interest expense increase of +9.5m, but neutral impact on profit due to 94% capitalization rate

Corporate income tax

- ↘ Increase by €4.1m because income tax paid in Estonia due to the distribution of larger dividend

Net profit

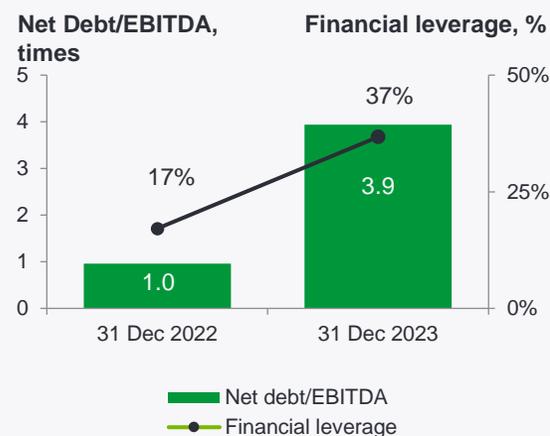
- ↘ Lower power market prices
- ↘ Increase in power purchase costs

Leverage is rising ahead of completion of new capacities

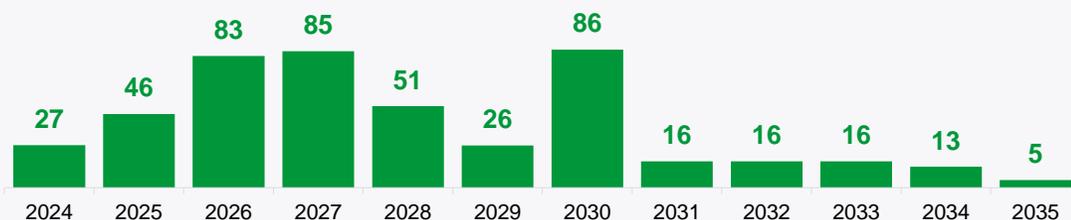
Return on invested capital and return on equity, %



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



Loan repayment schedule, €m



Financial leverage 37%

Capital structure

- Expectedly higher leverage and net debt / EBITDA ratio

Financing

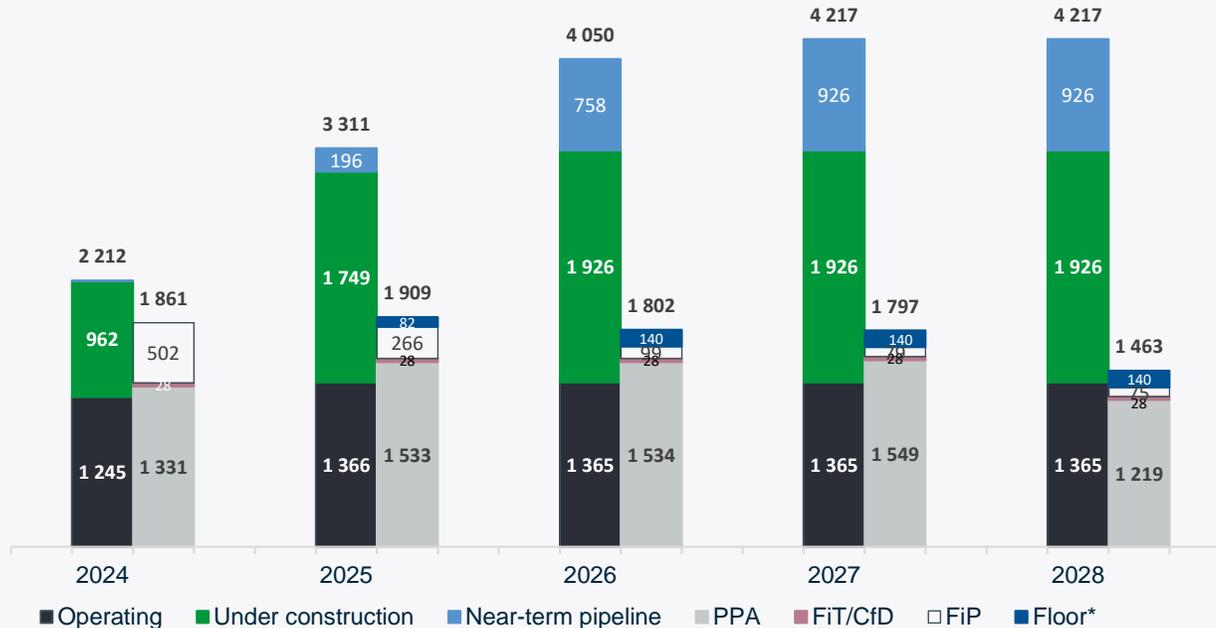
- Balance of outstanding loans €473m
- Average interest rate 3.75%, including interest rate swaps (2022: 2,60%). Swaps cover 33% of loans.
- During the year signed €505m of new loan facilities with EIB, SEB and NIB
- Unutilised loans and revolving credit facilities of €285m + €50m

Return on equity 7.8%

- Return on invested capital declined due to lower EBIT and growth in invested capital
- Return on equity declined due to lower net profit

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

- 7,167 GWh of sold PPAs (58% of expected production**)
- Average contractual price 68.2 €/MWh

2029+

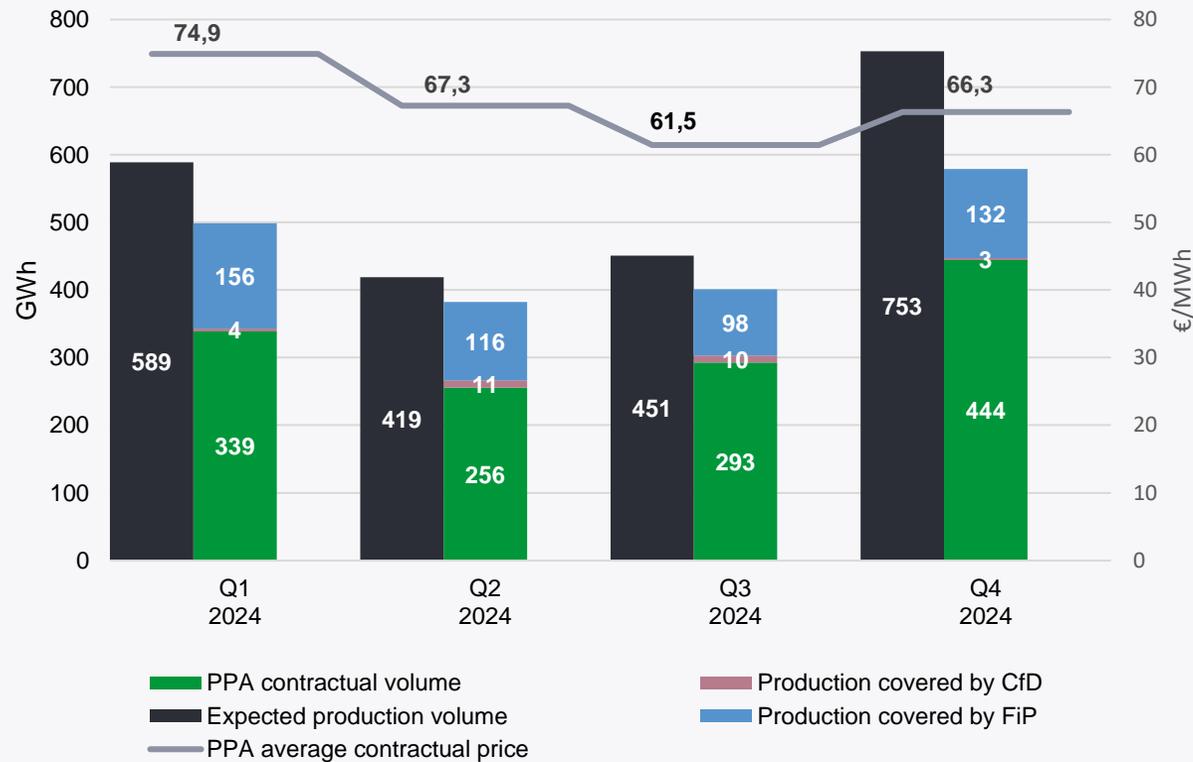
- The longest PPAs maturity is in 2033
- Against production expected beyond 2028, 2,458 GWh of PPAs have been sold at an average price of 79 €/MWh

Volume of new contracts signed in 2023

- During 2023 we concluded 52.6 GWh of PPAs at an average price of 70 €/MWh

Electricity price risk management in 2024

Enefit Green's electricity production portfolio in 2024, as at 31 December 2023



Power Purchase Agreements (PPAs)

We expect our production assets to produce 2.21 TWh of electricity in 2024

- Expected production from operating assets is 1.16 TWh
- Expected production from newly completed assets and assets under construction is 1.05 TWh

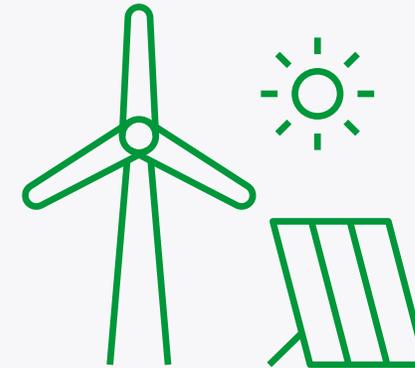
Risk Management Instruments

- Sold PPAs in volume of 1.33 TWh (60% of the expected electricity production in 2024) at an average price of 67.6 €/MWh.
- 28 GWh is covered by CfD at an average price of 112.1 €/MWh
- 502 GWh is covered with FiP at an average level of 50.1 €/MWh

2023 summary

Operating income	EBITDA	Net profit
€230.1m -10%	€105.9m -32%	€55.8m -49%

- 📉 Over **50% decline** in power prices
- 📈 20% growth in power production
- 📈 65 MW new operating capacity
- 📉 **Incident in Akmene**, availabilities, shortage of production and growth in power purchase expenses
- 📈 4 final investment decisions **178 MW ~€200m investment**
- 📈 **€505m** of new loan facilities
- 📈 Sale of **biomass assets**
- 📉 Management's dividend proposal: **€0.105/share** (49.7% of net profit)



**Total renewable capacity
under construction**

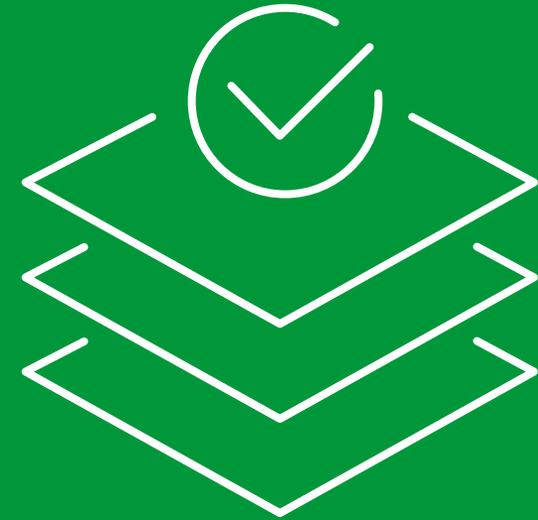
709 MW

**+138% additional capacity
when completed**



Q&A

Aavo Kärmas, juhatuse esimees
Veiko Räim, finantsjuht



Appendix

Condensed consolidated
interim financial statements Q4 and 12 months 2023

Condensed consolidated interim income statement

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

Condensed consolidated interim statement of financial position

€ 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	0
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

€ 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
Government 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

Condensed consolidated statement of cash flows

€ thousand	Q4 2023	Q4 2022	2023	2022
Cash flows from operating activities				
Cash generated from operations	17,596	30,481	94,917	136,223
Interest and loan fees paid	(2,726)	(1,360)	(9,862)	(3,202)
Interest received	181	239	826	251
Income tax paid	(501)	(829)	(11,676)	(7,046)
Net cash generated from operating activities	14,550	28,531	74,205	126,226
Cash flows from investing activities				
Purchase of property, plant and equipment and intangible assets	(70,847)	(60,487)	(312,692)	(190,436)
Collection of finance lease receivables	0	0	1	0
Proceeds from sale of property, plant and equipment	0	0	0	3
Proceeds from sale of a business	30,548	0	30,548	724
Dividends from investments in financial assets	0	0	24	62
Net cash used in investing activities	(40,299)	(60,487)	(282,119)	(190 120)
Cash flows from financing activities				
Received bank loans	142,000	100,000	302,000	270,000
Repayments of bank loans	(76,257)	(100,131)	(104,571)	(115,277)
Repayments of leases	(48)	(168)	(324)	(431)
Dividends paid	0	0	(54,970)	(39,906)
Other adjustments	0	0	0	37
Net cash generated from (used in) financing activities	65,695	(299)	142,135	114,423
Net cash flows	39,946	(32,255)	(65,779)	51,002
Cash and cash equivalents at the beginning of the period	25,731	163,711	131,456	80,454
Cash and cash equivalents at the end of the period	65,677	131,456	65,677	131,456
Net increase / (-) decrease in cash and cash equivalents	39,946	(32,255)	(65,779)	51,002

Thank you!