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Enefit Green

Enefit Green Q3 2021

Interim report presentation



Enefit Green

Presenting today

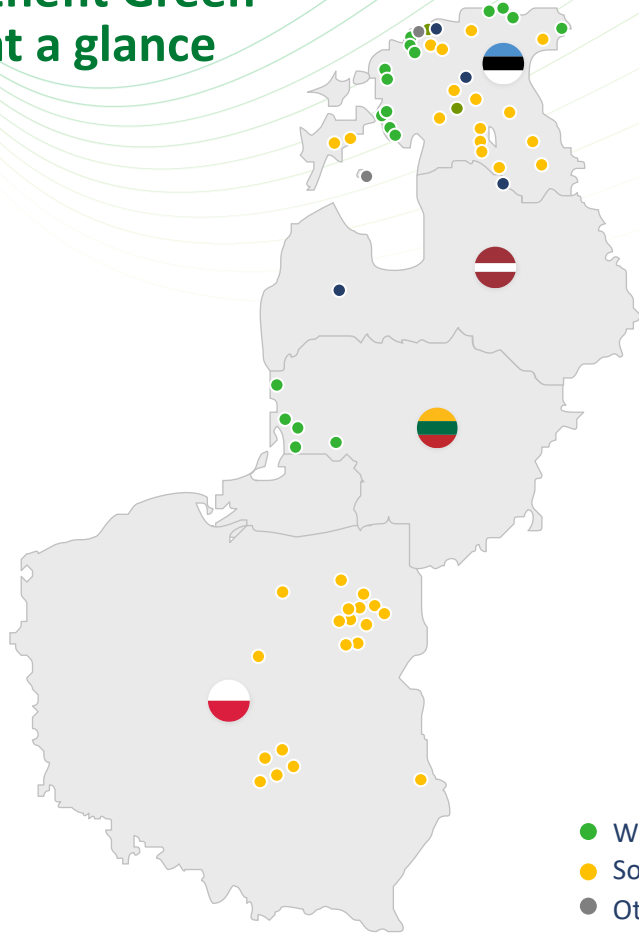


Aavo Kärmas
Chief Executive Officer
since 2017



Veiko Räim
Chief Financial Officer
since 2017

Enefit Green at a glance



- Wind energy **398 MW**
- Solar energy **30 MW**
- Other **1 MW**

- Cogeneration and pellet factory
28 MW (electricity) / **81 MW** (heat)

One of the leading diversified renewable energy producers in the Baltic Sea region

~ **20 years**
renewable energy
experience

Largest
**wind energy
producer**
in the Baltics

165
employees
in Estonia, Latvia,
Lithuania and Poland

Target to increase
production capacity by
2025
2.3 times

Electricity production 2020:
1.35 TWh
Heath production 2020:
544 GWh

60,000+
investors

Key highlights

PRODUCTION

ELECTRICITY

250
GWh
+1.4%

HEAT

123
GWh
+102%

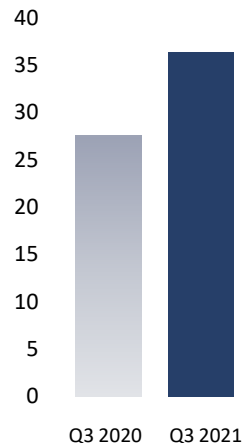
PRICE (average sales price)

116
€/MWh
+50%

11
€/MWh
-45%

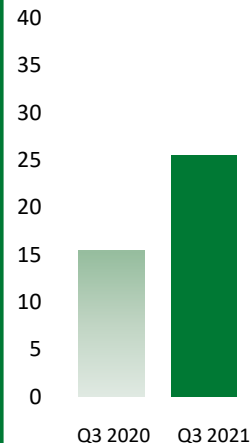
Total revenues

€36.4m
+32%



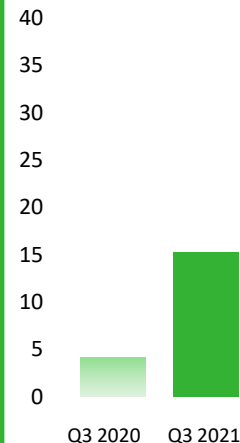
EBITDA

€25.5m
+66%

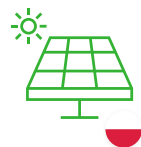


Net profit

€15.3m
+270%



+75 MW Akmene
(final investment decision)



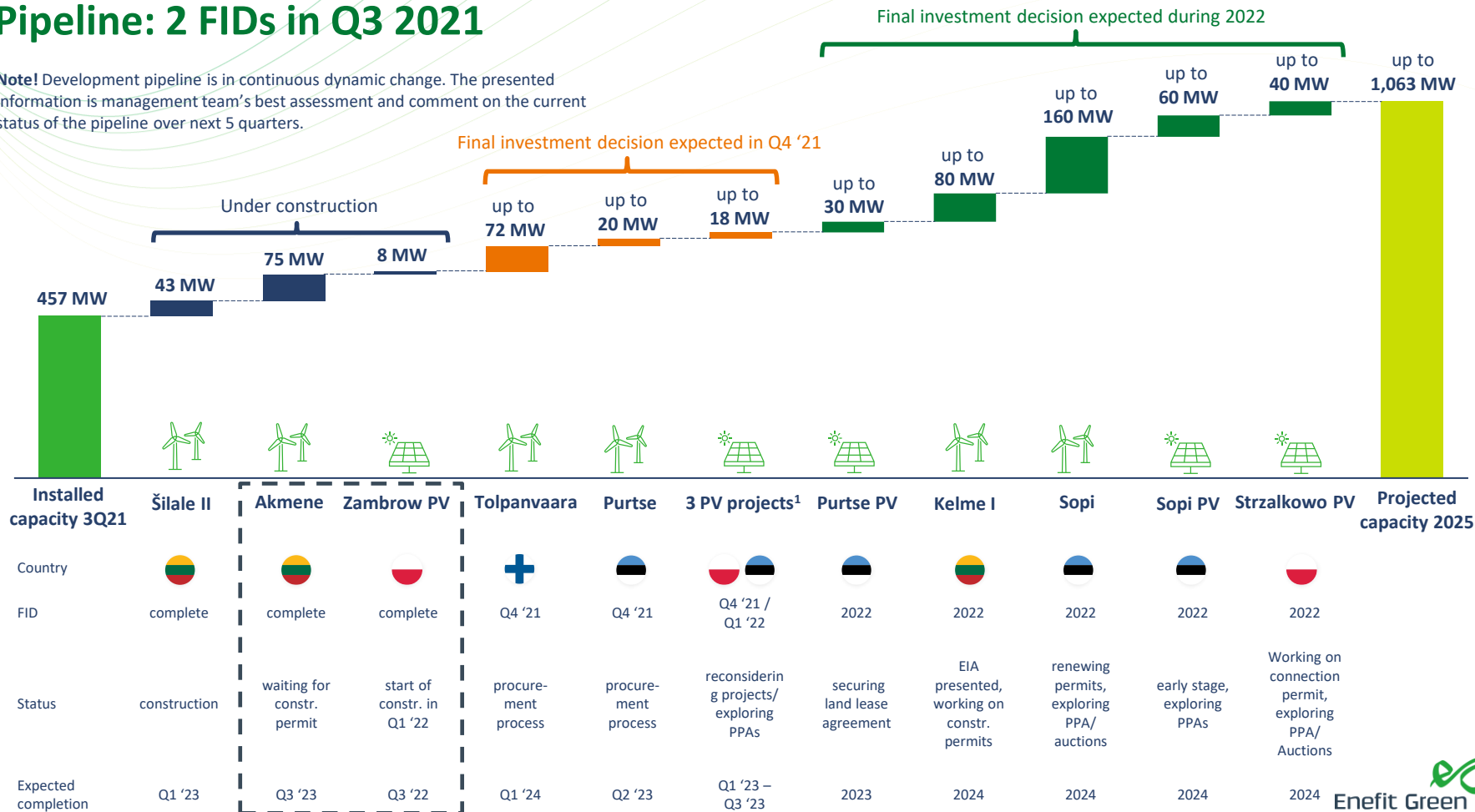
+8 MW Zambrow
(final investment decision)



+120 MW Kelme II + III
(acquisition of new projects)

Pipeline: 2 FIDs in Q3 2021

Note! Development pipeline is in continuous dynamic change. The presented information is management team's best assessment and comment on the current status of the pipeline over next 5 quarters.



¹ Debnik (Poland) FID probably Q4 '21, Estonia and Elektriijaama (Estonia) FIDs probably carry over to 2022

Regulatory developments

During Q3 2021

Estonia



Amendments to **Electricity Market Act**

- renewables target to 40% of the energy mix by 2030
- clarified reverse auction rules.

Lithuania



Changed rules for **electricity imports from Belarus**, restricting the access of electricity produced outside the EU to the Baltic electricity market.

Poland



Amendments to **Renewable Energy Act**

- extended term for holding new renewable energy reverse auctions until the end of 2027
- modified the calculation of a positive balance under the CfD support scheme.

Following Q3 2021

Latvia



Cancellation of the **FiT support to Broceni CHP facility**

- State Construction Control Bureau of Latvia (BVKB) has decided to cancel the FiT support granted to the facility
- Respective letter was received on October 19, 2021
- Repayment of the €1.1m FiT support calculated since 1 March 2021
- The support was due to continue until November 2026.
- Impact depends on market price of electricity, but is expected to remain below 2% of consolidated revenues of Enefit Green
- Enefit Green preparing to challenge BVKB decision in court

Estonia

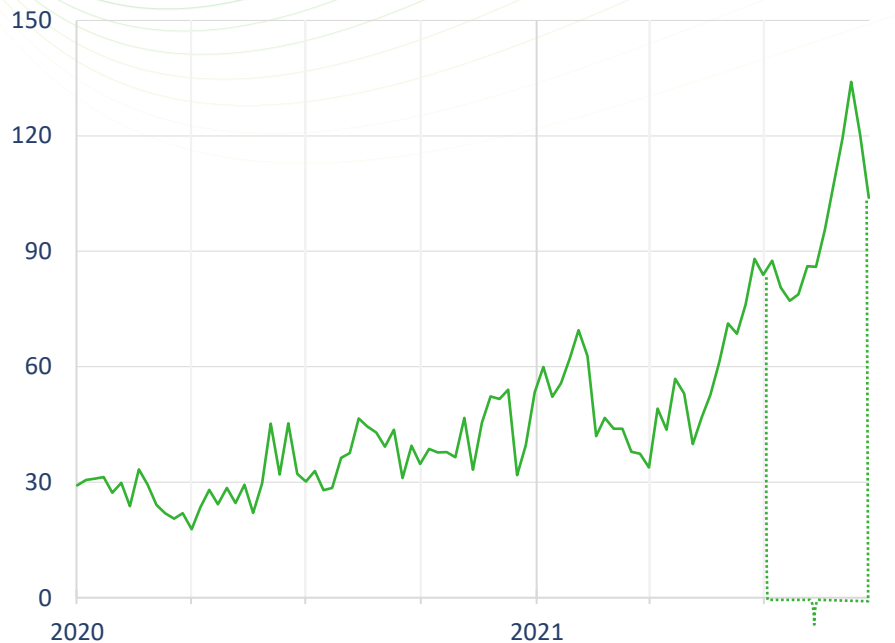


Ruling in a matter concerning the **Risti wind farm**

- Tallinn Administrative Court annulled the decision of the Lääne-Nigula municipal council regarding termination of preparation of a spatial plan, which is required for the construction of Risti wind farm in the Lääne-Nigula rural municipality.
- 168 MW Risti wind farm project is part of the group's longer-term investment plan.

Volatility in electricity prices has increased

Estonian weekly average electricity price, €/MWh



Source: Nord Pool

Q3 YoY +164%

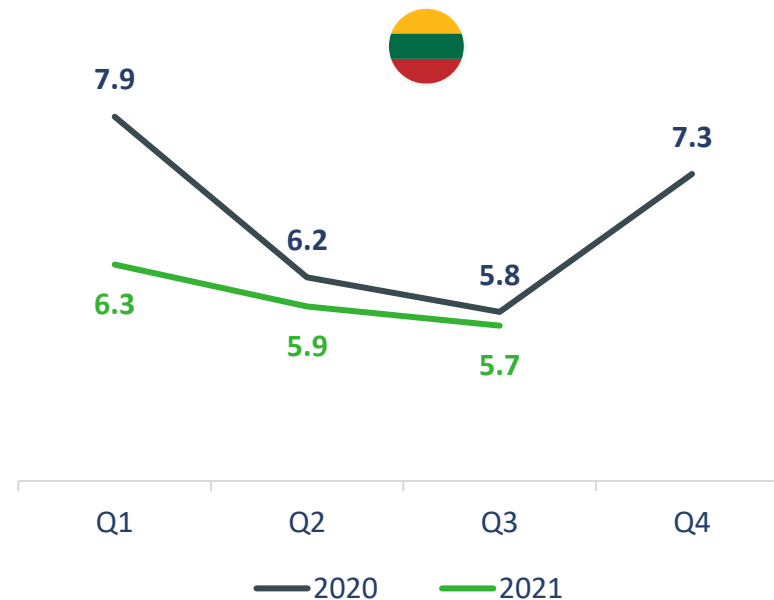
Nord Pool electricity prices, €/MWh	Q3 2020	Q3 2021	Change
Estonia	36.8	97.5	164.6%
Latvia	38.4	99.5	159.3%
Lithuania	38.2	99.7	161.4%
Poland	51.8	89.0	71.8%
Finland	32.8	78.6	139.7%

Drivers

- Low Nordic hydro reserves
- Very high natural gas prices
- Very high CO₂ prices

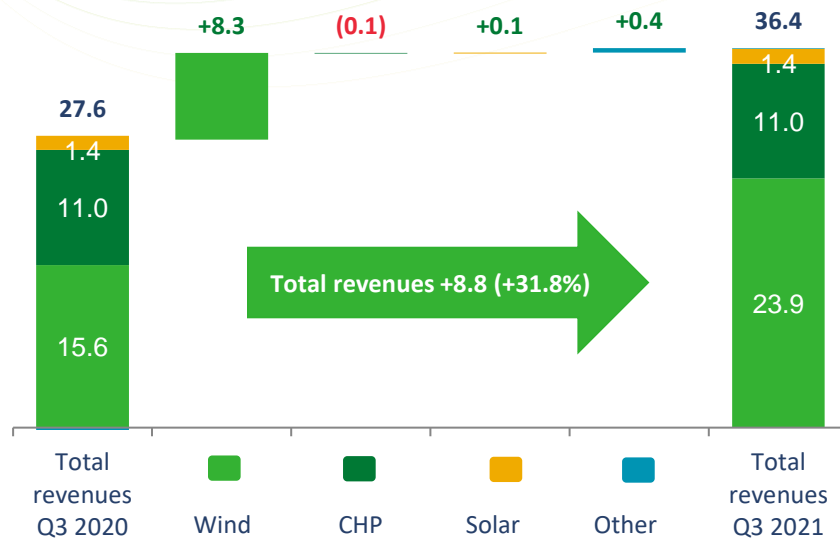
Wind conditions

Average wind speed in Enefit Green's wind parks, m/s



Revenue growth driven by strong NP Estonia prices

Total revenues by segment, €m



Total revenues €36.4m
+32%

Wind

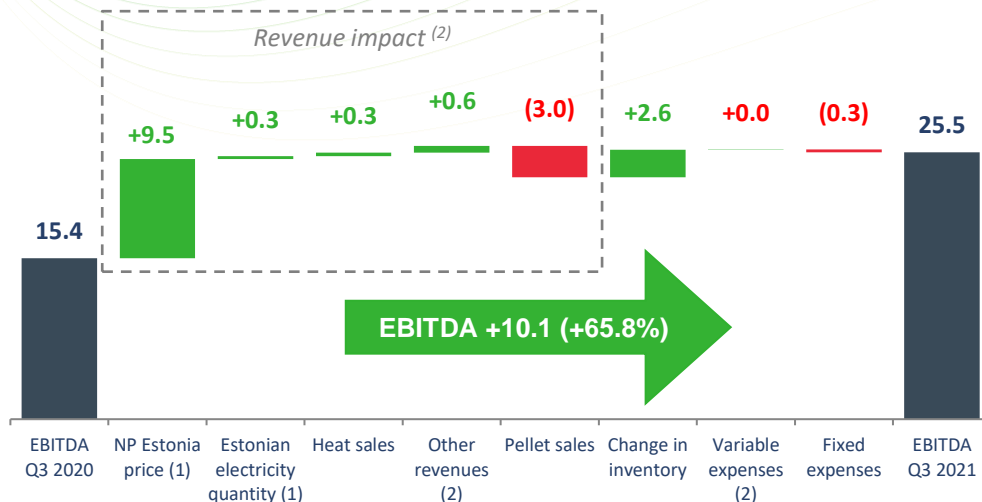
- ✓ Implied captured NP Estonia electricity price +188%
- ✓ Good wind conditions in Estonia
- ✗ Aulepa I subsidy period ended in July

CHP

- ✓ Implied captured NP Estonia electricity price +188%
- ✓ Impacts of the Iru heat contract (Feb 2021):
 - quantities tripled (+62 GWh)
 - price lower by 45%
 - efficient cogeneration subsidy increase €0.7m
- ✗ Pellet sales realized prior to Q3

EBITDA growth driven by strong NP Estonia prices

EBITDA development by drivers, €m



(1) Calculated based on Estonian wind parks, Iru CHP and Paide CHP implied electricity prices in Q3 2020 and Q3 2021 and respective electricity quantities

(2) Impact of balancing energy purchases (approximately €1.0m) is included in NP Estonia price and Estonian electricity quantity. Therefore, it is not part of Variable expenses impact nor Remaining income impact.

EBITDA €25.5m

+66%

- ✓ **Revenue impact +€7.7m** ⁽²⁾
- ✓ **Variable expenses** ⁽²⁾ in the same range:
 - ✓ Biomass prices decreased
 - ✗ Electricity cost increased
- ✗ **Fixed expenses** increased €0.3m (+4%):
 - ✓ Lower WWD maintenance
 - ✗ Expanded development team

Wind energy segment: good production, strong prices

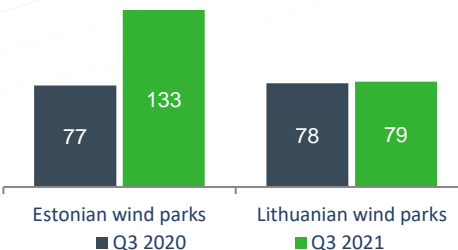
Electricity production, GWh

+9.1 (+8.0%) -4.1 (-4.9%)



Average electricity sales price, €/MWh (1)

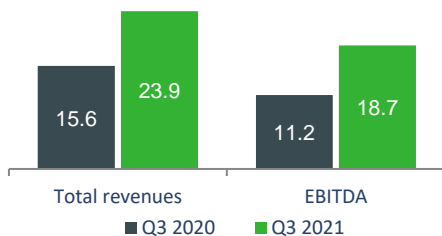
+56.7 (+74.1%) +1.1 (+1.5%)



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

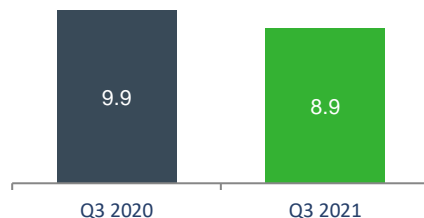
Total revenues and EBITDA, €m

+8.3 (+53.3%) +7.5 (+67.3%)

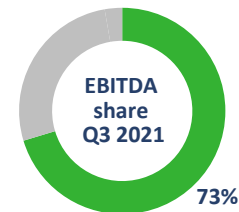
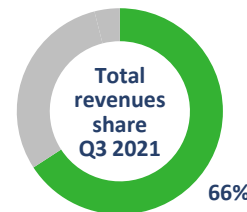


Operating expenses per MW, €/kW (2)

-1.0 (-10.2%)



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

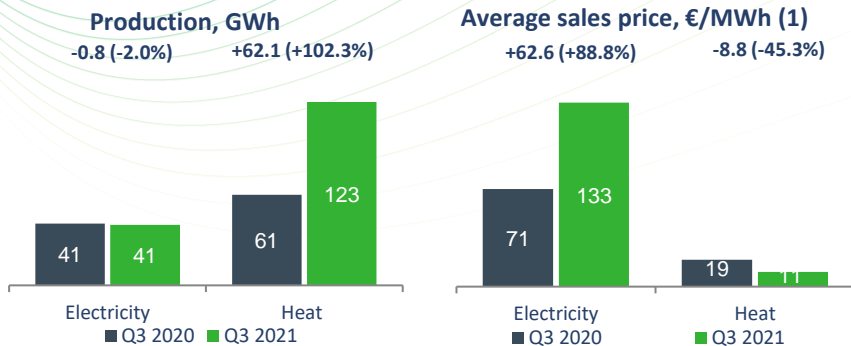


EBITDA €18.7m

+67%

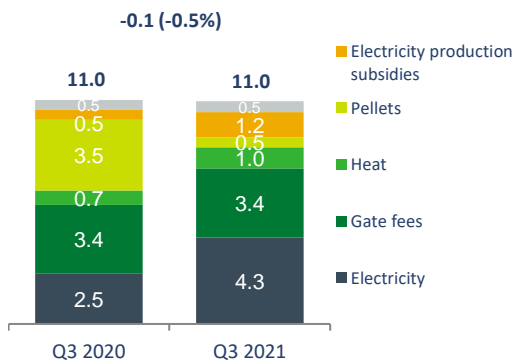
- ✓ Strong Estonian production volume & power price
- ✓ Good operating cost control and variability in WWD maintenance

Cogeneration segment: stable income, improved margins

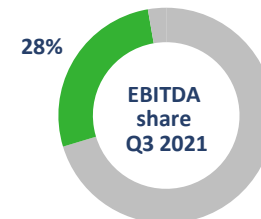
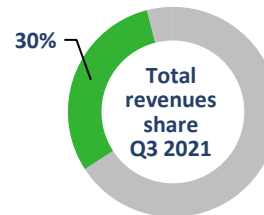
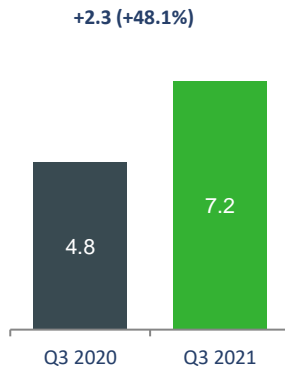


(1) (Total electricity revenues - balancing energy purchase + renewable energy support)/production

Total revenues, €m



EBITDA, €m



EBITDA €7.2m

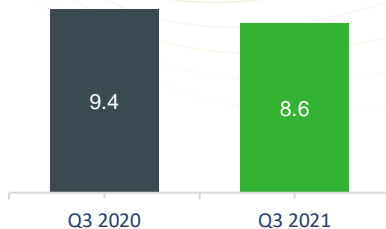
+48%

- ✓ Iru heat volume up, balanced by lower (regulated) price
- ✓ Electricity volume stable, realised price driven by market (Iru & Paide)
- ✓ Efficient cogeneration subsidy (Iru)
- ✓ Variable costs in the same range
- ✗ Slight increase in fixed cost

Solar segment flat on weather driven production drop

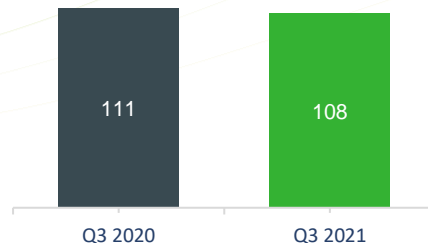
Electricity production, GWh

-0.8 (-8.1%)



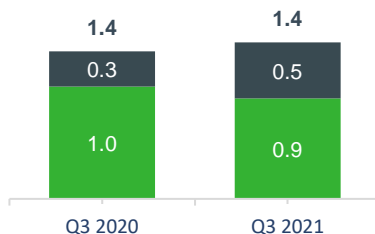
Average electricity sales price, €/MWh

-3.0 (-2.7%)



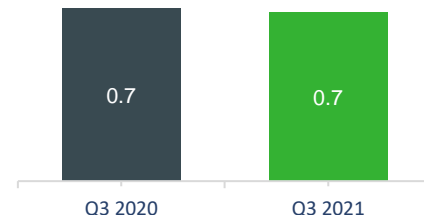
Total revenues, €m

+0.1 (+6.1%)

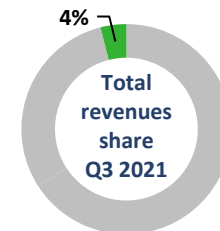
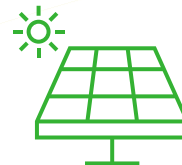


EBITDA, €m

-0.0 (-2.5%)



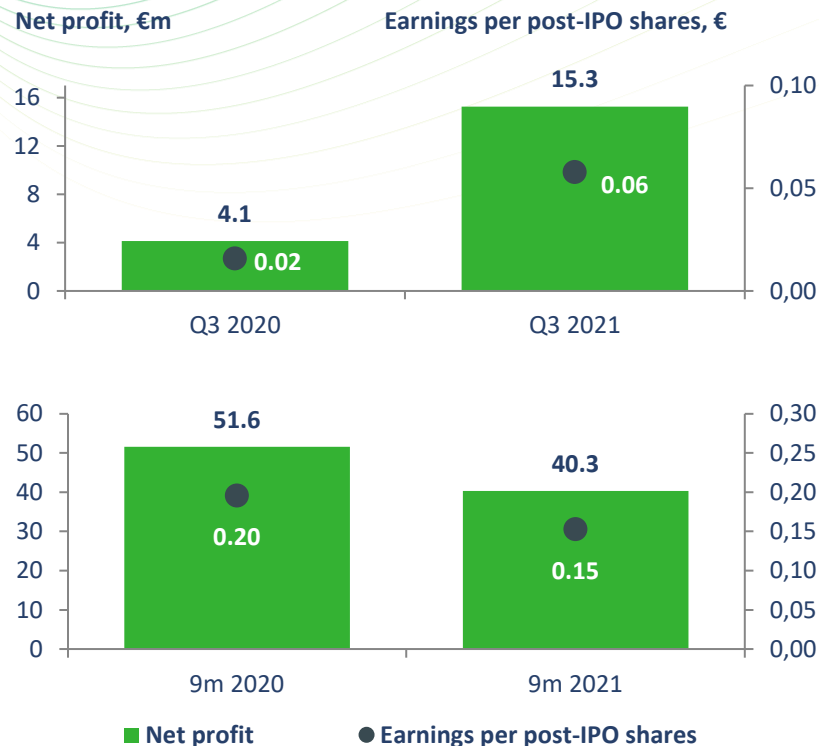
■ Solar services revenues
■ Operating parks' revenues



EBITDA €0.7m
(2.5%)

- ✗ Production lower due to adverse weather conditions
- ✗ Realized prices slightly lower (driven by Poland)

Q3 2021 Earnings Per post-IPO shares €0.06



Note: basic earnings per share is equal to diluted earnings per share

Net profit €15.3m

+270%

Depreciation and amortization

- ✓ €1.1m decrease vs 2020: WWD useful lives harmonization in Jul 2020 (one-off impact €1.1m in Jul 2020)

Financial expenses

- ✓ Decreased due to lower loan balances

Corporate income tax

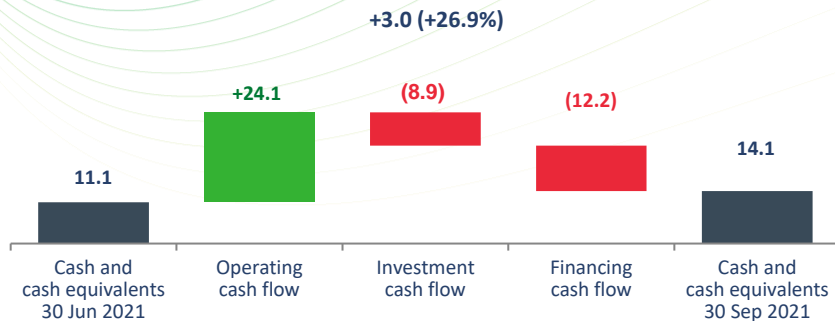
- ✓ Increase because Enefit Wind UAB income tax exemption period ended since Jan 2021

Net profit

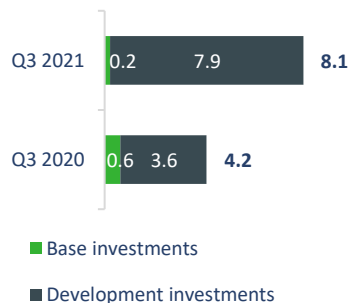
- ✓ Q3 2021 €9.5m electricity market prices contribution to net profit
- ✓ 9m 2020 net profit impacted by €13.7m one-off CO₂ sales revenue

Strong operating cash flows

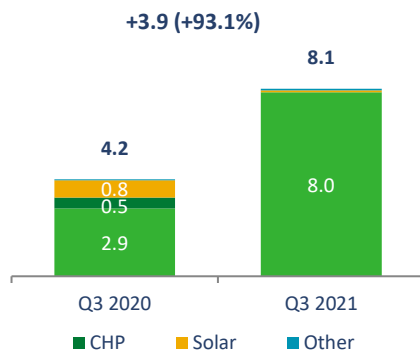
Liquidity development in Q3 2021, m€



Investments by type, m€



Investment breakdown by segments, €m



Investments €8.1m
+93%

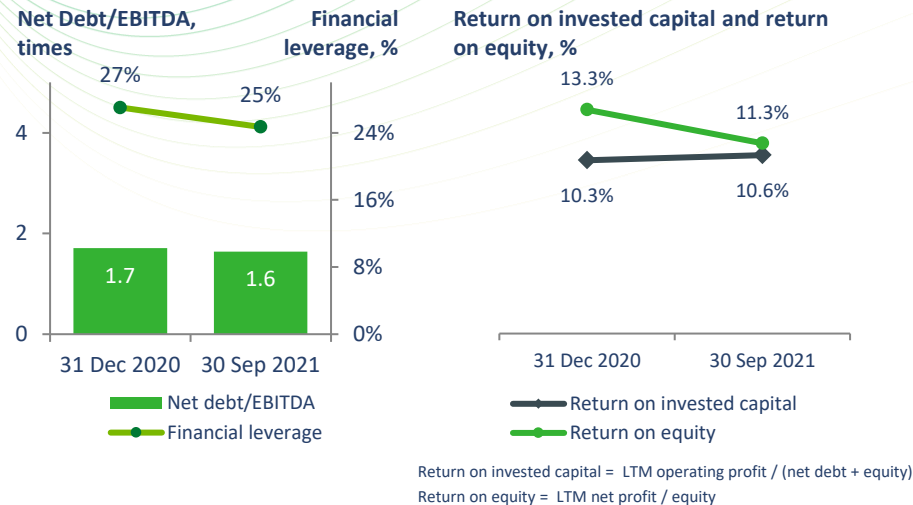
Operations

- ✓ High cash conversion of operations

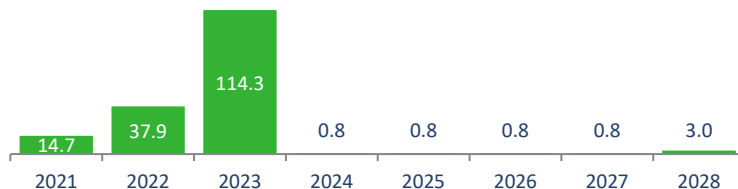
Investments

- ✓ Q3 2021 investments into new wind capacities €7.9m, including prepayments:
 - ✓ Šilale II €1.6m
 - ✓ Akmene €6.2m
- ✓ 9m 2021 investments €51.1m, including €49.4m developments:
 - ✓ Šilale II €5.7m
 - ✓ Akmene €6.3m
 - ✓ Purtse €7.1m
 - ✓ Sopi €29.4m

Strong capital structure



Loans' repayment schedule Sep 2021, €m



Financial leverage 25%

Capital structure

- ✓ Low leverage and net debt / EBITDA levels
- ✓ Additional equity post-IPO

Financing

- ✓ New loan contracts 130 €m (not withdrawn)
- ✓ Average interest rate reduction on outstanding loan portfolio: 1.61% -> 1.44%
- ✓ November: outstanding Swedbank loan of €39m repayment postponed to 2023 as bullet

Return on equity 11.3%

Returns

- ✓ 2020 returns improved by €13.7m one-off CO₂ allowances sales
- ✓ Net debt decrease €25m: loan repayments €31m

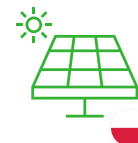
Q3 2021 Summary

Total revenue	EBITDA	Net profit
€36.4m	€25.5m	€15.3m
+32%	+66%	+270%

- ✓ High electricity prices
- ✓ Solid production
- ✓ Strong revenue, EBITDA and net profit growth
- ✓ 2 new final investment decisions
- ✓ 2 new project acquisitions
- ✓ Well-prepared IPO



+75 MW Akmene
(final investment decision)



+8 MW Zambrow
(final investment decision)



+120 MW Kelme II + III
(acquisition of new projects)

Q & A

Aavo Kärmas, CEO

Veiko Räim, CFO

Appendices

Condensed consolidated interim financial statements
Q3 2021

Condensed consolidated interim income statement

<i>in thousand euros</i>	Q3 2021	Q3 2020	9m 2021	9m 2020
Revenue	30,133	21,456	93,655	78,015
Renewable energy support and other income	6,257	6,159	21,143	40,700
Change in inventories of finished goods and work-in-progress	3,702	1,066	(2,240)	3,617
Raw materials, consumables and services used	(11,097)	(10,406)	(30,189)	(30,167)
Payroll expenses	(1,626)	(1,433)	(4,932)	(4,446)
Depreciation, amortisation and impairment	(9,467)	(10,595)	(28,592)	(28,932)
Other operating expenses	(1,867)	(1,459)	(5,549)	(5,490)
OPERATING PROFIT	16,037	4,788	43,296	53,297
Finance income	1	(45)	145	(7)
Finance costs	(516)	(723)	(2,091)	(2,579)
Net finance costs	(515)	(768)	(1,946)	(2,585)
Profit (loss) from associates under the equity method	46	36	10	(15)
PROFIT BEFORE TAX	15,567	4,057	41,360	50,697
Corporate Income Tax Expense	(308)	68	(1,069)	903
PROFIT FOR THE PERIOD	15,259	4,125	40,291	51,600

Condensed consolidated interim statement of financial position

<i>in thousand euros</i>	30 Sep 2021	30 Sep 2020	31 Dec 2020
ASSETS			
Non-current assets			
Property, plant and equipment	606,178	598,718	594,980
Intangible assets	68,281	63,023	67,839
Right-of-use assets	2,098	2,264	2,222
Prepayments	11,831	2,062	-
Deferred tax assets	393	1,185	344
Investments in associates	474	512	532
Long-term receivables	78	103	103
Total non-current assets	689,333	667,867	666,020
Current assets			
Inventories	11,042	11,099	11,086
Trade and other receivables and prepayments	16,660	15,985	51,565
Cash and cash equivalents	14,135	32,876	10,774
Total current assets	41,837	59,960	73,425
Total assets	731,170	727,827	739,445

<i>in thousand euros</i>	30 Sep 2021	30 Sep 2020	31 Dec 2020
EQUITY			
Equity and reserves attributable to equity holder of the parent			
Share capital	229,793	4,794	4,794
Statutory reserve capital	479	479	479
Other reserves	150,771	399,210	399,165
Retained earnings	118,302	88,841	105,111
Total equity	499,346	493,324	509,549
LIABILITIES			
Non-current liabilities			
Borrowings	135,016	168,889	161,558
Government grants	7,620	8,159	8,020
Derivative financial instruments	23,207	-	-
Deferred tax liabilities	12,469	11,724	12,555
Provisions	11	13	13
Total non-current liabilities	178,324	188,785	182,146
Current liabilities			
Borrowings	43,009	37,193	37,778
Trade and other payables	10,376	8,435	9,858
Provisions	115	90	114
Total current liabilities	53,499	45,718	47,750
Total liabilities	231,823	234,503	229,896
Total equity and liabilities	731,170	727,827	739,445

Condensed consolidated interim statement of cash flows

<i>in thousand euros</i>	Q3 2021	Q3 2020	9m 2021	9m 2020
Cash flows from operating activities	25,163	10,228	73,252	78,129
Cash generated from operations	-	-	-	-
Interest and loan fees paid	(783)	(888)	(2,361)	(2,749)
Interest received	-	-	24	2
Corporate income tax paid	(330)	(86)	(724)	(291)
Net cash generated from operating activities	24,050	9,254	70,191	75,090
Cash flows from investing activities				
Purchase of property, plant and equipment and intangible assets	(8,936)	(4,233)	(51,874)	(5,833)
Proceeds from sale of property, plant and equipment	-	-	23	34
Net change in deposits with maturities exceeding 3 months	-	-	-	5
Dividends received from financial investments	68	-	68	68
Net cash used in investing activities	(8,868)	(4,233)	(51,784)	(5,725)
Cash flows from financing activities				
Change in overdraft(net)	-	-	33,312	(10,103)
Received bank loans	-	-	10,000	8,977
Repayments of bank loans	(12,143)	(9,285)	(31,105)	(27,856)
Repayments of leases	(44)	(114)	(154)	(233)
Dividends paid	-	-	(27,100)	(18,400)
Net cash used in financing activities	(12,187)	(9,400)	(15,046)	(47,615)
Net cash flows	2,995	(4,379)	3,361	21,749
Cash and cash equivalents at the beginning of the period	11,140	37,255	10,774	11,127
Cash and cash equivalents at the end of the period	14,135	32,876	14,135	32,876
Net increase / (-) decrease in cash and cash equivalents	2,995	(4,379)	3,361	21,749