ENCAVIS

Interim Statement

Q3/9M 2023

Foreword from the Management Board

Dear Shareholders,
Ladies and Gentlemen,

Encavis AG remains on a clear growth path at the end of the third quarter of 2023. In the first nine months of the year, our production volume exceeded that of the same period in 2022, even though the meteorological conditions in the first half of this year were less favourable. The rise in production volume from 2,590 gigawatt-hours (GWh) to around 2,638 GWh in the first nine months of 2023 was mainly driven by the wind and solar parks acquired and connected to the grid for the first time in 2022. The overall output of the wind parks was lower than forecast due to the below-average weather conditions, while that of the solar parks was on target.

We continue to contribute to the major expansion of power generation capacity through renewable energies by realising profitable, low-risk projects. By continuously developing the operational management concept, we also aim to make our wind and solar parks as efficient as possible. We aim to operate parks at a profit solely on the basis of private-sector contracts without any subsidisation. Our accelerated growth strategy through to 2027 focuses on the core markets of Denmark, Germany, The Netherlands, Italy and Spain. We had already acquired around half of the 600 megawatts (MW) in generation capacities planned to be purchased this year by the end of September. This 600 MW capacity is equivalent to 750 GWh of electricity produced annually. We have never acquired such a large generation portfolio within the first nine months of a year as we did this year. Today, we are able to acquire projects at much better returns than in previous years. These increased returns have more than compensated for the rising market interest rates for financing the new parks.

The Group generated net revenue of EUR 356.0 million (previous year: EUR 354.8 million) during the first nine months of the 2023 financial year, slightly above the previous year's level and as projected overall. In comparison to the very favourable meteorological conditions in the same period of 2022, which was also dominated by extremely high electricity prices due to the war, electricity revenue fell as a result of a sharp reduction in price levels in some cases and largely normalised weather conditions. We were able to more than compensate for this effect thanks to the wind and solar parks newly acquired and/or newly connected to the grid and the revenue of the fully consolidated Stern Energy S.p.A. The price-related decline in net revenue of around EUR 26 million affected EBITDA, which stands at EUR 246.1 million after nine months (previous year: EUR 271.3 million). This led to an EBITDA margin of 69 %[1)]. The decrease in the EBITDA margin in the Group was attributable to the inclusion of Stern Energy's service business in the Group's figures for the first time, since service business is associated with lower margins than electricity generation from renewable energy sources. In the PV Parks and Wind Parks segments, the operating EBITDA margin remained at its usual high level of around 75 %.

Operating earnings before interest and taxes (EBIT) fell to EUR 158.9 million (previous year: EUR 166.9 million) – also reflecting the decline in price. At EUR 0.53, operating earnings per share were slightly higher year on year (previous year: EUR 0.51 per share) thanks to much lower net interest expenses despite growth and significantly lower taxes on income compared to the unusually strong previous year. In these turbulent times, which are reflected in various expense and income items, the Encavis business model is continuing to prove very resilient, with net revenue on a par with the previous year and operating earnings per share (operating EPS) up year on year.

The equity ratio increased further to 33.8 % as at 30 September 2023 from 32.9 % at the end of the second quarter. The negative valuation effects recorded in the hedge reserves at the end of 2022 (equity ratio as at 31 December 2022: 28.1 %) for derivative financial instruments held for interest rate and/or electricity price hedging reversed to a certain extent. The fully retained net profit for 2022 also had a positive effect in this regard.

Despite the reduced cash flow from operating activities of EUR 183.7 million at the end of the nine-month period (previous year: EUR 271.5 million), cash available as at 30 September 2023 for the Group's further growth stood at EUR 345.0 million (previous year: EUR 348.7 million). The decline in operating cash flow was primarily attributable to the reduction in wind and solar park revenue by around EUR 26 million due in turn to the drastically reduced electricity prices (price effect). Tax payments that were around EUR 22 million higher than in the prior-year period were also a contributing factor. Another factor was the provisions and liabilities recognised in the previous year, including for the price caps already expected at the time, which affected EBITDA but not cash flow. All in all, cumulative operating cash flow in 2023 is in line with our expectations.

[1)] Based on the Group's commercially relevant net revenue (over 76 % after the first nine months of 2022, albeit excluding the low-margin service business at that time).

Overall, the Group remains firmly on its growth trajectory and performed in line with our expectations in terms of its key financial performance figures for the first nine months of 2023. The Management Board confirms the guidance for 2023 as a whole.

Direct demand for green electricity among industrial customers is rising at a rapid pace. Commercial real estate owners and other investor groups are increasingly looking for green investments. In future, we will be paying greater attention to the needs of these market participants when expanding our portfolio, thereby making an even more targeted contribution to achieving the energy transition. On this basis, we are planning to accelerate our growth trajectory significantly by 2027, by which time we intend to expand generation capacity to 8 gigawatts (GW) – 5.8 GW of which already connected to the grid – and generate revenue of approximately EUR 800 million, as well as operating earnings (operating EBITDA) of EUR 520 million with an operating cash flow of EUR 450 million. This accelerated growth is to be made possible by cash flow, utilisation of the Group's debt capacity and funds from financing partners.

By generating power from renewable energy, we are already making a crucial contribution to the supply of environmentally friendly and sustainable energy. In fact, the roughly 2.1 GW in energy generated renewably from Encavis AG's own generation capacity in 2022 using photovoltaics and wind power was enough to avoid the emission of more than 0.8 million tonnes of climate-damaging CO_2 per year. To learn more about our sustainability strategy, as well as the latest measures and ongoing achievements in our Group-wide ESG efforts and ambitions, please refer to our Encavis AG sustainability report, which is published in an environmentally friendly online format available on our website at https://www.encavis.com/en/sustainability/.

We would be very pleased if you, our shareholders, would continue to place your trust in us and accompany us on our path towards significantly stronger growth.

Hamburg, November 2023

The Management Board

Dr Christoph Husmann
Spokesman of the Management Board and
Chief Financial Officer (CFO)

Mario Schirru
Chief Investment Officer (CIO)/
Chief Operating Officer (COO)

Group operating KPIs*

In EUR million

	01.01.–30.09.2023	01.01.–30.09.2022
Electricity production in GWh	2,638	2,590
Revenue** / revenue after electricity price brake deduction	366.3 / 356.0	368.8 / 354.8
Operating* EBITDA	246.1	271.3
Operating* EBIT	158.9	166.9
Operating* EBT	112.8	117.7
Operating* EAT	88.6	86.9
Operating cash flow	183.7	271.5
Operating cash flow per share (in EUR)	1.14	1.69
Operating* earnings per share (undiluted/in EUR)	0.53	0.51

	30.09.2023	31.12.2022
Equity	1,187	957
Liabilities	2,323	2,449
Balance sheet total	3,510	3,406
Equity ratio in %	33.8	28.1

* The Group operating KPIs are based solely on the company's operating profitability and do not take any IFRS-related valuation effects into account. Revenue includes a levy of TEUR 10,233 (9M 2023) or TEUR 13,969 (9M 2022) through the Europe-wide system to cap electricity prices, which is recognised as part of other expenses.
** The comparison figure for the previous year was adjusted due to the change in the recognition of the levy applied in relation to the Europe-wide system to cap electricity prices.

Note on the quarterly figures

The publication of the results was prepared pursuant to the amended exchange rules for the Frankfurt Stock Exchange from 12 November 2015. This interim statement does not contain a complete interim financial report in accordance with IAS 34 and should therefore be read only in conjunction with the consolidated financial statements as of 31 December 2022 and subsequent publications.

The quarterly figures on the financial position, financial performance and net assets have been prepared in conformity with the International Financial Reporting Standards (IFRS) as applicable within the European Union.

The accounting policies applied are the same as those used for the most recent year-end consolidated financial statements. We published a detailed description of the methods applied in the notes to the consolidated financial statements for 2022.

Business activities

Business model

Encavis AG, which is listed on the MDAX of the German stock exchange, makes use of the various opportunities to generate power using renewable energy. As an independent operator of environmentally friendly and emission-free power plant capacities, Encavis has continued to expand its generation portfolio since 2009. The company’s core business is the acquisition and operation of onshore wind and solar parks. In the acquisition of new installations, the company focuses on a mix of projects in development, ready-to-build and turnkey projects, or existing installations that have guaranteed feed-in tariffs or for which long-term power purchase agreements (PPAs) have been concluded. The development projects or completed installations are generally located in geographic regions that stand out due to their stable political and economic conditions as well as reliable investment and framework conditions.

The rapidly growing business involving the technical operations and maintenance (O&M) of solar energy installations is run by the 80 % subsidiary Stern Energy S.p.A. The company, based in Parma, Italy, has already set up branches in Germany, The Netherlands, The UK and France, and is also looking to expand into Denmark and Spain going forward. This forms part of the company’s strategy to further strengthen the Group’s technical services and turn its O&M business into a leading platform for solar services for third-party customers in Europe.

Encavis also offers attractive opportunities to institutional investors through its subsidiary Encavis Asset Management AG to invest in installations that generate renewable energy. The Asset Management field covers all services in this area, i.e. the launching of funds, the individual design and structuring of other investments for professional investors in the field of renewable energy and the management of the investments held by these investors.

The Encavis portfolio currently comprises approximately 220 solar parks and 100 wind parks with a capacity of more than 3.5 GW in Germany, Italy, France, The United Kingdom, Austria, Finland, Sweden, Denmark, The Netherlands, Spain, Ireland and Lithuania. Of these, the Group operates more than 30 solar parks and over 50 wind parks for third parties in the Asset Management segment.

Economic framework conditions

Global economy remains resilient in difficult macroeconomic environment

The global economy continues to recover at a sluggish pace from the adverse effects of the pandemic, Russia’s invasion of Ukraine and the cost of living crisis. However, it has shown remarkable resilience in the face of multiple shocks according to the International Monetary Fund (IMF). Based on the IMF’s latest forecast of October 2023, global gross domestic product will grow by just 3.0 % in 2023. Growth momentum has slowed slightly compared to the previous year, when the growth rate was still 3.5 %.

The repeated central bank rate hikes have started to bear fruit this year. The US Federal Reserve (Fed) raised its benchmark rate to 5.25–5.50 % in July 2023. The European Central Bank (ECB) followed later in September with a hike to 4.50 %. This served to curb the soaring prices and caused a noticeable reduction in global inflation. The annual average global inflation rate is likely to fall by almost two percentage points to 6.9 %. However, the more restrictive stance of central banks around the world increased financing costs for businesses and private households, resulting in a slowdown in economic development too.

The advanced economies have been significantly affected by the deceleration of economic growth. Their growth rates are forecast to fall from 2.6 % in 2022 to 1.5 % in the reporting year. The IMF predicts GDP growth of just 0.7 % for the eurozone for full-year 2023, which represents a downward revision of an additional 0.2 percentage points compared to the July 2023 forecast and a year-on-year decline of the growth rate of 2.6 percentage points.

Performance has been very mixed in the group of major economies of the eurozone in 2023. While Spain and Italy profited from positive performance in their service and tourism sectors, the German economy was heavily affected by the weaker development in interest rate sensitive sectors and lower demand from trading partners. Given that GDP had already slipped into negative territory at the end of 2022, the IMF expects the German economy to be the only major economy in the eurozone to shrink in 2023, by 0.5 %. The IMF’s 0.2 percentage-point correction makes its forecast for German GDP even more negative than in July 2023.

Industry-specific conditions

Energy crisis accelerates expansion of renewable energies

The significance of renewable energies as part of a reliable and stable energy supply has continued to increase substantially. The global energy crisis has given the expansion and use of renewable energy sources a perceptible boost. Uncertainties about the availability of energy for electricity and heat generation, as well as a jump in energy prices, have fuelled the trend additionally. Renewable energies saw potentially record-setting growth in 2022. With a share of 30 %, global electricity generation from renewable energies is powering the energy transition.

Overall, renewable energy installations with a capacity of 348 GW were connected to the grid in 2022. As a result, generation capacity increased by 13 % year on year, according to the “Renewables 2023 Global Status Report” market report published by the respected think tank REN21 (Renewable Energy Policy 2021) in mid-June 2023. While that growth may be impressive, the experts point out that annual capacity expansion needs to be accelerated by a factor of at least 2.5 to achieve the net zero emissions scenario promulgated by the International Energy Agency (IEA) by 2030.

Record expansion of global renewable energy capacity expected

The IEA expects the growth trend to gain additional momentum over the next two years. Led by sustained strong development in the photovoltaic energy sector, global expansion of renewable capacity should increase by 107 GW to more than 440 GW in 2023. That rise would be the largest in history and would exceed the total installed electricity capacity of Germany and Spain. Photovoltaic capacities, including large-scale power plants and small-scale decentralised systems, account for two-thirds of the forecast growth in global renewable capacities. The higher electricity prices caused by the global energy crisis and the desire to improve energy security have motivated many political decision-makers, especially in Europe, to actively look for alternatives to fossil fuels, which often have to be imported. This shift in focus has led to a favourable climate for photovoltaic systems that can be quickly installed to meet the growing demand for renewable energy. The IEA’s experts expect these smaller, decentralised photovoltaic installations to account for more than half of the forecast capacity expansion in 2023.

Record-setting global capacity expansion is also expected for onshore wind energy this year. After two consecutive years of decreases, capacity should increase by 70 % to 107 GW by 2023 – also a new record. One of the main factors in this turnaround is the commissioning of projects that had been postponed from previous years. Catch-up effects will boost growth following the lifting of Covid-19 restrictions in China and the efforts by Europe and the US to overcome supply chain problems. However, offshore wind energy growth will fall short of the record expansion seen two years ago.

Expansion is expected to continue at the same pace in 2024. In an optimal scenario, global renewable capacity expansion could reach 550 GW, mainly due to the accelerated use of photovoltaic installations for private households and businesses. However, this will require faster implementation of the most recent political measures and incentives. By contrast, the upward trend for utility-scale onshore wind power and photovoltaic projects depends mainly on the speed of the approval, construction and timely connection of the projects in development.

Private-sector power purchase agreements continue to gain ground

The increasing economic efficiency of renewable energies compared to conventional energy carriers, as well as companies’ commitments to maintaining an eco-friendly energy balance (such as outlined in the RE100 initiative), is increasing the momentum on the private-sector power purchase agreements market. PPAs are gaining in significance on account of falling subsidies, ever-growing demand for renewable energy sources and the need for a stable and secure energy supply. Industrial companies are acquiring shares in large renewable energy projects and signing PPAs to ensure a long-term supply of electricity to their sites.

Developments in European core markets

The EU remains one of the most active drivers of energy policy change and has taken a variety of political measures to promote the expansion of renewable energy. On 16 June 2023, the member states of the European Union approved a major overhaul of the EU’s Renewable Energy Directive (RED) that significantly raised the European target for renewable energies from 32 % to 45 % in 2030, roughly doubling the envisioned renewable energy expansion between now and then. To achieve the targets, more than 100 GW in new wind turbines and solar systems need to be installed each year. The higher EU targets that have now been approved also provide the framework for additional measures and detailed strategies for individual sectors. For example, the EU’s solar strategy calls for photovoltaic capacity to almost triple to 600 GW by 2030.

Another positive aspect is the decision to retain the rules accelerating approval procedures for the expansion of renewable energies and grids that were originally adopted in the EU emergency regulation. The aim behind classifying renewable energy and grid expansion as a project of overriding public interest was to noticeably shorten the lengthy approval procedures and make it possible to complete projects faster, especially in “go-to” areas for renewables. By 2050, Europe intends to be the first continent in the world to be capable of full climate neutrality and plans to have implemented the “Green Deal”.

Germany

In Germany, renewable energy accounted for roughly 57.7 % of net electricity generation in the first half of 2023, according to data released by the Fraunhofer Institute for Solar Energy Systems (ISE) in early July. As a result, generation from renewable energy was up significantly from the previous year’s figure of 51.8 %. The share of electricity consumption accounted for by renewable energy stood at 55.5 %. Grid load amounted to 234 terawatt-hours (TWh) in the first half of the year, continuing the downward trend. One year earlier, grid load still stood at 250 TWh. At 225 TWh, electricity production was also lower, following 252 TWh in the first half of 2022.

Wind energy was by far the most important renewable energy source. Onshore and offshore wind installations produced around 67 TWh in the first half of 2023 and nearly matched the 68 TWh seen in the previous year, even though February was a low wind month and had a negative influence on the overall result. A similar trend emerged with regard to photovoltaic installations, which produced around 30 TWh in the first half of the year – a decline of 1 TWh due to a lack of sun in March. Together with hydropower (9.3 TWh) and biomass (21.0 TWh), renewable energy sources produced a total of around 130 TWh in the first half of 2023, following 131 TWh in the previous year. Electricity production from nuclear and fossil plants declined significantly, with net production from lignite plants falling 21 % to 41.2 TWh, net production from black coal plants falling by 23 % to 20.1 TWh and net production from natural gas falling by 3.7 % to 24.3 TWh.

The expansion of photovoltaic capacity has gained significant momentum in 2023, with almost 700,000 new solar installations with 9 GW of output completed by the end of August, thereby achieving the expansion target for the year four months early. The increase in wind output, on the other hand, fell considerably short of the envisioned target in terms of volume. By the end of May, new onshore wind turbines with 1 GW of output and new offshore wind turbines with 0.23 GW of output had been installed. The reason for this slower development often lies in the long time it takes to receive approval for planned installations.

The German government has created a broad basis for an acceleration of planning, approval and construction of renewable energy installations this year through regulatory initiatives including in particular the amended German Renewable Energy Act (EEG), which entered into force on 1 January 2023, and the photovoltaic and onshore wind strategies published in May 2023. For the first time, the new EEG is consistently and systematically aligned with the 1.5-degree path under the Paris Agreement. The aim is for 80 % of Germany’s gross electricity consumption to come from renewable energy sources in 2030. The photovoltaic strategy of the German Federal Ministry for Economic Affairs and Climate Action (BMWK) includes a comprehensive series of measures for achieving this ambitious goal, such as easier planning and approval processes for new installations and more attractive and simpler conditions for new photovoltaic roof systems. The plans also call for a streamlined process to obtain new spaces for the expansion of solar and wind power and involving communities more closely. The framework conditions for the expansion of photovoltaic roof systems are also to become simpler and more attractive. The aim of the BMWK’s onshore wind strategy is to accelerate the expansion of onshore wind power. It contains a total of 12 fields of action aimed at minimising the main barriers to progress. The focal points include faster approval for wind projects, faster mobilisation of land and faster repowering.

The pace of expansion needs to increase fundamentally in order to actually double the share of renewable energy from 40 % to 80 % by 2030. In terms of solar energy, the EEG envisions an installed total output of 215 GW, meaning that the annual rate of photovoltaic expansion will have to triple from some 7 GW in 2022 to 22 GW. For onshore wind energy, the expansion targets stand at 115 GW in 2030 and 157 GW in 2035, equating to an increase in onshore wind energy of 10 GW a year. The expansion targets for offshore wind energy are to be increased to at least 30 GW by 2030 through a new site development plan for the expansion of offshore wind energy that was published by Germany’s Federal Maritime and Hydrographic Agency (BSH) in January 2023. The plan takes things a step further and starts laying the groundwork for exceeding the expansion target of 40 GW by a substantial 10 GW by 2035.

Denmark

Denmark, a pioneer in the field of renewable energy, is on the best path to achieving independence from fossil fuels and decarbonising its economy. The Danish government published an update to the National Energy and Climate Plan (NECP) in 2023 and confirmed its intention to accelerate the expansion of renewable energies. It has also brought its climate neutrality target forward by five years to 2045, and aims for greenhouse gas emissions to be as much as 110 % below the 1990 level by 2050. Additional offshore wind parks with output of at least 9 GW are planned to achieve these targets, and the "energy island" in the North Sea is expected to generate at least 3 GW in 2033 and 10 GW in 2040. However, the Danish Ministry of Climate, Energy and Utilities has postponed decision on the tender for this landmark project due to concerns about its profitability. The plans to exploit offshore wind potential in the North Sea through an energy island concept will still be pursued, but the focus will be on less costly options for the time being.

In 2022, renewable energies accounted for roughly 76 % of the country's total net energy generation, with around 34 TWh being fed into the public grid.

Finland

Finland is aiming to become the first carbon-neutral developed economy in the world by 2035 – 15 years ahead of the EU target. This makes Finland's climate target one of the most ambitious in the world. Achievement of the target is based on the country's Climate Act, which entered into force in July 2022 and includes new emission reduction targets. The law calls for a 60 % reduction in emissions by 2030, with targets of 80 % by 2040 and 90–95 % by 2050 compared to base year 1990. Renewable energy plays an important role in Finland's climate policy. Finland has already met the 2030 target set by the European Union of covering at least 40 % of gross energy consumption through renewable energies – since the year before last.

In 2022, renewable energies accounted for around 46 % of total net energy generation in the country. The renewable energies came mainly from biomass, onshore wind and run-of-the-river power plants. At around 16 %, burning of fossil fuels made up only a small share of the energy mix. Nuclear power remained the most important energy source, accounting for roughly 36 % of net electricity generation.

France

The French government still bases its energy policy on a mix of renewable energy and nuclear energy, so its targets for expanding renewable energy are somewhat less ambitious. France plans to reduce greenhouse gas emissions by 40 % versus the base year 1990, and to be climate neutral by 2050. It aims for a 33 % share of renewable energy in gross final energy consumption by 2030. At the end of 2022, France had renewable energy installations with a total capacity of around 62.8 GW. Onshore wind turbines accounted for 20.6 GW of that total, with offshore wind turbines making up 0.5 GW, photovoltaic installations 15.7 GW and hydropower 25.8 GW. The expansion of renewable energy is to receive a significant boost between now and 2028 under the in-depth French energy strategy adopted in the Programmation pluriannuelle de l'énergie (PPE). According to the plans, onshore wind turbine output is to rise to between 33.2 and 34.7 GW, offshore wind turbine output to between 5.2 and 6.2 GW, photovoltaic output to between 35.1 and 44.0 GW and hydropower output to between 26.4 and 26.7 GW, bringing total renewable energy output up to between 101 and 113 GW.

France is currently revising central climate legislation, which was initially planned to be adopted in the autumn of 2023, although the new law on energy and climate planning is now not expected to be published until the end of 2023. A new PPE is then to be drawn up and published on that basis in 2024, in order to align the national climate targets with those of the European Union's Green Deal.

The United Kingdom

The United Kingdom has set itself a central climate policy goal of net zero greenhouse gas emissions by 2050. The details of the climate policy action and targets were set out in the "Net Zero Strategy: Build Back Greener" paper, which was updated in April 2022. Since the Ukraine war began, there have been ongoing efforts to supplement the existing climate strategy with the British Energy Security Strategy, which is intended to ensure the country's energy security and gives onshore and offshore wind power a key role. Offshore wind power capacities are to be expanded to 50 GW by 2030, with plans to decarbonise the energy sector by 2035. The plans do not call for a complete rejection of nuclear power, however.

The British Prime Minister announced a surprising softening of the climate targets in September 2023. He stressed in his speech that all measures must be reviewed in terms of the burdens they place on the British people's lives. The first step is to postpone the ban on new cars with internal combustion engines from 2030 to 2035. The called-for transition from gas and oil heating to heat pumps is also to be delayed. This removes a great deal of planning security for the economy.

The share of renewable energies in electricity generation was 42.1 % in the second quarter of 2023, which was a year-on-year increase of almost 4 percentage points. It also exceeded the proportion of fossil fuels used to produce electricity

(38.8 %). A total of 3.0 GW of capacity from renewable energy sources has been installed since the second quarter of 2022. Offshore wind turbines accounted for 1.2 GW of that total, with photovoltaic installations making up 1.1 GW and onshore wind turbines 0.7 GW. This equates to an increase of 5.8 % compared to the previous year.

Ireland

In December 2022, the Irish government unveiled its Climate Action Plan 2023 (CAP23), the second annual update of the 2019 climate action plan. It specifies the necessary measures for cutting greenhouse gas emissions in half by 2030 and achieving net zero emissions by 2050. One cornerstone of CAP23 involves expanding the share of renewable energy to 80 % by 2030. Specifically, installed capacities from onshore turbines are set to rise to 9 GW by that time, with installed capacities from offshore turbines and photovoltaic installations projected to increase to 5 GW and 8 GW, respectively.

Energy generated by wind temporarily exceeded Ireland's total demand for electricity for the first time at the end of September 2023 and reached a new high of 3,642 megawatts (MW). This continues the positive trend according to Wind Energy Ireland (WEI), with the previous monthly records for wind power generation having already been beaten in both July and August 2023. It should be noted, however, that the Irish power grid can contain only up to 75 % renewable energy and so a portion of the energy is accordingly exported to The UK. This limit is to be raised to 95 % by 2030.

Italy

In an update of its National Energy and Climate Plan, the Italian government has once again pledged to step up its renewable energy expansion efforts. The NECP centres on a gradual exit from coal-fired power generation by 2025, efforts to increase the share of energy consumption covered by renewable energy to 55 % and carbon neutrality by 2050. Following the government's announcement that it will stop importing natural gas from Russia by 2025, increased efforts to expand renewable energy will be necessary in order to achieve the targets. Accordingly, Italy plans to significantly expand its installed photovoltaic and wind power capacity. Capacity from photovoltaic installations is set to rise from 35.9 GW in 2022 to 71 GW in 2030. Installed capacity from onshore and offshore wind turbines is expected to climb from 11.7 GW to 19 GW during the same period. Italy would need to add almost 4 GW a year on average to achieve the target under the NECP. Even faster growth of 5 GW a year on average would be needed if it wanted to achieve the more ambitious targets under the Fit for 55 package (FF55). However, the latest figures on capacity expansion in the first eight months of 2023 show that Italy has picked up speed. According to information from Italian grid operator Terna, capacities including all renewable energy sources grew by around 3.5 GW during this period – almost double that of the previous-year period.

A total of 22.6 billion kilowatt-hours (kWh) was generated in Italy in August 2023, of which 11.3 billion kWh came from renewable energy sources. This represented an increase in the share of renewables from 34.1 % to 43.8 %. The mix of renewable energies breaks down as 34.7 % hydropower, 33.3 % photovoltaic energy, 15.5 % wind power, 12.6 % biomass and 3.9 % from geothermal sources.

Lithuania

Lithuania has redoubled its efforts to reduce its own dependence on imported electricity from fossil fuels since the Russian war of aggression began. The country's National Energy and Climate Plan was revised in mid-2023 and includes the ambitious objective of accelerating the expansion of renewable energy. The Lithuanian government's target is to cover at least 55 % of total energy consumption by renewable energy sources by 2030 – including 100 % of electricity and 90 % of district heating. The share of locally generated electricity is planned to increase from 35 % to 70 % by this date, and the share of renewable energy in the transport sector is to increase to 15 %. Renewable energy already accounted for 78.9 % of net electricity generation in 2022. By contrast, the share attributable to natural gas declined sharply to just 14.2 %, following 31.8 % one year earlier.

The total installed capacity provided by renewables is to increase to 7 GW by 2030, of which 1.4 GW will come from offshore wind power, 3.6 GW from onshore wind power and 2 GW from solar power plants. These plans are underpinned by an accelerated implementation cycle involving less red tape for investment projects. The first auction for an offshore wind project with output of 700 MW has already been successfully completed and preparations for a second tender process for another offshore wind park also with output of 700 MW has been initiated.

The Netherlands

After taking office in early 2022, the new Dutch government introduced a range of climate targets that were in some cases significantly stricter than in the past. Under the new targets, greenhouse gas emissions are to be reduced by at least 55 % by 2030 compared to the reference year 1990. A further reduction of 95 % is envisioned for 2050. In April

2023, the government approved an additional package of measures designed to facilitate achievement of this ambitious target.

According to information from the Nationaal Klimaat Plattform, Dutch electricity production reached a major milestone in the first half of 2023, with the share of renewable energy amounting to 50 % on average for the first time. Although the 50 % mark had already been exceeded before in particularly windy or sunny months, renewable energy had never accounted for half of Dutch electricity production over an extended period of time before. The average share for full-year 2023 is expected to also exceed 50 % in light of the new onshore and offshore wind turbines that are being connected to the grid and the growing number of photovoltaic systems installed. This dynamic growth trend is expected to continue, with a forecast increase to 85 % renewable energies by 2030 from The Netherlands Environment Assessment Agency (PBL).

Austria

Austria currently obtains over 83 % of its overall electricity from renewable energy sources – a figure it intends to increase to 100 % by 2030. Hydroelectric plants currently produce over 60 % of the country's electricity. The Renewable Expansion Act (Erneuerbare Ausbau Gesetz – EAG) calls for the further expansion of renewable energies. The act states the clearly defined aim of covering the remaining one-fifth currently produced by fossil energy sources while also taking into account the growing energy requirements due to increasing electrification and digitalisation.

In concrete terms, the EAG calls for raising electricity production from renewable energy by 27 TWh to 92 TWh in 2030, representing an increase of 40 %. The additional capacities amounting to a total of 27 billion kWh will be split as follows: solar 11 billion kWh, wind 10 billion kWh, water 5 billion kWh and biomass 1 billion kWh. Overall, the plans foresee adding an amount equating to roughly 50 % of the currently installed renewable energy capacities. Whether or not this capacity expansion will be sufficient is currently the subject of heated debate. In its draft Integrated Austrian Network Infrastructure Plan (ÖNIP), the Environment Agency Austria forecast significantly higher electricity requirements for the future due to the increased transition to electrified solutions for heating and mobility. According to initial calculations, the installed solar capacities would have to increase to 21 GW instead of the previously assumed 13 GW. Just 3.8 GW had been installed by July 2023.

Sweden

Sweden has been a leading player in the European energy transition for many years now. In 2022, renewable energy – with a focus on pumped-storage hydroelectricity and onshore wind energy – accounted for roughly 63.6 % of Sweden's total net electricity generation. The national energy strategy adopted by the Swedish parliament calls for a 50 % increase in energy efficiency compared to 2005 by 2030. In June 2023, the government also decided that electricity generation should be fully independent of fossil energy sources by 2040.

Spain

The ambitious restructuring of the Spanish energy system remains on track. According to the National Energy and Climate Plan updated in 2023, the installed renewable energy capacity was expanded by 27.3 % between 2019 and 2022, from 55.3 GW to 70.5 GW. The largest increase during this period was in photovoltaic installations, growing by 129.3 % to 20.1 GW, while wind power increased by 17.1 % to 30.1 GW. The installed capacity of renewable energies has exceeded that of conventional technologies since 2019.

In 2022, renewable energies accounted for around 45 % of total net energy generation in Spain. The leading regenerative sources were onshore wind (22.5 %), solar (11.9 %), hydro storage and run-of-the-river (8.3 %) and biomass (1.6 %). Around 261 TWh in total were fed into Spain's public grid in 2022. According to an analysis by Rystad Energy, renewable energies could account for more than 50 % of power generation by as soon as 2023.

Course of business

Significant events in the Group portfolio and in the project pipeline

Encavis AG and ILOS sign a framework agreement on a 300 MW pipeline of solar projects in Italy

On 25 January 2023, Encavis AG announced that it had concluded a framework agreement on a solar project pipeline of up to 300 MW with ILOS New Energy Italy S.r.l. (a wholly owned subsidiary of the German company ILOS Projects GmbH).

This new partnership provides Encavis with exclusive access to ten solar park projects in Italy that are already at a very advanced stage of development. The projects, which each have generation capacities of between 20 MW and 55 MW, are located in central and southern Italy, as well as on Sardinia and Sicily.

All the documents for the respective approval processes either have been or are about to be filed in the case of all projects. The pipeline projects are expected to reach ready-to-build (RtB) status in the short to medium term. The plan is to combine several of these Italian projects after completion in order to conclude long-term power purchase agreements based on a pay-as-produced structure.

Encavis AG acquires post-repowering wind park in Germany with a generation capacity of 11.2 MW from Energiekontor
On 8 February 2023, Encavis AG announced that it had acquired the Bergheim wind park in the state of North Rhine-Westphalia, Germany. This repowering project offers particularly reliable income because it draws on long-term, historical data on the wind volume in the region. The two wind turbines have an aggregate nominal capacity of around 11.2 MW. From their first full year of operation, they will generate approximately 28.1 GWh of electricity per year. The two wind turbines are scheduled for commissioning in the fourth quarter of 2023.

The Bergheim wind park repowering project developed by Energiekontor, which involves replacing old wind turbines with new ones, is located in the cities of Bergheim and Pulheim in the Rhein-Erft district of North Rhine-Westphalia. The wind park benefits from a state-guaranteed feed-in tariff in accordance with the German Renewable Energy Act for a total duration of 20 years from (re-)commissioning. The renewable energy will be provided by two Vestas V 150-5.6 turbines with a rotor diameter of 150 metres and a nacelle height of 166 metres.

Encavis AG is granted ready-to-build status for a 105-MW solar park in Mecklenburg-West Pomerania
Encavis AG announced on 7 March 2023 that it had obtained official approval for the development plan of their solar park with a total capacity of 105 MW in the local council meeting of 28 February. It is one of the first solar projects in Mecklenburg-West Pomerania which has successfully passed through a planning permission variation process, and at the same time the first project from the development pipeline with the strategic development partner PVPEG (formerly Greifensolar), with whom a second project is also being carried out in parallel.

Encavis acquires two ready-to-build solar parks (93 MW) in focus market Italy
On 25 April 2023, Encavis announced the acquisition of two ready-to-build solar park projects in the region of Lazio, Italy, around 100 km north-west of Rome. The Montalto di Castro solar park will have power generation capacity of 55 MW, while the capacity of the Montefiascone park will amount to 38 MW. Both solar park projects originate from the development pipeline of strategic development partner Psaier.Energies based in Brixen in the South Tyrol region. With their bifacial solar modules, the two solar parks should generate an average of approximately 154 GWh of power per year. For the first time, Encavis will be marketing the generated power on the Italian market under long-term power purchase agreements in a lower-risk marketing structure (e.g. pay-as-produced) over a period of ten years.

Encavis AG to work with badenova and other partners to create 500 MW of electricity generation capacity from renewable energy and invest roughly EUR 200 million by 2027
Encavis announced on 27 July 2023 that it would join forces with the Freiburg-based energy supply company badenova AG & Co. KG to promote the expansion of renewable energy in Germany. To this end, Encavis Energieversorger I GmbH (EEV) will be founded in Hamburg, with Encavis AG holding 51 % and Kommunale Energiewende GmbH & Co. KG (KEW) holding 49 %. In terms of renewable electricity generation, EEV, the company to be founded, plans to focus on the purchase and operation of wind and photovoltaic systems in Germany. At the same time, related technologies, such as battery storage and the marketing of electricity generated from renewable energy, are also to be part of the common approach. The alliance will also open to other partners through shares in the holding company KEW, which will be founded by badenova at the start of the venture, allowing them to participate in long-term investments in wind and PV.

Encavis and Allego expand their 10-year PPA in Germany to supply electric vehicle drivers with 100 % renewable energy
On 8 August 2023, Encavis AG announced that it had expanded its 10-year power purchase agreement with Allego, a leading pan-European ultra-fast charging network for electric vehicles. Allego’s most extensive clean energy agreement to date can now rely on 100 % renewable energy from Encavis’ solar parks in Groß Behnitz (25 MW/Brandenburg) and Borrentin (105 MW/Mecklenburg-Western Pomerania). The new solar park in Borrentin will be Encavis’ largest PV park in Germany. The two solar parks will supply Allego’s charging network with more than 100 GWh of renewable energy and

the associated certificates of origin. Together, the two parks will enable more than 1.75 million electric vehicle (EV) charging sessions based on an assumed average battery size of 60 kWh per EV.

Encavis acquires first battery project to optimise marketing of power from German wind and solar parks

Encavis AG announced on 30 August 2023 that it had acquired a ready-to-build battery project (12 MW, 24 MWh). The Battery Energy Storage System (BESS) in Hettstedt (Saxony-Anhalt) is based on lithium-ion technology and is scheduled to be connected to the grid in the second half of 2024. BESS will be charged during the hours of the day when electricity prices are lower, and discharged during the higher-priced hours by participating in the day-ahead and intra-day markets. This mechanism optimises the capture rates of the existing wind and solar park portfolio, smooths the typical generation fluctuations for renewable energies and reduces the associated balancing energy costs. The battery can absorb electricity from all Encavis parks in Germany, regardless of location, and discharge it again later. The lack of grid fees for charging the battery in Germany makes it economically attractive.

Encavis and Innovar Solar sign framework agreement for solar projects totalling 160 MW

Encavis AG announced on 31 August 2023 that it had expanded its portfolio of strategic partnerships to include Innovar Solar GmbH, located in Meppen. The framework agreement on an exclusive solar power pipeline comprises a total of nine project sites in Germany with a combined energy generation capacity of 160 MW. Eight of the projects are located close to motorways or railway lines or in other areas privileged by construction law for use for ground-mounted PV systems. The sites are subject to the German Renewable Energies Act (EEG) and some of them can be approved and realised quickly in an accelerated process. All of the projects will benefit from the feed-in tariffs under the EEG for a term of 20 years. One of the nine projects also sells the power it generates via a long-term pay-as-produced power purchase agreement.

Encavis expands its solar portfolio in Spain with 28-MW ready-to-build solar park in Castile and León

On 5 September 2023, Encavis announced that it had acquired a 28 MW solar park ready for construction in Spain from ILOS Projects GmbH. When complete, the park will produce an annual 50 GWh of renewable energy. It is scheduled to be connected to the grid at the end of 2024. ILOS Projects GmbH is one of Encavis' existing strategic development partners in Italy. The partnership has now led to this successful joint project in Spain. The expansion of Spanish generation capacity in the Valladolid region (Castile and León) in the north-west of Spain means that Encavis will now be able to supply large industrial buyers with green electricity in a more targeted manner.

Encavis obtains ready-to-build status for additional 132-MW solar park in Denmark

Encavis announced on 7 September 2023 that it had been granted ready-to-build status for its 132-MW solar park project at a very attractive location in Ringkøbing on Denmark's western North Sea coast. It is already the third project as part of the comprehensive strategic partnership with GreenGo Energy in Denmark, with a total capacity of around 600 MW. Photovoltaic sites are particularly interesting in Denmark, because production of solar power during low-wind periods profits from significantly higher prices. The state-of-the-art park with bifacial modules installed on single-axis trackers is scheduled to be commissioned in the first quarter of 2026, and a ten-year pay-as-produced PPA is to be concluded.

Encavis launches further strategic development partnership with GreenGo Energy in Germany, increasing its European solar project pipeline to 3.2 GW

Encavis announced on 11 September 2023 that it had increased its involvement in the successful strategic development partnership with GreenGo Energy. The framework agreement provides for a continuous pipeline of 500 MW solar park projects in Germany, in addition to the existing 600 MW continuous pipeline in Denmark.

Encavis investment in TokWise: Joint development of AI-powered Software-as-a-Service (SaaS) to optimise electricity sales

On 14 September 2023, Encavis AG announced that it had invested in an 18 % stake in TokWise, a Bulgarian start-up founded in 2018. The Sofia-based company has set itself the goal of accelerating the digital transformation of the way energy market participants buy and sell their electricity on different markets. The company already has well-known customers in various European countries. The TokWise platform enables power producers, such as Encavis AG, as well as industrial electricity consumers, to link their assets directly to the power exchanges and thereby take control of the purchase and sale of electricity. The company has also established a unique data science team and expertise focused on energy markets to develop algorithms that enable complete automation of power trading decisions. TokWise's AI therefore allows the value of every kilowatt-hour to be maximised.

Encavis acquires 17-MW wind park in Sommerland, Schleswig-Holstein, from BayWa r.e.

Encavis AG announced on 20 September 2023 that it had acquired a 17-MW wind park in Sommerland (Schleswig-Holstein) from BayWa r.e. It was commissioned in October 2023, and the economic transition to Encavis is scheduled for 1 January 2024. The park is expected to generate an average of around 53 GWh of electricity per year. The project will receive a feed-in tariff under the EEG for 20 years and a 20-year service contract with Nordex. The three Nordex wind turbines with a hub height of around 125 metres each provide a generation capacity of 5.7 MW.

Significant developments in Group financing

Encavis AG successfully places a Green Schuldschein loan (SSD) in the amount of EUR 210 million for additional growth projects

On 28 February 2023, Encavis AG announced that it had placed a market-wide syndicated green Schuldschein loan (SSD) in the amount of EUR 210 million for the first time since 2018. An issue volume of EUR 50 million was announced with the option of a demand-induced increase. The strong demand of all investor groups exceeded the offered issue volume within a few days, making it possible to place more than four times the issue volume with around 50 investors in three maturity tranches of three, five and seven years at fixed and variable interest rates. In particular, savings banks, cooperative banks, foreign banks as well as pension funds and insurance companies snapped up the opportunity of one of the first SSD loan issues in 2023. Encavis will use the acquired funding to invest in growth projects of new wind and solar parks in accordance with the Group’s Green Finance Framework.

SCOPE affirms Encavis AG’s BBB- investment grade issuer rating and keeps outlook positive

Encavis AG and its financing subsidiary Encavis Finance B.V. have again been awarded a BBB- investment grade issuer rating by the European rating agency SCOPE Ratings (SCOPE). The outlook remains positive. SCOPE has also affirmed the ratings of BBB- for senior unsecured debt, BB for subordinated (hybrid) debt and S-2 for short-term debt. This reflects Encavis’ sustained robust liquidity and its diversified use of external funding channels from banks and capital markets at project level, as well as from private sources (shareholder and promissory note loans) and public sources at Group level.

Encavis secures EUR 180 million non-recourse debt bridge facility at project level to support its accelerated growth strategy 2027

Encavis announced on 4 September 2023 that it has concluded a non-recourse revolving debt bridge financing facility with ABN AMRO Bank N.V. (The Netherlands) and COÖPERATIEVE RABOBANK U. A. (The Netherlands) of EUR 180 million for photovoltaic projects in four of Encavis’ core markets: Denmark, Germany, Italy and Spain.

The non-recourse debt bridge financing facility will allow Encavis Bridge Financing GmbH, a fully owned subsidiary of Encavis AG, to finance ready-to-build solar projects from strategic development partnerships as well as operating projects acquired in the aforementioned four countries. The facility also makes it possible for Encavis to bundle smaller individual projects into larger project portfolios to achieve better terms for the structure and negotiation of long-term power purchase agreements and project financing. This will make a substantial contribution to the realisation of the accelerated growth strategy 2027.

The non-recourse debt bridge financing facility includes a EUR 150 million revolving facility, a EUR 20 million letter of credit facility and a EUR 10 million VAT facility, which can be utilised in EUR and DKK. The bridge loan has a term of three years, which can be extended twice for one year each time, for a total term of up to five years. The facility also includes a mechanism under which Encavis can further increase the financing amount to up to EUR 310 million with existing lenders as well as new lenders.

Significant developments in asset management

Encavis Asset Management expands its wind portfolio for Versicherungskammer

On 23 March 2023, Encavis Asset Management AG announced that it had advised the Versicherungskammer Group on the acquisition of a wind park in Germany with a total capacity of 23.6 MW. The acquisition took place through the Encavis Infrastructure Fund III (EIF III), and the park was developed and realised by the UKA Group. The wind park comprises four turbines; three Vestas V 150-6.0 turbines have been in operation in the district of Treplin since February 2022. A fourth Vestas turbine – a V 150-5.6 model – is situated in Gusow and has been producing green electricity since April 2022.

Encavis Asset Management AG connects two additional solar parks to the German power grid

Encavis Asset Management AG announced on 14 June 2023 that it had connected the Saturn and Dagon solar parks, with a total generation capacity of 45 MW, to the power grid in Germany. The Saturn solar park, with a total output of over 22 MW, was built around an existing wind power installation. The Dagon solar park has a nominal output of roughly 23 MW and was built at nine stand-alone locations along the A 60 motorway. The acquisitions were incorporated into the Encavis Infrastructure Fund II (EIF II) special fund for banks. Encavis Asset Management AG is responsible for structuring the projects and provides commercial management, energy management, accounting and controlling services for the two solar parks.

Encavis Infrastructure Fund IV enables investment in renewable energy as a dark green Article 9 fund

There has been a wave of downgrades from Article 9 funds to Article 8 funds since September 2022 as part of the challenging preparation of the implementation of level 2 of the Sustainable Finance Disclosure Regulation (SFDR). However, the classification of the Encavis Infrastructure Fund IV (EIF IV) as a dark green Article 9 fund, which it has held since the fund’s launch, remains unchanged. The special fund is offered exclusively to banks and savings banks, and takes their particular regulatory and risk management requirements into account. The categorisation underscores the fund’s commitment to sustainable investment and highlights its long-term focus on environmental and social sustainability. By being categorised under Article 9 of the SFDR, the EIF IV meets the highest sustainability and transparency requirements for proprietary investment.

Segment development

The Group’s business activities are subject to seasonal influences, which lead to fluctuations in revenue and earnings during the course of the year. In terms of the PV Parks segment, April to September generate more revenue than the autumn and winter months. Due to weather conditions, the wind parks generate more revenue in the autumn and winter months than they do in summer.

Actual power fed into the grid by the PV Parks segment in the first nine months of the 2023 financial year came to 1,842 GWh (previous year: 1,870 GWh). Of the power fed into the grid, some 45 % (previous year: 43 %) was attributable to the solar parks in Spain, 14 % (previous year: 15 %) to the solar parks in Germany, 11 % (previous year: 9 %) to the solar parks in The Netherlands, 9 % (previous year: 11 %) to the solar parks in France, 9 % (previous year: 10 %) to the solar parks in Italy, 6 % (previous year: 5 %) to the solar parks in Denmark and 5 % (previous year: 6 %) to the solar parks in The United Kingdom as well as 1 % (previous year: 1 %) to the solar park in Sweden.

Actual power fed into the grid by the Wind Parks segment in the first nine months of the 2023 financial year came to 796 GWh (previous year: 720 GWh). Of this figure, some 41 % (previous year: 48 %) was attributable to the wind parks in Germany, 29 % (previous year: 37 %) to the wind parks in Denmark, 18 % (previous year: 0 %) to the wind park in Lithuania, 7 % (previous year: 7 %) to the wind parks in France, 4 % (previous year: 7 %) to the wind park in Finland and 1 % (previous year: 1 %) to the wind park in Italy.

Operating earnings (non-IFRS)

Explanation of the earnings position

Contrary to the original method used in the interim statement as at 30 September 2022, levies applied in connection with the Europe-wide system to cap electricity prices are now recorded in other expenses rather than as part of revenue. All disclosures affected by this adjustment are marked [1)] below.

Revenue, other income and own work capitalised

During the first nine months of the 2023 financial year, the Group generated revenue of TEUR 366,268 (previous year: TEUR 368,777[1)]). The wind and solar parks newly acquired and/or connected to the grid since 30 September 2022, along with the full consolidation of the Stern subgroup, overcompensated for the weather-related decrease in revenue in comparison to the very favourable meteorological conditions in the same period of 2022. The significant reduction in the electricity price level in the first nine months of this year compared to the extreme price triggered by the war in Ukraine last year led to a decline in net revenue of around EUR 26 million, as projected. At TEUR 40,011, revenue in the Service segment was significantly higher year on year due to the inclusion of the Stern subgroup (previous year: TEUR 3,358). In the Asset Management segment, revenue totalled TEUR 11,338 (previous year: TEUR 16,294).

Revenue is made up of revenue from feeding electricity into the grid, from the operation of parks and from technical services for third parties, as well as from additional revenue from Asset Management.

The Group generated other operating income of TEUR 11,789 (previous year: TEUR 7,693). This includes income from compensation payments in the amount of TEUR 7,569 and non-period income of TEUR 2,691.

Other own work capitalised, which is being disclosed for the first time in the 2023 financial year, arises in connection with expansions provided by the Service segment for multiple proprietary solar installations.

Cost of material, personnel expenses and other expenses

Cost of materials was TEUR 23,717 in the first nine months of 2023 (previous year: TEUR 5,071). This primarily includes material consumption in the service business, expenses in connection with the direct marketing of the electricity produced and expenses for purchased power at the wind and solar parks. The increase is primarily attributable to higher direct marketing costs, as well as to the expansion of the service business through the full consolidation of the Stern subgroup.

Operating personnel expenses came to TEUR 26,292 (previous year: TEUR 18,389). The increase was mainly due to the acquisition of the Stern subgroup in October 2022 and the growth-induced expansion of the Encavis team.

Other operating expenses of TEUR 83,433 were incurred (previous year: TEUR 81,735[1)]) an. This comprises, in particular, the costs of operating solar and wind parks in the amount of TEUR 51,647 (previous year: TEUR 67,499[1)]). Other operating expenses also include TEUR 31,786 in costs for current operations (previous year: TEUR 14,236).

Operating EBITDA

Operating earnings before interest, taxes, depreciation and amortisation (EBITDA) were TEUR 246,143 in the first nine months of the 2023 financial year (previous year: TEUR 271,276), which equates to a decrease of approximately 9 % or TEUR 25,133. The decline in earnings was mainly due to the aforementioned price and weather-related effects. The operating EBITDA margin stood at around 67 % (previous year: 74 %[1)]). The significantly lower margin associated with Stern Energy’s technical business than with electricity production involving renewable energy, as based on customary market conditions, contributed to the decline in the operating EBITDA margin.

Operating depreciation and amortisation of TEUR 87,291 (previous year: TEUR 104,418) chiefly comprises scheduled depreciation of the photovoltaic and wind power installations, as well as amortisation of rights of use from lease agreements capitalised in accordance with IFRS 16.

Operating EBIT

Operating earnings before interest and taxes (operating EBIT) stood at TEUR 158,852, a year-on-year decline of roughly 5 % or TEUR 8,007 (previous year: TEUR 166,859). Here too, the decline in earnings mainly resulted from the aforementioned price and weather-related effects. The operating EBIT margin stood at around 43 % (previous year: 45 %[1)]).

Financial result

Operating financial earnings in the amount of TEUR -46,034 (previous year: TEUR -49,140) resulted primarily from interest rate expenses for the non-recourse loans for solar and wind parks, and other Group financing. The financial result also comprises in particular interest expenses on the lease liabilities recognised in accordance with IFRS 16 and earnings from financial assets accounted for using the equity method.

Operating EBT

Operating earnings before taxes (operating EBT) amounted to TEUR 112,818 (previous year: TEUR 117,719). The decline in earnings was mainly due to the aforementioned price and weather-related effects. The operating EBT margin stood at around 31 % (previous year: 32 %[1)]).

Taxes

The consolidated statement of comprehensive income shows operating tax expenses in the amount of TEUR 24,178 (previous year: TEUR 30,849), mainly for effective tax payments in connection with solar and wind parks.

Consolidated earnings

Altogether, Encavis generated consolidated operating earnings of TEUR 88,640 (previous year: TEUR 86,870). The operating margin for consolidated earnings stood at around 24 % (previous year: 24 %[1)]).

Calculating operating KPIs (adjusted for IFRS effects)

As outlined in the “Internal control system of Encavis” section of the 2022 annual report, Group IFRS accounting is influenced by non-cash measurement effects and the resulting depreciation and amortisation. Non-cash interest effects and deferred taxes also hamper a transparent assessment of the operating income situation pursuant to IFRS.

in TEUR	01.01.–30.09.2023	01.01.–30.09.2022
Revenue[1)]	366,268	368,777
Other income	15,157	9,265
Other own work capitalised	1,528	0
Cost of materials	-23,717	-5,071
Personnel expenses, of which TEUR -765 (previous year: TEUR 1,814) in share-based remuneration	-26,292	-18,389
Other expenses[1)]	-87,568	-85,121
Adjusted for the following effects:		
Other non-operating income	-3,368	-1,572
Other non-operating expenses	4,135	3,386
Adjusted operating EBITDA	**246,143**	**271,276**
Depreciation and amortisation	-119,467	-135,241
Adjusted for the following effects:		
Depreciation, amortisation and impairment losses of intangible assets acquired as part of business combinations (primarily electricity feed-in contracts) and goodwill	35,593	33,865
Subsequent measurement of uncovered hidden reserves and liabilities on step-ups for property, plant and equipment acquired as part of business combinations	-3,417	-3,042
Adjusted operating EBIT	**158,852**	**166,859**
Financial result	-44,174	-27,797
Adjusted for the following effects:		
Other non-cash interest and similar expenses and income (mainly resulting from effects from currency translation, calculation of the effective rate, swap valuation and interest expenses from subsidised loans [government grants])	-1,860	-21,343
Adjusted operating EBT	**112,818**	**117,719**
Tax expenses	-22,827	-32,908
Adjusted for the following effects:		
Deferred taxes (non-cash items) and other non-cash tax effects	-1,351	2,059
Adjusted consolidated operating earnings	**88,640**	**86,870**
of which attributable to Encavis AG shareholders	84,625	82,721
Average number of shares in circulation in the reporting period	161,030,176	160,663,458
Adjusted operating earnings per share (in EUR)	**0.53**	**0.51**

Net assets and financial position

Financial position and cash flow

The change in cash and cash equivalents in the reporting period came to TEUR 58,552 (previous year: TEUR -43,083) and broke down as follows:

Cash flow from operating activities in the amount of TEUR 183,703 (previous year: TEUR 271,477) was primarily composed of the operating activities of the solar parks and wind parks and the resulting incoming payments. Also included here were changes in assets and liabilities not attributable to investing or financing activities. The decline in net cash flow from operating activities was primarily attributable to the reduction in net revenue from wind and solar parks of around EUR 26 million due in turn to the drastically reduced electricity prices (price effect) and tax payments that were around EUR 22 million higher than in the prior-year period. Another factor was the provisions and liabilities recognised in the previous year, including for the price caps already expected at the time, which affected EBITDA but not cash flow.

Cash flow from investing activities amounted to TEUR -112,363 (previous year: TEUR -169,887) and included in particular payments for the construction of solar parks in The Netherlands, Denmark, Italy and Germany, and the purchase of a wind park already in operation in Germany and a solar park under development in Spain. It also comprised payments for the erection of a German wind park under construction which is accounted for as an associated entity until commissioning.

Cash flow from financing activities totalled TEUR -12,788 (previous year: TEUR -144,673) and resulted chiefly from regular loan repayments and interest paid less newly paid-out loans. This item also includes the change in restricted cash and cash equivalents and the dividend payment to the hybrid bondholders. A Green Schuldschein loan (SSD) of EUR 210 million was issued in the first half of 2023 and a working capital loan of EUR 20 million taken out. The previous-year period included the payment of cash dividends to the shareholders of Encavis AG.

Net assets

As at 30 September 2023, equity amounted to TEUR 1,187,122 (31 December 2022: TEUR 956,817). The increase in the amount of TEUR 230,305, or 24.1 %, was primarily due to various value changes, particularly from the subsequent measurement of PPAs, accounted for in equity with no effect on profit or loss. The consolidated earnings in accordance with IFRS also had an effect. The equity ratio stood at 33.8 % (31 December 2022: 28.1 %).

Liabilities

The Group's financial liabilities (primarily bank and lease liabilities) amounted to TEUR 1,984,922 as at 30 September 2023 (31 December 2022: TEUR 2,094,888). These comprised loans and lease agreements for the financing of solar parks and wind parks, as well as the mezzanine capital provided by Gothaer Versicherung in November 2014, as well as liabilities from listed notes from the Grid Essence portfolio (The United Kingdom) of TEUR 26,802 (31 December 2022: TEUR 27,662), including accrued interest, and liabilities from debenture bonds and/or registered/bearer bonds, including accrued interest, in the amount of TEUR 306,900 (previous year: TEUR 132,387). Liabilities from lease obligations amounted to TEUR 206,474 (31 December 2022: TEUR 201,954).

As at 30 September 2023, liabilities to non-controlling shareholders amounted to TEUR 41,104 (31 December 2022: TEUR 42,156).

The value of provisions as at 30 September 2023 amounted to TEUR 61,577 (31 December 2022: TEUR 70,781) and consisted of provisions for asset retirement obligations (TEUR 47,066) and other provisions (TEUR 14,511).

Trade payables amounted to TEUR 28,339 as at 30 September 2023 (31 December 2022: TEUR 37,218).

Events after the balance sheet date

Encavis Asset Management expands existing wind farm at excellent location in Ireland for bank special fund

On 17 October 2023, Encavis Asset Management announced the grid connection of an additional turbine for the Clogheravaddy wind farm. County Donegal on the west coast of Ireland, with average wind speeds in excess of eight metres per second, is an exceptionally windy and therefore excellent location for generating clean wind energy. The Clogheravaddy wind farm located there previously consisted of a total of six turbines. The first three turbines, each with a capacity of 3.6 MW, were commissioned in 2019, and have been producing clean energy ever since. Three more turbines with the same capacity were put into operation in the first quarter of 2022. The park has now expanded to seven turbines, and is capable of supplying green electricity to 24,800 households and preventing emissions of 26,400 tonnes of CO_2 annually. This total investment is part of the portfolio of the Encavis Infrastructure Fund IV.

Opportunities and risks

The material opportunities and risks to which the Encavis Group is exposed were described in detail in the consolidated management report for the 2022 financial year. There were no significant changes in this regard during the reporting period.

Future outlook

The statements below include projections and assumptions which are not certain to materialise. If one or more of these projections and assumptions do not materialise, actual results and developments may differ materially from those described.

Further slowdown in economic growth expected in 2023

The IMF expects a further slowdown in economic growth in 2023 and predicts an increase of only 3.0 % in global GDP. The numerous shocks that slowed the pace of global economic growth markedly in 2022 continue to have a dampening effect on global economic performance. The tightening of financing terms is further hindering an upturn, more than one year after Russia's invasion of Ukraine and the rapid jump in inflation. In its July 2023 forecast, the IMF expects no additional major disruptions from the financial sector as the year goes on. It also believes that the continuation of central banks' tight monetary policy will lead to a reduction in inflation, despite the failure to achieve monetary targets as of mid-year. All in all, global inflation is expected to decrease by just under 2 percentage points to 6.9 % in 2023. The path back to price stability could be longer and rockier than originally anticipated by many market participants.

Wars in Israel and Ukraine

The Encavis Group wind and solar park portfolio, which is generally focused on Western Europe, is not directly affected by the recent outbreak of war in Israel or the ongoing war in Ukraine. Indirect effects from potential countermeasures taken by Russia in response to the sanctions imposed on the country and potential terror attacks by Hamas in Europe are not apparent at present. Encavis has a variety of up-to-date security systems to counter the general risk of cyberattacks on electricity networks in Western Europe, on power-generating installations or on the Encavis Group's IT systems. The company has completely overhauled its IT infrastructure in the past four years and mitigates cyber risks using measures such as regular external audits and security tests in order to ensure the maximum possible protection of its systems' data and integrity. The redesign included a strict separation between the IT systems at Encavis and those of the power-generating installations and the electricity networks. This means that an attack on the installations or electricity networks would not affect the company's IT systems. Likewise, a potential attack on Encavis' IT infrastructure would not impact the output of the wind and solar parks.

With regard to the debt financing of new projects, rising credit risks affecting banks with greater or accumulated exposure to Russia could indirectly result in reduced project financing business overall. Credit losses (and even mere uncertainty regarding them) could damage the credit rating of such banks and increase their refinancing costs. As these refinancing costs have to be met by bank margins from project financing, credit margins could rise as part of general competition among banks for such business. Combined with the current general increase in long-term interest rates, this could put further pressure on returns from planned projects. The fact that Encavis usually issues tenders for new project finance at least on a Europe-wide basis means that the Group always has a broad overview of financing structures and conditions and is not dependent on individual banks, whose future lending capabilities may be affected by credit losses in Russia. In addition, there is significant demand from banks for opportunities in connection with the financing of renewable energy projects, and the target volumes for such investments have been continuously raised in recent years. The lending market therefore remains highly competitive and, as a result, the current crisis involving Russia is not expected to have any major effects.

Continued tightening of monetary policy as inflation persists

The European Central Bank has announced that it will gradually scale back its net asset purchases. In addition, in view of the high inflation rates, the ECB announced that it would maintain its key interest rate level until adequate progress was made in stabilising inflation at its medium-term target. Subsequently, the central bank will review its economic outlook on a regular basis and, in view of the economic environment, will presumably come to the obvious conclusion that it has significantly underestimated inflation so far.

Energy crisis accelerates expansion of renewable energies

The significance of renewable energies continues to increase considerably. Across the globe, conventional sources of energy and fossil fuels are being supplemented or replaced by the growth and use of regenerative energy sources. The worldwide energy crisis triggered by Russia's invasion of Ukraine brought an end to the era of low energy and commodity prices in 2022. Inflation, higher financing costs and the risk of recession dominated the investment environment. Despite all these adverse effects, the energy transition accelerated markedly in 2022, due in part to the energy crisis. Likewise, the record figures for renewable energy installations are being driven by a change in people's awareness of sustainability in large parts of society, which has spurred global sales of products such as electric vehicles.

According to forecasts by the International Energy Agency, total renewable energy capacity worldwide will almost double as a proportion of power generation in the next five years, replacing coal as the biggest source of electricity production. In the period from 2022 to 2027, the IEA predicts an increase in global power generation capacity of around 2,400 GW. The expected growth in renewable energies is 30 % higher than the forecast a year ago, according to the IEA. The energy crisis therefore marks a historic turning point towards a cleaner and more secure energy supply.

Together, wind and solar power will account for over 90 % of the renewable energy capacity added in the next five years. Solar energy installations and onshore wind parks remain the cheapest options for generating power in most countries. To continue driving forward the expansion of wind and solar energy, the IEA believes that shorter approval times in EU countries and better incentive systems for installing photovoltaic systems on roofs will be required. In December 2021, the “regulation laying down a framework to accelerate the deployment of renewable energy” was adopted in order to support the implementation of the “Fit for 55” climate plan launched in summer 2021, which outlines how the EU aims to reduce carbon dioxide emissions by 55 % compared to the level emitted in 1990 by 2030. To put the plan into practice, the EU intends to tighten other existing laws and anchor additional requirements in legislation. This involves, for example, modifying the EU emissions trading system and expanding emissions trading to include the transportation and building sectors, as well as extending CO_2 limits and matters related to funding.

One of the key pillars of the programme is the development of renewable energies. The European Commission’s plan to rapidly reduce dependence on Russian fossil fuels and fast forward the green transition, REPowerEU, of 18 May 2022 includes a special EU solar strategy to double photovoltaic capacity by 2025 by installing new PV systems amounting to 320 GW by 2025 and a total of 600 GW by 2030. The objective of covering 45 % of total final energy consumption using renewable sources by 2030 was adopted by the European Parliament when it revised the Renewable Energy Directive (RED) in September 2022. The 45 % target set by MEPs exceeds the 40 % mark adopted by the member states in June 2022. In addition, the framework conditions for the use of green hydrogen are expected to improve in industry and transportation. The expansion of renewable energies has been categorised as an issue of overriding public European interest. By 2050, Europe intends to be the first continent in the world to be capable of complete climate neutrality and plans to have implemented the “Green Deal”.

Private-sector power purchase agreements continue to gain ground

The increasing economic efficiency of renewable energies compared to conventional energy carriers, as well as companies’ commitments to maintaining an eco-friendly energy balance (such as outlined in the RE100 initiative), is increasing the momentum on the private-sector power purchase agreements market. PPAs are gaining in significance on account of falling subsidies, ever-growing demand for renewable energy sources and the need for a stable and secure energy supply. Industrial companies are acquiring shares in large renewable energy projects and signing PPAs to ensure a long-term supply of electricity to their sites. PPAs are therefore playing an increasingly important role in the energy transition.

Encavis is accelerating its growth trajectory and pursuing ambitious goals by 2027

Today, Encavis is one of the largest independent power producers in the field of renewable energies in Europe. The positive framework conditions and the successful economic development of the company are the perfect prerequisites for further strengthening this position. Approaching solutions from the perspective of existing and potential clients gives Encavis the opportunity to evolve its successful business model, which will continue to be based on the realisation and operation of high-yield, low-risk wind and solar parks. The company’s strategy is ultimately geared towards taking client requirements into account at an early stage, meaning when parks are developed or acquired, and realising precisely targeted projects. Clients may include industrial electricity buyers or real estate investors or co-investors. To systematically grasp emerging growth opportunities and further boost the efficiency of the company, the plan for the next five years until 2027 is focused on the following key areas:

1. further investments in ready-to-build wind and solar parks as well as securing projects in earlier phases of development in coordination with strategic development partners while maintaining a long-term equity ratio of more than 24 %,
2. disposal of minority interests in wind and individual selected solar parks of up to 49 % to free up liquidity for investments in additional wind and solar parks,
3. reduction and continued optimisation of costs related to the operation and maintenance of solar parks,
4. optimisation and refinancing of SPV project financing,
5. systematic utilisation of the Group’s financial strength/rating for Group borrowing,
6. expansion of the Group-wide cash pool, including all single entities,
7. the use of intelligent investment models for external equity partners with stakes of up to 49 % for long-term marketing of electricity (PPAs) from renewables,
8. concentration of selected high-growth core markets in Western Europe – primarily Germany, The Netherlands, Denmark, Spain and Italy, in other words countries with a large energy market and high renewables targets, but also markets such as The United Kingdom, Sweden and Finland, and to a lesser extent France and Lithuania.

As part of its accelerated growth strategy for 2027, Encavis will focus on the following targets:

1. tripling the company's own contractually secured generation capacity from 2.6 GW to 8.0 GW,
2. significantly increasing generation capacities connected to the grid from 2.1 GW to 5.8 GW,
3. increasing revenue from EUR 440 million to EUR 800 million,
4. growing operating EBITDA from EUR 310 million to EUR 520 million,
5. achieving an operating EBITDA margin for wind and solar parks greater than or equal to 75 %,
6. increasing operating cash flow from EUR 280 million to EUR 450 million,
7. increasing operating cash flow per share (CFPS) from EUR 1.70 to EUR 2.60.

The expected dynamic growth of Encavis can be seen not least in consideration of the corresponding annual growth rates (CAGR): the generation capacity is to increase by some 33 % annually by the year 2027. In the same period, revenue is to increase by approximately 16 % per annum, and an annual growth rate of operating EBITDA of 14 % is expected. Annual growth of the operating cash flow per share amounts to around 11 %.

These assumptions are a base case that does not take any additional growth opportunities into account which may arise inorganically from mergers and acquisition transactions and potential equity transactions.

Overall assessment of future development

We confirm our guidance for the year and continue to expect a slight overall decline in several key figures in the 2023 financial year, some of which will not be able to reach the previous year's level again, as the expected electricity price level will decline in 2023. To a large extent, we intend to compensate for the now significantly lower electricity prices, which, after the extremely high level of the previous year, will trigger a price-related revenue effect of a good EUR 87 million in 2022 (of which, the effect of the electricity price brake of EUR 24.9 million). This will be made possible by the full consolidation of the Stern Energy revenues, the expanded wind capacities in Finland, Lithuania and Denmark, as well as further revenue growth of Encavis Asset Management in 2023. The additional acquisitions in the previous year will be built by year-end 2023, therefore not contributing significantly to revenue yet in 2023. However, the operating earnings per share are also expected to exceed the previous-year value in 2023.

Based on the existing portfolio as at 31 March 2023, and in anticipation of standard weather conditions for the 2023 financial year, the Management Board therefore expects a slight decrease in revenue to over EUR 460 million, or EUR 440 million after deduction of electricity price brakes (2022: EUR 487.3 million; EUR 462.5 million after deduction of electricity price brakes). Operating EBITDA is expected to amount to more than EUR 310 million (2022: EUR 350.0 million). The Group anticipates operating EBIT of more than EUR 185 million (2022: EUR 198.3 million). The Group expects operating cash flow to exceed EUR 280 million (2022: EUR 327.2 million). By contrast, operating earnings per share are expected to amount to more than EUR 0.60 (2022: EUR 0.60) Overall, the Group remains firmly on its growth trajectory.

Technical availability of the installations is expected to remain at more than 95 % in the 2023 financial year.

These predictions are based on the following assumptions:

- No significant retroactive changes to legislation
- No significant deviations from the multi-year weather forecasts

The Encavis Group will be able to cover the liquidity requirements of its business operations and other planned short-term investments from its existing liquidity portfolio together with the expected cash flows from operating activities in the 2023 financial year. Identification of attractive acquisition opportunities or possible business combinations or takeovers may lead to additional capital requirements during the course of the year. Other financing options – such as borrowing or, in the event of leaps in growth beyond the planned scale, mezzanine capital at Group or company level, as well as equity capital measures – are not ruled out should they be required, provided that they are economically advantageous.

In EUR million	2023e (AR 2022)	2022 (actual)
Electricity production in GWh	>3,400	3,133
Revenue / revenue after electricity price brake deduction	>460 / >440	487.3 / 462.5
Operating* EBITDA	>310	350.0
Operating* EBIT	>185	198.3
Operating cash flow	>280	327.2
Operating cash flow per share (in EUR)	>1.70	2.04
Operating* EPS (in EUR)	>0.60	0.60

* The Group operating KPIs are based solely on the company's operating profitability and do not take any IFRS-related valuation effects into account.

Other disclosures

Employees

The Group employed an average of 358 people in the period from 1 January to 30 September 2023 (previous year: 156). Average figures were calculated on the basis of the number of employees at the end of each quarter. As at 30 September 2023, excluding the Management Board members, the Group had 116 employees (previous year: 94) at Encavis AG, 77 (previous year: 47) at Encavis Asset Management AG, 1 (previous year: 0) at Encavis Portfolio Management GmbH and 1 (previous year: 0) at Encavis Finance B.V. In addition, as a result of the acquisition of Stern subgroup in the previous financial year, the Group added 114 employees from Stern Energy S.p.A., 20 employees from Stern Energy GmbH, 35 employees from Stern Energy Ltd. and three employees from Stern Energy B.V. in the 2022 financial year. Another five employees were added from Asset Ocean GmbH, which was newly founded in the financial year, two from Stern Energy SAS and one employee from the Lithuanian company UAB L-VĖJAS, acquired in the previous year. Under a transfer of operations with effect from 1 October 2022, all employees of Encavis GmbH moved to Encavis Asset Management AG, which meant that Encavis GmbH did not have any staff as at the balance sheet date of 30 September 2023 (previous year: 21). This change in the number of employees was mainly due to the acquisition of the Stern subgroup, which increased the size of the Service segment in particular, and the growth-induced expansion of the Encavis team.

Related-party disclosures (IAS 24)

As at the reporting date, rental agreements at arm's-length terms exist with B&L Holzhafen West GmbH & Co. KG, a company related to Supervisory Board member Albert Büll, for office space for Encavis AG.

For the company Encavis Asset Management AG, there is a rental agreement regarding the Asset Management segment's office space in Neubiberg in place with PELABA Vermögensverwaltungs GmbH & Co. KG, a company related to Encavis Asset Management AG Supervisory Board member Peter Heidecker. The monthly rent is based on customary market conditions.

Notification requirements

In accordance with section 40 (1) of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG), Encavis AG is obliged to publish notifications regarding voting rights it receives pursuant to section 33 WpHG. These notifications can be viewed on the Encavis AG website at https://www.encavis.com/investor-relations/stimmrechte.

Condensed consolidated statement of comprehensive income (IFRS)

in TEUR	01.01.–30.09.2023	01.01.–30.09.2022	Q3/2023	Q3/2022
Revenue*	366,268	368,777	129,328	129,697
Other income	15,157	9,265	6,846	2,651
Of which income from the reversal of impairments for expected credit losses	*232*	*48*	*20*	*-64*
Other own work capitalised	1,528	0	52	0
Cost of materials	-23,717	-5,071	-10,074	-1,495
Personnel expenses	-26,292	-18,389	-8,333	-7,577
Of which in share-based remuneration	*-765*	*-1,814*	*-21*	*-382*
Other expenses*	-87,568	-85,121	-25,939	-23,712
Of which impairment for expected credit losses	*-351*	*-578*	*12*	*-213*
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**245,376**	**269,462**	**91,879**	**99,564**
Depreciation and amortisation	-119,467	-135,241	-39,804	-53,844
Earnings before interest and taxes (EBIT)	**125,909**	**134,221**	**52,075**	**45,720**
Financial income	23,983	33,234	7,944	11.915
Financial expenses	-67,406	-60,991	-22,903	-21,972
Earnings from financial assets accounted for using the equity method	-750	-39	-250	-80
Earnings before taxes (EBT)	**81,736**	**106,425**	**36,865**	**35,584**
Taxes on income	-22,827	-32,908	-12,905	-11,665
Consolidated earnings	**58,909**	**73,517**	**23,960**	**23,919**
Items that may be reclassified through profit or loss				
Currency translation differences	-776	187	51	101
Cash flow hedges – effective portion of changes in fair value	184,638	-129,132	11,200	-27,870
Cost of hedging measures	59	15	-17	45
Other comprehensive income from investments accounted for using the equity method	0	46	0	30
Income tax relating to items that may be reclassified through profit or loss	-9,546	31,564	-2,823	6,717
Reclassifications	0	1,328	0	1,311
Other comprehensive income	**174,376**	**-95,992**	**8,411**	**-19,665**
Consolidated comprehensive income	**233,285**	**-22,476**	**32,372**	**4,254**
Consolidated earnings for the period				
Attributable to Encavis AG shareholders	55,045	69,485	22,802	22,513
Attributable to non-controlling interests	367	526	-14	224
Attributable to hybrid capital investors	3,496	3,506	1,172	1,182
Consolidated comprehensive income for the period				
Attributable to Encavis AG shareholders	229,463	-26,489	31,193	2,852
Attributable to non-controlling interests	326	507	7	220
Attributable to hybrid capital investors	3,496	3,506	1,172	1,182
Earnings per share				
Average number of shares in circulation in the reporting period				
Undiluted	*161,030,176*	*160,663,458*	*161,030,176*	*161,030,176*
Diluted	*172,360,696*	*171,993,978*	*172,360,696*	*172,360,696*
Undiluted earnings per share (in EUR)	0.34	0.43	0.14	0.14
Diluted earnings per share (in EUR)	0.34	0.40	0.14	0.13

* The comparison figure for the previous year was adjusted due to the change in the recognition of the levy applied in relation to the Europe-wide system to cap electricity prices.

Condensed consolidated cash flow statement (IFRS)

in TEUR	01.01.–30.09.2023	01.01.–30.09.2022
Consolidated earnings	58,909	73,517
Cash flow from operating activities	**183,703**	**271,477**
Cash flow from investing activities	**-112,363**	**-169,887**
Cash flow from financing activities	**-12,788**	**-144,673**
Change in cash and cash equivalents	-58,552	-43,083
Change in cash due to exchange rate changes	190	-659
Cash and cash equivalents		
As at 01.01.2023 (01.01.2022)	286,277	392,425
As at 30.09.2023 (30.09.2022)	345,018	348,684

Condensed consolidated balance sheet (IFRS)

Assets in TEUR	30.09.2023	31.12.2022
Intangible assets	429,989	446,887
Goodwill	107,157	107,129
Property, plant and equipment	2,324,412	2,304,994
Financial assets accounted for using the equity method	5,989	6,684
Financial assets	10,564	3,726
Other receivables	49,718	63,435
Deferred tax assets	22,188	22,686
Total non-current assets	**2,950,017**	**2,955,541**
Inventories	4,235	5,612
Trade receivables	84,356	69,815
Non-financial assets	13,856	8,502
Receivables from income taxes	12,312	11,144
Other current receivables	43,228	9,475
Liquid assets	402,268	344,403
Cash and cash equivalents	*345,648*	*289,483*
Liquid assets with restrictions on disposition	*56,620*	*54,920*
Assets held for sale	0	1,050
Total current assets	**560,254**	**450,001**
Balance sheet total	**3,510,271**	**3,405,542**

Equity and liabilities in TEUR	30.09.2023	31.12.2022
Subscribed capital	161,030	161,030
Capital reserves	625,636	625,640
Other reserves	15,256	-159,162
Net retained profit	133,354	78,309
Equity attributable to Encavis AG shareholders	**935,276**	**705,817**
Equity attributable to non-controlling interests	4,483	4,789
Equity attributable to hybrid capital investors	247,363	246,210
Total equity	**1,187,122**	**956,817**
Non-current liabilities to non-controlling interests	39,371	40,512
Non-current financial liabilities	1,538,448	1,465,333
Non-current lease liabilities	191,780	187,684
Other non-current liabilities	5,855	5,817
Non-current provisions	48,391	51,246
Deferred tax liabilities	150,498	143,051
Total non-current liabilities	**1,974,342**	**1,893,643**
Current liabilities to non-controlling interests	1,734	1,644
Liabilities from income taxes	23,413	26,286
Current financial liabilities	240,000	427,600
Current lease liabilities	14,695	14,271
Trade payables	28,339	37,218
Other current liabilities	27,440	28,528
Current provisions	13,185	19,535
Total current liabilities	**348,807**	**555,082**
Balance sheet total	**3,510,271**	**3,405,542**

Condensed consolidated statement of changes in equity (IFRS)

in TEUR	Subscribed capital	Capital reserves	Other reserves			
			Currency translation reserve	Hedge reserve	Cost of hedging measures	Reserve from equity valuation
As at 01.01.2022	**160,469**	**616,363**	**882**	**-6,895**	**-4**	**54**
Consolidated earnings						
Other comprehensive income*			206	-97,565	11	46
Reclassifications to profit/loss				1,328		
Consolidated comprehensive income for the period			**206**	**-96,237**	**11**	**46**
Dividend						
Changes from capitalisation measures	561	9,451				
Transactions with shareholders recognised directly in equity		-120				
Issuance costs		-205				
Addition/disposal of shares from non-controlling interests						
As at 30.09.2022	**161,030**	**625,489**	**1,088**	**-103,132**	**7**	**100**
As at 01.01.2023	**161,030**	**625,640**	**1,127**	**-160,248**	**-41**	
Consolidated earnings						
Other comprehensive income			-734	175,107	44	
Consolidated comprehensive income for the period			**-734**	**175,107**	**44**	
Dividend						
Issuance costs		-4				
As at 30.09.2023	**161,030**	**625,636**	**393**	**14,859**	**4**	

* Excluding separately recognised effects from reclassifications.

in TEUR	Net retained profit	Equity attributable to Encavis AG share-holders	Equity attributable to non-controlling interests	Equity attributable to hybrid capital investors	Total
As at 01.01.2022	46,750	817,619	2,464	246,305	1,066,388
Consolidated earnings	69,485	69,485	526	3,506	73,517
Other comprehensive income*		-97,302	-19		-97,320
Reclassifications to profit/loss		1,328			1,328
Consolidated comprehensive income for the period	69,485	-26,489	507	3,506	-22,476
Dividend	-48,141	-48,141	-191	-2,344	-50,676
Changes from capitalisation measures		10,012			10,012
Transactions with shareholders recognised directly in equity		-120	120		
Issuance costs		-205		-7	-212
Addition/disposal of shares from non-controlling interests			159		159
As at 30.09.2022	68,094	752,676	3,060	247,460	1,003,195
As at 01.01.2023	78,309	705,817	4,789	246,210	956,817
Consolidated earnings	55,045	55,045	367	3,496	58,909
Other comprehensive income		174,417	-42		174,376
Consolidated comprehensive income for the period	55,045	229,463	326	3,496	233,285
Dividend		0	-632	-2,344	-2,976
Issuance costs		-4			-4
As at 30.09.2023	133,354	935,276	4,483	247,363	1,187,122

* Excluding separately recognised effects from reclassifications.

Condensed consolidated segment reporting (operating)

in TEUR	Wind Parks	PV Parks	Service	Asset Management
Revenue*	67,777	262,010	40,011	11,338
(previous year)	(82,219)	(269,456)	(3,358)	(16,294)
Operating earnings before interest, taxes, depreciation and amortisation (operating EBITDA)	48,854	202,414	2,822	216
(previous year)	(66,874)	(206,144)	(930)	(7,552)
Operating EBITDA margin (%)*	72.08 %	77.25 %	7.05 %	1.91 %
(previous year)	(81.34 %)	(76.50 %)	(27.70 %)	(46.35 %)
Operating depreciation and amortisation	-22,361	-63,073	-723	-510
(previous year)	(-19,183)	(-84,071)	(0)	(-410)
Operating earnings (operating EBIT)	26,493	139,341	2,099	-294
(previous year)	(47,691)	(122,073)	(930)	(7,141)

in TEUR	Total of reportable operating segments	Reconciliation (administration)	Reconciliation (consolidation)	Total
Revenue*	381,136	0	-14,867	366,268
(previous year)	(371,326)	(703)	(-3,251)	(368,777)
Operating earnings before interest, taxes, depreciation and amortisation (operating EBITDA)	254,307	-7,800	-364	246,143
(previous year)	(281,500)	(-10,209)	(-14)	(271,276)
Operating EBITDA margin (%)*	66.72 %	-	-	67.20 %
(previous year)	(75.81 %)	-	-	(73.56 %)
Operating depreciation and amortisation	-86,667	-636	11	-87,291
(previous year)	(-103,665)	(-764)	(11)	(-104,418)
Operating earnings (operating EBIT)	167,640	-8,436	-352	158,852
(previous year)	(177,835)	(-10,973)	(-3)	(166,859)

The timing of the recognition of the revenue presented in the segment reporting is carried out in relation to the period.

* The comparison figure for the previous year was adjusted due to the change in the recognition of the levy applied in relation to the Europe-wide system to cap electricity prices.

Assurance of the legal representatives

We declare that, to the best of our knowledge and according to the applicable accounting standards, the report for the third quarter of 2022 as at 30 September 2023, in connection with the annual report for 2022, gives a true and fair view of the financial performance, financial position and net assets of the Group and presents the situation of the Group in a true and fair way so as to suitably describe the material opportunities and risks associated with the expected development of the Group.

Hamburg, November 2023

Encavis AG

Management Board

Dr Christoph Husmann	Mario Schirru
Spokesman of the Management Board and CFO	CIO/COO

The Encavis share

Share's key figures

Listed since	28.07.1998
Subscribed capital	EUR 161,030,176.00
Number of shares	161.03 million
Stock market segment	Prime Standard
Dividend 2016 per share	EUR 0.20
Dividend 2017 per share	EUR 0.22
Dividend 2018 per share	EUR 0.24
Dividend 2019 per share	EUR 0.26
Dividend 2020 per share	EUR 0.28
Dividend 2021 per share	EUR 0.30
Dividend 2022 per share	EUR 0.00
52-week high	EUR 21.05
52-week low	EUR 11.36
Share price (9 November 2023)	EUR 12.84
Market capitalisation (9 November 2023)	EUR 2,068 million
Indexes	MDAX, STOXX Europe 600, MSCI World, MSCI Europe, MSCI Germany Small-Cap, S&P Clean Energy Index, Solar Energy Stock Index, PPVX, HASPAX
Trading centres	Regulated market in Frankfurt am Main (Prime Standard) and Hamburg; over-the-counter market in Berlin, Dusseldorf, Munich, Stuttgart, Tradegate Exchange
ISIN	DE0006095003
Designated Sponsor	M.M. Warburg & CO Bank; Raiffeisen Bank International AG; Stifel Europe Bank AG
Payment office	DZ Bank

Encavis AG financial calendar

Date	Financial event
2023	
13 November 2023	Publication of interim statement for Q3/9M 2023 (after close of trading)
14 November 2023	Analyst conference call on the interim statement for Q3/9M 2023 / 8.30 am CET
15 November 2023	BNP Paribas Exane MidCap CEO Conference, Paris, France
16 to 17 November 2023	Jefferies (NDR) Roadshow, London/Dublin, UK/Ireland
21 November 2023	DZ Bank Equity Conference, Frankfurt am Main, Germany
23 November 2023	Solarplaza Summit Energy Storage Germany, Cologne, Germany
24 November 2023	Interest payment on hybrid convertible bond 2021
27 to 29 November 2023	Deutsches Eigenkapitalforum EKF 2023, Frankfurt am Main, Germany
28 to 29 November 2023	Enlit Europe 2023, Paris, France
30 November 2023	CIC FORUM by Market Solutions, Paris, France
11 December 2023	Interest payment on 2015 Schuldschein loan (SSD)
2024	
11 to 12 January 2024	27th ODDO BHF Forum, Lyon, France
15 to 17 January 2024	UniCredit Kepler Cheuvreux 23rd German Corporate Conference (GCC), Frankfurt am Main, Germany
18 January 2024	Pareto Securities' 26th annual Power & Renewable Energy Conference, Oslo, Norway
30 Jan. to 1 Feb. 2024	Berenberg (NDR) Roadshow USA, New York, Chicago, Salt Lake City, USA
20 to 22 February 2024	E-world energy & water, Essen, Germany
27 to 28 February 2024	SpareBank 1 Markets 2024 Energy Conference, Oslo, Norway
2 March 2024	Interest payment on 2023 Green Schuldschein loan (SSD)
12 March 2024	Interest payment on 2018 Green Schuldschein loan (SSD)
19 to 21 March 2024	Jefferies Pan-European Mid-Cap Conference 2024, London, The United Kingdom
24 March 2024	Interest payment on 2021 green bearer bond
26 March 2024	Publication of consolidated financial statements 2023 (after close of trading)
27 March 2024	Analyst conference call on the consolidated financial statements 2023 / 8.30 am CET
8 to 10 April 2024	RBI Zürs Investment Conference 2024, Zürs, Austria
7 May 2024	Publication of sustainability reports 2023 (after close of trading)
8 May 2024	Analyst conference call on the sustainability reports for 2023 / 8.30 am CEST
14 May 2024	Publication of interim statement for Q1 2024 (after close of trading)
15 May 2024	Analyst conference call on the interim statement for Q1 2024 / 8.30 am CEST
24 May 2024	Interest payment on hybrid convertible bond 2021
5 June 2024	Annual General Meeting, Hamburg, Germany
6 to 7 June 2024	M.M. Warburg Highlights 2024, Hamburg, Germany
1 to 2 July 2024	Warburg ESG Conference, Frankfurt am Main, Germany
14 August 2024	Publication of interim statement for Q2/6M 2024 (after close of trading)
15 August 2024	Analyst conference call on the interim statement for Q2/6M 2024 / 8.30 am CEST
2 September 2024	Interest payment on 2023 Green Schuldschein loan (SSD)
12 September 2024	Interest payment on 2018 Green Schuldschein loan (SSD)
13 November 2024	Publication of interim statement for Q3/9M 2024 (after close of trading)
14 November 2024	Analyst conference call on the interim statement for Q3/9M 2024 / 8.30 am CET
24 November 2024	Interest payment on hybrid convertible bond 2021
11 December 2024	Interest payment on 2015 Schuldschein loan (SSD)

Forward-looking statements and forecasts

This report includes forward-looking statements based on current expectations, assumptions and forecasts by the Management Board and the information available to it at the time. Known or unknown risks, uncertainties and influences may mean that the actual results, the financial position or the company's development differ from the estimates provided here. We assume no obligation to update the forward-looking statements made in this report.

Rounding differences may occur in percentages and figures in this report.

Contact

All relevant information relating to Encavis AG is published and provided on the company's website www.encavis.com under "Investor Relations" in the interest of transparent capital market communications.

Encavis AG also uses social media such as LinkedIn (https://de.linkedin.com/company/encavis-ag) and X (formerly Twitter) (https://x.com/encavis) to share company news and information quickly and transparently.

The Investor Relations department is at the disposal of all existing and potential shareholders at any time for questions and suggestions on the share and the company.

We look forward to hearing from you!

Encavis AG
Investor Relations
Große Elbstraße 59
22767 Hamburg, Germany

T: +49 (0)40 37 85 62 242
E-mail: ir@encavis.com

ENCAVIS

Encavis AG
Große Elbstraße 59
22767 Hamburg, Germany
T +49 (40) 3785 620
F +49 (40) 3785 62 129
info@encavis.com

Encavis Asset Management AG
Professor-Messerschmitt-Straße 3
85579 Neubiberg, Germany
T +49 (89) 44230 600
F +49 (89) 44230 6011
assetmanagement@encavis-am.com