# Enefit Green Q3 2021

## Interim report

Unaudited

Enefit Green

# Table of contents



Enefit Green

# Letter from the Chairman of the Management Board

*Dear reader*

I would like to start my letter and thus our first quarterly report as a public company by thanking the more than 60,000 investors that participated in the initial public offering of Enefit Green's shares and became shareholders in the company. Interest in Enefit Green's IPO was exceptionally high, breaking all previous records in the Baltics. Investors' total demand extended to €467m, exceeding the base offering more than fourfold. We performed a historic transaction on the Nasdaq Baltic exchanges. Please accept my deepest gratitude for trusting us and sharing our vision of a cleaner and more sustainable world.

I can promise that out dedicated team is working tirelessly to implement our growth plans. We are going to use the funds raised in the IPO to finance solar and wind farms and to increase our renewable energy output. Our target is to increase Enefit Green's renewable power production capacity by 600 MW to 1,100 MW, that is 2.3 times by the year 2025.

In addition to financial performance, our quarterly reports are going to provide an overview of how we have been moving on with our investment plans. I am pleased to state that we are on course to achieve the target and the steps taken this year confirm it.

In March, we acquired the Purtse wind farm, which has a capacity of 20 MW. In June and September, we made investment decisions for the construction of two wind farms in Lithuania: Šilale II with a capacity of 45 MW and Akmene with a capacity of 75 MW. Both should become operational in 2023 and are expected to produce nearly 460 GWh of renewable electricity per year, which is roughly equal to one third of our current annual output.

In September, we also signed investment loan and revolving credit facility agreements of €130m with SEB and OP Corporate Bank in order to finance the construction of new wind farms. Cooperation with the region's leading banks provides an opportunity to finance investments in new wind farms that generate carbon neutral electricity.

We have reached construction readiness on our 8.8 MW Zambrow solar farm project in Poland. To meet the goal of increasing Enefit Green's renewable energy portfolio, we are carrying out development projects from Finland to Poland. We are hoping to share news about our next investment decisions in our chosen markets quite soon.

Our total electricity production in the current year has been affected by wind conditions, which have been less favourable than last year which was excellent for wind power generation. Accordingly, our electricity output decreased year on year both in Q1 and Q2 (by 33% and 11%, respectively). Wind conditions in Q3 varied but thanks to a strong August, the period's electricity production was 250 GWh, 1.4% higher than a year earlier.

Heat production showed strong growth, rising by 122.8 GWh, that is 102.3% year on year, which is attributable to the amendments made to our agreement with the district heating provider Utilitas Tallinn.

Electricity prices in our home markets broke records in the reporting period, the average quarterly price in the Baltic countries surging to €100/MWh, which is 2.6 times higher than last year.

Soaring electricity prices are underpinned by the coincidence of various factors: a low level of Nordic hydro resources, a high natural gas price and a record-high $CO_2$ emission allowance price as well as an overall lack of renewable energy production capacities in the Baltic countries. The main issue today is not the availability of solar and wind resources but the insufficiency of renewable energy production capacities.

Demand for electricity keeps growing and it is crucial to increase renewable energy production capacities. Efficient and large-scale development of renewable energy helps tackle high electricity prices and fits with Enefit Green's growth plans.

Strong electricity and heat production in combination with record-high electricity prices allowed Enefit Green to deliver excellent financial performance in the reporting period. Our Q3 total revenues were €36.4m (+32% year on year), EBITDA was €25.5m (+66%) and net profit was €15.3m (+270%).

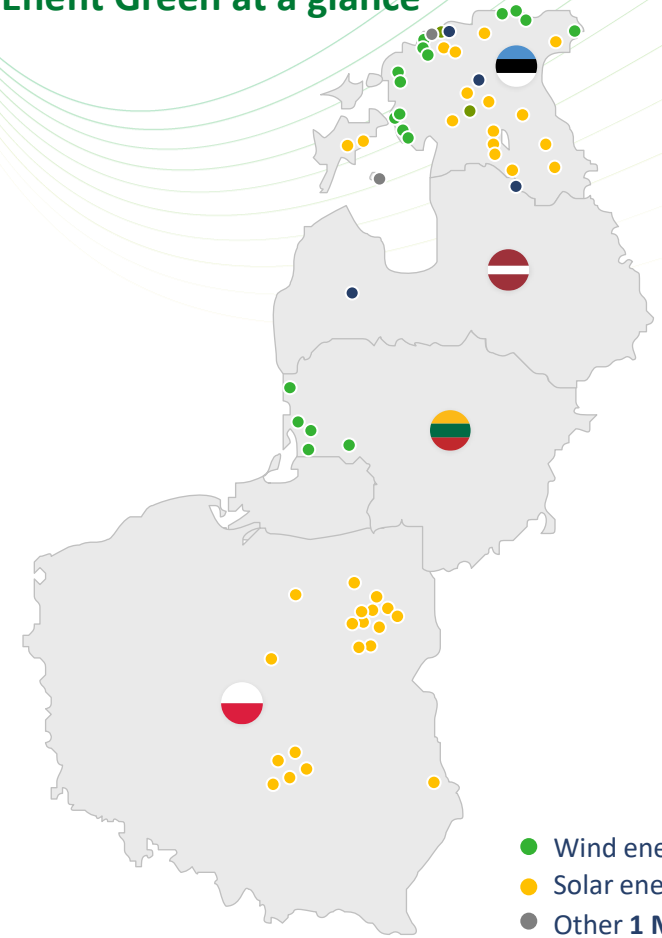
The most important asset of any company, including Enefit Green, is a dedicated and highly motivated workforce. I am glad to say that many of our people decided to participate in our IPO with a view to harnessing wind and solar for the benefit of their investment portfolios. I wish all my colleagues continued strength and enthusiasm in working towards our common goals. We have started a new chapter in Enefit Green's growth story together with our investors that have joined us on the journey.

*Aavo Kärmas*

Chairman of the Management Board

Enefit Green

# Enefit Green at a glance



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

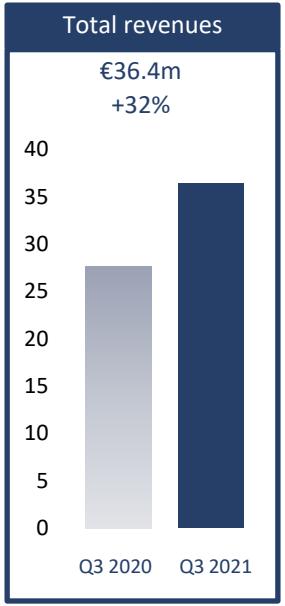
| | | |
|---|---|---|
| **~ 20 years** renewable energy experience | Largest **wind energy producer** in the Baltics | **165 employees** in Estonia, Latvia, Lithuania and Poland |
| Target to increase production capacity by 2025 **2.3 times** | Electricity production 2020: **1.35 TWh** Heath production 2020: **544 GWh** | **60,000+ investors** |

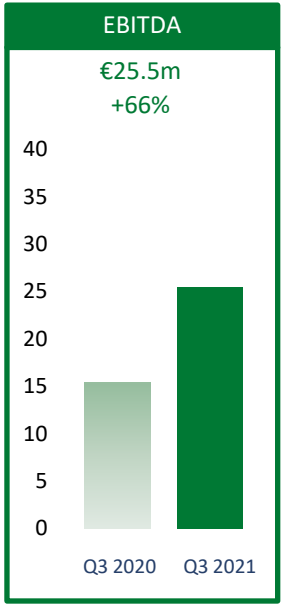
- Wind energy **398 MW**
- Solar energy **30 MW**
- Other **1 MW**
- Cogeneration and pellet factory **28 MW** (electricity) / **81 MW** (heat)

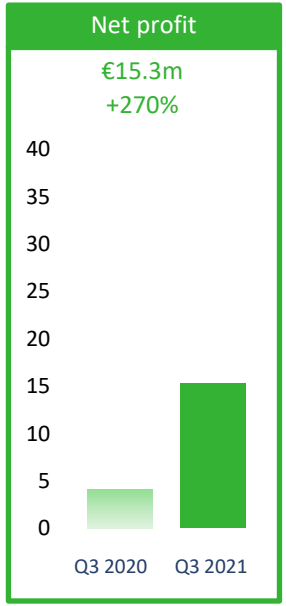
Enefit Green

# Key highlights

| | ELECTRICITY | HEAT |
|---|---|---|
| PRODUCTION | **250** GWh +1.4% | **123** GWh +102% |
| PRICE (average sales price) | **116** €/MWh +50% | **11** €/MWh -45% |




**+75 MW Akmene**
(final investment decision)

**+8 MW Zambrow**
(final investment decision)

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

Enefit Green

# Market overview

## Key factors influencing the operating environment

Enefit Green's operations are strongly influenced by **weather conditions** and **electricity prices** as well as **regulations** applicable to the energy industry and political expectations. Other factors which affect the group's development projects include the competitive situation in the market, the development and prices of renewable energy technologies, customers' willingness to enter into long-term green energy contracts, and renewable energy support schemes.

The following production assets of Enefit Green are exposed to fluctuations in the market price of electricity: the Iru and Paide cogeneration (combined heat and power, CHP) plants, wind farms and some solar farms located in Estonia, the Keila-Joa hydroelectric facility and wind farms located in Lithuania whose eligibility for support has expired (only the Sudenai wind farm in the reporting period).

## Regulatory environment

**Estonia**

The Estonian parliament passed a bill in September by which it amended the Electricity Market Act, set the renewables target to 40% of the energy mix by 2030 and clarified the reverse auction rules. This enables the government to update the reverse auctions regulation and thereafter to announce a reverse auction to provide a minimum sales price guarantee to new renewable power projects with a total annual production volume of up to 540 GWh. Expected impact: Creates an opportunity to participate in reverse auctions with a view to lowering the risks of future projects in Estonia.

**Lithuania**

In August, Lithuania changed the rules for electricity imports from Belarus, restricting the access of electricity produced outside the EU to the Baltic electricity market. Expected impact: Strengthens the competitive position of new renewable electricity projects mainly in Lithuania, but also has a favourable impact on the development of renewable power production in Latvia and Estonia.

**Poland**

The Polish Renewable Energy Act was amended during the period. The amendments, which will take effect in Q4 2021, extend the term for holding new renewable energy reverse auctions by 6 years until the end of 2027 and enable the Council of Ministers to determine the maximum volume of the auctions for the period of 2022–2027 by a single regulation instead of doing it on an annual basis. Expected impact: The changes provide clearer prospects of investing in renewable power generation in Poland. Competition is likely to increase.

The amendments also modify the calculation of a positive balance under the CfD support scheme. Previously, the positive balance repayment was made at the end of the support period. In the future, the balance is checked and a possible repayment is made at the end of each 3-year period. The impact on the profitability of a project is negative if the CfD rate of return received by the developer in an auction is lower than the market price of electricity, i.e. there is a positive balance.

up

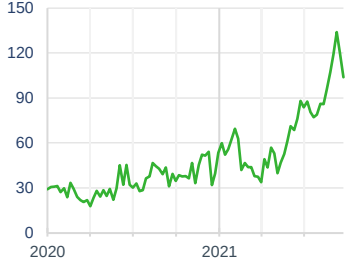
## Electricity markets

Nord Pool's intraday trading prices have been highly volatile in recent years. Usually, the peak load electricity price is determined by the more expensive carbon-intensive power and the baseload electricity price is determined by renewable power.

As the electricity markets in the region where Enefit Green operates are well connected by means of interconnectors, electricity generation and prices are affected by a range of factors in our home markets and beyond. A key production driver is wind conditions in the region. During the reporting period, electricity prices broke records because water levels in Norwegian hydro reservoirs were low (19% lower than in the comparative period), market prices of natural gas soared (+581%) and carbon allowance prices surged (+108%).

| 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% |

**Estonian weekly average electricity price, €/MWh**




Source: Nord Pool

## Wind conditions

Overall, wind conditions in Q3 2021, measured in terms of the average wind speed in our wind farms in Estonia and Lithuania, were somewhat more favourable for us than in earlier periods.

**Average wind speed in Enefit Green's wind farms, m/s**

# Significant events during Q3 2021

## Investment decision to build a 75 MW wind farm in Akmene

On 22 September 2021, we made an investment decision to build a 75 MW wind farm in the Akmene district in Lithuania. The expected annual output of the facility to be completed by the end of 2023 is around 260 GWh. The price risk of its future production is largely (80%) hedged for the first 5 years by means of fixed-price (€39/MWh) forward transactions entered into with Eesti Energia.

## Investment decision to build a 8 MW solar farm in Zambrow

We bid successfully in a renewable energy reverse auction in Poland with the Zambrow solar farm and made an investment decision on 24 September 2021 to build a solar farm with a capacity of 8 MW, which is is expected to be completed in Q3 2022.

## Acquisition of two wind power development projects: Kelme II and III

On 16 September 2021, the group's subsidiary Enefit Green UAB signed two share purchase agreements with UAB NEW ENERGY GROUP for the acquisition of two Lithuanian companies: UAB Vejoteka and UAB Kelmes Vejo Energija. The companies hold the Kelme II and Kelme III wind power development projects, which may be regarded as a single integrated development project. The wind farms will have up to 27–39 wind turbines and their total capacity will extend to 120–180 MW.

## Replacement of open derivative contracts with a physical electricity sales contract

Enefit Green AS and its parent Eesti Energia AS entered into an EFET General Agreement Concerning the Delivery and Acceptance of Electricity (EFET General Agreement) on 17 August 2021, simultaneously terminating all open derivative contracts existing between them. By signing the agreement, the parties entered into a fixed-price physical electricity sales contract for the period 2023–2027. The contract was entered into for the same quantities of electricity and based on the same fixed prices as had been agreed for the derivatives which were open at 30 June 2021.

## New loan agreements

On 24 September 2021, we signed a €50m investment loan agreement with the Estonian branch of OP Corporate Bank plc in order to finance our development projects. On 27 September 2021, we entered into a €40m investment loan agreement and two €20m revolving credit facilities with SEB Bankas AB. The purpose of the former is to finance development projects and the purpose of the latter is to meet general corporate and working capital needs. The credit limits of the new unsecured loan facilities are assigned for a period of three to seven years. In addition, an existing loan agreement with Swedbank AS was amended on 24 September 2021, with a substantial decrease in the interest rate and the deferral of a €2.1m principal payment which was to be made in September.

## Preparations for the IPO

Preparations for the initial public offering (IPO) of Enefit Green's shares continued through the reporting period and on 23 September 2021 Enefit Green announced its intention to list its shares in the Main List of the Nasdaq Tallinn stock exchange. The results of the IPO are presented in note 15 which describes events after the reporting period.

# Financial results of the group

The Q3 financial results of the Enefit Green group improved significantly year on year: 32% growth in total revenues and an 11% decrease in operating expenses increased EBITDA by 66%. Net profit for the period increased by €11.1m, rising to €15.3m. The key factors which influenced the group's financial performance are set out below.

## Production

| | *Unit* | Q3 2020 | Q3 2021 | Change | *Change,%* |
|---|---|---|---|---|---|
| Electricity production | *GWh* | 247 | 250 | 3 | *1.4%* |
| Heat production | *GWh* | 61 | 123 | 62 | *102%* |
| Pellet production | *thousand tonnes* | 37 | 37 | 0 | *0%* |

## Revenue

The group's electricity production in Q3 2021 was 250 GWh, remaining similar to the comparative period (247 GWh). However, the implied captured electricity price* received by the group was €116/MWh in Q3 2021, compared with 78 €/MWh a year earlier.

The most important revenue driver was the surge in the electricity price in the Estonia price area of the Nord Pool (NP) power exchange, which increased the group's revenue by around €9.5m. The average price in the NP Estonia price area was €97.5/MWh in Q3 2021, compared with €36.8/MWh in Q3 2020. The calculated sales prices of the group's production entities that are exposed to fluctuations in the NP Estonia electricity price were €94.6/MWh and €32.8/MWh in the two periods.

Another major factor was pellet sales, which fell by €3.0m, dropping from 26 thousand tonnes in the comparative period to 4 thousand tonnes in the reporting period. Sales for Q3 2021 were low because in the first half of the year market activity was high and our H1 sales grew to a record-large 115 thousand tonnes.

Heat production increased by 102% year on year. Although the price fell by 45%, output growth increased heat sales revenue by €0.3m. For further information, see page 12.

## Other income

The most significant contributor to other income was renewable energy and efficient cogeneration support received by the Iru waste-to-energy facility which grew by €0.7m year on year. The rise is attributable to a contract amendment that took effect in February 2021, enabling the plant to produce heat in efficient cogeneration regime and thus to receive relevant support all the year round.

The renewable energy support received by Estonian wind farms decreased by €0.3m year on year because the eligibility period of the earliest completed part of the Aulepa wind farm (39 MW) expired in July 2021.

## Goods, raw materials, consumables and services used

The expense item of goods, raw materials, consumables and services used grew by €0.7m, i.e. 7%. The biggest changes occurred in expenses on electricity and network charges (an increase of €1.4m), maintenance and repairs (a decrease of €0.4m) and technological fuel (a decrease of €0.2m). Underlying reasons are described in the variable and fixed costs sections on the next page. For a detailed breakdown of expenses, see note 12.

| *in million euros* | Q3 2020 | Q3 2021 | Change, €m | *Change, %* |
|---|---|---|---|---|
| **TOTAL REVENUES** | 27.6 | 36.4 | 8.8 | *32%* |
| Sales revenue | 21.5 | 30.1 | 8.7 | *40%* |
| Renewable energy support and other income | 6.2 | 6.3 | 0.1 | *2%* |
| **OPERATING EXPENSES (excluding D&A)** | 12.2 | 10.9 | (1.3) | *(11%)* |
| Raw materials, consumables and services used | 10.4 | 11.1 | 0.7 | *7%* |
| Payroll expenses | 1.4 | 1.6 | 0.2 | *13%* |
| Other operating expenses | 1.5 | 1.9 | 0.4 | *28%* |
| Change in inventories of finished goods | (1.1) | (3.7) | (2.6) | *247%* |
| **EBITDA**** | 15.4 | 25.5 | 10.1 | *66%* |
| Depreciation, amortisation and impairment (D&A) | 10.6 | 9.5 | (1.1) | *(11%)* |
| **OPERATING PROFIT** | 4.8 | 16.0 | 11.2 | *235%* |
| Net finance expenses | 0.8 | 0.5 | (0.3) | *(33%)* |
| Corporate income tax expense | (0.1) | 0.3 | 0.4 | *(550%)* |
| **NET PROFIT** | 4.1 | 15.3 | 11.1 | *270%* |
| | | | | |
| **OPERATING EXPENSES (excluding D&A)** | | | | |
| Variable expenses | 5.5 | 6.5 | 1.0 | *18%* |
| Fixed costs | 7.8 | 8.1 | 0.3 | *4%* |
| Change in inventories of finished goods | (1.1) | (3.7) | (2.6) | *247%* |

* Implied captured electricity price = (electricity sales revenue + renewable energy support and efficient cogeneration support – balancing energy purchases) / production

** EBITDA – earnings before net finance costs, profit or loss from equity-accounted investees, taxes, depreciation , amortisation and impairment losses

Enefit Green

# Financial results of the group

## Payroll expenses

The group's payroll expenses grew by 13%, i.e. €0.2m, year on year. This was mainly due to an increase in the average number of full-time employees from 154 to 160 and growth in employee salaries. Most of the new employees joined the development function, including six people from Eesti Energia's wind development team that joined the staff of Enefit Green in January 2021.

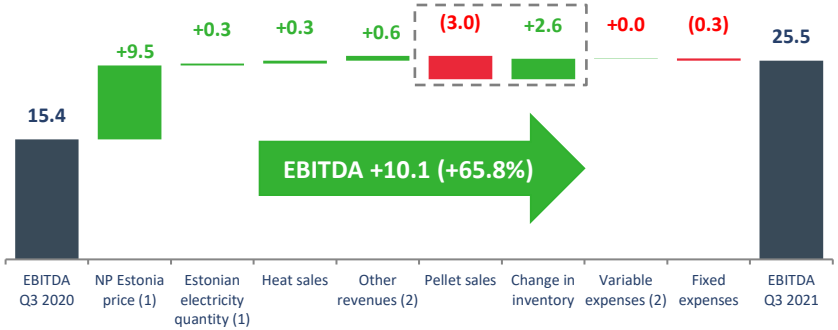
## Other operating expenses

Other operating expenses grew by €0.4m. Several expense items increased slightly, including consulting, IT, property rental and maintenance expenses, etc.

## Change in inventories

Change in inventories shows the change in pellet stocks over the reporting period, summarising the quantities of pellets produced and sold in the period under review. Due to modest pellet sales in Q3 2021, the balance of relevant inventories increased by €3.7m. Pellet output exceeded sales (in monetary terms) also in Q3 2020, when the inventories grew by €1.1m. Pellet sales are usually the largest in Q1 and Q4. Pellet production volumes remained stable: approximately 37 thousand tonnes for both Q3 2021 and Q3 2020.

## Group's EBITDA development by drivers, €m




(1) Calculated based on Estonian wind farms, Iru 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.

## Depreciation, amortisation and impairment expense (D&A)

D&A expense decreased by €1.1m. In the middle of 2020 it was decided to retrospectively (since beginning of 2020) harmonize the economic useful lives of all WinWinD wind parks to 20 years. Initially some of the WinWinD parks had longer useful lives. Lowering the useful lives resulted in higher depreciation expense, which was first recorded in July 2020 as 7 months aggregate impact of €1.1m.

## Variable expenses

Variable costs comprise operating expenses that depend on production operations, including the purchase of balancing energy. Variable expenses grew by €1.0m year on year, consistent with the rise in the cost of balancing energy purchases that is mainly attributable to higher electricity prices. The aggregate amount of other variable costs was comparable to Q3 2020, although a higher market price of electricity also increased expenses on electricity purchased for own use (an increase of €0.4m). At the same time, a decline in the price of biomass lowered expenses on technological fuel expenses (a decrease of €0.2m) and smaller pellet sales lowered transport expenses (a decrease of €0.1m).

## Fixed expenses

Fixed costs comprise costs not directly dependent on production volumes. Fixed costs increased by €0.3m, i.e. 4% year on year.

In absolute terms, the greatest increases were recorded for payroll expenses (an increase of €0.2m) and research and consulting expenses (an increase of €0.1m). The sharpest decline in fixed costs (a decrease of €0.4m) occurred in the maintenance expenses of wind farms located in Estonia. This is mainly attributable to major maintenance and repair works on the WinWinD turbines, the costs of which were €0.3m higher in the comparative period.

Enefit Green

# Financial results of the group

## Net finance costs

Net finance costs decreased by €0.25m year on year, mainly due to a decrease in the outstanding balance of bank loans which reduced interest expense on bank loans by €0.13m. Net finance costs were also influenced by movements in the exchange rate of the Polish zloty and one-off adjustments.

## Income tax

Income tax expense increased by €0.4m year on year, €0.5m of which is attributable to an increase in the income tax expenses of the Lithuanian wind farms (Enefit Wind UAB). Until 2021, the wind farms in Lithuania were exempt from income tax and subject to certain exceptions applying to deductions. As from 2021, a 15% income tax rate is applied on a quarterly basis. Group's effective tax rate in Q3 2021 was 2.0%.

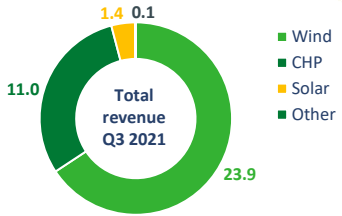
## Net profit

The group's net profit increased almost fourfold, amounting to €15.3m for the reporting period. The most significant contribution came from high market prices of electricity.

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

## Financial results by segments

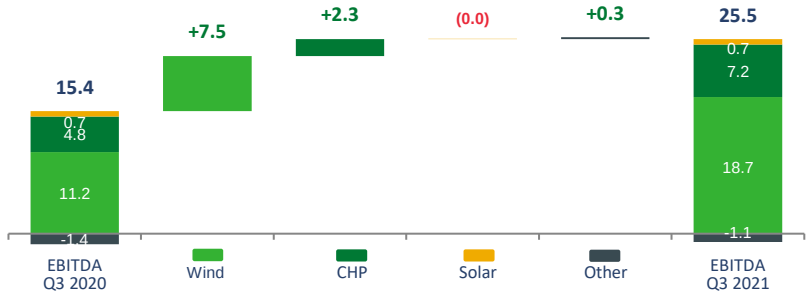
Based on total revenues and EBITDA for the reporting period, the group's largest segment is the Wind energy segment (with 66% of total revenues and 73% of EBITDA). The Cogeneration segment contributed 30% to total revenues and 28% to EBITDA. The smallest reportable segment was Solar energy, which accounted for 4% of the group's total revenues and 3% of the group's EBITDA.




Among reportable segments, Wind and the Cogeneration delivered the strongest EBITDA growth as they benefited the most from higher electricity prices, which contributed €9.5m to total revenue. For a more detailed analysis and a breakdown by segment, see pages 11-13.

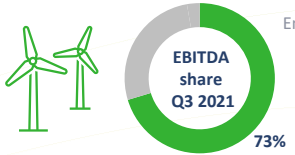
The EBITDA of the segment Other mainly includes general administrative expenses, which is the largest component in the segment. The segment also includes the network construction services of the Paide facility, the Keila-Joa hydropower facility and the renewable energy solution in Ruhnu. The segment's loss decreased by €0.3m, mainly due to changes in the accounting for the intragroup management fees and their elimination.

## Group's EBITDA breakdown and change, €m




Enefit Green

# Wind energy segment




The Wind energy segment comprises operating wind farms, wind farm development projects and a portion of their management expenses.

## Production

Q3 wind conditions in Estonia were better than a year earlier while in Lithuania they were slightly worse. The output of our Estonian wind farms grew by 8.0% and that of our Lithuanian wind farms decreased by 4.9% year on year. Total wind energy output was 201 GWh, up 2.6% year on year.

## Electricity prices

In addition to the market price of electricity, Estonian wind farms, which remain eligible for support, receive renewable energy support at the rate of €53.7/MWh. Lithuanian wind farms are paid a fixed price for their output, except for the 14 MW Sudenai wind farm, which has been selling its output to the market in the NP Lithuania price area since June 2021 .

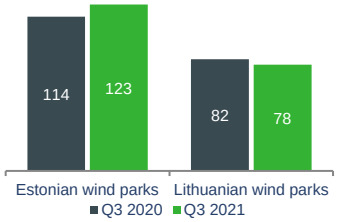
Our Estonian wind farms' average calculated electricity price, including support, increased by 74% year on year, rising to 133 €/MWh. The average electricity price of our Lithuanian wind farms was 79 €/MWh, remaining stable compared with Q3 2020.

## Total revenues

Due to the increased output of Estonian wind farms and exceptionally high market prices, the total revenues of the Wind energy segment grew by 53% year on year, rising to €23.9m.

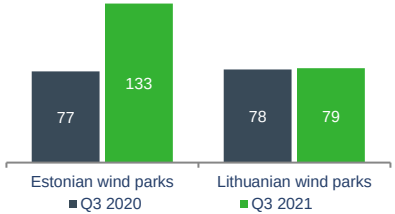
**Electricity production, GWh**

+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

## Operating expenses

The operating expenses of the Wind energy segment (excluding depreciation and amortisation) grew by €0.8m to €5.2m. The main factor was expenses on balancing energy purchases, which increased due to higher electricity prices, contributing €0.9m to the growth in operating expenses. Other operating expenses (excluding expenses on the purchase of balancing energy and depreciation and amortisation) decreased by €0.2m compared with Q3 2020. The sharpest decline occurred in the planned maintenance costs of Estonian wind farms (a decrease of €0.4m). On the other hand, payroll expenses related to wind farms development grew by €0.1m and the maintenance costs of Lithuanian wind farms increased by €0.07m.

## Operating expenses per MW

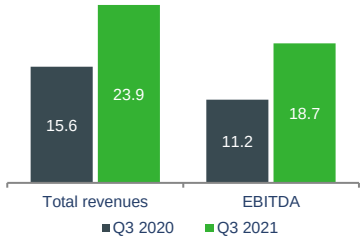
The segment's wind farm operators' (Enefit Wind OÜ and Enefit Wind UAB) operating expenses per installed capacity (MW) decreased by 10% year on year. This is mainly attributable to major maintenance and repair works on the WinWinD turbines, the costs of which were €0.3m higher in the comparative period.

## EBITDA

The EBITDA of the Wind energy segment grew by 67% year on year, increasing from €11.2m to €18.7m.

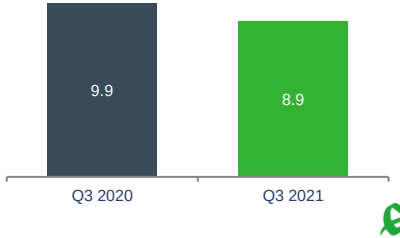
**Total revenues and EBITDA, €m**

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




**Operating expenses per MW, €k/MW (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

Enefit Green

# Cogeneration segment


The Cogeneration segment comprises the Paide, Valka and Broceni cogeneration plants (combined heat and power, i.e. CHP facilities), the Iru waste-to-energy unit, a pellet factory and the general administrative expenses of the group's Latvian operations.

## Electricity production and prices

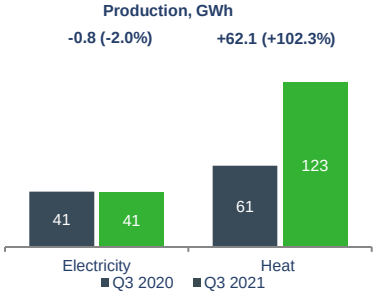
The Cogeneration segment's electricity output in both the reporting and the comparative period was around 41 GWh, the figure decreasing by 2.0% year on year.

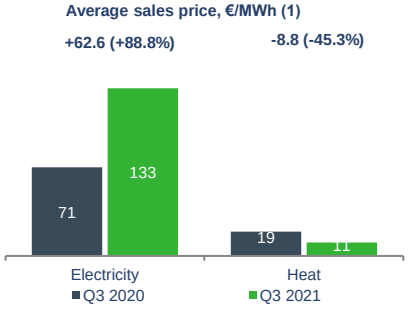
In addition to the market price, the Iru and Paide power plants receive renewable energy support of €53.7/MWh for electricity produced from renewable sources and efficient cogeneration support of €32/MWh for electricity produced from non-renewable sources. The Broceni and Valka CHP facilities have been assigned fixed electricity prices of €143.6/MWh and €105.6/MWh, respectively. Supported by high market prices in the NP Estonia price area and efficient cogeneration support received by the Iru facility, the segment's Q3 average calculated electricity price grew by 89% year on year, rising to €133/MWh.

## Heat production and prices

Heat output grew by 102% year on year. The doubling of heat output is attributable to a contract amendment which took effect in February 2021. It enables the Iru facility to produce heat in efficient cogeneration regime all the year round and to sell all the produced heat to the Tallinn district heating network.

The average sales price of heat in Q3 2021 was around €11/MWh, 45% lower than a year earlier. The decline is attributable to the new price cap of €7.98/MWh approved by the Estonian Competition Authority for the Iru facility in connection with growth in both heat sales and gate fees for receiving waste. The previous heat price cap was €13.99/MWh.




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

## Total revenues

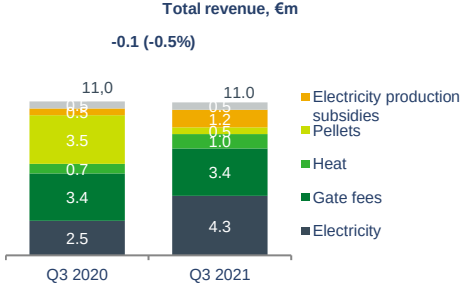
The segment's total revenues for Q3 remained stable year on year, amounting to €11.0m. Waste gate fees and other income also remained stable at €3.4m and €0.5m, respectively. The strongest growth was in electricity sales revenue, which grew by €1.8m, driven by high market prices. Heat sales revenue grew by €0.3m because the effect of a threefold rise in the Iru facility's heat output far outweighed the adverse effect of a lower price cap. Electricity production support grew by €0.7m because in Q3 2021 the Iru facility received efficient cogeneration support in all months. Pellet sales revenue for the period was €0.5m, €3m less than a year ago because Q3 supply obligations were fulfilled earlier, which increased H1 pellet sales to a record-high 115k tonnes.

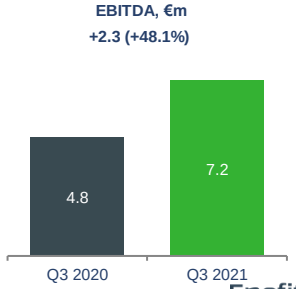
## Operating expenses

The change in inventories of finished goods was negative in both periods, amounting to €(3.7)m in the reporting period and €(1.1)m in the comparative period, because pellet sales were significantly lower than pellet output. Variable costs were at the same level in both periods, amounting to €4.6m, because output remained stable (except for a rise in the heat output of the Iru facility, which does not involve any significant costs) and different input prices (electricity, biomass) and quantities (pellet transport) offset each other. Fixed costs grew by €0.3m to €2.9m. The main sources of growth were one-off expenses of €0.14m at the Broceni CHP facility, a 10% rise in the segment's payroll expenses and an increase of €0.07m in the waste treatment expenses of the Iru facility (mainly due to new waste handling agreements with the City of Tallinn, which have increased subcontracting expenses).

## EBITDA

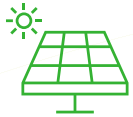
The segment's EBITDA improved by €2.3m, i.e. 48%, year on year, rising to €7.2m for Q3 2021. Growth was supported by high market prices of electricity and a rise in efficient cogeneration support.

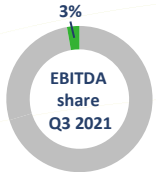



Enefit Green

# Solar energy segment






The Solar energy segment comprises the group's operating solar farms, solar farm development projects and solar services. In the periods presented, the group sold turnkey solar solutions.

## Solar energy output

We produced 8.6 MWh of solar electricity in Q3 2021. The segment's solar electricity output declined by 0.8 GWh year on year, i.e. by 8%. The weather was colder in both Estonia and Poland.

## Electricity prices

The solar farms located in Estonia are partly exposed to movements in the market price of electricity. The solar farms located in Poland have fixed inflation-linked prices which are adjusted on an annual basis, the price for 2021 being 374-398 zloty/MWh (€82-88/MWh at the 9 month average zloty exchange rate). The solar farms' average calculated electricity price for Q3 including support decreased by 3% year on year, dropping to €108/MWh. The parks located in Estonia benefited from high market prices whereas the calculated price of parks located in Poland declined due to accounting-related adjustments both in the reporting and the comparative period.

## Total revenues

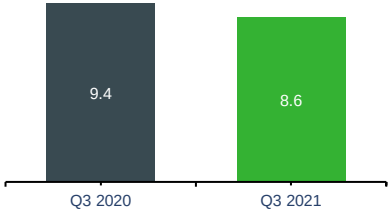
The total revenues of operating solar farms decreased by €0.1m due to smaller output and a lower average sales price. Revenue from solar services grew by 60% to €0.5m.

## EBITDA

The Solar energy segment's EBITDA for Q3 2021 was €0.7m, remaining stable year on year. The margin on solar services is low and the effect of the business line on the segment's EBITDA is immaterial.

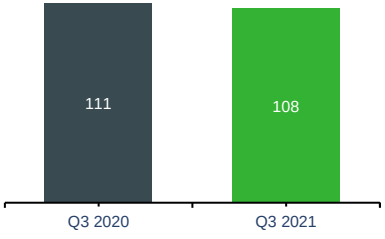
**Electricity production, GWh**

**-0.8 (-8.1%)**



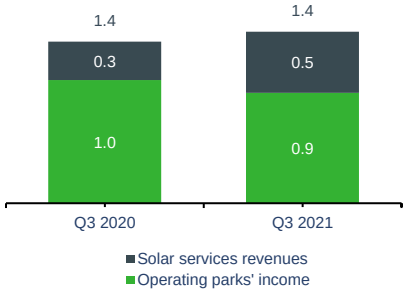

**Average electricty sales price, €/MWh (1)**

**-3.0 (-2.7%)**



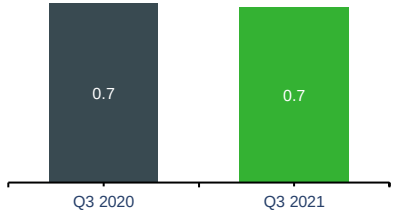

**Total revenue, €m**

**+0.1 (+6.1%)**




**EBITDA, €m**

**-0.0 (-2.5%)**

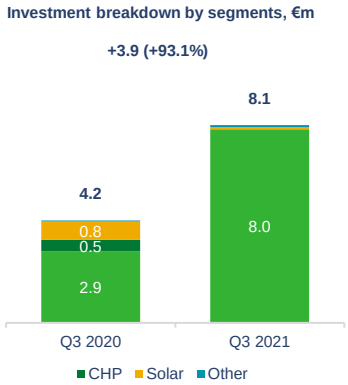


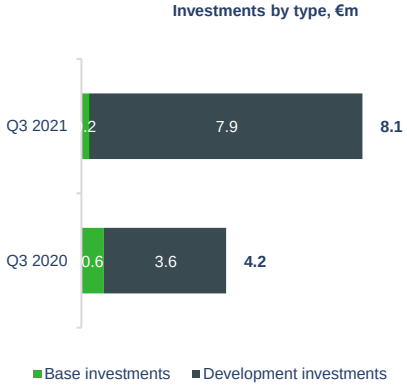

Enefit Green

# Investments

## Q3 capital expenditures

The group's capital expenditures in Q3 2021 totalled €8.1m, €4.2m up on the comparative period. Growth resulted from development expenditures, which amounted to €7.9m. Out of the latter, €7.7m was spent on the development of wind farms under construction: the second instalment payment of €1.6 m for the Šilale II wind farm and the first instalment payment of €6.2m for the wind turbines of the Akmene wind farm. Expenditure on the improvement and maintenance of existing assets was €0.2m compared with €0.6m in the comparative period and was mainly related to the maintenance of cogeneration facilities. Expenditure on the improvement and maintenance of existing assets may differ significantly year on year because it depends on the wind turbines' repair and maintenance needs.



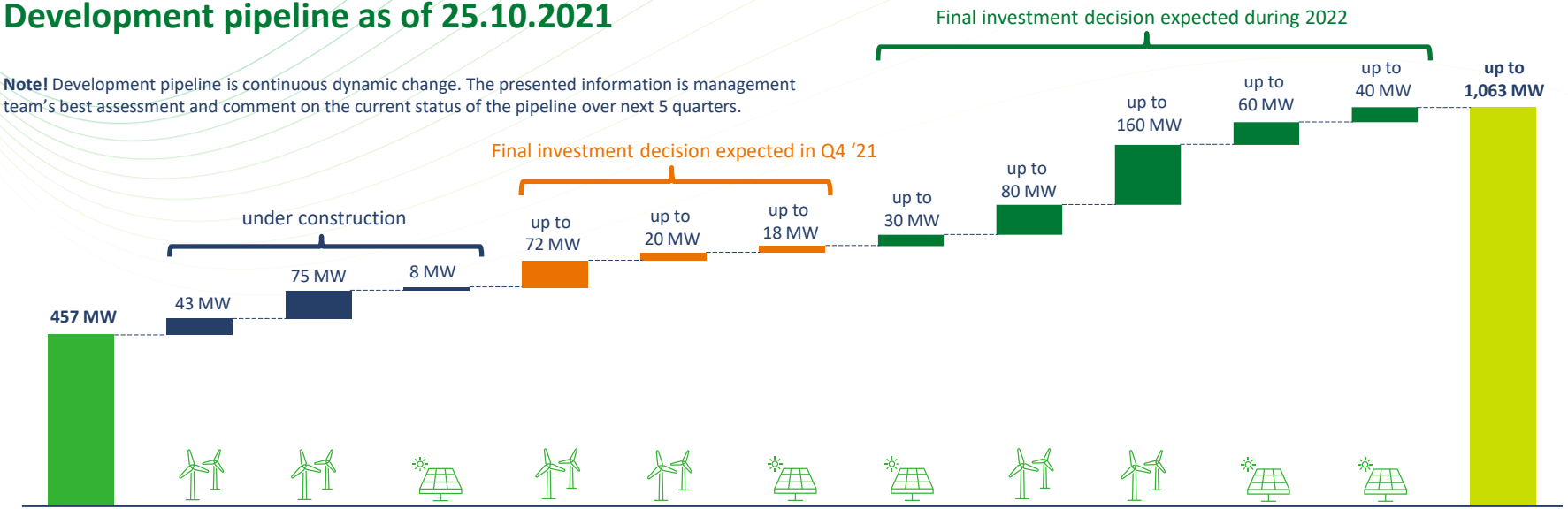

## Development projects overview

Overview of ongoing development projects and their status is presented on next page.

Enefit Green

# Development pipeline as of 25.10.2021

**Note!** Development pipeline is 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.




| | Installed capacity 3Q21 | Šilale II | Akmene | Zambrow PV | Tolpanvaara | Purtse | 3 PV projects[1] | Purtse PV | Kelme I | Sopi | Sopi PV | Strzalkowo PV | Projected capacity 2025 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Country | | | | | | | | | | | | | |
| FID | | complete | complete | complete | Q4 '21 | Q4 '21 | Q4 '21 / Q1 '22 | 2022 | 2022 | 2022 | 2022 | 2022 | |
| Status | | construction | waiting for constr. permit | start of constr. in Q1 '22 | procure-ment process | procure-ment process | reconsiderin g projects/ exploring PPAs | securing land lease agreement | EIA presented, working on constr. permits | renewing permits, exploring PPA/ auctions | early stage, exploring PPAs | Working on connection permit, exploring PPA/ Auctions | |
| Expected completion | | Q1 '23 | Q3 '23 | Q3 '22 | Q1 '24 | Q2 '23 | Q1 '23 – Q3 '23 | 2023 | 2024 | 2024 | 2024 | 2024 | |

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

Enefit Green

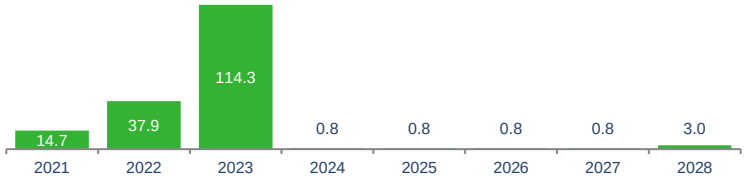
# Financing

The group's main sources of debt capital are investment loans and credit facilities raised from regional commercial banks and the European Bank for Reconstruction and Development (EBRD). These are complemented by revolving credit facilities provided by SEB Bankas AB and SEB Pank AS.

The amortised cost of the group's interest-bearing and debt-like liabilities at 30 September 2021 was €178.0m (€199.3m at 31 December 2020). Bank loans accounted for €173m of the total, including a loan of €8m received from EBRD in Polish zloty and a revolving credit facility liability of €5m. In addition, the group had lease liabilities of €2.1m and a long-term liability of €3.0m consisting of a future payment for the acquisition of a development project.

In Q3 2021, Enefit Green signed new loan agreements of €130m. Together with the new loans, the group's undrawn credit facilities at 30 September 2021 totalled €150m. In addition, on 24 September 2021 the group and Swedbank AS amended an existing loan agreement by which the interest rate of the loan was significantly lowered and the principal payment of €2.1m which was to be made in September was deferred.

**Loan repayment schedule, €m**

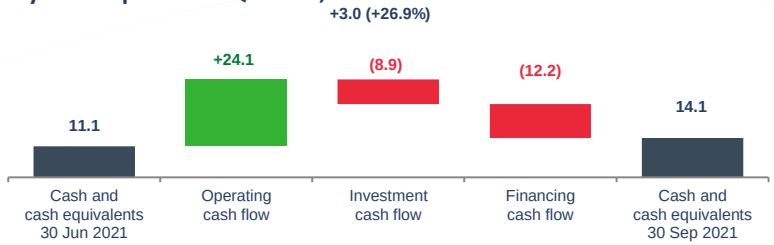



Enefit Green's revolving credit facilities mature as follows: a facility of €20m in September 2024 and a facility of €20m in September 2026 (both facilities not in use), and a facility of €25m in May 2025 (€20m not in use). New investment loans can be drawn down until September 2022 and 2023 and their maturity dates are in September 2027 and 2028. The average interest rate of bank loans drawn down at 30 September 2021 was 1.44% (31 December 2020: 1.61%). The interest rate decreased mainly in connection with the amendment of a loan agreement signed with Swedbank AS.

## Covenants imposed by loan and credit agreements

The group's loan and credit agreements include certain covenants which set certain limits to the group's consolidated financial indicators. At 30 September 2021 and in 2020 the group was in compliance with all contractual terms and conditions, including covenants.

## Liquidity development in Q3 2021, €m

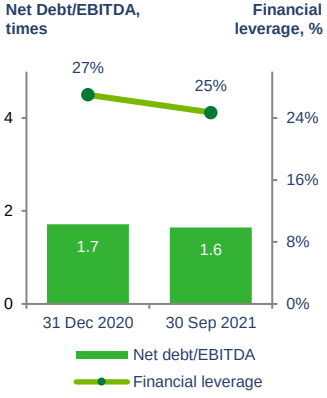



## Financing and return ratios

The group's management determines the maximum level of debt by reference to financial leverage and the net debt to EBITDA ratio.

| *in million euros* | 31.12. 2020 | 30.09. 2021 |
|---|---|---|
| Debt and debt-like items | 199.3 | 178.0 |
| Minus cash | (10.8) | (14.1) |
| Net debt | 188.6 | 163.9 |
| Equity | 509.6 | 499.3 |
| Invested capital | 698.1 | 663.2 |
| EBITDA (LTM) | 110.2 | 99.8 |
| Operating profit (LTM) | 72.0 | 70.0 |
| Net profit (LTM) | 67.9 | 56.6 |
| | | |
| Financial leverage (1) | 28% | 26% |
| Net debt/LTM EBITDA | 1.7 | 1.6 |
| Return on invested capital (2) | 10.3% | 10.6% |
| Return on equity (3) | 13.3% | 11.3% |

(1) Financial leverage = net debt / (net debt + equity)
(2) Return on invested capital = LTM operating profit / (net debt + equity)
(3) Return on equity = LTM net profit / equity




Enefit Green

# Condensed consolidated interim financial statements Q3 2021

Enefit Green

# Condensed consolidated interim income statement

| *in thousand euros* | Note | Q3 2021 | Q3 2020 | 9m 2021 | 9m 2020 |
|---|---|---|---|---|---|
| Revenue | 10 | 30,133 | 21,456 | 93,655 | 78,015 |
| Renewable energy support and other income | 11 | 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 | 12 | (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** |

Enefit Green

# Condensed consolidated statement of other comprehensive income

| *in thousand euros* | Note | Q3 2021 | Q3 2020 | 9m 2021 | 9m 2020 |
|---|---|---|---|---|---|
| **PROFIT FOR THE PERIOD** | | **15,259** | **4,125** | **40,291** | **51,600** |
| **Other comprehensive income** | | | | | |
| **Items that may be reclassified subsequently to profit or loss:** | | | | | |
| Revaluation of hedging instruments in a cash flow hedge | 8 | (9,446) | - | (12,426) | - |
| Exchange differences on the translation of foreign operations | 8 | (280) | - | (187) | (848) |
| **Other comprehensive income/(loss) for the period** | | **(9,726)** | **-** | **(12,613)** | **(848)** |
| | | | | | |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | | **5,533** | **4,125** | **27,678** | **50,752** |

Enefit Green

# Condensed consolidated interim statement of financial position

| *in thousand euros* | Note | 30 Sep 2021 | 30 Sep 2020 | 31 Dec 2020 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 5 | 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 | 5 | 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** |

| *in thousand euros* | Note | 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 | 8 | 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 | 9 | 135,016 | 168,889 | 161,558 |
| Goverment 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 | 9 | 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** |

Enefit Green

# Condensed consolidated interim statement of cash flows

| *in thousand euros* | Note | Q3 2021 | Q3 2020 | 9m 2021 | 9m 2020 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | 13 | **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 | 5 | (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 | 9 | - | - | 10,000 | 8,977 |
| Repayments of bank loans | 9 | (12,143) | (9,285) | (31,105) | (27,856) |
| Repayments of leases | 9 | (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** |

Enefit Green

# Condensed consolidated interim statement of changes in equity

| *in thousand euros* | Share capital | Statutory capital reserv | Other reserves | Retained earnings | Total equity |
|---|---|---|---|---|---|
| **Equity as at 01.01.2020** | **4,794** | **479** | **400,056** | **55,657** | **460,986** |
| Profit for the period | - | - | - | 51,600 | 51,600 |
| Other comprehensive income for the period | - | - | (847) | - | (847) |
| **Total comprehensive income(loss) for the period** | **-** | **-** | **(847)** | **51,600** | **50,753** |
| Dividends paid | - | - | - | (18,400) | (18,400) |
| Other corrections | - | - | - | (16) | |
| **Total transactions with owners of the company, recognised directly in equity** | **-** | **-** | **-** | **(18,416)** | **(18,416)** |
| **Equity as at 30.09.2020** | **4,794** | **479** | **399,210** | **88,841** | **493,323** |
| | | | | | |
| **Equity as at 1.1.2021** | **4,794** | **479** | **399,165** | **105,111** | **509,549** |
| Profit for the period | - | - | - | 40,291 | 40,291 |
| Other comprehensive loss for the period | - | - | (12,613) | - | (12,613) |
| **Total comprehensive income for the period** | **-** | **-** | **(12,613)** | **40,291** | **27,678** |
| Increasing share capital | 225,000 | - | (225,000) | - | - |
| Dividends paid | - | - | - | (27,100) | (27,100) |
| Fair value on initial recognition of derivative financial instrument transactions conducted with the parent entity | - | - | (10,781) | - | (10,781) |
| **Total transactions with owners of the company, recognised directly in equity** | **225,000** | **-** | **(235,781)** | **(27,100)** | **(37,881)** |
| **Equity as at 30.09.2021** | **229,794** | **479** | **150,771** | **118,303** | **499,346** |

Enefit Green

# Notes to the condensed consolidated interim financial statements

# Notes to the condensed consolidated interim financial statements

## 1. Summary of significant accounting policies

These condensed consolidated interim financial statements (interim financial statements) have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting and as they do not include all the notes of the type normally included in an annual financial report they should be read in conjunction with the group's annual financial statements as at and for the year ended 31 December 2020, which have been prepared in accordance with IFRS as adopted by the European Union.

These interim financial statements have been prepared and presented using the same accounting policies as those applied in the preparation of the group's annual financial statements as at and for the year ended 31 December 2020.

New International Financial Reporting Standards, amendments to issued standards and IFRIC Interpretations which became effective for the group from 1 January 2021 did not give rise to any changes in the group's accounting policies or financial reporting.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. Actual results may differ from those estimates. Significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were mainly the same as those described in the group's annual financial statements as at and for the year ended 31 December 2020.

These interim financial statements have not been audited or otherwise checked by auditors.

## 2. Financial risk management

Through its activities, the group is exposed to various financial risks: market risk (including currency risk, fair value and cash flow interest rate risk and price risk), credit risk and liquidity risk. Condensed interim financial statements do not contain all the information about the group's financial risk management which is required to be disclosed in the annual financial statements. Therefore, these interim financial statements should be read in conjunction with group's annual financial statements as at and for the year ended 31 December 2020. There have been no significant changes in the group's risk management policies compared with the end of the previous financial year.

The group regards equity and borrowings (debt) as capital. In order to maintain or change its capital structure, the group may change the dividend distribution rate, repay capital contributions to owners, issue new shares or sell assets to reduce its financial liabilities, and raise debt capital in the form of loans. On raising loans, management assesses the group's ability to service the principal and interest payments with operating cash flow and, where necessary, starts timely negotiations to refinance existing loans before their maturity. For further information about financing ratios and borrowings, see in the Financing section on page 16 of this report.

# Notes to the condensed consolidated interim financial statements

## 3. Segment reporting

The group's management assesses the group's financial performance and makes management decisions on the basis of segment reporting where the reportable operating segments of Enefit Green AS have been identified by reference to the main business lines of its business units. All production units operated by the group have been divided into operating segments based on the way they produce energy. Other internal structural units have been divided between operating segments based on their core activity.

The group has identified three main business lines, which are presented as separate reportable segments, and less significant business activities and functions, which are presented within Other:

1. Wind energy (comprises all of the group's wind farms, and wind developments),

2. Cogeneration (comprises all of the group's cogeneration plants and the production of pellets),

3. Solar energy (comprises all of the group's solar farms),)

4. Other (including hydropower, hybrid renewable energy solutions, and central development and management units).

The segment Other comprises activities whose individual contribution to the group's revenue and EBITDA is insignificant. None of those activities exceeds the quantitative thresholds for separate disclosure.

Segment revenues include revenues from external customers only, generated by the sale of respective products or services. As the segments are based on externally sellable products and services (as opposed to legal entities), there are no transactions between segments to be eliminated.

Management assesses segment results mainly on the basis of EBITDA, but also monitors operating profit. EBITDA is not a performance measure defined in IFRS. The group's definition of EBITDA may not be comparable to similarly titled performance measures and disclosures used by other entities. EBITDA is defined as earnings (i.e. profit) before finance costs, profit or loss from equity-accounted investees, taxes, depreciation, amortisation and impairment losses.

Under the District Heating Act, the maximum price of heat, which may be charged by a heating undertaking which sells heat to customers or to a network operator that sells heat to customers, or which produces heat in a combined heat and power generation process, must be approved by the Competition Authority.

Line item 'Other' for 9 months 2020 within 'Renewable energy support and other income' includes a one-off sale of CO2 emission allowances which significantly increased other income.

| *in thousand euros* | Q3 2021 | Q3 2020 | 9m 2021 | 9m 2020 |
|---|---|---|---|---|
| **REVENUE** | | | | |
| Wind energy | 19,224 | 10,322 | 47,198 | 39,489 |
| Cogeneration | 9,642 | 10,457 | 43,390 | 36,584 |
| Solar energy | 1,222 | 809 | 2,722 | 1,371 |
| **Total reportable segments** | **30,088** | **21,588** | **93,309** | **77,444** |
| Other | 45 | (132) | 346 | 571 |
| **Total** | **30,133** | **21,456** | **93,655** | **78,015** |
| **RENEWABLE ENERGY SUPPORT AND OTHER INCOME** | | | | |
| Wind energy | 4,694 | 5,276 | 16,281 | 23,206 |
| Cogeneration | 1,333 | 576 | 4,187 | 3,800 |
| Solar energy | 222 | 552 | 502 | 996 |
| **Total reportable segments** | **6,250** | **6,404** | **20,970** | **28,002** |
| Other | 7 | (245) | 173 | 12,698 |
| **Total** | **6,257** | **6,159** | **21,143** | **40,700** |
| **EBITDA** | | | | |
| Wind energy | 18,739 | 11,200 | 49,826 | 50,568 |
| Cogeneration | 7,175 | 4,843 | 23,614 | 20,279 |
| Solar energy | 727 | 746 | 1,594 | 1,280 |
| **Total reportable segments** | **26,641** | **16,790** | **75,034** | **72,127** |
| Other | (1,138) | (1,406) | (3,146) | 10,102 |
| **Total** | **25,503** | **15,383** | **71,888** | **82,229** |
| Depreciation, amortisation and impairment losses | 9,467 | 10,595 | 28,592 | 28,932 |
| Finance costs | 515 | 768 | | |
| Profit (loss) from associates under the equity method | (46) | (36) | | |
| **Profit before tax** | **35,439** | **26,710** | **100,480** | **111,161** |
| **OPERATING PROFIT** | | | | |
| Wind energy | 12,015 | 3,460 | 29,465 | 29,799 |
| Cogeneration | 4,632 | 2,321 | 16,000 | 13,169 |
| Solar energy | 552 | 440 | 1,067 | 305 |
| **Total reportable segments** | **17,199** | **6,221** | **46,533** | **43,273** |
| Other | (1,162) | (1,432) | (3,237) | 10,024 |
| **Total** | **16,037** | **4,788** | **43,296** | **53,297** |

Enefit Green

# Notes to the condensed consolidated interim financial statements

## 3. Segment reporting (continues)

Finance income and costs and income tax expense are not allocated to operating segments. Interest income and expenses, income tax expense and profits and losses from equity-accounted investees are not allocated to segments and relevant information is not reported to the parent's management.

The group's non-current assets are allocated to segments based on their purpose of use. Liabilities and current assets are not allocated to segments.

| *in thousand euros* | 9m 2021 | 2020 |
|---|---|---|
| **INVESTMENTS IN NON-CURRENT ASSETS** | | |
| Wind energy | 49,583 | 7,041 |
| Cogeneration | 1,597 | 1,891 |
| Solar energy | 758 | 4,697 |
| **Total reportable segments** | **51,938** | **13,629** |
| Other | 163 | 97 |
| **Total** | **52,101** | **13,726** |

| *in thousand euros* | 30 Sep 2021 | 30 Sep 2020 | 31 Dec 2020 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Wind energy | 520,701 | 499,336 | 490,929 |
| Cogeneration | 140,674 | 147,914 | 146,438 |
| Solar energy | 22,537 | 18,186 | 23,274 |
| **Total reportable segments** | **683,911** | **665,436** | **660,641** |
| Other | 5,642 | 2,432 | 5,379 |
| **Total** | **689,553** | **667,867** | **666,020** |

## 4. Seasonality of the operating profit

The group's revenue and current assets are affected by seasonal changes in weather conditions as well as fluctuations in the market prices of electricity. In electricity production, the main seasonal factors are weather conditions, which affect the output of wind and solar farms. There is more solar radiation in Q2 and Q3 and more wind, on average, in Q1 and Q4. The electricity output of cogeneration plants is stable the year round and only slightly affected by planned supply interruptions that result from planned maintenance. Heat sales are higher during the winter months and lower during the summer months. We expect that from February 2021 the Iru power plant can sell its entire heat output the year round and the seasonality of heat sales will be immaterial. Electricity prices are usually higher in the colder months but, depending on events in the electricity system, the correlation may not always apply. In conclusion, it is difficult to identify an unequivocal source of seasonality that would always apply. The group's operating expenses are not materially affected by seasonality.

# Notes to the condensed consolidated interim financial statements

## 5. Fixed assets

| *in thousand euros* | Land | Buildings | Construction | Plant and equipment | Other | Construction in progress and prepayments | Total |
|---|---|---|---|---|---|---|---|
| **Property, plant and equipment as at 31.12.2020** | | | | | | | |
| Cost | 10,463 | 25,218 | 42,030 | 738,549 | 180 | 13,973 | 830,413 |
| Accumulated depreciation | | (9,117) | (22,497) | (203,639) | (180) | | (235,433) |
| Net book amount | 10,463 | 16,101 | 19,533 | 534,910 | | 13,973 | 594,980 |
| **Total property, plant and equipment as at 31.12.2020** | **10,463** | **16,101** | **19,533** | **534,910** | | **13,973** | **594,980** |
| **Movements in the reporting period** | | | | | | | |
| Purchases of property, plant and equipment | 29,424 | - | - | 12 | 3 | 22,148 | 51,588 |
| Disposals | (25) | - | - | - | - | - | (25) |
| Exchange differences | - | (2) | (2) | (130) | - | (3) | (137) |
| Transfers | 172 | 127 | 1 | 509 | 413 | (1,221) | - |
| Depreciation charge and write-downs | - | (470) | (939) | (26,963) | (8) | (18) | (28,397) |
| **Total movements in 9m 2021 period** | **29,572** | **(345)** | **(940)** | **(26,572)** | **408** | **20,906** | **23,029** |
| **Property, plant and equipment as at 30.09.2021** | **40,035** | **15,756** | **18,594** | **508,338** | **408** | **34,879** | **618,009** |
| Cost | 40,035 | 25,343 | 42,029 | 738,940 | 596 | 34,897 | 881,839 |
| Accumulated depreciation | - | (9,587) | (23,435) | (230,602) | (188) | (18) | (263,830) |
| Net book amount | 40,035 | 15,756 | 18,594 | 508,338 | 408 | 34,879 | 618,009 |
| **Total property, plant and equipment as at 30.09.2021** | **40,035** | **15,756** | **18,594** | **508,338** | **408** | **34,879** | **618,009** |

# Notes to the condensed consolidated interim financial statements

## 6. Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method for recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if it is, the nature of the item being hedged. The group uses cash flow hedging instruments in order to hedge the risk of changes in the price of electricity.

The group documents at the inception of the transaction the relationship between the hedging instruments and the hedged items, and also its risk management objectives and strategy for undertaking various hedge transactions. The group also documents whether there is an economic relationship between the derivatives that are used in hedging transactions and the changes in the cash flows of the hedged items. At inception of the hedge, the group documents the sources of hedge ineffectiveness. Hedge ineffectiveness is quantified in each reporting period and recognised in profit or loss.

The full fair value of hedging derivatives is classified as a non-current asset or liability when the remaining maturity of the hedging instrument is more than 12 months and as a current asset or liability when the remaining maturity of the hedging instrument is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as a net amount within other operating income or operating expenses. The day one fair value of derivative instruments entered into with the parent entity is recognised directly in equity when its economic substance is a distribution to the parent of resources embodying economic benefits.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance, when the forecast sale that is hedged takes place). When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately recognised as other operating income or operating expense in profit or loss.

A part of the renewable electricity production assets operated by the group, that is not subject to a subsidy scheme under a feed-in-tariff, is exposed to the risk of electricity price fluctuations, as the electricity is sold on the Nord Pool exchange. To hedge the risk of electricity price volatility, the group uses base load swap derivative contracts. Under the given derivatives, the group is the payer of the floating price and the counterparty the payer of the fixed price.

Transactions designed to hedge the risk of variability in electricity prices are designated as hedging instruments under cash flow hedges. The underlying hedged item is the market price risk of highly probable forecast renewable electricity sales transactions that are open to market price fluctuations. The hedge ratio of the hedging relationships is one to one.

The different levels for the determination of the fair value of financial instruments have been defined as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2);
- inputs for the asset or liability that are not based on observable market data (level 3).

The fair value of the financial instruments that are not traded in an active market are determined using valuation techniques. The valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. An instrument is included in level 3 if one or more significant inputs are not based on observable market data.

The fair values of the level 3 instruments have been estimated using a combination of market prices, mathematical models, and assumptions based on historical and forward-looking market and other relevant data. The most significant input of the fair value of the derivatives is the long-term electricity price. The group has determined the underlying price for the calculation of fair value based on a long-term price curve for the Lithuanian and Estonian electricity markets to between €34/MWh and €59/MWh.

Derivative financial instruments were remeasured to fair value as at 17 August 2021.

The total fair value of derivatives designated as hedging instruments as at 30 June 2021 was €(13,760.7)k, which was accounted for as a long-term liability. At the trade date the fair value of the derivatives was €(10,780.1)k, which was recognised directly in equity as it reflected a transaction with Eesti Energia AS acting in the capacity of the parent of the group. The change in the fair value of the derivatives from the trade date until 30 June 2021 of €2,980.6k euros was recognised in other comprehensive income. No material sources of ineffectiveness were identified in the hedging relationships in the period ended 30 June 2021.

# Notes to the condensed consolidated interim financial statements

## 6. Derivative financial instruments (continued)

Enefit Green AS and its parent Eesti Energia AS entered into an EFET General Agreement Concerning the Delivery and Acceptance of Electricity (EFET General Agreement) on 17 August 2021, simultaneously terminating all open derivative contracts existing between them. By signing the agreement, the parties entered into a fixed-price physical electricity sales contract for the period 2023–2027. The contract was entered into for the same quantities of electricity and based on the same fixed prices as had been agreed for the derivatives which were open at 30 June 2021.

The group continued to apply hedge accounting to the open derivatives position until 17 August 2021, recognising changes in the fair value of the derivatives from 30 June 2021 to the date of signature of the EFET General Agreement. The negative value of the derivative financial instruments classified as liabilities increased from €(13,761)k at 30 June 2021 to €(23,207)k at 30 September 2021 due to the change in the electricity price in the period from 1 July 2021 to 17 August 2021. The negative fair value change of €(9,446)k has been recognised in other comprehensive income as no material sources of hedge ineffectiveness were identified in the hedging relationships in the period between 1 July and 17 August 2021. Since the derivative financial instruments had been measured to fair value by the date of conclusion of the EFET General Agreement, (measurement date 17 August 2021), their value, which has been classified as a liability, will not change before the arrival of the supply period determined in the EFET General Agreement, which is 2023–2027.

The EFET General Agreement meets the own use exemption and, therefore, is not considered to be a financial instrument that is required to be measured at fair value under IFRS 9. Rather, it is to be accounted for as an executory contract under IFRS 15 *Revenue from Contracts with Customers* with the revenue being recognised at a fixed per-unit value only when the delivery of electricity takes place in the years 2023–2027. No gains or losses were recognised at the date the derivative contracts were replaced with the EFET General Agreement. Upon entering into the EFET General Agreement, the carrying amount of the derivatives classified as a liability at that date, which was €(23,207)k, was reclassified as a non-derivative liability, which will gradually increase recognised revenue until the EFET General Agreement is fulfilled. Such an increase in revenue will be partially offset by the reclassification of the €(12,426)k accumulated in the electricity cash flow hedge reserve to profit or loss due to the discontinuance of hedge accounting. The amount is the difference between the fair value of the derivative financial instruments at 30 September 2021 of €(23,207)k, and the trade date fair value of the derivatives of €(10,781)k, which is recognised directly in equity. See note 8 for further information.

# Notes to the condensed consolidated interim financial statements

## 7. Share capital

The share capital of Enefit Green AS was increased on 31 August 2021 by €225,000,000, i.e. from €4,793,473 to €229,793,473, using a capitalisation issue. The capitalisation issue was conducted by using a voluntary reserve in equity. The company issued 225,000,000 new ordinary shares with a par value of €1 each. Share capital was increased without share premium.

At 30 September 2021, Enefit Green AS had 229,793,473 registered ordinary shares (31 December 2020: 4,793,473 shares). The par value of each share is €1.

Basic earnings per share (EPS) have been calculated by dividing profit for the period attributable to the equity holder of the parent by the weighted average number of ordinary shares outstanding during the period. Since the group has no potential ordinary shares, diluted earnings per share for all periods presented equal basic earnings per share.

| | *unit* | Q3 2021 | Q3 2020 | 9m 2021 | 9m 2020 |
|---|---|---|---|---|---|
| Profit attributable to owner | *€k* | 15,259 | 4,125 | 40,291 | 51,600 |
| Weighted average number of shares | *k* | 78,163 | 4,793 | 29,519 | 4,793 |
| Basic earnings per share | € | 0.20 | 0.86 | 1.36 | 10.76 |
| Diluted earnings per share | € | 0.20 | 0.86 | 1.36 | 10.76 |

In addition to EPS presented based on the weighted average number of shares as required by IFRS, we present for information purposes EPS based on the number of shares outstanding at the end of the reporting period and based on the number of shares outstanding after the IPO.

| | *unit* | Q3 2021 | Q3 2020 | 9m 2021 | 9m 2020 |
|---|---|---|---|---|---|
| Number of shares as at 30 Sep 2021 | *k* | 229,793 | 229,793 | 229,793 | 229,793 |
| Basic earnings per share | € | 0.07 | 0.02 | 0.18 | 0.22 |
| | | | | | |
| Post IPO number of shares (21 Oct 2021) | *k* | 264,276 | 264,276 | 264,276 | 264,276 |
| Basic earnings per share | € | 0.06 | 0.02 | 0.15 | 0.20 |

These are alternative performance measures (APMs), which are not defined in IFRS and may not be comparable with the APMs of other companies. We believe these APMs provide the readers of the consolidated financial statements with additional useful information about the group's financial performance. The APMs should be viewed as supplemental to, and not as a substitute for, the measures presented in the consolidated financial statements in accordance with IFRS

## 8. Other reserves

| *in thousand euros* | 30 Sep 2021 | 31 Dec 2020 |
|---|---|---|
| **Other reserves at the beginning of the period** | **399,165** | **400,056** |
| *of which currency translation reserve at the beginning of the period* | (835) | 56 |
| *of which other reserves* | 400,000 | 400,000 |
| *of which Increasing the share capital through a bonus issue* | (225,000) | |
| Change in fair value of cash flow hedges | (12,426) | |
| *of which electricity cash flow hedges* | (12,426) | |
| Fair value on initial recognition of derivative financial instruments transaction conducted with the parent entity | (10,781) | |
| Currency translation differences attributable to foreign subsidiaries | (187) | (891) |
| **Other reserves at the end of the period** | **150,771** | **399,165** |
| *of which currency translation reserve at the beginning of the period* | (1,022) | |
| *of which electricity cash flow hedge reserve* | (12,426) | |
| *of which reserve related to on initial recognition of derivative financial instruments transaction conducted with the parent entity* | (10,781) | |
| of which ohter reservs | 175,000 | 400,000 |

Other reserves include a monetary contribution of €400,000 made in 2019 by Enefit Green AS's parent Eesti Energia AS to strengthen Enefit Green's equity. The currency translation reserve, which comprises exchange differences on the translation of foreign operations, may be subsequently reclassified to profit or loss. See notes 6 and 14 for further information.

Enefit Green

# Notes to the condensed consolidated interim financial statements

## 9. Borrowings at amortised cost

| *in thousand euros* | Short-term borrowings | | Long-term borrowings | | | Total |
|---|---|---|---|---|---|---|
| | Bank loans | Lease liabilities | Bank loans | Lease liabilities | Other liabilities | |
| **Borrowings at amortised cost 31 Dec 2021** | **37,533** | **245** | **156,513** | **2,045** | **3,000** | **199,336** |
| | | | | | | |
| **Movements in the reporting period** | | | | | | |
| **Monetary movements** | | | | | | |
| Borrowings received | 10,000 | 13 | - | - | - | 10,013 |
| Repayments of borrowings | (31,105) | (167) | - | - | - | (31,271) |
| **Non-monetary movements** | | | | | | |
| Transfers | 26,495 | 4 | (26,495) | (4) | - | |
| Revaluation | (9) | - | (95) | - | - | (104) |
| Amortization of borrowing expenses | - | - | 51 | - | - | 51 |
| Other movements | - | (1) | - | 1 | - | - |
| **Total movements in 9m 2021 period** | **5,381** | **(150)** | **(26,539)** | **(4)** | **-** | **(21,311)** |
| | | | | | | |
| **Borrowings at amortised cost 30 Sep 2021** | **42,914** | **95** | **129,975** | **2,042** | **3,000** | **178,025** |

Enefit Green

# Notes to the condensed consolidated interim financial statements

## 10. Sales revenue

| *in thousand euros* | Q3 2021 | Q3 2020 |
|---|---|---|
| **Sale of goods** | | |
| Pellets | 493 | 3,493 |
| Scrap metal | 254 | 159 |
| Other goods | 35 | 9 |
| **Total sale of goods** | **781** | **3,661** |
| **Sale of services** | | |
| Heat | 1,040 | 696 |
| Electricity | 24,290 | 13,498 |
| Waste reception and resale | 3,404 | 3,399 |
| Rental and maintenance of assets | 669 | 539 |
| Other services | (51) | (337) |
| **Total sale of services** | **29,352** | **17,795** |
| **Total revenue** | **30,133** | **21,456** |

## 11. Renewable energy support and other income

| *in thousand euros* | Q3 2021 | Q3 2020 |
|---|---|---|
| Renewable energy support | 6,140 | 6,011 |
| Sale of CO2 quotas | - | - |
| Government grants | 135 | 135 |
| Other income | (18) | 13 |
| **Total other operating income** | **6,257** | **6,159** |

Enefit Green

# Notes to the condensed consolidated interim financial statements

## 12. Raw materials and consumables used

| *in thousand euros* | Q3 2021 | Q3 2020 |
|---|---|---|
| Maintenance and repairs | 4,486 | 4,872 |
| Technological fuel | 2,704 | 2,922 |
| Electricity | 2,150 | 742 |
| Services related to ash treatment | 574 | 576 |
| Transport services for sale of finished products | 284 | 384 |
| Materials and spare parts for production | 430 | 489 |
| Transmission services | 269 | 312 |
| Waste handling | 101 | 26 |
| Resource charges for natural resources | 2 | 3 |
| Other raw materials and consumables used | 38 | 47 |
| Environmental pollution charges | 57 | 34 |
| **Total raw materials and consumables used** | **11,097** | **10,406** |

## 13. Cash generated from operations

| *in thousand euros* | Q3 2021 | Q3 2020 |
|---|---|---|
| **Profit before tax** | **15,567** | **4,057** |
| **Adjustments** | | |
| Depreciation and impairment of property, plant and equipment | 9,442 | 10,564 |
| Amortisation and impairment of intangible assets | 25 | 31 |
| Deferred income from connection and other fees | (1) | (3) |
| Gain on disposal of property, plant and equipment | - | - |
| Amortisation of government grant received to purchase non-current assets | (135) | (135) |
| Profit/loss from associates using equity method | (47) | (36) |
| Foreign exchange gain/loss loans granted and taken out | (174) | (178) |
| Interest expense on borrowings | 691 | 912 |
| Interest and other financial income | - | - |
| **Adjusted net profit before tax** | **25,367** | **15,210** |
| **Net change in current assets relating to operating activities** | | |
| Change in receivables related to operating activities | (2,363) | (2,346) |
| Change in inventories | (4,659) | (1,877) |
| Net change in other current assets relating to operating activities | 4,926 | (1,380) |
| **Total net change in current assets relating to operating activities** | **(2,097)** | **(5,603)** |
| **Net change in current liabilities relating to operating activities** | | |
| Change in provisions | 7 | (5) |
| Change in trade payables | 589 | 438 |
| Net change in liabilities relating to other operating activities | 1,297 | 187 |
| **Total net change in liabilities relating to operating activities** | **1,893** | **620** |
| **Cash generated from operations** | **25,163** | **10,228** |

Enefit Green

# Notes to the condensed consolidated interim financial statements

## 14. Related party transactions

The parent of Enefit Green AS is Eesti Energia AS. The sole shareholder of Eesti Energia AS is the Republic of Estonia.

For the purposes of these consolidated financial statements, related parties include the owners, other companies belonging to the same group (group companies), members of the executive and higher management, and close family members of the above persons and companies under their control or significant influence. Related parties also include entities under the control or significant influence of the state.

The Group has applied the exemption from disclosure of individually insignificant transactions and balances with the government and parties that are related to the entity because the state has control, joint control or significant influence over such party.

Enefit Green AS and its subsidiaries produce renewable electricity that is sold directly to third parties (incl. the electricity exchange Nord Pool). The parent entity, Eesti Energia AS, provides Enefit Green AS with back-office services to assist in the sales procedures. The costs related to this service are recognised in the table above in the line “purchase of services”.

The initial fair value of the derivative financial liability in the negative amount of 10 780.1 thousand euros has been accounted for directly in equity. The subsequent cumulative change in the fair value of the derivative financial liability in the negative amount of 12 427 thousand euros has been accounted through other comprehensive income and the cash flow hedge reserve in equity (see also Note 8).

The group also discloses transactions with companies under the control or significant influence of the state. In the reporting period and the comparative period, the group conducted significant purchase and sales transactions with the Estonian transmission system operator Elering AS, which is 100% owned by the stated.

Proceeds from sale of goods in amount of 13,668 thousand euros in first half 2020 are related to the one-off transaction with the parent entity (sale of CO2 quotes).

Enefit Green AS’s current accounts at Swedbank AS were part of the cash pooling facility of Eesti Energia AS as at 31 December 2020. In the reporting period, Enefit Green AS incurred interest expense of 0 thousand euros for using the cash pool (First half year 2020: 9.6 thousand euros). The reporting period interest rate was 2.06% (2020 first half: 2.19%). By 30 June 2021 cash pool facility with Eesti Energia was terminated.

Enefit Wind Purtse AS acquired land plots of €29,364k from Eesti Energia AS’s subsidiary Tootsi Windpark OÜ in June 2021.

| *in thousand euros* | *Q3 2021* | *Q3 2020* | *in thousand euros* | *Q3 2021* | *Q3 2020* |
|---|---|---|---|---|---|
| **TRANSACTIONS** | | | **BALANCES** | | |
| **TRANSACTIONS WITH PARENT** | | | | | |
| Purchase of services | 2,181 | 945 | Receivables | 759 | 36,199 |
| sale of goods | - | - | *incl. Cash pooling receivable against the parent* | - | *33,312* |
| Sale of services | 1,585 | 695 | Payables | 23,729 | 535 |
| | | | Derivative financial liability | 23,207 | - |
| **TRANSACTIONS WITH OTHER GROUP COMPANIES** | | | | | |
| Purchase of goods | 3 | - | Receivables | 289 | 84 |
| Purchase of services | 635 | 277 | Payables | 248 | 58 |
| Proceeds from sale of goods | 7 | - | | | |
| Proceeds from sale of services | 784 | 479 | | | |
| **TRANSACTIONS WITH OTHER REALTED PARTIES (INCLUDING ASSOCIATES)** | | | | | |
| Purchase of services | 468 | - | Receivables | - | 2 |
| Proceeds from sale of services | - | - | Payables | 321 | 460 |
| **TRANSACTIONS WITH ELERING AS** | | | | | |
| Purchase of services | 62 | 68 | Receivables | 1,807 | 504 |
| Sale of services | 6,047 | 5,590 | Payables | 43 | 269 |

Enefit Green

# Notes to the condensed consolidated interim financial statements

## 15. Events after the reporting period

**Initial public offering (IPO)**

Enefit Green announced the launch of an IPO of its shares on 5 October 2021. The subscription period lasted from 5 to 14 October 2021. Through the IPO, the company sold its shares to more than 60 thousand retail and institutional investors at a price of €2.90 per share. Gross proceeds raised amounted to €175m of which €100m (€94.5m after expenses) was raised by selling 34,482,759 newly issued shares. After the IPO, the number of Enefit Green's shares is thus 264,276,232. In addition to the new shares, Enefit Green's parent Eesti Energia sold in the IPO 25,862,068 of the existing shares (including a put option on up to 7,871,064 shares granted to the stabilising manager for the stabilisation period lasting for 30 calendar days from the commencement of trading in the shares).

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

On 8 October 2021, Tallinn Administrative Court granted the action sought by Enefit Green and annulled the decision of the council of the Lääne-Nigula rural municipality on the termination of proceedings for the preparation of a local government designated spatial plan, which is required for the construction of a wind farm in the Lääne-Nigula rural municipality. The matter relates to the 168 MW Risti wind farm project, which is part of the group's longer-term investment plan. The municipality may contest the ruling until 8 November 2021.

**Auction results for the Loopealse ja Elektrijaama solar farms**

Enefit Green's bids in a reverse auction for renewable energy subsidies held in Estonia were not successful. The Loopealse and Elektrijaama solar photovoltaic (PV) projects are thus being reviewed.

**Completion of the acquisition of the Kelme II and Kelme III development projects**

The group completed the acquisition of the Lithuanian entities UAB Vejoteka and UAB Kelmes vejo energija on 7 October 2021. The companies hold the Kelme II and Kelme III wind farm developments, which may regarded as a single integrated development project. Enefit Green is planning to install in the farms 27-39 wind turbines with a total capacity of 120-180 MW. The agreement for the acquisition of the entities was signed on 16 September 2021.

**Cancellation of the feed-in-tariff (FiT) support received by the Broceni CHP facility**

On 19 October 2021, Enefit Green's subsidiary SIA Technological Solutions (the owner of the Broceni CHP facility) received a letter from the State Construction Control Bureau of Latvia (the BVKB) by which the BVKB notified the entity of its decision to cancel the FiT support granted to the entity going forward and to demand repayment of the €1.1m FiT support calculated since 1 March 2021. The FiT support was due to continue until November 2026. The impact of the cancellation of the FiT going forward will depend on the electricity market prices, however Enefit Green expects this to remain below 2% of its consolidated revenues for each year. Enefit Green is planning to challenge the decision of BVKB in court and is currently making respective preparations.

## 16. Changes in classification of information

Estonian wind farms' revenue from the sale and expenses from the purchase of balancing energy were reclassified from the segment Other to the segment Wind energy in the periods presented for both 2020 and 2021. In earlier segment reporting, those amounts were presented in the segment Other. The amounts for the reporting and comparative periods are set out in the table below.

From 2021 the role of the subsidiary 4Energia AS, which used to fulfil management functions but is currently in liquidation with the liquidation proceedings expected to be completed at the end of 2021, is fulfilled by the subsidiary Enefit Green SIA. Enefit Green SIA (former name Pellet 4Energia SIA) has been in the Cogeneration segment in all periods. Therefore, 4Energia AS was reclassified from the segment Other to the Cogeneration segment in the periods before the transfer of its role (i.e. In the periods before 2021). The effects are disclosed in the table below.

| *in thousand euros* | Q3 2021 | Q3 2020 | 9m 2021 | 9m 2020 |
|---|---|---|---|---|
| **From Other segment to Wind segment:** | | | | |
| Balancing energy purchases | 1,291 | 323 | 2,452 | 842 |
| Balancing energy sales | 893 | 249 | 1,749 | 983 |
| **From Other segment to Cogeneration segment:** | | | | |
| Total revenues | - | 35 | - | 101 |
| Operating expenses | - | 57 | - | 174 |

Enefit Green

# Legal structure 30.09.2021

Enefit Green

- Iru, Paide, Kella-Joa power stations, Estonian solar parks
- Management, O&M team, development teams

**Operating wind farms** 100%

- Enefit Wind OÜ *(operating wind farms 259.8 MW)*
- Enefit Wind UAB *(operating wind farms 198.9 MW)*

**Development projects** 100%

- Enefit Green UAB
- Šilale vejas UAB *(Šilale II wind farm)*
- UAB Šilutes vejo parkas 2 *(Šilute II wind farm)*
- UAB Šilutes vejo parkas 3 *(Šilute III wind farm)*
- UAB Energijos Žara *(Kelme wind farm)*
- UAB Vejo Parkai *(Akmene wind farm)*
- Baltic Energy Group UAB
- Enercom SIA *(Dundaga wind farm)*
- Tolpanvaara Wind Farm OY
- Hiiumaa Offshore Tuulepark OÜ
- Tootsi Tuulepark OÜ
- Enefit Wind Purtse AS *(Purtse and Sopi wind farms )*
- PV Plant Debnik Sp. z o.o
- PV Plant Zambrow Sp. z o.o

**Latvian assets** 100%

- Enefit Green SIA
- SIA Enefit Power and Heat Valka
- SIA Technological Solutions
- AS 4Energia

**Polish assets** 100%

- Enefit Green Sp. z o.o
- Cirrus Sp. z o.o
- Velum Polska Sp. z o.o
- Incus Sp. z o.o
- Energy Solar 15 Sp. z o.o
- PV Sielec Sp. z o.o
- Humilis Sp. z o.o

**Minority stakes**

- Wind Controller JV OY 10%
- Team Paldiski OÜ 12,5%
- Empower 4 Wind OÜ 40%

Direct ownership

Indirect ownership

Minority stakes

Enefit Green

# Glossary

**CHP:** combined heat and power

**COD:** commercial operation date

**Comparative period:** 1 July until 30 September 2020

**D&A**: depreciation and amortisation expense, impairment of fixed assets

**EBITDA (earnings before interest, taxes, depreciation, and amortization):** operating profit before interest expenses, taxes, impairment and depreciation and amortisation

**EIA:** environmental impact assessment

**€k:** thousand euros

**€m:** million euros

**Enefit Green, Concern, Group:** Enefit Green AS consolidation group

**FID:** final investment decision

**FiT:** Feed-in-tariff

**GWh:** gigawatt-hour

**IPO:** initial public offering

**Iru:** Iru waste-to-energy cogeneration station

**LTM:** last twelve months

**MW:** megawatt

**MWh:** megawatt-hour

**NP:** Nord Pool

**pg:** page

**reporting period:** 1 July until 30 September 2021

**WWD**: WinWinD