

# ENEFIT GREEN

## Q3 2023

Interim results presentation



Enefit Green

# Results are presented by:



**Aavo Kärmas**  
CEO

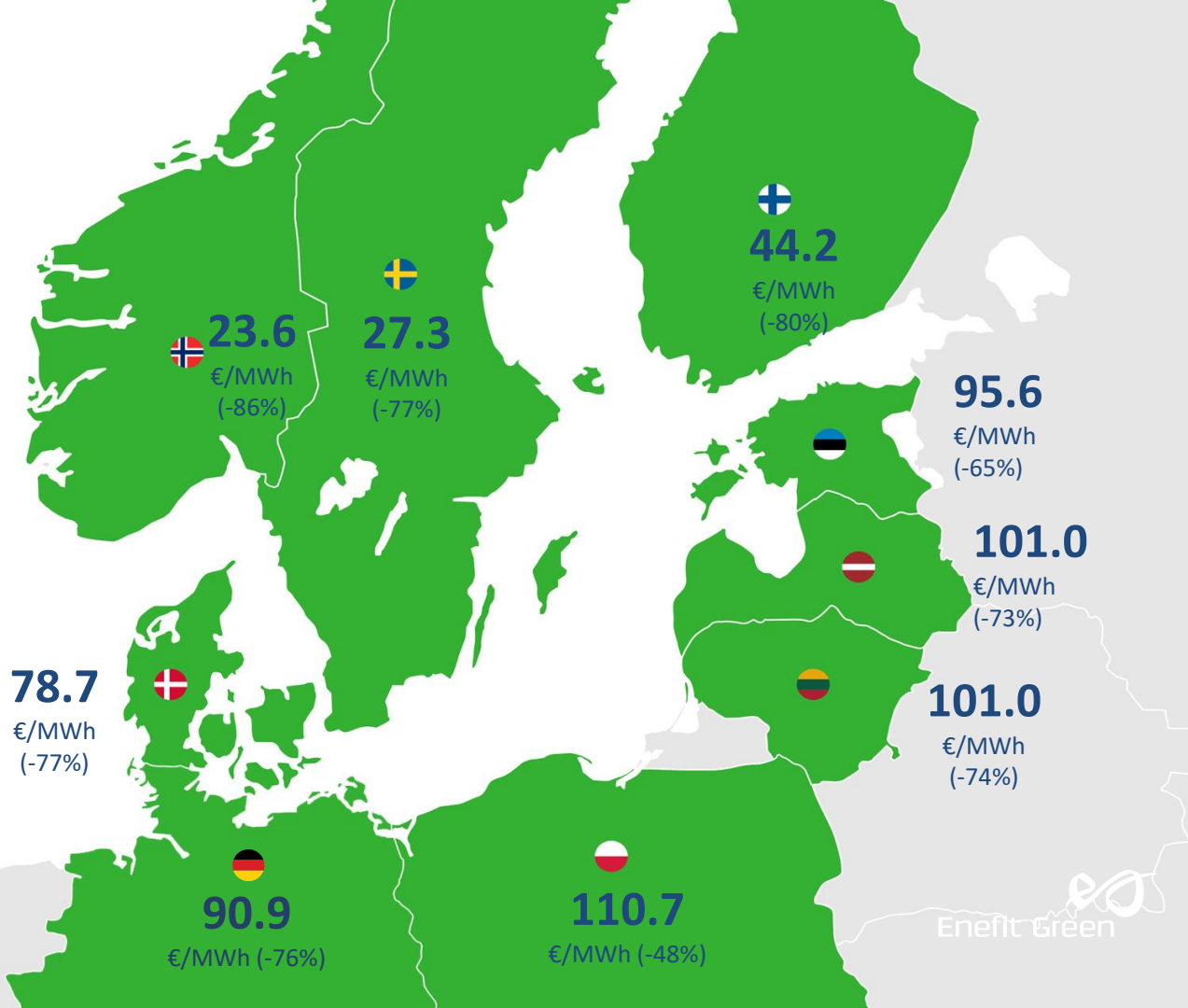


**Veiko Räim**  
CFO

# Decline in electricity prices climaxed in Q3

## Drivers:

- Prices peaked a year ago
- Over 80% lower natural gas prices
- Strong hydro power supply
- Lower consumption



# Regulatory developments



European Parliament approved changes in Renewable Energy Directive

European Commission has published European Wind Power Package to accelerate wind power deployment

EU energy ministers reached agreement on principles of the energy market reform including usage of CfDs



TSO has temporarily suspended issuance of technical conditions for grid connections to electricity producers in case such connections would demand reconstruction of 330kV grid

The government supplemented a regulation, which gives the Latvenergo and the Latvian State Forest Management joint venture Latvijas Vēja Parki the exclusive right to select suitable locations for wind farms



The government has started with amendments of several laws: environmental fees, acceleration of renewable energy deployment, changes in fuel reporting in electricity production, intent to prepare the climate act

Competition Authority organised a public consultation to set new grid tariffs for Elering, the Estonian TSO



European Commission supports construction of a 700 MW offshore wind farm in Lithuania with €193m

The government plans to introduce a 0.5% land tax rate for wind energy producers until the end of 2031 with the draft real estate tax law

From July, renewable energy producers will also receive certificates of origin for electricity produced during testing



First EU international renewable energy procurement concluded with an agreement with Luxembourg

Wind energy price discount reached an all time high of 61% in September

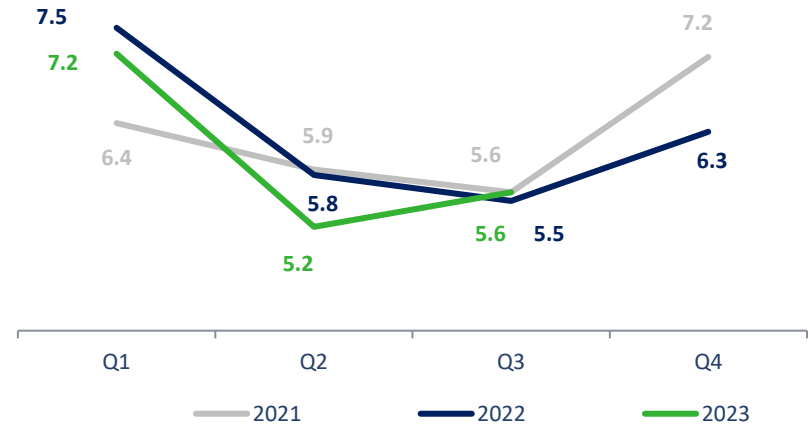
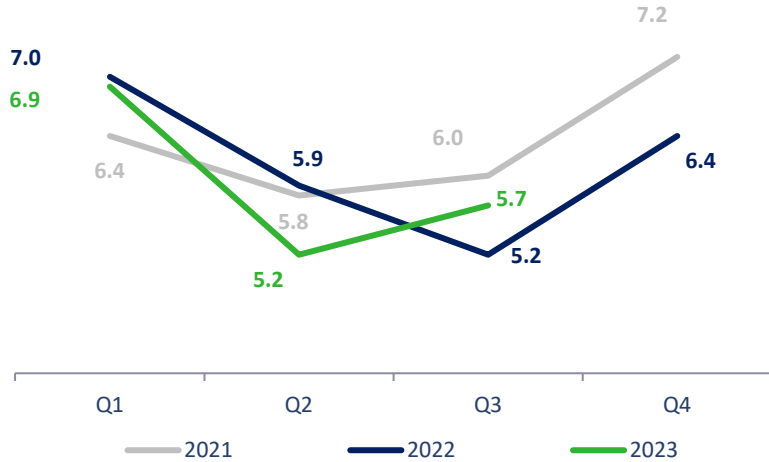


An amendment to the Energy Act allows solar panels or wind generators to be added to existing power plants, reducing the cost of building new plants

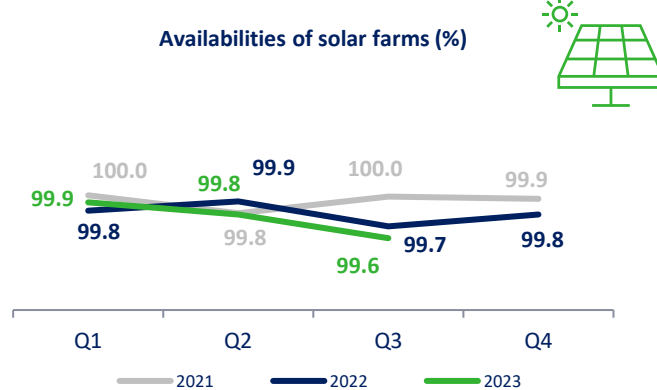
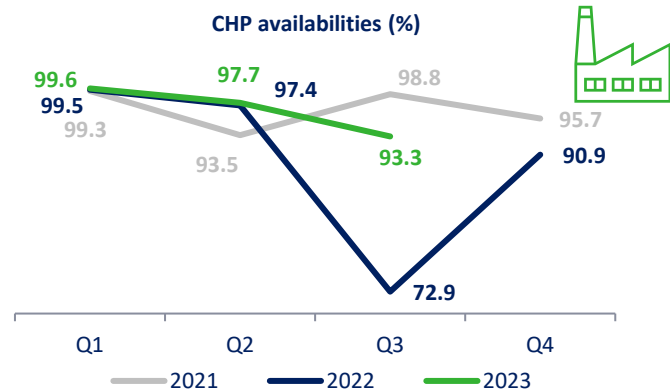
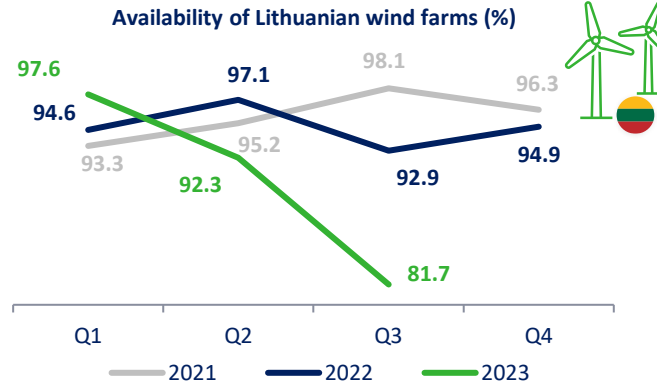
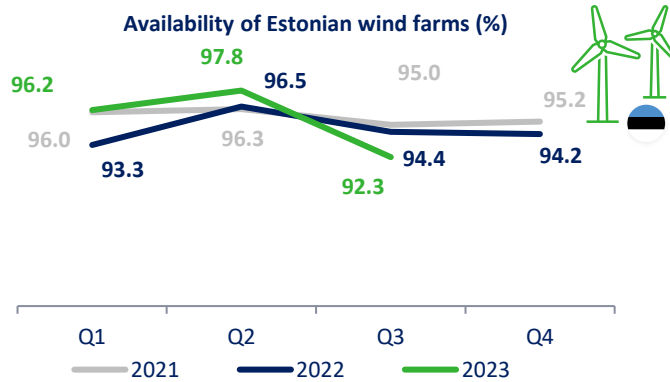
With an amendment to the Planning Act, the construction of solar farms on class IV lands will be prohibited from 2025 onwards with a faster permitting procedure

# Average wind conditions during Q3

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



# Availability challenges in Lithuania



## Path towards 4X growth



**Projects under construction**

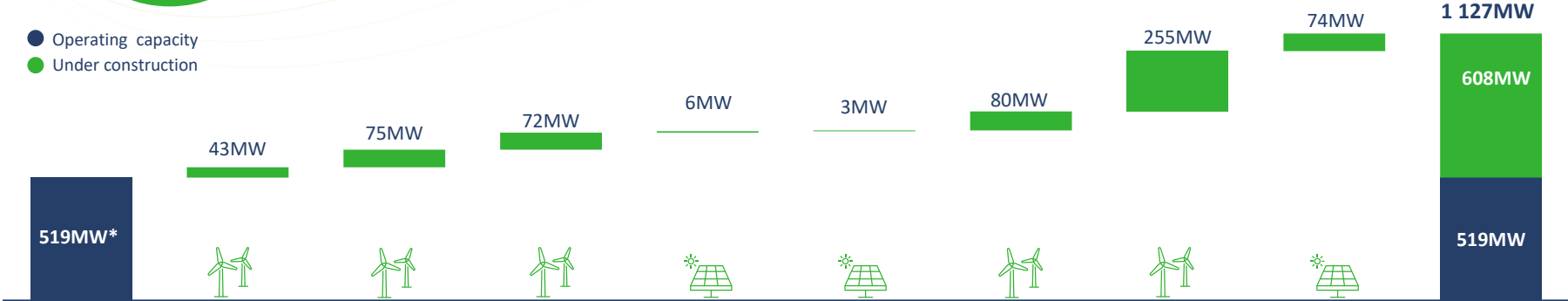


525 MW



83 MW

● Operating capacity  
● Under construction



Operating capacity  
31 October 2023

Šilale II

Akmene

Tolpanvaara

Debnik  
PV

Estonia  
PV

Kelme I

Sopi-Tootsi

Sopi  
PV

Operating + under  
construction  
capacity

Country



Final investment  
decision

Q2 2021

Q3 2021

Q4 2021

Q1 2022

Q4 2022

Q4 2022

Q4 2022

Q2 2023

First electricity /  
% in testing phase

100%

79%

46%

Q4 2023

Q4 2023

Q4 2024

Q4 2024

Q1 2025

COD\*\*

Q4 2023

Q1 2024

Q1 2024

Q1 2024

Q2 2024

Q1 2025

Q1 2025

Q4 2025

\* Following projects have been categorized as operating: Purtse WF (21MW), Purtse PV (32MW), Zambrow PV (9MW). Grid tests are being carried out in Purtse. In Zambrow grid tests are completed, waiting for official production permit.

\*\* COD – Commercial Operating Date



**Near term development portfolio**

Targeted investment decisions until the end of 2024

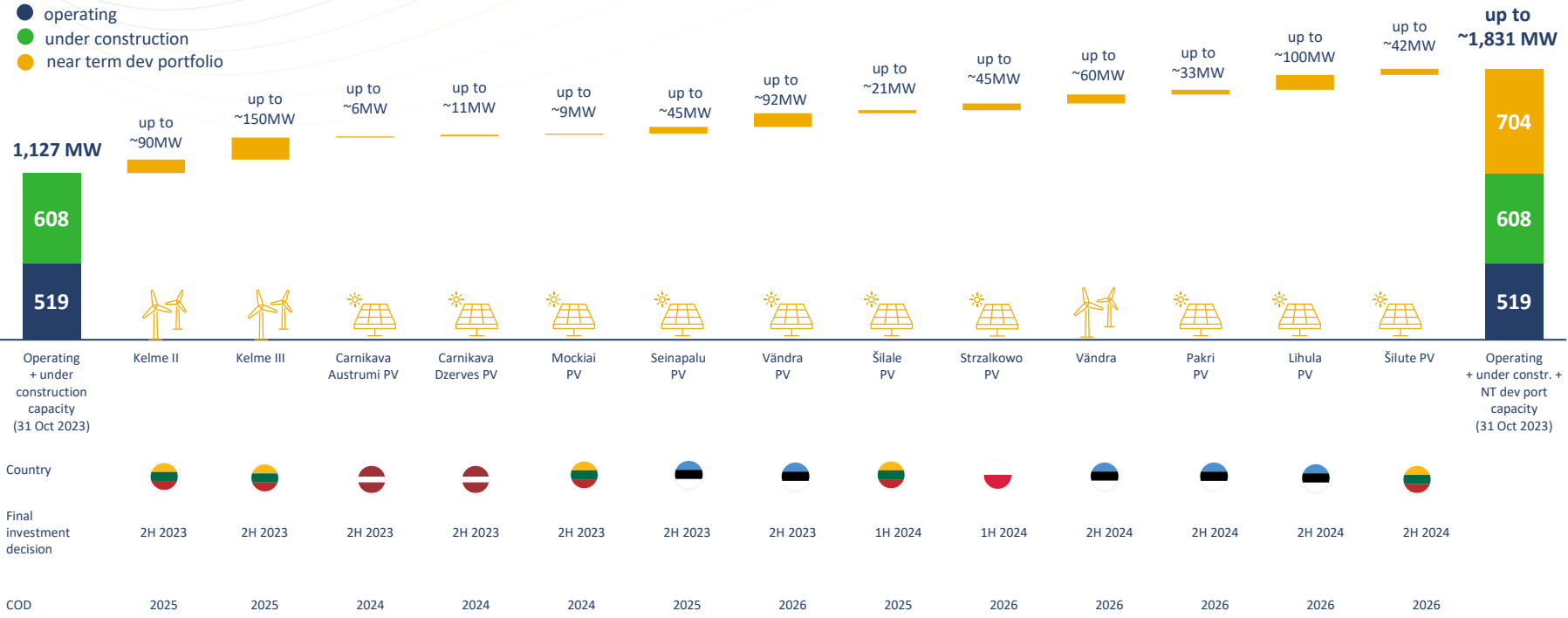


**300 MW**



**404 MW**

- operating
- under construction
- near term dev portfolio

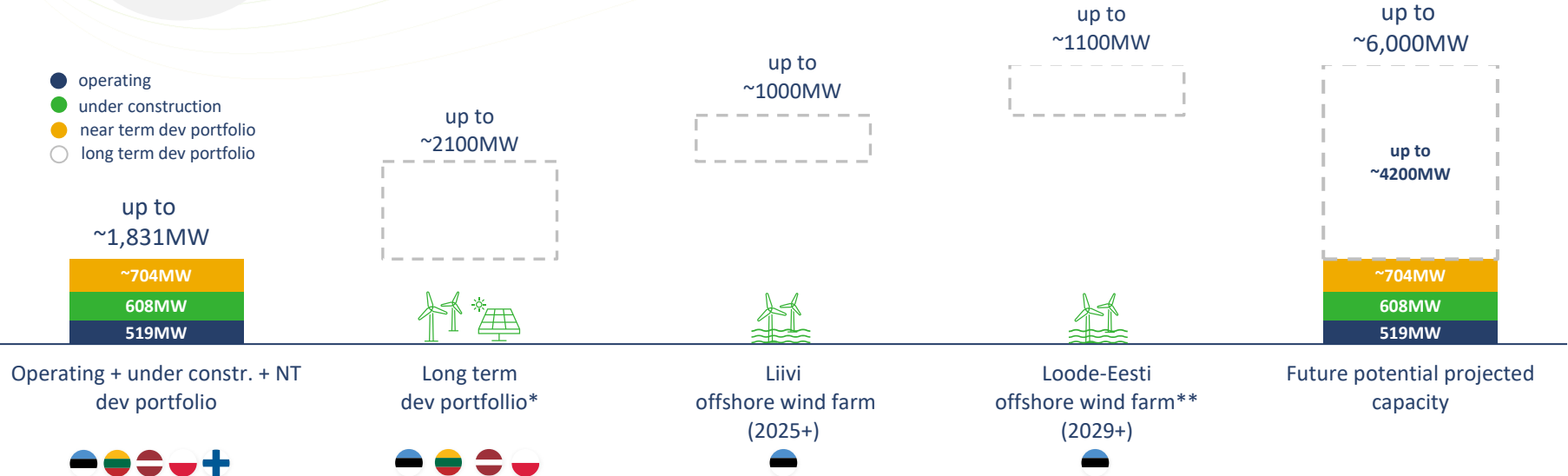


**NB!** Development projects are in continuous change. The presented information is management team's best assessment of the current status of the near-term development portfolio as of 31 October 2023

# 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.

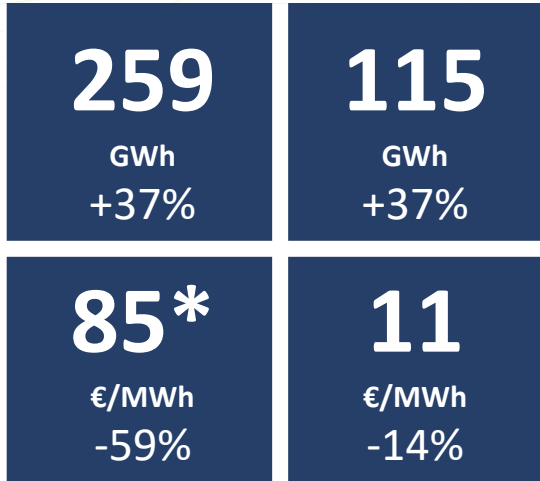
\*\* Also known as Hiiumaa offshore wind farm

# Q3 2023 Key highlights

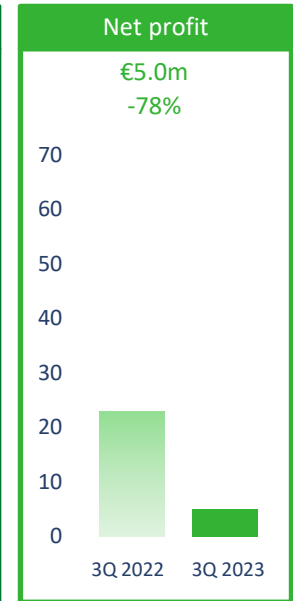
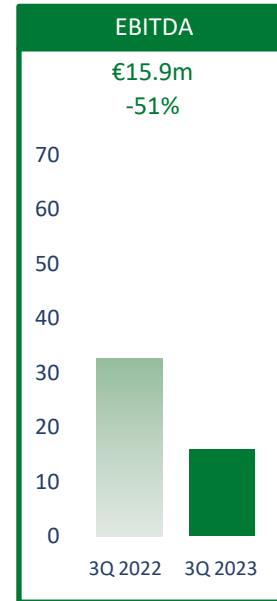
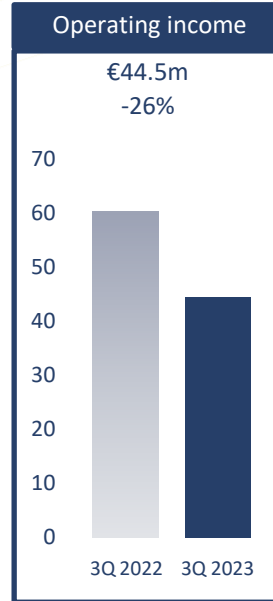
PRODUCTION

ELECTRICITY

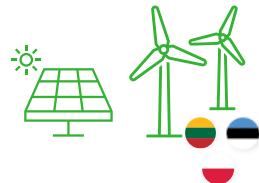
HEAT



IMPLIED CAPTURED PRICE



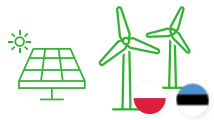
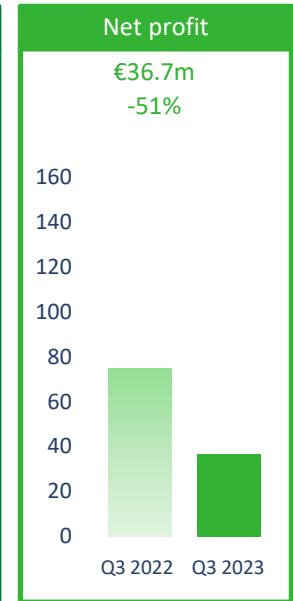
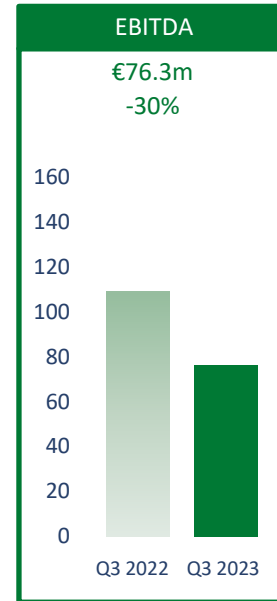
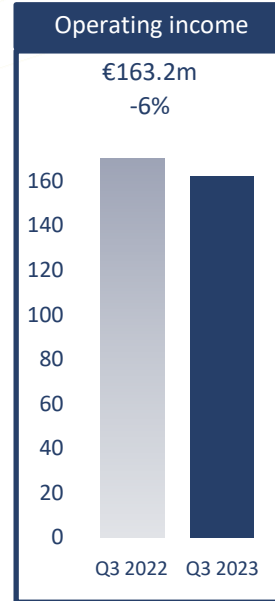
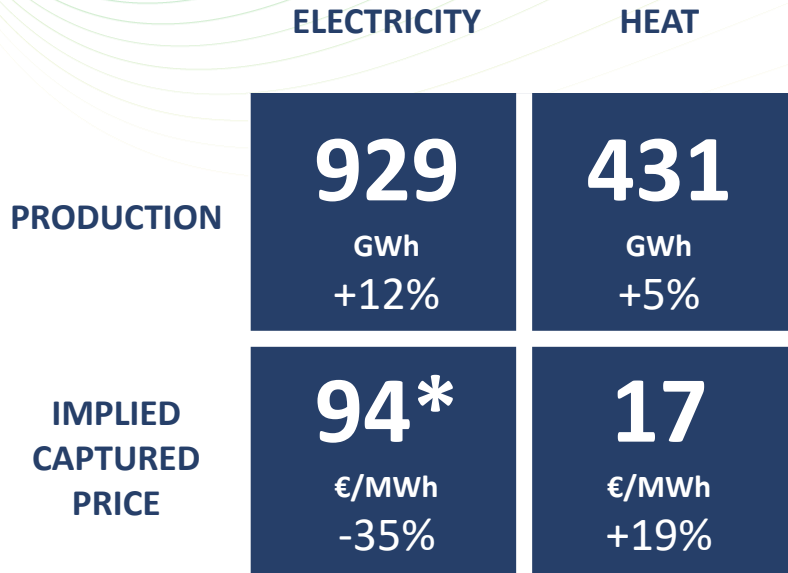
**180 mln €**  
New 12-year loan facility from EIB



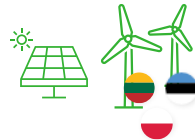
**+53 GWh**  
production from new wind and solar farms

\* (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

# 9m 2023 highlights



**+62 MW**  
new operating capacity  
Purtse & Zambrow



**+147 GWh**  
production from new  
wind and solar farms under  
construction



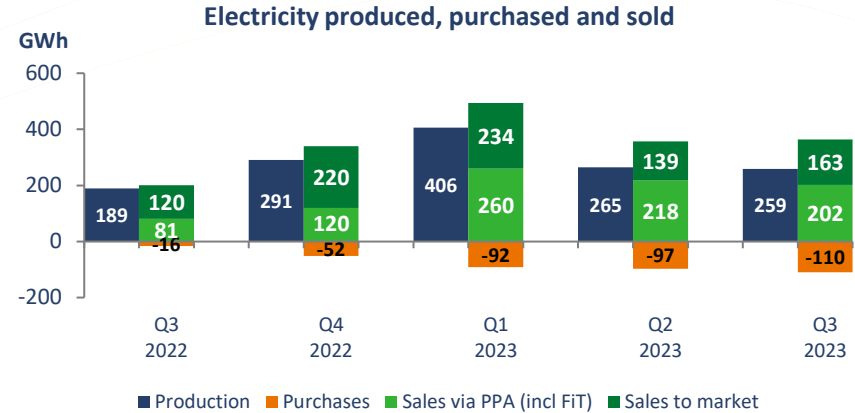
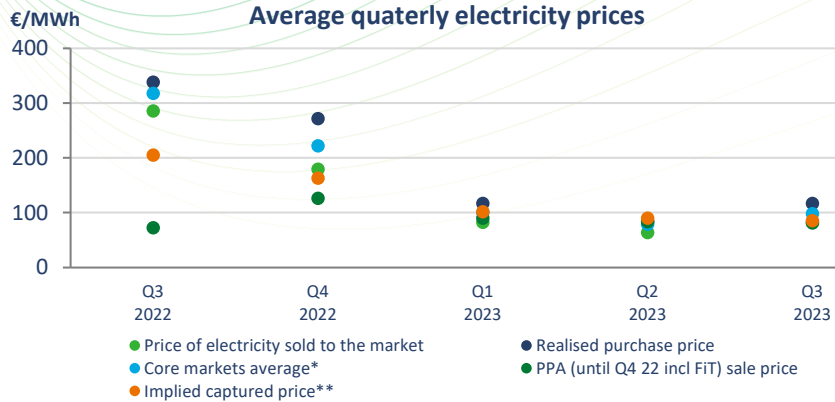
**€505m**  
new loan  
agreements  
(SEB, NIB, EIB)



**74 MW**  
Sopi solar farm  
FID

\* (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

# Summary of Q3 electricity prices



Power prices €/MWh	Q3 2022	Q2 2023	Q3 2023
Core markets average*	317.7	78.7	97.8
Price of electricity sold to the market	285.2	63.7	82.2
PPA (until Q4 22 incl FiT) sale price	72.1	83.5	80.9
Realized purchase price	337.7	83.8	116.5
Implied captured price**	205.1	89.9	84.9

\* Production weighted average market price on group's core markets

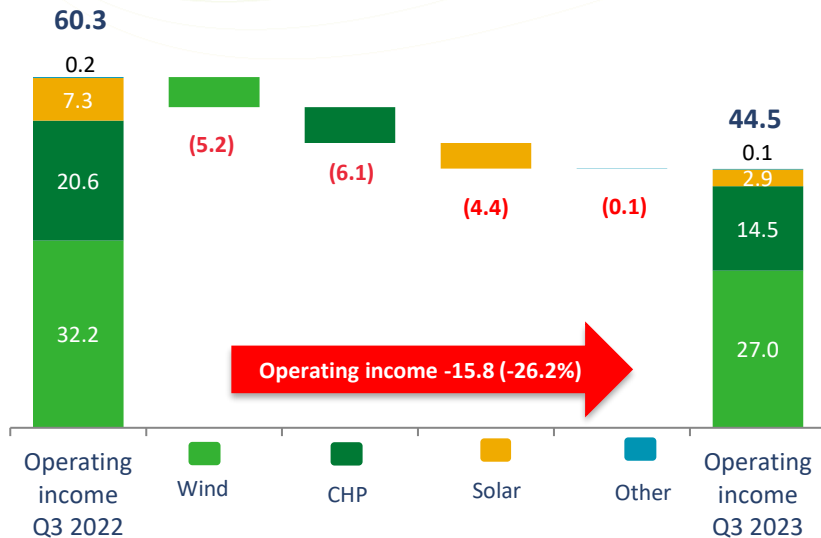
\*\* (electricity sales revenue + renewable energy support and efficient cogeneration support + revenues from sale of guarantees of origin - day-ahead and intraday purchases on Nord Pool - balancing energy purchases) / production

**Implied captured price**  
-59%

- ➡ Core markets average price -69%
- ➡ Increased volume of electricity purchases (6.8 times)
- ➡ Price of electricity sold to the market -71%
- ➡ Realised purchase price -65%
- ➡ PPA/FiT average price +12%

# Operating income impacted by low electricity prices

Operating income by segment, €m



**Operating income €44.5m**  
-26%

## Wind

- Electricity production +31%
- Implied captured price\* of the segment was 78.1 €/MWh (-58%)

## CHP

- Lower pellet sales volume (-56%)
- Implied captured price\* 127.5 €/MWh (-61%)

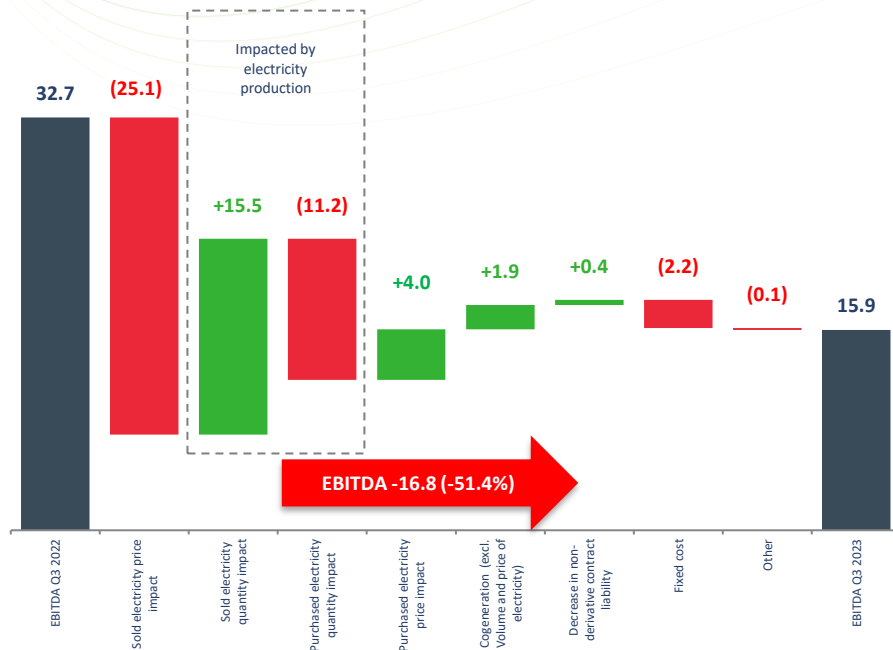
## Solar

- Electricity production +128% due to new solar farms
- Exit from „turn-key“ solar services business in Q3 2022

\* (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

# EBITDA decreased due to lower electricity prices

Group's EBITDA change by drivers, €m



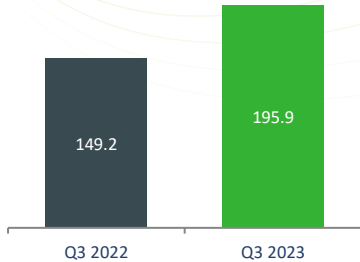
**EBITDA €15.9m**  
**-51%**

- **Electricity price net impact -€21.1m**  
 Higher PPA price did not compensate the impact of the decline in market prices
- **Sold / purchased quantities net impact +€4.3m**  
 Lower than expected and variable production increased both electricity purchase and sale quantities
- **Impact of fixed expenses -€2.2m**  
 Mainly increased labor and research/consultation costs
- **Other cogeneration segment result +€1.9m:**  
 Higher revenue from waste gate fee and lower pellet own consumption electricity expenses due to lower power market prices

# Wind energy segment: lower electricity prices and increased power purchase costs had negative impact on profitability even with higher production

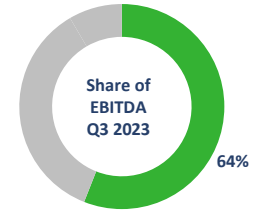
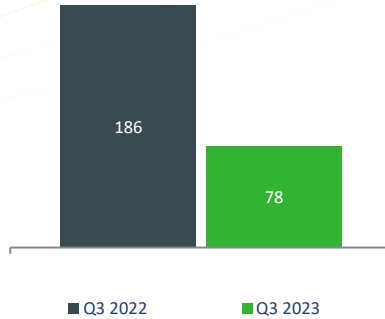
Electricity production, GWh

+46.7 (+31.3%)



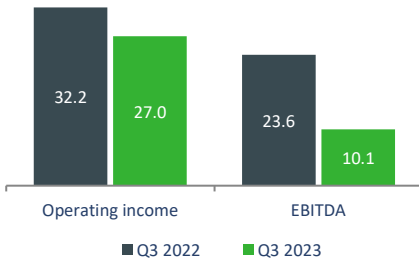
Implied captured electricity price, €/MWh\*

-107,7 (-58,0%)



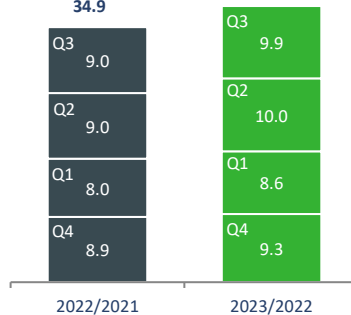
Operating income and EBITDA, €m

-5.2 (-16.0%)      -13.5 (-57.0%)



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

+2,9 (+8,3%)



**EBITDA €10.1m**  
**-57%**

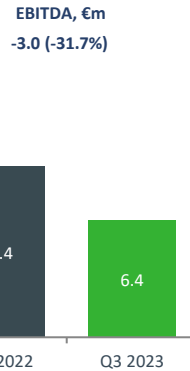
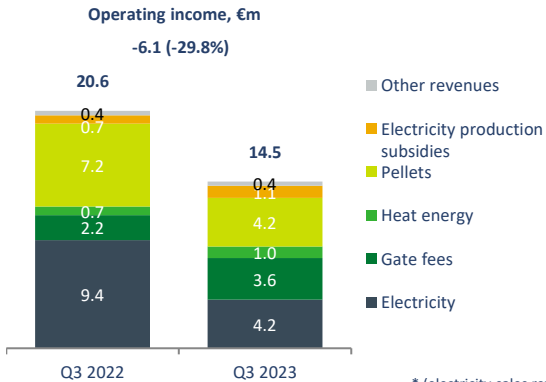
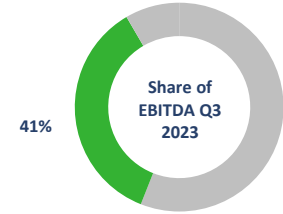
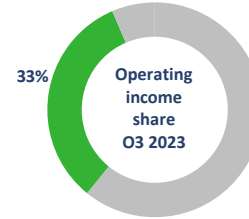
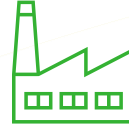
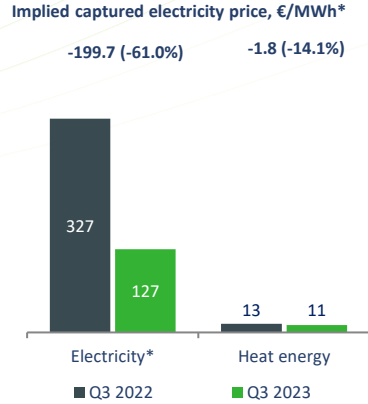
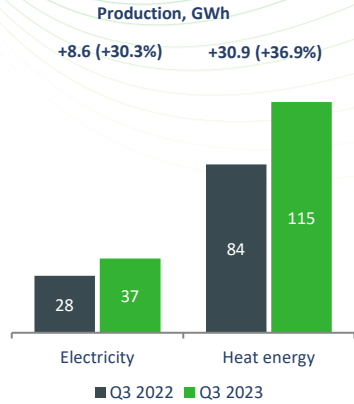
- Higher production volumes in Lithuania and Estonia due to the addition of new wind farms
- Lower implied captured electricity price\*
- Power purchase costs
- Maintenance and consultations costs

\* (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

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



# Cogeneration segment: lower electricity price decreased profitability

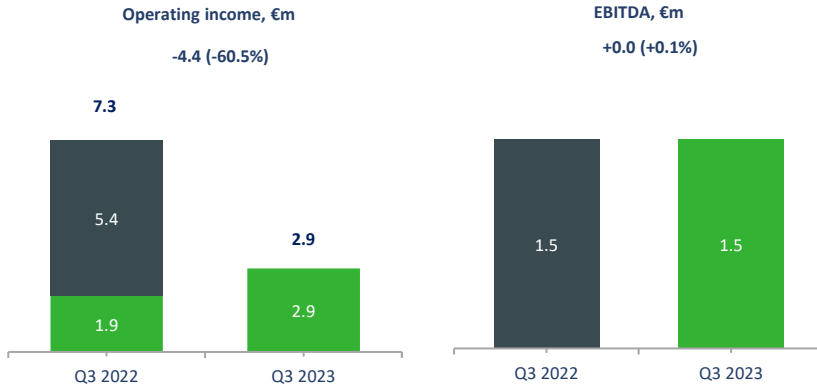
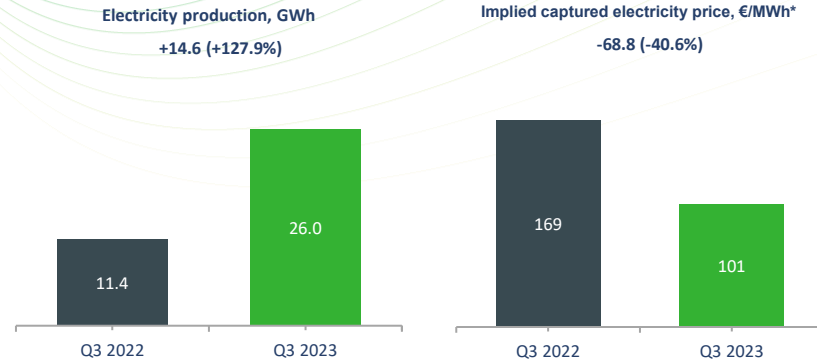
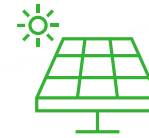


**EBITDA €-3.0m**  
**-32%**

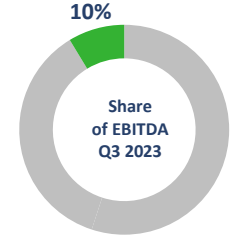
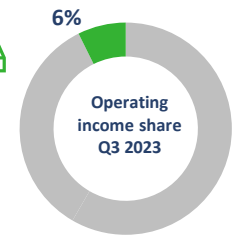
- Higher electricity and heat energy production
- Implied captured electricity price driven by market prices

\* (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

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



■ Solar services revenues  
■ Operating farms' revenues

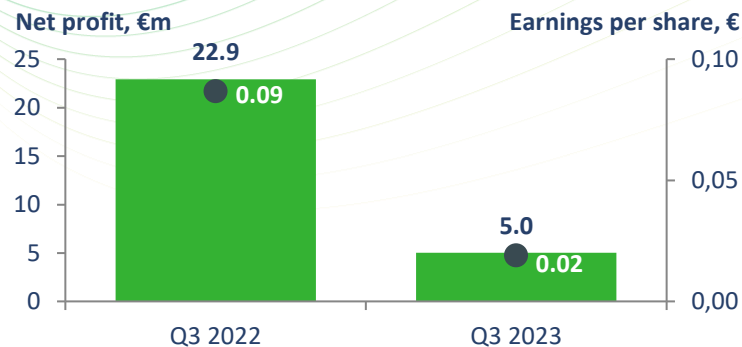


**EBITDA €1.5m**

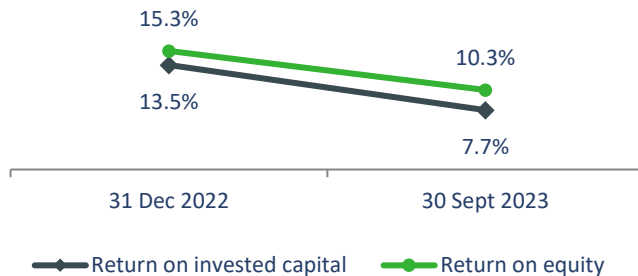
- 128% higher production due to new solar farms
- Lower implied captured electricity price\*
- Higher salaries and land expenses

\* (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

# Q3 2023 net profit impacted by lower electricity prices



Return on invested capital and return on equity, %



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

## Net profit €5.0m -78%

**Net finance income**

- Increased interest income
- ➡ Interest expense increase of €3.6m, but neutral impact on profit due to 98% capitalization rate)

**Corporate income tax expenses**

- Increased by €0.3m

**Net profit**

- Low electricity market prices
- Increased power purchased costs

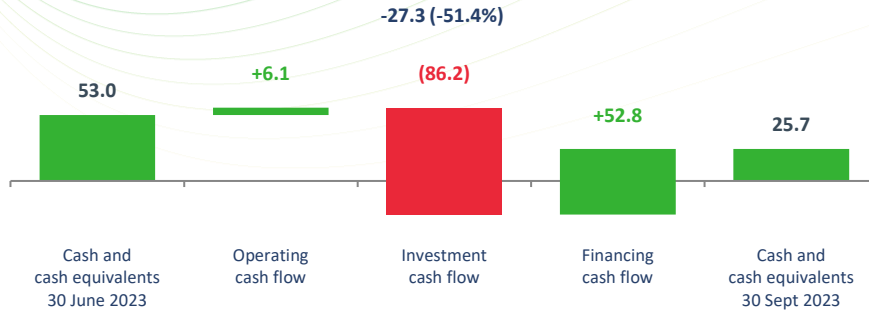
## Return on equity 10.3%

**Returns**

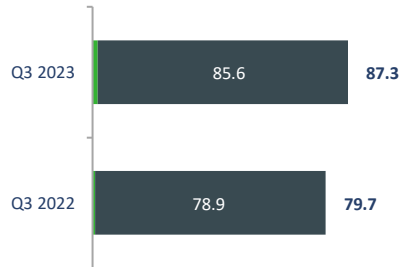
- Return on invested capital declined due to lower EBIT and growth in invested capital
- Return on equity declined due to lower net profit

# €87.3m of investments in Q3 2023

## Liquidity development Q3 2023, €m

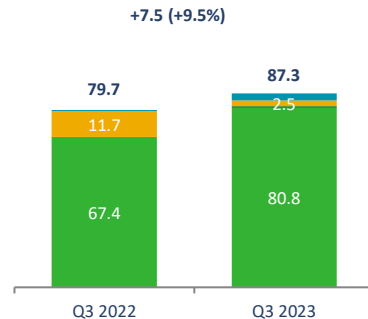


## Investments by type, €m



■ Base investments ■ Development investments

## Investments by segments, €m



■ Wind ■ CHP ■ Solar ■ Other

**Investments €87.3m  
+10%**

## Operating cash flow

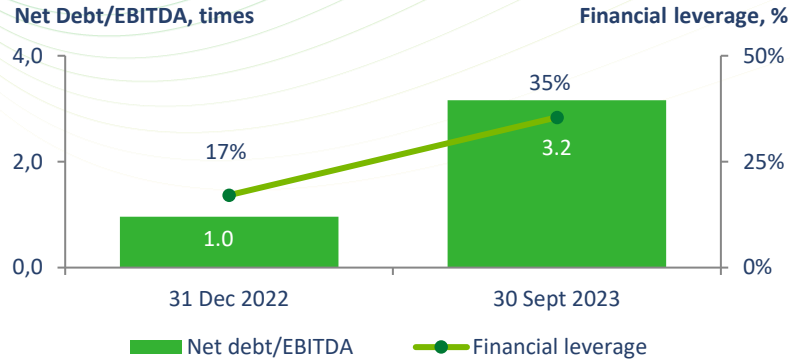
- ➔ Lower support than previously to continuing investments due to lower electricity prices

## Investments

- ➔ Q3 2023 investments in the amount of €87.3m, primarily into development investments:

- ➔ Kelme wind farm €45.4m
- ➔ Sopi-Tootsi wind farm €18.9m
- ➔ Tolpanvaara wind farm €14.8m
- ➔ Sopi solar farm €1.9m

# Leverage is rising ahead of completion of new capacities



Loans repayment schedule, €m



## Financial leverage 35%

**Capital structure**

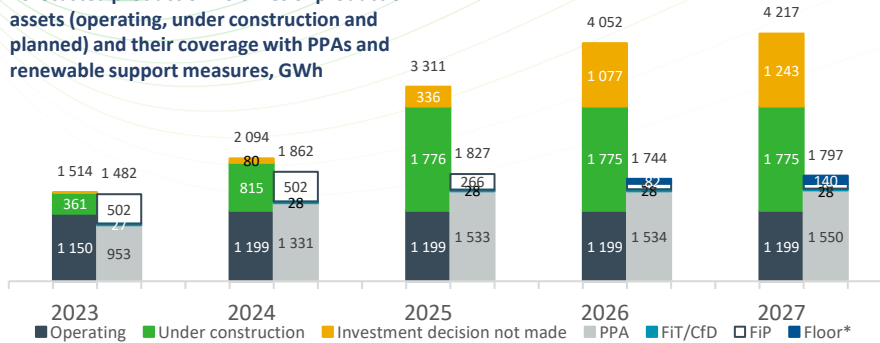
- Expectedly higher leverage and net debt / EBITDA ratio

**Financing**

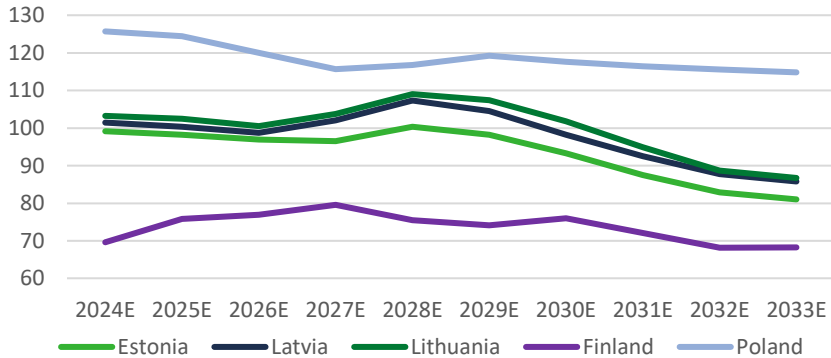
- €60m of loan facilities drawn down during the quarter
- Outstanding loan balance €407m, 39% of interest rate risk hedged until maturity
- New 12-year €180m credit facility signed with EIB
- Investment loans not yet drawn down €405m
- Average effective interest rate increased from 3.44% to 3.80% during Q3

# Overview of power portfolio hedging

Forecasted production volumes of production assets (operating, under construction and planned) and their coverage with PPAs and renewable support measures, GWh



Core markets electricity price forecast (consensus)\*\*, €/MWh



## Power Purchase Agreements\*\*\*

➤ As of 30 September 2023, outstanding volume of PPAs was 9,899 GWh at an average price of 71.5 €/MWh

### 2023-2027

➤ Outstanding PPA volume in Q4 2023 is 273 GWh with an average price of 91.2 €/MWh

➤ Outstanding volume of PPAs for years 2024-2027 is 5,948 GWh (54% of expected production) with an average price of 66.5 €/MWh

### 2028-2033

➤ Production after 2027 fixed with PPAs in the amount of 3,677 GWh with average price of 78.1 €/MWh

\* Price floor – state support in a form of a price floor received from reverse auction at price level of 34.9 €/MWh (maximum 20 €/MWh) with a duration of 12 years  
 \*\* 2024E – 2033E electricity price forecasts are calculated by averaging SKM & Volue forecasts (SKM Market Predictor Long-Term Power Outlook - August 2023, Value Long Term Price Forecast - September 2023). These are nominal prices assuming constant 2% rate of inflation  
 \*\*\* Majority of signed PPAs are monthly profiled baseload PPAs. Prices shown are PPA contractual prices.

# 9m 2023 Summary

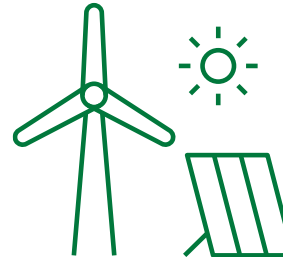
Operating income	EBITDA	Net profit
€163.2m -6%	€76.3m -30%	€36.7m -51%

- Strong electricity prices decline y-o-y, which culminated in Q3
- Incident in Akmene wind farm in May, operations stopped, gradual restart from September
- 74MW Sopi solar farm FID in Q2
- Construction of 5 wind and 3 solar farms continues
- €254m total capex YTD
- New assets yield 1/5 of production (Q3)
- €505m of credit facilities raised YTD

Total renewable capacity under construction

**608 MW**

+117% additional capacity when completed



# Q&A

Aavo Kärmas, CEO  
Veiko Räm, CFO



Enefit Green



# Appendix

Condensed consolidated interim  
financial statements Q3 2023

## Condensed consolidated interim income statement

€ thousand	Q3 2023	Q3 2022	9M 2023	9M 2022
Revenue	39,259	57,254	144,600	156,900
Renewable energy support and other operating income	5,233	3,011	18,562	17,363
Change in inventories of finished goods and work in progress	3,434	2,028	3,266	4,607
Raw materials, consumables and services used	(26,011)	(24,969)	(71,386)	(55,468)
Payroll expenses	(2,634)	(2,029)	(8,025)	(6,641)
Depreciation, amortisation and impairment	(10,218)	(9,637)	(29,740)	(28,930)
Other operating expenses	(3,388)	(2,574)	(10,716)	(7,721)
<b>OPERATING PROFIT</b>	<b>5,675</b>	<b>23,084</b>	<b>46,561</b>	<b>80,110</b>
Finance income	747	468	2,345	718
Finance costs	(1,115)	(722)	(1,897)	(1,275)
<b>Net finance income and costs</b>	<b>(368)</b>	<b>(255)</b>	<b>448</b>	<b>(558)</b>
Profit from associates under the equity method	45	120	85	687
<b>PROFIT BEFORE TAX</b>	<b>5,352</b>	<b>22,949</b>	<b>47,094</b>	<b>80,239</b>
Income tax expense	(326)	0	(10,405)	(5,441)
<b>PROFIT FOR THE PERIOD</b>	<b>5,026</b>	<b>22,949</b>	<b>36,689</b>	<b>74,798</b>
<b>Basic and diluted earnings per share</b>				
Weighted average number of shares, thousand	264,276	264,276	264,276	264,276
Basic earnings per share, €	0.02	0.09	0.14	0.28
Diluted earnings per share, €	0.02	0.09	0.14	0.28

## Condensed consolidated statement of other comprehensive income

<i>€ thousand</i>	Q3 2023	Q3 2022	9M 2023	9M 2022
<b>PROFIT FOR THE PERIOD</b>	<b>5,026</b>	<b>22,949</b>	<b>36,689</b>	<b>74,798</b>
<b>Other comprehensive income</b>				
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Remeasurement of hedging instruments in cash flow hedges (incl. reclassifications to profit or loss)	662	7,193	1,202	13,717
Exchange differences on the translation of foreign operations	(349)	(436)	53	(680)
<b>Other comprehensive income for the period</b>	<b>313</b>	<b>6,757</b>	<b>1,255</b>	<b>13,037</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>5,339</b>	<b>29,706</b>	<b>37,944</b>	<b>87,835</b>

# Condensed consolidated interim statement of financial position

€ thousand	30 September 2023	31 December 2022
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	978,497	776,870
Intangible assets	60,275	60,382
Right-of-use assets	4,295	4,239
Prepayments for non-current assets	42,522	19,412
Deferred tax assets	1,379	1,321
Investments in associates	568	506
Derivative financial instruments	9,310	11,277
Non-current receivables	0	40
<b>Total non-current assets</b>	<b>1,096,846</b>	<b>874,047</b>
<b>Current assets</b>		
Inventories	19,177	14,227
Trade and other receivables and prepayments	59,765	41,091
Cash and cash equivalents	25,731	131,456
Derivative financial instruments	4,473	3,349
<b>Total current assets</b>	<b>109,146</b>	<b>190,123</b>
<b>Total assets</b>	<b>1,205,992</b>	<b>1,064,170</b>

€ thousand	30 September 2023	31 December 2022
<b>EQUITY</b>		
<b>Equity and reserves attributable to shareholders of the parent</b>		
Share capital	264,276	264,276
Share premium	60,351	60,351
Statutory capital reserve	5,555	3,259
Other reserves	167,621	166,419
Foreign currency translation reserve	(709)	(762)
Retained earnings	204,613	225,190
<b>Total equity</b>	<b>701,707</b>	<b>718,733</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	334,639	255,755
Government grants	6,745	7,115
Non-derivative contract liability	18,086	18,086
Deferred tax liabilities	12,445	12,326
Other non-current liabilities	3,000	3,000
Provisions	8	9
<b>Total non-current liabilities</b>	<b>374,923</b>	<b>296,291</b>
<b>Current liabilities</b>		
Borrowings	76,686	23,808
Trade and other payables	51,107	20,215
Provisions	2	2
Non-derivative contract liability	1,567	5,121
<b>Total current liabilities</b>	<b>129,362</b>	<b>49,146</b>
<b>Total liabilities</b>	<b>504,285</b>	<b>345,437</b>
<b>Total equity and liabilities</b>	<b>1,205,992</b>	<b>1,064,170</b>

## Condensed consolidated interim statement of cash flows

€ thousand	Q3 2023	Q3 2022	9M 2023	9M 2022
<b>Cash flows from operating activities</b>				
Cash generated from operations	18,977	36,827	77,321	105,742
Interest and loan fees paid	(2,999)	(845)	(7,136)	(1,842)
Interest received	127	6	645	12
Income tax paid	(9,970)	(4,716)	(11,175)	(6,217)
<b>Net cash generated from operating activities</b>	<b>6,135</b>	<b>31,272</b>	<b>59,655</b>	<b>97,695</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment and intangible assets	(86,191)	(82,902)	(235,672)	(129,950)
Paid on acquisition of subsidiaries	0	0	(6,174)	0
Collection of finance lease receivables	1	0	1	0
Proceeds from sale of property, plant and equipment	0	0	0	3
Proceeds from sale of a business	0	5	0	724
Dividends from investments in financial assets	24	62	24	62
<b>Net cash used in investing activities</b>	<b>(86,166)</b>	<b>(82,834)</b>	<b>(241,821)</b>	<b>(129,161)</b>
<b>Cash flows from financing activities</b>				
Proceeds from bank loans	70,000	130,000	160,000	170,000
Repayments of bank loans	(17,137)	(5,476)	(28,314)	(15,146)
Repayments of lease principal	(97)	(134)	(276)	(263)
Dividends paid	0	0	(54,969)	(39,906)
Net change in intragroup debt	0	38	0	38
<b>Net cash generated from financing activities</b>	<b>52,766</b>	<b>124,428</b>	<b>76,441</b>	<b>114,723</b>
<b>Net cash flow</b>	<b>(27,265)</b>	<b>72,866</b>	<b>(105,725)</b>	<b>83,257</b>
Cash and cash equivalents at the beginning of the period	52,996	90,845	131,456	80,454
Cash and cash equivalents at the end of the period	25,731	163,711	25,731	163,711
<b>Change in cash and cash equivalents</b>	<b>(27,265)</b>	<b>72,866</b>	<b>(105,725)</b>	<b>83,257</b>