

An aerial photograph of a green landscape. In the foreground, there is a large field of solar panels arranged in neat rows. The middle ground is dominated by a dense forest of green trees. In the background, a line of white wind turbines is visible, extending towards a blue body of water under a blue sky with scattered white clouds.

Q1 2022

Interim report

Unaudited



Enefit Green

The logo for Enefit Green, featuring a stylized white infinity symbol or a similar abstract shape above the company name.

Table of contents

3	Letter from the Chairman of the Management Board
4	Enefit Green at a glance
6	Key highlights
7	Market overview
8	Major events during Q1 2022
9	Financial results of the group
12	Wind energy segment
13	Cogeneration segment
14	Solar energy segment
15	Investments
16	Development portfolio
18	Financing
19	Risk management
20	Condensed consolidated interim financial statements
26	Notes to the condensed consolidated interim financial statements
40	Legal structure

Letter from the Chairman of the Management Board

Dear reader

The lack of green energy kept energy prices high in the first quarter. There is no doubt that both the Baltics and Europe as a whole need several times more renewable energy than they have today. There is no time to wait – we have to act right now and accelerate the development of new wind and solar farms.

The demand for green energy is permanent because green electricity is at the heart of green transition: it is going to replace other sources of energy such as motor fuel and natural gas and it will be a long-term solution for high energy prices.

We are going to increase Enefit Green's production capacity more than two times by 2025 by building new wind and solar farms across the region from Finland to Poland. During the reporting period, we continued to implement our growth plan. We made two investment decisions and started the development of a wind farm in Purtse, Estonia, and a solar farm in Debnik, Poland.

The Purtse wind farm is the first major wind farm to reach the construction phase in Estonia after several years and it will start supplying green energy to Estonian homes next year already. This shows that once the planning phase has been completed, environmentally friendly and cheaper energy production solutions can be brought to the market very quickly.

Altogether, Enefit Green is currently building four wind farms: two in Lithuania, one in Finland and one in Estonia. In addition, we are building two solar farms in Poland. The four wind farms with a total production capacity of 211 MW will increase our current wind power production capacity by 50%.

Successful execution of larger and smaller renewable energy projects requires collaboration. At the beginning of the year, we signed a loan agreement of €80m with the Nordic Investment Bank, which enables us to finance the development of new wind farms in Lithuania and Estonia. The involvement of a strategic financial partner confirms that the projects we are planning to carry out are sustainable and that wider use of green energy is considered a priority in Estonia as well as the neighbouring countries.

We are also pleased about the opportunity to work with Latvia's largest private forest owner Södra. The agreement signed in March is another step in the plan to start developing wind energy in the eastern part of Latvia.

An important key to the development of renewable energy are customers that buy electricity under long-term power purchase agreements and thus provide us with investment assurance. Our investment decisions on new wind farms which are currently under construction were underpinned by the customers' willingness to enter into long-term power purchase agreements. Demand for carbon-neutral electricity is extremely high and the number of partners interested in signing such agreements keeps growing.

I am pleased to report that the financial performance of the Enefit Green group improved significantly compared with the same period last year. Electricity production grew by 22%, rising to 368 GWh, mainly through good wind conditions in January and February. It also reflects and the winter weather favours wind energy production in Estonia and Lithuania. Growth in electricity production was also supported by our solar farms in Estonia and Poland.

Strong electricity and heat production figures in combination with high electricity prices helped us deliver excellent financial performance. The group's total revenues amounted to €66.7m (+58% compared with a year earlier), EBITDA was €45.6m (+75%) and net profit was €34.9m (+124%).

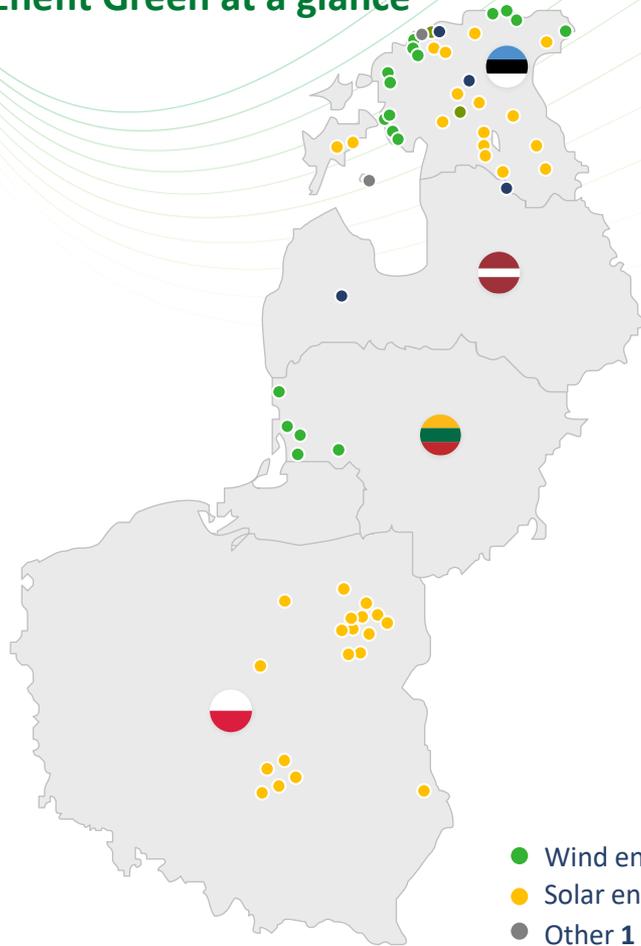
Strong financial results and new investment decisions have created a solid basis for this year. Our team continues to work to make sure that projects under construction will remain on schedule, the next investment decisions will be made and our existing production assets will operate at maximum capacity. Our goal is to provide everyone with more green electricity.



Aavo Kärmas

Chairman of the Management Board

Enefit Green at a glance



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

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

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

~ 20 years
renewable energy
experience

Largest
**wind energy
producer**
in the Baltics

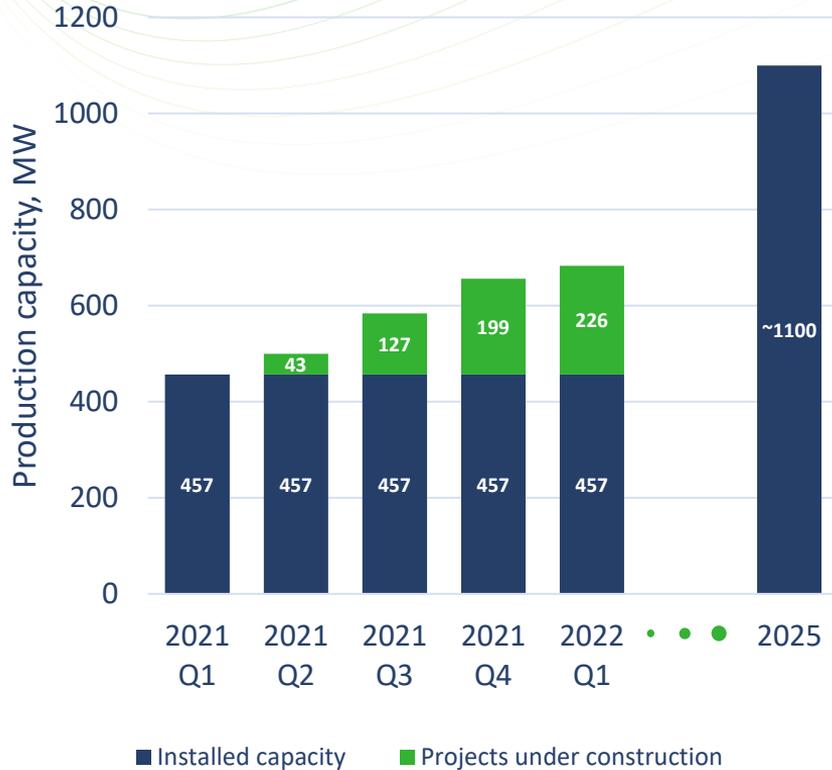
171
employees
in Estonia, Latvia,
Lithuania and Poland

Target to increase
production capacity by
2025
2.4 times

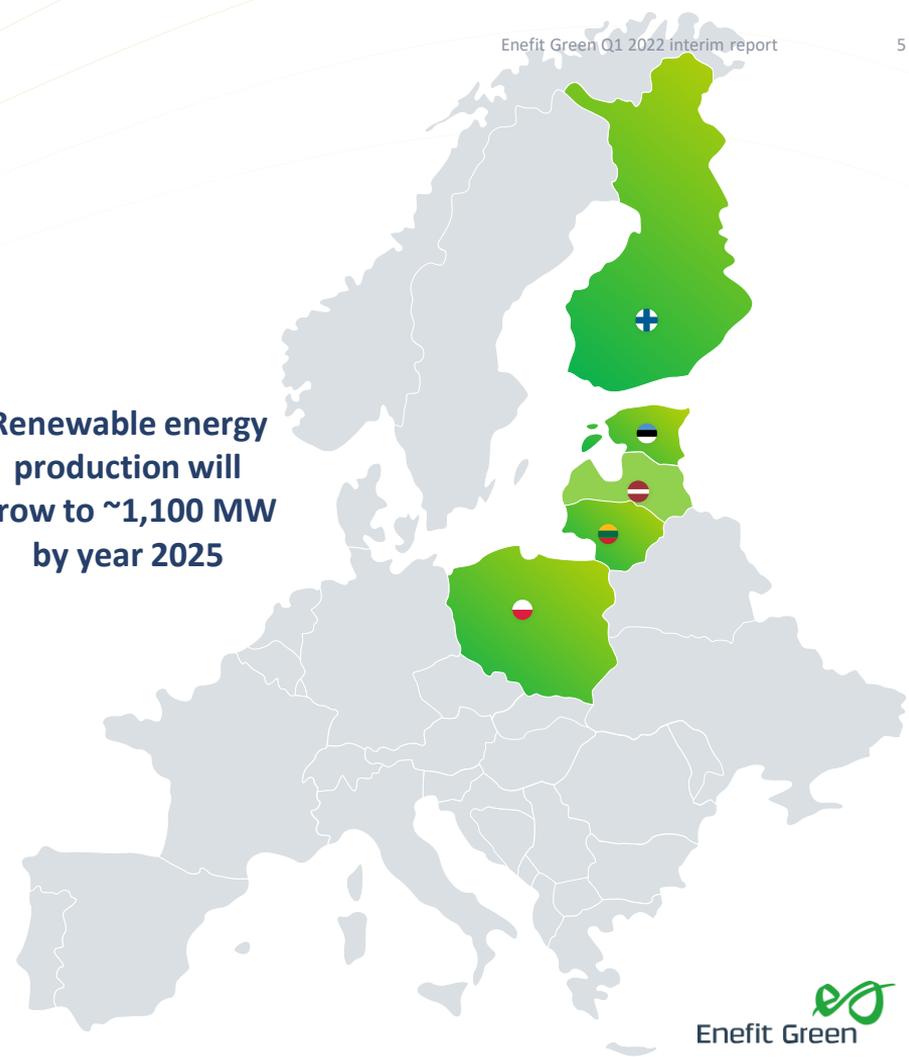
Electricity production 2021:
1.19 TWh
Heath production 2021:
618GWh

~59 000
investors

2.4X growth in production capacity by 2025



Renewable energy production will grow to ~1,100 MW by year 2025



Key highlights

PRODUCTION

ELECTRICITY

368

GWh
+22%

HEAT

173

GWh
-1%

PRICE (average sales price)

127

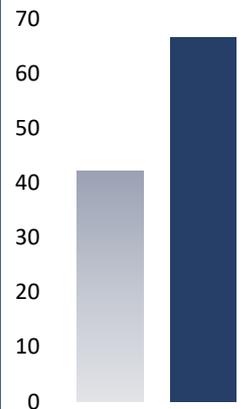
€/MWh
+47%

17

€/MWh
-6%

Total revenues

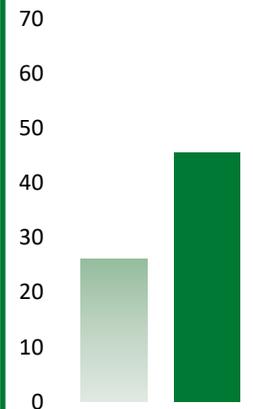
€66.7m
+58%



Q1 2021 Q1 2022

EBITDA

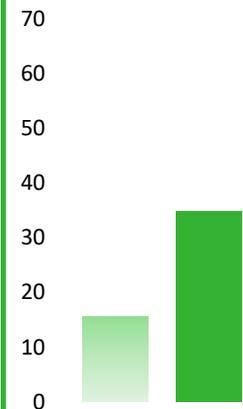
€45.6m
+75%



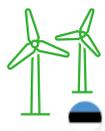
Q1 2021 Q1 2022

Net profit

€34.9m
+124%



Q1 2021 Q1 2022



+21 MW Purtse
(final investment decision)



+6 MW Debnik
(final investment decision)

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. Factors which affect the group's development projects also include the competitive situation in the market, the development and cost 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). Estonian production assets whose period of support has not expired also receive renewable energy support.

Regulatory environment

Estonia On the adoption of the EU Internal Electricity Market Directive, an opportunity was created to sign (investment assurance providing) fixed-price electricity agreements with household customers also in Estonia.



Amendments to the Building Code adopted. The rules for building offshore wind farms will change. Development of wind farms will become riskier, as it will be possible to deny a building permit on the grounds of national defence reasons, to revoke an already issued building permit and to deny a permit for use.

Latvia Cabinet Regulations No. 560 and No. 561 which govern the payment of renewable energy support were changed again. The amendments have a negative impact on previously made investment decisions and are thus in contradiction with the state's obligations under the EU Renewable Energy Directive.



The government initiated regulatory changes that should simplify the development of wind farms of over 50 MW. The precise nature and scope of the amendments will become clear in Q2.

Lithuania The country set a new goal according to which at least 70% of electricity consumed in 2030 must be produced from renewable sources.



Draft legislation that will considerably simplify the development of wind and solar farms was submitted.

Regulations were adopted on the basis of which a tender for a 700 MW offshore wind farm will be announced in 2023.

Poland Amendments to Poland's Energy Policy until 2040 (PEP2040) were published. An additional strategic goal is now energy independence. Measures will be taken to increase renewable power production, to facilitate households' and controllable energy production, and to develop nuclear energy, energy storage and electricity networks.



From 1 April a new measure was rolled out to support the installation of solar panels on rooftops.

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.

The electricity markets of the region where Enefit Green operates are well connected by means of interconnectors. Therefore, electricity generation and prices are affected by a range of factors in our core markets and beyond.

Average electricity prices in markets relevant to our business continue to be high due to soaring natural gas prices, which inflate the cost prices of gas-fired power plants. The high market price of natural gas (Q1 average: 101.5 €/MWh, +454% year on year) is attributable to supply chain disruptions and the Russia-Ukraine war, which has increased uncertainty about gas supplies.

Contributing factors are low water levels in the Nordic hydro reservoirs (15% lower than a year earlier) and the high price of CO2 emission allowances (83.2 €/t, +121%).

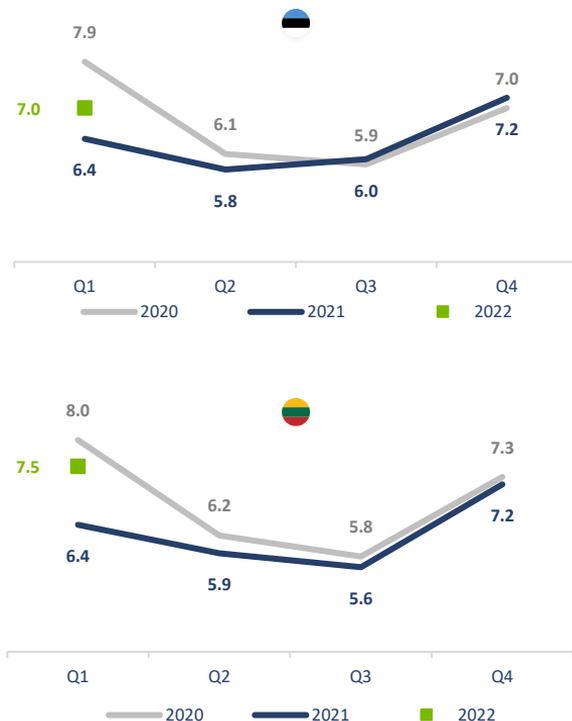
Nord Pool (NP) electricity prices (€/MWh)	1Q 2022	1Q 2021	Change
Estonia	133.4	51.8	157.4%
Latvia	139.7	51.8	169.5%
Lithuania	141.4	53.5	164.5%
Poland	135.4	58.0	133.4%
Finland	91.7	48.6	88.7%
Norway	85.9	41.4	107.5%
Denmark	152.6	49.0	211.1%
Sweden	65.2	42.5	53.4%

Estonian weekly average electricity price, €/MWh



Wind conditions in Q1 2022

Average Q1 wind speeds measured in our wind farms in Estonia and Lithuania were higher than a year earlier and thus more favourable for wind power production. The graph below provides an overview of average quarterly wind speeds in Estonia and Lithuania since the beginning of 2020. The figures for earlier periods have been updated compared with previously published data.



Significant events during Q1 2022

Start of the construction of a new wind farm in Estonia

We made an investment decision and began to build a wind farm in Purtse, Estonia. The Purtse wind farm, which will have five wind turbines and is scheduled to be completed in 2023, will produce around 46 GWh of electricity per year. The capacity of the wind farm is 21 MW and the turbines will be supplied by the Danish manufacturer Vestas.

The commencement of the construction of the Purtse wind farm reflects that once the planning phase has been completed, environmentally friendly and cheaper energy production solutions can be added to the market very quickly. We will invest in the construction of the wind farm over €28m.

Start of the construction of a new solar farm in Poland

We made an investment decision and began to build a solar farm in Debnik, Poland. The capacity of the solar farm is 6 MW and annual output 6.3 GWh. The solar farm is expected to come online in 2023.

As a diverse producer of renewable power, Enefit Green sees strong potential in the Polish market where demand for cheaper green power is very high. Moreover, there are a lot of large corporate consumers in Poland for whom a long-term power purchase agreement (PPA) would give a strong competitive advantage.

A new loan agreement with the Nordic Investment Bank

To finance the construction of wind farms in Lithuania and Estonia, we signed a loan agreement with the Nordic Investment Bank. The loan amount, which extends to €80m, will be used to finance the construction of the Šilale II and the Akmenė wind farms in Lithuania which began last year and the construction of the Purtse wind farm in Estonia.

Cooperation with a strategic financial partner provides assurance that the projects that have been planned are sustainable and wider use of green energy is a priority in Estonia as well as in the neighbouring countries.

Cooperation with the largest private forest owner in Latvia

We have partnered up with Latvia's largest private forest owner Södra in preparation for the possible construction of two wind farms in the eastern part of the country.

Sustainably produced wind power is more affordable and supports the achievement of climate goals and the security of energy supply in Latvia. For Enefit Green, the launch of wind farm development in Latvia is an important part of its long-term growth plan.

Financial results of the group

The Q1 financial results of the Enefit Green group improved significantly year on year: rapid growth in total revenues (revenue plus renewable energy support and other income) (+58%) and somewhat slower growth in operating expenses (+31%) delivered 75% growth in EBITDA. Net profit for the quarter grew by €19.3m, i.e. by 124%, rising to €34.9m. The key factors which influenced the group's financial performance are described below.

Production

	Unit	Q1 2021	Q1 2022	Change	Change, %
Electricity production	GWh	368	301	66	22%
Heat energy production	GWh	176	175	-2	-1%
Pellet production	thousand tonnes	38	34	4	12%

Revenue

The group's electricity production in Q1 2022 was 368 GWh (+22% compared with 301 GWh in Q1 2021). The group's average implied captured electricity price* was 127.2 €/MWh (Q1 2021: 87 €/MWh).

The most important revenue driver was a 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 €15.5m. The average price in the NP Estonia price area in Q1 2022 was 133.4 €/MWh compared with 51.8 €/MWh in Q1 2021. The implied captured electricity prices of the group's production entities that are exposed to fluctuations in the NP Estonia electricity price were 117.2 €/MWh and 47.3 €/MWh in the respective periods.

Revenue growth was also driven by higher wind energy production volumes as wind conditions were favourable in both Lithuania and Estonia.

Heat energy production decreased by 1% and sales price dropped by 6% compared with a year earlier.

Other income

The most significant contributor to renewable energy support and other income in Q1 2022 was renewable energy and efficient cogeneration support received by the Iru waste-to-energy facility, which grew by €0.4m year on year. The rise is attributable to a one-off adjustment made in Q1 2021 due to an overpayment of support.

The renewable energy support received by our Estonian wind farms increased by €0.2m year on year because output grew by 23%. On the other hand, the eligibility period of the earliest completed part of the Aulepa wind farm (39 MW) expired in July 2021.

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

Raw materials, consumables and services used

Expenses on raw materials, consumables and services used grew by €4.6m, i.e. 48%. The biggest rise was in electricity expenses (€3.5m), which increased due to a higher electricity price and an accounting policy change according to which the quantities of electricity purchased from the NP intraday market are no longer offset against the quantities of electricity sold. There was also an increase in expenses on land use charges (€0.3m), which grew in connection with development activities, and technological fuel (€1.1m). The reasons are explained in the variable and fixed costs sections below.

in million euros	2022 1Q	2021 1Q	Change, m€	Change, %
TOTAL REVENUES	66.7	42.2	24.6	58%
Sales revenue	58.1	34.1	24.0	70%
Renewable energy support and other income	8.6	8.1	0.5	7%
OPERATING EXPENSES (excluding D&A)	21.1	16.1	5.0	31%
Raw materials, consumables and services used	14.1	9.6	4.6	48%
Payroll expenses	2.4	1.8	0.6	34%
Other operating expenses	2.5	1.9	0.6	31%
Change in inventories of finished goods	2.1	2.8	(0.7)	-26%
EBITDA**	45.6	26.1	19.5	75%
Depreciation, amortisation and impairment (D&A)	9.6	9.6	0.1	1%
OPERATING PROFIT	35.9	16.5	19.4	118%
Net finance expenses	0.2	0.5	(0.3)	-66%
Corporate income tax expense	0.8	0.4	0.4	97%
NET PROFIT	34.9	15.6	19.3	124%
OPERATING EXPENSES (excluding D&A)	21.1	16.1	5.0	31%
Variable expenses	11.1	6.2	4.8	78%
Fixed expenses	8.0	7.1	0.9	13%
Change in inventories of finished goods	2.1	2.8	(0.7)	-26%

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

Financial results of the group

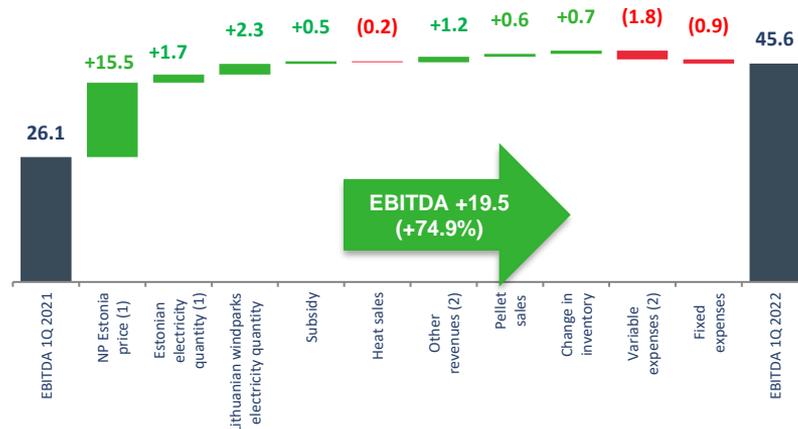
Payroll expenses

The group's payroll expenses grew by 34%, i.e. €0.6m year on year, in connection with growth in the average number of full-time employees, which increased from 159 to 169 year on year, as well as a rise in performance-related pay, bonuses and the salaries of existing employees. New people were mostly hired to the development team to support our growth plan in all our core markets.

Other operating expenses

Other operating expenses grew by €0.6m. Several items increased slightly, including consulting and research expenses (mostly in connection with development activities), IT expenses, property rental and maintenance expenses, etc.

Group's EBITDA development by drivers, €m



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

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

Change in inventories

Change in inventories reflects the change in pellet stocks, summarising the quantities of pellets produced and sold in the period under review. Pellet sales exceeded output in Q1 2022 and the decrease in inventories increased expenses by €2.1m (€2.8m in the comparative period). Pellet output was 38 thousand tonnes (Q1 2021: 34 thousand tonnes) and pellet sales were 55 thousand tonnes (Q1 2021: 60 thousand tonnes).

Depreciation, amortisation and impairment expense (D&A)

D&A expense remained stable compared with a year earlier, amounting to €9.6m. Although the volume of investments made in Q1 2022 was €5.8m larger than in the comparative period, this did not affect D&A expense because most investments were made in wind and solar farm development projects.

Variable costs

Variable costs comprise operating expenses that depend on production volume, including purchases of balancing energy. Variable costs grew by €4.8m year on year, mostly due to a higher electricity price, which increased expenses on balancing energy and due to accounting policy change for the Nord Pool intraday electricity trading (by €3.5m). There was also an increase in technological fuel expenses (€1.1m) and other direct production costs (€0.4m).

Fixed costs

Fixed costs comprise costs not directly dependent on production volume. Fixed costs grew by €0.9m, i.e. 13% year on year. In absolute terms, the biggest increases were recorded for payroll expenses (€0.6m), research and consulting expenses (€0.2m), and public relations expenses (€0.05m). The sharpest decline in fixed costs (€0.1m) was in the maintenance expenses of the group's Estonian wind farms.

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 and a decline in the average interest rate. The average interest rate decreased in connection with agreements signed in the second half of 2021 on the reduction of the interest margins of existing bank loans. Net finance costs were also influenced by movements in the exchange rate of the Polish zloty and the capitalisation of borrowing costs.

Income tax

Income tax expense grew by €0.4m year on year, €0.3m of which is attributable to growth in the income tax expenses of the Lithuanian wind farms (Enefit Wind UAB) due to higher EBITDA. From 2021, a 15% income tax rate is applied on a quarterly basis. The group's effective tax rate in Q1 2022 was 2.4%.

Net profit

The group's net profit increased more than two times, rising to €34.9m. Net profit growth was driven by high market prices of electricity and a rise in production volumes.

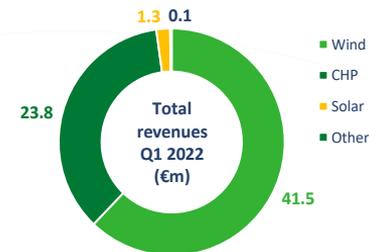


Financial results by segments

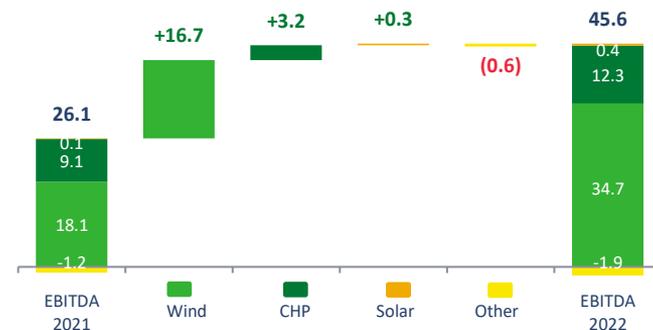
Based on total revenues and EBITDA for the reporting period, the group's largest segment is Wind energy (with 62% of total revenues and 76% of EBITDA). The Cogeneration segment contributed 36% to total revenues and 27% to EBITDA. The smallest reportable segment is Solar energy, which accounted for 2% of the group's total revenues and 1% of the group's EBITDA.

Among reportable segments, Wind and Cogeneration delivered the strongest EBITDA growth as they benefited the most from higher electricity prices, which contributed €15.5m to revenue. A more detailed analysis and a breakdown by segment is presented on following pages.

The EBITDA of the segment Other mainly includes general administrative expenses, which is the largest item for the segment. The segment also includes the network construction services of the Paide facility, the Keila-Joa hydroelectric facility and the renewable energy solution on the island of Ruhnu. The loss of the segment Other increased by €0.6m, mainly due to growth in the payroll expenses of the group's central management and consulting expenses.



Group's EBITDA breakdown and change, €m



Wind energy segment

The Wind energy segment comprises operating wind farms, wind farm development projects and related management expenses.

Production

Lithuania were better than in the same period last year. The energy production of our Estonian and Lithuanian wind farms grew by 23.3% and 29.1%, respectively. Total wind energy output was 312 GWh, up 25.6% year on year.

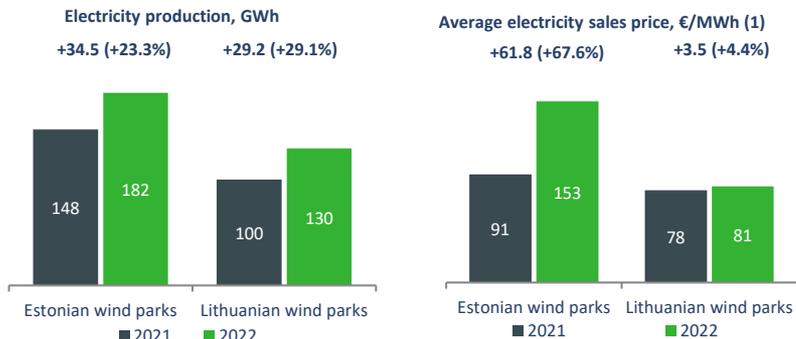
Electricity prices

In addition to the market price of electricity, our Estonian wind farms which are eligible for support receive renewable energy support at the rate of €53.7/MWh. Since March 2022, part of the Estonian wind farms sales is also happening at fixed prices. As a result, their production is not fully exposed to fluctuations in the market price of electricity. Our 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.

The accounting treatment of intraday electricity transactions changed from the beginning of 2022: it is reported in revenue and in raw materials, consumables and services used in gross amounts. Previously, the electricity purchase and sale transactions on the NP intraday market were netted. Since the change increased both revenue and expenses by the same amount, it had no effect on profit.

Total revenues

Due to the Estonian wind farms' larger output and high market prices, the total revenues of the Wind energy segment grew by 90% year on year, rising to €41.5m.



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



Operating expenses

The operating expenses of the Wind energy segment (excluding D&A) grew by €2.9m to €6.7m. The main factors were expenses on balancing energy purchases, which increased due to a higher electricity price: the effect on operating expenses was +€2.5m. Other operating expenses (excluding purchases of balancing energy and D&A) grew by €0.5m year on year. The sharpest decline was in the planned maintenance costs of the Estonian wind farms (a decrease of €0.1m). On the other hand, payroll expenses related to the development of wind farms grew by €0.12m and expenses on the land and facilities related to wind farm development grew by €0.3m.

Operating expenses per MW

Our wind farm operators' (Enefit Wind OÜ and Enefit Wind UAB) operating expenses excluding D&A and purchases of balancing energy and electricity for own use per installed capacity (MW) remained stable compared with a year earlier.

EBITDA

The EBITDA of the Wind energy segment grew by 92% year on year, increasing from €18.1m to €34.7m.



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

Cogeneration segment

The Cogeneration segment comprises the Paide, Valka and Broceni CHP facilities, the Iru waste-to-energy unit and a pellet factory.

Electricity production and prices

The Cogeneration segment's electricity production remained stable, amounting to around 50 GWh in both the reporting and the comparative period.

In addition to the market price of electricity, the Iru and Paide facilities 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 in efficient cogeneration regime. The Valka CHP facility has been assigned a fixed electricity price of 105.6 €/MWh. The Broceni CHP facility lost its fixed electricity price of 143.6 €/MWh retrospectively from March 2021 due to the decision of the BVKB (the State Construction Control Bureau of Latvia) made in October 2021. Enefit Green's subsidiary SIA Technological Solutions has challenged the BVKB's decision in court. From November 2021 until the final ruling on the matter, the Broceni CHP facility will sell electricity at the prices of the NP Latvia price area.

Supported by high market prices in the NP Estonia price area and efficient cogeneration support received by the Iru facility, the segment's Q1 average implied captured electricity price grew by 72% year on year, rising to 156 €/MWh.

Heat production and prices

Heat production did not change significantly compared with a year earlier (a decrease of 1%) because the weather conditions of the two periods were similar. The average sales price of heat per MWh decreased by 6% year on year, declining to around 17 €/MWh. The decrease 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 waste reception. The previous heat price cap was €13.99/MWh.



Total revenues

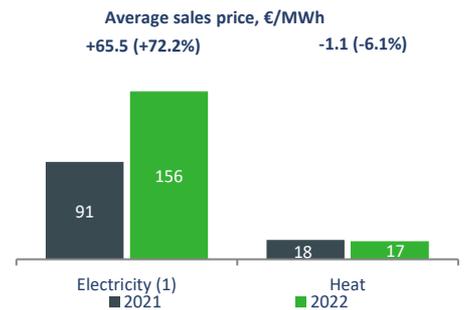
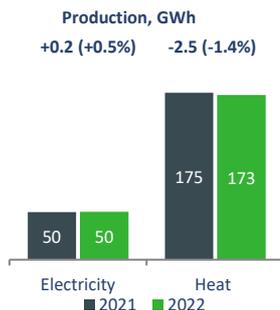
The segment's total revenues grew year on year, rising to €23.8m. Revenue from gate fees increased through growth in waste received by €0.1m to €4.3m, heat sales revenue decreased due to lower output by €0.2m to €2.4m and other revenue remained stable at €0.6m. The strongest year-on-year growth was in electricity sales revenue, which grew by €3.4m to €6.8m, driven by a high market price. Electricity production support grew by €0.4m to €1.6m because in Q1 2021 there was a one-off correction of excess subsidy received. Pellet sales revenue for the period grew by €0.6m to €8.2m. Even though the quantity of pellets sold was 9% smaller (55 thousand tonnes), revenue grew, supported by a price increase which was necessary to cover raw materials costs that have increased.

Operating expenses

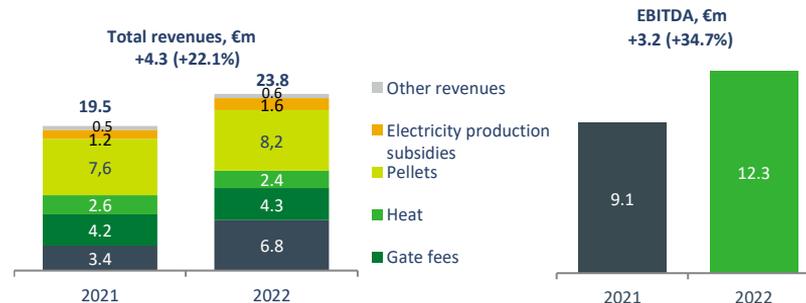
The change in inventories of finished goods (pellets) increased operating expenses in both the reporting and the comparative period: by €2.1m and €2.8m, respectively, because quantities sold exceeded quantities produced. The segment's variable costs grew by €1.9m, rising from €5.3m to €7.2m. Although the electricity production volume remained more or less at the same level, pellet production grew by 11.7% (37.8 thousand tonnes compared with 33.9 thousand tonnes a year earlier). Also, the prices of raw materials and supplies as well as electricity purchased have increased significantly. Fixed costs remained relatively stable, decreasing from €2.3m to €2.2m (a decrease of 1%).

EBITDA

The segment's Q1 EBITDA improved by 35% year on year, rising by €3.2m to €12.3m. Growth was mainly underpinned by an increase in the EBITDA of the Iru facility through a higher market price of electricity and a lower comparative base: the figure for the comparative period was reduced by a one-off adjustment resulting from an overpayment of support.



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



Solar energy segment

The Solar energy segment comprises the group's operating solar farms, solar farm development projects and solar services.

Production

We produced 5.4 GWh of solar power in Q1 2022, 2.4 GWh (82.3%) more than in Q1 2021 (3.0 GWh). Sunny weather in March substantially increased solar energy production 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 prices which are adjusted for inflation on an annual basis, the price for Q1 2022 being 430- 460 zloty/MWh (€93-99/MWh at the three-month average zloty exchange rate). The segment's Q1 average implied captured electricity price including support grew by 46% year on year, rising to 105 €/MWh.

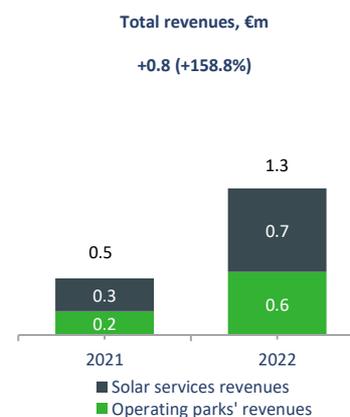
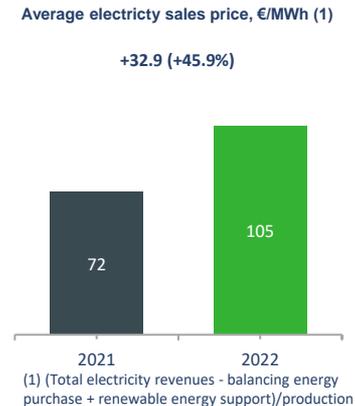
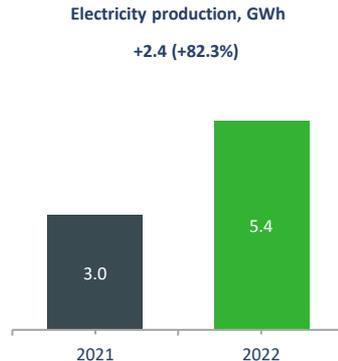
Total revenues

The total revenues of operating solar farms grew by €0.4m, supported by larger quantities sold and a higher average sales price. Revenue from solar services grew by 154% to €0.7m. Strong year-on-year growth is attributable to the expansion of the service to Latvia and Poland and a general rise in the interest in solar energy.



EBITDA

The Solar energy segment's EBITDA for Q1 2022 was €0.4m, €0.3m up on a year earlier. EBITDA grew through growth in the production of solar energy and higher prices. Solar services have a low EBITDA margin and their effect on the segment's EBITDA is immaterial.



Investments

Q1 capital expenditures

The group's Q1 capital expenditures grew by €5.8m year on year, rising to €13.7m. Growth resulted from development investments, which extended to €13.3m. Out of the total, €10m was invested in the construction of three wind farms: €4.4m in the Purtse wind farm, €4.2m in the Šilale 2 wind farm and €1.4m in the Tolpanvaara wind farm. The largest allocation for solar farms was €1.1m, which was invested in the Zambrow solar farm. Expenditure on the improvement and maintenance of existing assets (baseline investments) amounted to €0.4m in Q1 2022 compared with €0.7m in the same period last year. Baseline investments may differ significantly year on year because they depend on the wind turbines' repair and maintenance needs.

Development projects overview

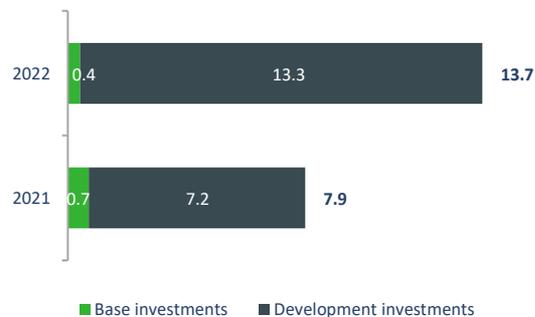
Overview of ongoing development projects and their status is presented on next page.

Investments by segments, €m

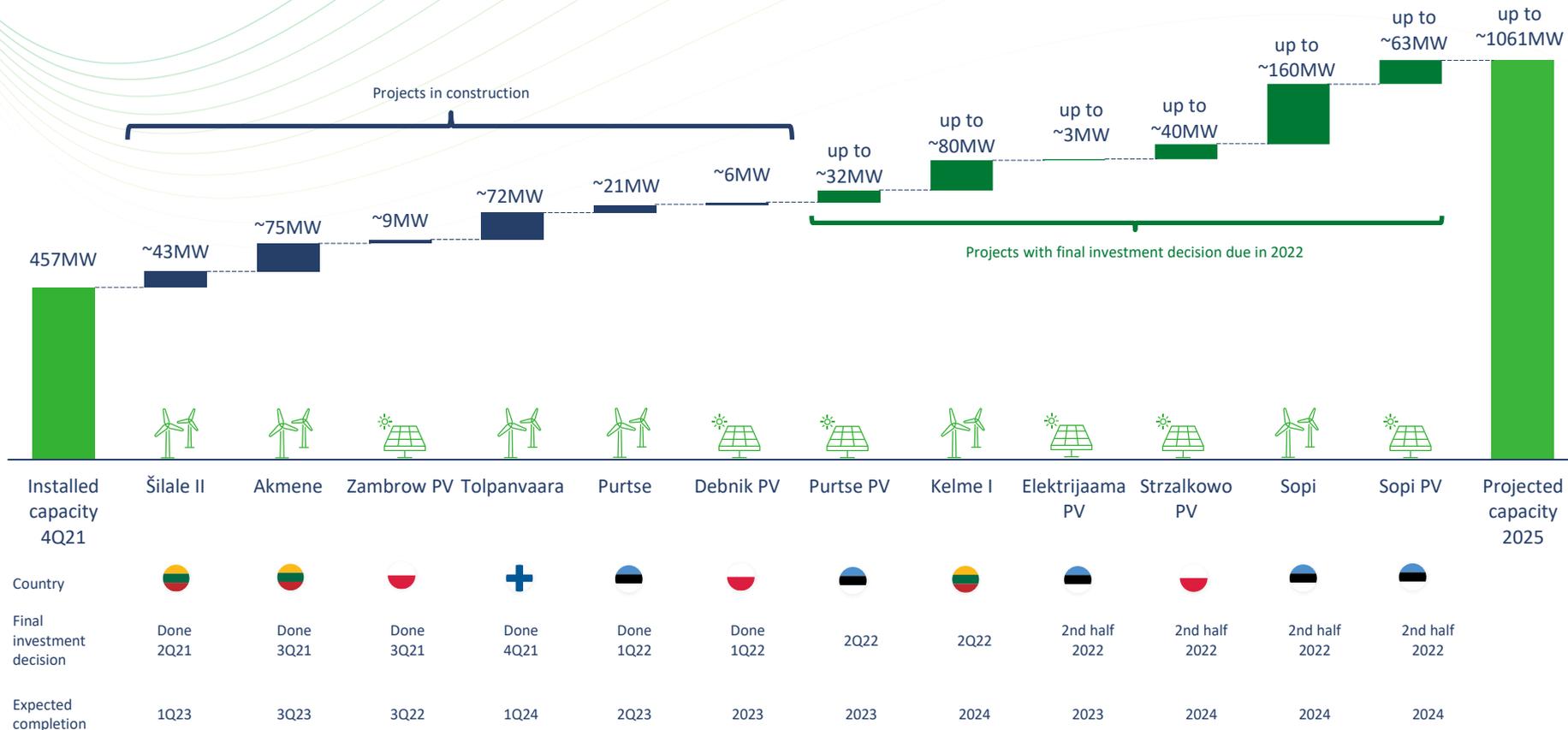
+5.8 (+74.1%)



Investments by type, €m

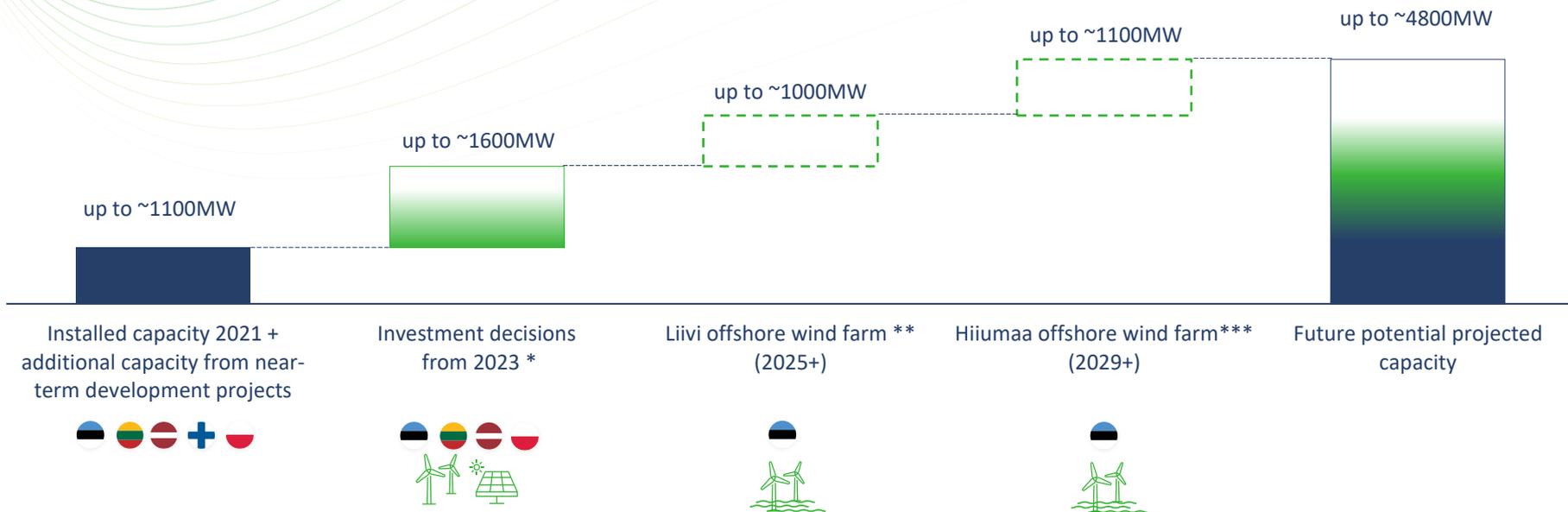


Near-term development portfolio as of 30 April 2022



Note! Development pipeline is in continuous dynamic change. The presented information is management team’s best assessment and comment on the current status of the near-term development pipeline

Long-term development portfolio as of 30 April 2022



Installed capacity 2021 + additional capacity from near-term development projects



Investment decisions from 2023 *



Liivi offshore wind farm ** (2025+)



Hiiumaa offshore wind farm *** (2029+)



Future potential projected capacity

Development pipeline is in continuous dynamic change.

* Different wind and solar farm developments that are not expected to get final investment decision before 2023.

** Liivi Offshore wind farm development is owned by Eesti Energia as at the end of 2021. Eesti Energia is willing to offer Enefit Green a possibility to participate in the project and/or acquire the project based on market terms.

*** Environmental impact assessment of the project is approaching completion, preliminary design expected during autumn 2022

Financing

The group's main sources of debt capital are investment loans and credit facilities (liquidity loans) raised from regional commercial banks, the Nordic Investment Bank (NIB) and the European Bank for Reconstruction and Development (EBRD).

The amortised cost of the group's interest-bearing and debt-like liabilities at 31 March 2022 was €120.3m (€123.5m at 31 December 2021). Bank loans accounted for €115.7m of the total, including a loan of €7.4m received in Polish zloty. The average interest rate of bank loans drawn down at 31 March 2022 was 1.13% (31 December 2021: 1.17%).

In Q1 2022, Enefit Green signed a new, 12-year loan agreement of €80m with the Nordic Investment Bank. Together with the new loan, the group's undrawn credit facilities at 31 March 2022 totalled €220m.

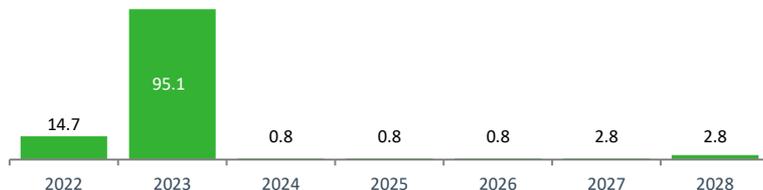
Enefit Green has signed three revolving credit facility agreements of €50m in total, which mature in the period 2024–2026 (all credit limits were undrawn at 31 March 2022). The investment loans of €170m can be drawn down until September 2022 and 2023 and their maturity dates are in September 2026 and 2028 and in January 2034.

In March and April, Enefit Green signed interest rate swap agreements in respect of the above undrawn investment loans, fixing their interest rates in the range of 1.049% to 1.125% (loan margin of 0.78-0.80% will be added).

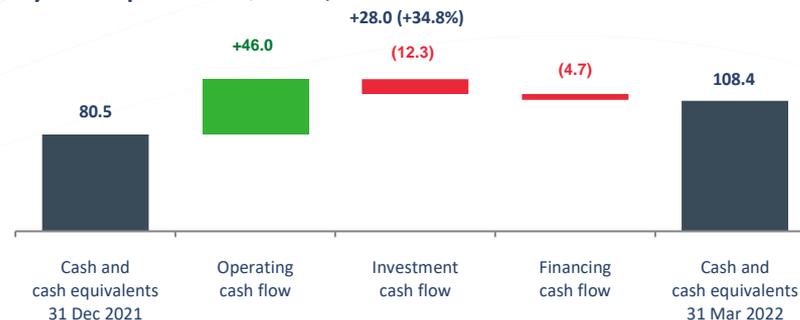
Loan covenants

The group's loan and credit agreements include covenants which set certain limits to the group's consolidated financial indicators. At 31 March 2022, the group was in compliance with all contractual terms and conditions, including the covenants.

Loan repayment schedule, €m



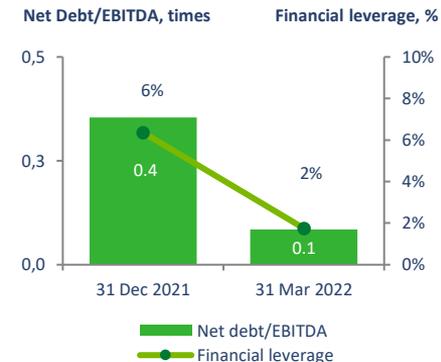
Liquidity development in Q1 2022, €m



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.

<i>in million euros</i>	31 Dec 2021	31 Mar 2022
Debt and debt-like items	123.5	120.3
Minus cash	-80.5	-108.5
Net debt	43.0	11.9
Equity	633.6	669.3
Invested capital	676.6	681.2
EBITDA (LTM)	121.5	141.0
Operating profit (LTM)	83.3	102.8
Net profit (LTM)	79.7	99.0
Financial leverage (1)	6%	2%
Net debt/LTM EBITDA	0.35	0.08
Return on invested capital (2)	12.3%	15.1%
Return on equity (3)	12.6%	14.8%



- (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

Risk management

The group has identified two main market and financial risks that require active management:

Price risk of electricity sales, which is mitigated by a combination of:

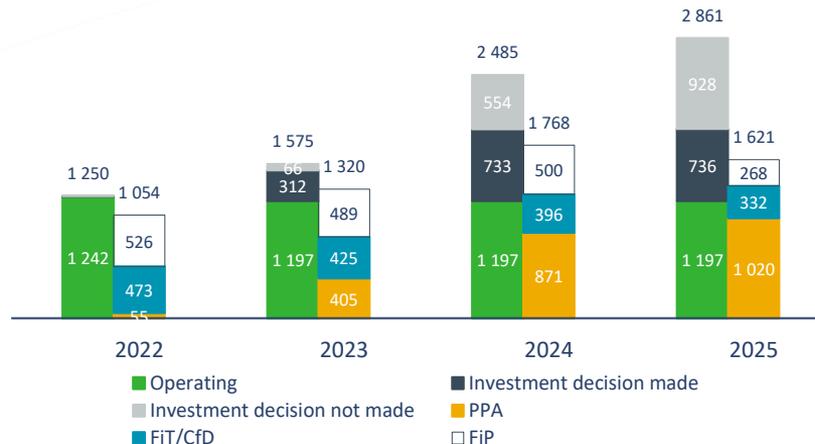
- various kinds of national renewable energy support (FiT, CfD and FiP schemes) received by the group's existing production assets; and
- power purchase agreements (PPAs), which are being signed in increasing volumes. The group has set itself the goal that by the date a final investment decision on a new development project is made the price of electricity sold should be fixed for at least 60% of the project's forecast output for the first five years.

A more detailed overview of the measures is provided in the group's annual report for 2021. The graph below provides an overview of the next few years' forecast production volumes and their coverage with risk mitigation measures as at 31 March 2022.

Interest rate risk

- The group's interest rate risk management has changed compared with the previous financial year-end in connection with the conclusion of interest rate swap (IRS) agreements at the end of March and in April 2022.
- Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. Cash flow interest rate risk arises from the group's floating-rate borrowings and is the risk that finance costs will grow when interest rates increase.
- Interest rate risk is mitigated partly by raising debt at fixed interest rates and partly by hedging: fixing the interest expenses of floating-rate borrowings raised with IRS instruments. Information on IRS transactions is disclosed in note 5.

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



	2022	2023	2024	2025	Period 2022-2025 total
Share of production covered by FiT/CfD	38%	27%	16%	12%	20%
Volume (GWh)	473	425	396	332	1,631
FiT/CfD weighted average price, EUR/MWh	82.7	82.0	81.7	80.9	81.9
Share of production covered by FiP	42%	31%	20%	9%	22%
Volume (GWh)	526	489	500	268	1,791
FiP weighted average price, EUR/MWh (added to the market price)	50.2	50.2	50.2	50.4	50.3
Share of production covered by PPAs	4%	26%	35%	36%	29%
Volume (GWh)	55	405	871	1,020	2,352
PPA weighted average price, EUR/MWh	77.0	45.9	44.5	44.6	45.5

Condensed consolidated interim financial statements Q1 2022

Condensed consolidated interim income statement

€ thousand	Note	Q1 2022	Q1 2021
Revenue	9	58,141	34,114
Other income	10	8,579	8,053
Change in inventories of finished goods and work-in-progress		(2,067)	(2,784)
Raw materials, consumables and services used	11	(14,134)	(9,579)
Payroll expenses		(2,443)	(1,830)
Depreciation, amortisation and impairment		(9,648)	(9,579)
Other operating expenses		(2,504)	(1,914)
OPERATING PROFIT		35,924	16,481
Finance income		408	375
Finance costs		(563)	(834)
Net finance costs		(155)	(459)
Profit from associates under the equity method		4	22
PROFIT BEFORE TAX		35,773	16,044
Corporate income tax expense		(849)	(432)
PROFIT FOR THE PERIOD		34,924	15,612

Basic and diluted earnings per share

Weighted average number of shares, thousand	6	264,276	4,793
Basic earnings per share, €	6	0.13	3.26
Diluted earnings per share, €	6	0.13	3.26
Basic earnings per share based on post-IPO number of shares			
Post-IPO number of shares, thousand	6	264,276	264,276
Basic earnings per share	6	0.13	0.06

Condensed consolidated statement of other comprehensive income

€ thousand	Note	Q1 2022	Q1 2021
PROFIT FOR THE PERIOD		34,924	15,612
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Revaluation of hedging instruments in a cash flow hedge (2022: reclassified to profit or loss: €0; 2021: reclassified to profit or loss: €0)	7	937	
Exchange differences on the translation of foreign operations	7	(137)	(232)
Other comprehensive income (loss) for the period		800	(232)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		35,724	15,380

Condensed consolidated interim statement of financial position

€ thousand	Note	31 Mar 2022	31 Dec 2021
ASSETS			
Non-current assets			
Property, plant and equipment	4	616,258	612,503
Intangible assets		68,591	68,239
Right-of-use assets		4,340	2,750
Prepayments	4	20,642	20,710
Deferred tax assets		333	442
Investments in associates		591	578
Derivatives	5, 7	937	-
Long-term receivables		40	78
Total non-current assets		711,732	705,300
Current assets			
Inventories		7,789	9,529
Trade and other receivables and prepayments		23,817	22,373
Cash and cash equivalents		108,441	80,454
Total current assets		140,047	112,356
Total assets		851,779	817,656

€ thousand	Note	31 Mar 2022	31 Dec 2021
EQUITY			
Share capital	6	264,276	264,276
Share premium		60,351	60,351
Statutory capital reserve		479	479
Other reserves	5, 7	152,730	151,793
Foreign currency translation reserve	7	(1,102)	(965)
Retained earnings		192,597	157,673
Total equity		669,331	633,607
LIABILITIES			
Non-current liabilities			
Borrowings	8	100,721	93,884
Government grants		7,415	7,458
Non-derivative contract liability	5, 7	23,207	23,207
Deferred tax liabilities		12,412	12,568
Other long-term liabilities		3,000	3,000
Provisions		12	13
Total non-current liabilities		146,767	140,130
Current liabilities			
Borrowings	8	19,613	29,572
Trade and other payables		16,012	14,291
Provisions		56	56
Total current liabilities		35,681	43,919
Total liabilities		182,448	184,049
Total equity and liabilities		851,779	817,656

Condensed consolidated interim statement of cash flows

€ thousand	Note	Q1 2022	Q1 2021
Cash flows from operating activities			
Cash generated from operations	12	46,035	26,381
Interest and loan fees paid		(502)	(725)
Interest received		2	23
Corporate income tax paid		(500)	(3)
Net cash generated from operating activities		45,035	25,676
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	4	(12,326)	(7,941)
Proceeds from sale of property, plant and equipment		3	-
Net cash used in investing activities		(12,323)	(7,941)
Cash flows from financing activities			
Repayments of bank loans	8	(4,643)	(9,286)
Repayments of lease principal	8	(82)	(61)
Net change in an intragroup liability		-	55
Net cash generated from (used in) financing activities		(4,725)	(9,292)
Net cash flow		27,987	8,443
Cash and cash equivalents at the beginning of the period		80,454	44,086
Cash and cash equivalents at the end of the period		108,441	52,529
Net increase (decrease) in cash and cash equivalents		27,987	8,443

Condensed consolidated interim statement of changes in equity

€ thousand	Share capital	Share premium	Statutory capital reserve	Other reserves	Foreign currency translation reserve	Retained earnings	Total equity
Equity as at 01 January 2020	4,794	-	479	400,000	(834)	105,111	509,550
Profit for the period	-	-	-	-	-	15,612	15,612
Other comprehensive income (loss) for the period	-	-	-	-	(232)	-	(232)
Total comprehensive income(loss) for the period	-	-	-	-	(232)	15,612	15,380
Fair value on initial recognition of derivative transactions entered into with the parent	-	-	-	(8,278)	-	-	(8,278)
Other corrections	-	-	-	(14)	-	-	(14)
Equity as at 31 March 2021	4,794	-	479	391,708	(1,066)	120,723	516,638
Equity as at 31 December 2021	264,276	60,351	479	151,793	(965)	157,673	633,607
Profit for the period	-	-	-	-	-	34,924	34,924
Other comprehensive income for the period	-	-	-	937	(137)	-	800
Total comprehensive income(loss) for the period	-	-	-	937	(137)	34,924	35,724
Equity as at 31 March 2022	264,276	60,351	479	152,730	(1,102)	192,597	669,331

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 2021, 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 2021.

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 2021.

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 2021.

The group's interest rate risk management has changed compared with the previous financial year-end in connection with the conclusion of interest rate swap (IRS) agreements at the end of March 2022. Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. Cash flow interest rate risk arises from the group's floating-rate borrowings and is the risk that finance costs will grow when interest rates increase. Interest rate risk is mitigated partly by raising debt at fixed interest rates and partly by hedging: fixing the interest expenses of floating-rate borrowings raised with IRS instruments. Information on IRS transactions is disclosed in note 5.

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 of management report.

Notes to the condensed consolidated interim financial statements

3. Segment reporting

Enefit Green's management assesses the group's financial performance and makes management decisions on the basis of segment reporting where the group's reportable operating segments 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);
2. Cogeneration (comprises all of the group's cogeneration plants and the pellet factory);
3. Solar energy (comprises all of the group's solar farms);
4. Other (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, there are no intragroup transactions between segments to be eliminated.

Management assesses segment results mainly on the basis of EBITDA, but also monitors operating profit. Finance income and costs, income tax expense and profits and losses on investments in equity-accounted investees are not allocated to operating segments.

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.

<i>in thousand euros</i>	Q1 2022	Q1 2021
REVENUE		
Wind energy	34,617	15,301
Cogeneration	22,118	18,192
Solar energy	1,279	460
Total reportable segments	58,013	33,952
Other	128	163
Total	58,141	34,114
RENEWABLE ENERGY SUPPORT AND OTHER INCOME		
Wind energy	6,838	6,523
Cogeneration	1,691	1,308
Solar energy	32	47
Total reportable segments	8,561	7,878
Other	18	175
Total	8,579	8,053
EBITDA		
Wind energy	34,720	18,050
Cogeneration	12,286	9,122
Solar energy	413	115
Total reportable segments	47,419	27,288
Other	(1,851)	(1,228)
Total	45,568	26,060
Depreciation, amortisation and impairment losses	9,648	9,579
Finance costs	155	459
Profit (loss) from associates under the equity method	(4)	(22)
Profit before tax	35,768	16,044
OPERATING PROFIT		
Wind energy	27,908	11,207
Cogeneration	9,708	6,587
Solar energy	185	(58)
Total reportable segments	37,801	17,735
Other	(1,877)	(1,254)
Total	35,924	16,481

Notes to the condensed consolidated interim financial statements

3. Segment reporting (continues)

<i>in thousand euros</i>	Q1 2022	Q1 2021
INVESTMENTS IN NON-CURRENT ASSETS		
Wind energy	11,816	6,735
Cogeneration	149	640
Solar energy	1,161	485
Total reportable segments	13,126	7,860
Other	621	37
Total	13,746	7,898

<i>in thousand euros</i>	31 Mar 2022	31 Dec 2021
NON-CURRENT ASSETS		
Wind energy	541,107	535,000
Cogeneration	138,834	141,264
Solar energy	27,578	25,691
Total reportable segments	707,519	701,955
Other	3,276	3,345
Total	710,795	705,300

Notes to the condensed consolidated interim financial statements

4. Fixed assets

€ thousand	Land	Buildings	Facilities and structures	Plant and equipment	Construction in progress	Prepayments	Total
Property, plant and equipment as at 31 December 2021							
Cost	39,944	25,415	42,067	744,494	33,883	20,710	906,513
Accumulated depreciation	-	(9,745)	(23,746)	(239,791)	(18)	-	(273,300)
Carrying amount	39,944	15,670	18,321	504,703	33,865	20,710	633,213
Total property, plant and equipment as at 31 December 2021	39,944	15,670	18,321	504,703	33,865	20,710	633,213
Movements in the reporting period							
Purchases	-	1	-	46	12,112	56	12,215
Exchange differences	-	(2)	(2)	(118)	(3)	-	(125)
Transfers	23	131	4	3,870	(2,753)	(124)	1,151
Depreciation and write-down	-	(160)	(307)	(9,087)	-	-	(9,554)
Total movements in Q1 2022	23	(30)	(305)	(5,289)	9,356	(68)	3,687
Property, plant and equipment as at 31 March 2022							
Cost	39,967	25,545	42,069	748,292	43,239	20,642	919,754
Accumulated depreciation	-	(9,905)	(24,053)	(248,878)	(18)	-	(282,854)
Total property, plant and equipment as at 31 March 2022	39,967	15,640	18,016	499,414	43,221	20,642	636,900

At 31 March 2022, the the group had committed to capital expenditures of €212,890k (31 December 2021: €194,691k).

Notes to the condensed consolidated interim financial statements

5. Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently 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. As of 31 March 2022, the group used cash flow hedging instruments in order to hedge the hedge the exposure to interest rate risk resulting from floating-rate borrowings.

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 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 in other operating income or operating expense in profit or loss.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly;

- Level 3: inputs for the asset or liability that are not based on observable market data.

The fair value of financial instruments that are not traded in an active market is 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.

Non-derivative contract liability

During 2021 the group used cash flow hedging instruments in order to hedge the exposure to variability in the price of electricity.

A part of the renewable electricity production assets operated by the group which 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 power exchange. To hedge the risk of electricity price volatility, the group has used 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 exposed to market price fluctuations. The hedge ratio of the hedging relationships is one to one.

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 determined the underlying price for the calculation of fair value based on a long-term price curve for the Lithuanian and Estonian electricity markets, which was between €34/MWh and €59/MWh. Derivative financial instruments were remeasured to fair value as at 17 August 2021.

At the trade date the fair value of derivatives designated as hedging instruments was negative at €(10,781)k, which was recognised directly in equity as it reflected a transaction with the parent, Eesti Energia AS. The balance at 31 March 2022 was €(10,781)k.

Notes to the condensed consolidated interim financial statements

5. 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 at the same fixed prices as had been agreed for the originally recognised derivatives.

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 until the date of signature of the EFET General Agreement. The negative value of the derivative financial instruments classified as liabilities increased from €(10,781)k at the trade date to €(23,207)k at 31 December 2021 due to the change in the electricity price in the period from the trade date to 17 August 2021. The negative fair value change of €(12,426)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 17 August 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 7 for further information.

Interest rate swap transactions

At 31 March 2022, the group had two interest rate swap agreements in place to hedge the exposure to the interest rate risk of two loans to be taken into use in the future (no interest rate swaps in the comparative period):

– An interest rate swap with a notional amount of €80,000k whereby the group receives interest at a rate equal to 6 month EURIBOR and pays a fixed rate of interest of 1.1%. The swap is designed to hedge the exposure to the interest rate risk of a floating-rate loan to be taken into use in the future. The loan linked to the interest rate swap is expected to be paid out on 30 September 2022.

– An interest rate swap with a notional amount of €50,000k whereby the group receives interest at a rate equal to 3 month EURIBOR and pays a fixed rate of interest of 1.049%. The swap is designed to hedge the exposure to the interest rate risk of a floating-rate loan to be taken into use in the future. The loan linked to the interest rate swap is expected to be paid out on 24 September 2022.

The interest rate swaps have been designated as hedging instruments in cash flow hedges. There is an economic relationship between the hedging instruments (interest rate swaps) and the hedged items (the loan agreements) because at 31 March 2022 the main terms of the interest rate swaps matched the terms of the loans (i.e. their notional amounts, currencies, and maturity, payment and other dates). The forward hedges have a hedge ratio of 1:1. To test the hedge effectiveness, the group uses the hypothetical derivative method and compares the changes in the fair values of the interest rate swaps against the changes in fair values of the loan agreements.

Hedge ineffectiveness can arise from the following sources:

– A change in the credit risk of the group or the counterparty of the interest rate swap. The effect of credit risk may cause an imbalance in the economic relationship between the hedging instrument and the hedged item so that the values of the hedging instrument and the hedged item no longer move in opposite directions. According to the assessment of the group's management, it is highly unlikely that credit risk will cause significant hedge ineffectiveness.

At 31 March 2022, the effect of hedging instruments on the group's statement of financial position was as follows (€ thousand):

	Notional amount	Carrying amount (Asset)	Carrying amount (Liability)	Line item in the statement of financial position	Change in fair value*	Hedge ineffectiveness recognised in profit or loss	Amounts transferred from hedge reserve to profit or loss
Interest rate swaps	130 000	937	0	Derivatives	937	0	0

* Recognised in other comprehensive income

Notes to the condensed consolidated interim financial statements

5. Derivative financial instruments (continued)

At 31 March 2022, the effect of hedging instruments on the group's statement of financial position was as follows (€ thousand):

	Change in fair value used to measure ineffectiveness	Amounts recognised in hedge reserve	Amounts recognised in hedge reserve to which hedge accounting is no longer applied
Interest rate swaps	937	937	0

Fair value has been measured based on assurance obtained from an external party, which was supported by the group's internal calculations.

In its internal calculations, the group determines the fair value of interest rate swaps by estimating the present value of the expected future cash flows based on the interest rate curves of EURIBOR observable in the market. The fair value measurement takes into account the credit risk of the group and the counterparty, which is calculated based on current credit spreads derived from credit default swaps or bond prices. The fair value of interest rate swaps qualifies as a level 2 measurement.

Notes to the condensed consolidated interim financial statements

6. Share capital

At 31 March 2022, the number of registered shares Enefit Green AS amounted to 264,276,232 (31 March 2021: 4,793,473 shares). During the previous year the number of shares has changed due to bonus issue in August 2021 (225 000 000 shares added) and due to the IPO in October 2021 (34,482,527 shares issued).

Basic earnings per share (EPS) have been calculated by dividing profit for the period attributable to owners 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.

The company's number of shares changed significantly during the year due to both a capitalisation issue and the sale of new shares. Therefore, in addition to presenting EPS consistent with IFRS requirements as described above, it may be informative to analyse EPS calculated based on the number of shares outstanding at the end of the reporting period.

The figure is an alternative performance measure (APM), which is not defined in IFRS and may not be comparable with the APMs of other companies. The group believes that 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.

Basic and diluted earnings per share

	unit	Q1 2022	Q1 2021
Profit attributable to owner	€k	34,924	15,613
Weighted average number of shares	k	264,276	4,793
Basic earnings per share	€	0.13	3.26
Diluted earnings per share	€	0.13	3.26

The management board has made a proposal to the annual general meeting of the shareholders to pay €39,906k (€0.151 per share) as dividends for the financial year ended 31 December 2021. The dividends will be paid out after respective annual general meeting decision in second quarter 2022.

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

	unit	Q1 2022	Q1 2021
Post IPO number of shares	k	264,276	264,276
Basic earnings per share	€	0.13	0.06

7. Other reserves

€ thousand	31 Mar 2022	31 Mar 2021
Other reserves at the beginning of the period	150,828	399,165
<i>of which currency translation reserve at the beginning of the period</i>	(965)	(835)
<i>of which electricity cash flow hedge reserve</i>	(12,426)	-
<i>of which reserve related to an initial recognition of derivative financial instruments transaction conducted with the parent entity</i>	(10,781)	-
<i>of which other reserves</i>	175,000	400,000
Increasing the share capital through a bonus issue	-	(225,000)
Change in fair value of cash flow hedges	-	(12,426)
<i>of which electricity cash flow hedges</i>	-	(12,426)
Fair value on initial recognition of derivative financial instruments transaction conducted with the parent entity	-	(10,781)
Interest rate swaps	937	-
Currency translation differences attributable to foreign subsidiaries	(137)	(130)
Other reserves at the end of the period	151,628	150,828
<i>of which currency translation reserve at the beginning of the period</i>	(1,102)	(965)
<i>of which Interests rate swap</i>	937	-
<i>of which electricity cash flow hedge reserve</i>	(12,426)	(12,426)
<i>of which reserve related to an initial recognition of derivative financial instruments transaction conducted with the parent entity</i>	(10,781)	(10,781)
<i>of which other reserves</i>	175,000	175,000

Notes to the condensed consolidated interim financial statements

8. Borrowings at amortised cost

€ thousand	Short-term borrowings		Long-term borrowings		Total
	Bank loans	Lease liabilities	Bank loans	Lease liabilities	
Borrowings at amortised cost as at 31 December 2021	29,348	224	91,049	2,835	123,456
Movements in the reporting period					
Cash movements					
Borrowings received	-	133	-	1,580	1,713
Repayments of borrowings	(4,643)	(116)	-	-	(4,759)
Non-cash movements					
Transfers	(5,357)	34	5,357	(43)	(9)
Effect of movements in foreign exchange rates	(10)	-	(81)	-	(91)
Amortisation of borrowing expenses	-	-	-	-	-
Other movements	-	-	-	24	24
Total movements in Q1 2021	(10,010)	51	5,276	1,561	(3,122)
Borrowings at amortised cost as at 31 March 2022	19,338	275	96,325	4,396	120,334

"Transfers" indicates the change in the short-term principal amount of a loan due to the changed repayment schedule.

Notes to the condensed consolidated interim financial statements

9. Sales revenue

€ thousand	Q1 2022	Q1 2021
Revenue by activity		
Sales of goods		
Pellets	8,174	7,575
Scrap metal	291	275
Other goods	45	81
Total sales of goods	8,510	7,931
Sales of services		
Heat	2,355	2,602
Electricity	42,108	18,966
Waste reception and resale	4,291	4,220
Rental and maintenance of assets	853	384
Other services	24	11
Total sales of services	49,631	26,183
Total revenue	58,141	34,114

10. Renewable energy support and other income

€ thousand	Q1 2022	Q1 2021
Renewable energy support	8,282	7,740
Government grants	135	135
Other income	162	178
Total renewable energy support and other income	8,579	8,053

Notes to the condensed consolidated interim financial statements

11. Raw materials and consumables used

€ thousand	Q1 2022	Q1 2021
Maintenance and repairs	2,985	3,255
Technological fuel	4,279	3,183
Electricity	4,685	1,174
Services related to ash treatment	795	646
Transport of finished goods	461	550
Materials and spare parts for production	698	459
Transmission services	27	102
Waste handling	79	88
Resource charges for natural resources	2	1
Other raw materials, consumables and services	44	41
Environmental pollution charges	79	80
Total raw materials, consumables and services used	14,134	9,579

12. Cash generated from operations

€ thousand	Q1 2022	Q1 2021
Profit before tax	35,773	16,044
Adjustments for		
Depreciation and impairment of property, plant and equipment	9,620	9,553
Amortisation and impairment of intangible assets	28	26
Amortisation of government grant related to assets	(135)	(135)
Interest expense on borrowings	319	747
Profit from associates under the equity method	(4)	(22)
Gain on sale of property, plant and equipment	(2)	-
Interest and other finance income	(3)	(23)
Amortisation of connection and other fees	-	(4)
Loss(gain) on other non-cash transactions	-	-
Foreign exchange loss (gain) on loans granted and taken	(91)	(164)
Adjusted profit before tax	45,505	26,022
Net change in current assets related to operating activities		
Change in receivables related to operating activities	79	(2,108)
Change in inventories	1,740	2,435
Net change in other current assets related to operating activities	(2,049)	464
Total net change in current assets related to operating activities	(230)	791
Net change in current liabilities related to operating activities		
Change in provisions	(1)	(6)
Change in trade payables	1,658	(450)
Net change in other current liabilities related to operating activities	(897)	24
Total net change in current liabilities related to operating activities	760	(432)
Cash generated from operations	46,035	26,381

Notes to the condensed consolidated interim financial statements

13. Related party transactions

The parent of Enefit Green AS is Eesti Energia AS. At 31 March 2022, the sole shareholder of Eesti Energia AS was the Republic of Estonia.

For the purposes of the condensed consolidated financial statements of Enefit Green, 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 other related parties where the state has control or joint control of, or significant influence over, such parties.

Enefit Green AS and its subsidiaries produce renewable energy that is sold directly to third parties (incl. to the Nord Pool power exchange). The parent, Eesti Energia AS, provides Enefit Green AS with back-office services to assist in those sales procedures. The costs related to the service are presented in the table within purchases of services.

The original negative fair value of the derivative financial liability of €(10,780.1)k has been recognised directly in equity. The subsequent cumulative negative change in the fair value of the derivative financial liability of €(12,426)k has been recognised in other comprehensive income and the cash flow hedge reserve in equity (see also notes 5 and 7).

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 wholly owned by the state.

At 31 March 2022, Enefit Green AS had signed long-term physical electricity sales contracts of 5,810 GWh with Eesti Energia AS for the supply of electricity in the Lithuanian, Estonian, Finnish and Polish electricity networks in the period 2023–2033. The contracts are for the supply of both annual and monthly baseload energy. The weighted average price of the physical electricity sales contracts signed with the related party is €42.6/MWh.

€ thousand	Q1 2022	Q1 2021	€ thousand	31 Mar 2022	31 Dec 2021
TRANSACTIONS			BALANCES		
PARENT					
Purchase of services	2,589	1,315	Receivables	1,294	3,293
Sale of services	2,334	882	Payables	25,034	24,755
			Non-derivative contract liability	23,207	23,207
OTHER GROUP COMPANIES					
Purchase of goods	6	-	Receivables	1,098	908
Purchase of services	970	370	Payables	538	941
Sale of goods	-	50			
Sale of services	1,976	288			
OTHER REALTED PARTIES (INCLUDING ASSOCIATES)					
Purchase of services	367	573	Receivables	-	-
Sale of services	-	-	Payables	288	454
ELERING AS					
Purchase of services	31	117	Receivables	2,190	2,217
Sale of services	8,368	8,081	Payables	23	43

Notes to the condensed consolidated interim financial statements

14. Events after the reporting period

On 2 May 2022 owners of Wind Controller JV OY signed an agreement with Caverion Corporation to sell 100% of their holding in Wind Controller to Caverion. As a result, Enefit Green has sold its 10% shareholding in Wind Controller to Caverion.

In April an additional interest rate swap transaction was made for a loan in an amount of €40 million. The interest rate was fixed at 1,125% (plus loan margin). The total amount of interest rate swaps to hedge interest rate risk exposures amounts to €170 million.

Legal structure as of 31 March 2022



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

