

ENCAVIS

Interim Statement Q1
2022

Dear Shareholders, Ladies and Gentlemen,

After our successful 2021 financial year, we are still on a clear growth trajectory in the first quarter of 2022. With the help of our strategic development partners, we have secured a project pipeline of wind and solar installations with a total generation capacity of more than 3.2 gigawatts (GW). This is the foundation for organically growing our portfolio of wind and solar parks in order to implement our >> Fast Forward 2025 growth strategy. In the future, we will also realise both opportunities to purchase installations that benefit from guaranteed feed-in tariffs (FITs) as well as to acquire parks for which the sale of the electricity produced is secured via long-term contracts with industrial customers (known as power purchase agreements, or PPAs). These parks open up the world of direct sales of green electricity to companies, which is a market experiencing extremely dynamic growth. For this purpose, we combined our expertise into a separate PPA Origination department last year.

In the first quarter of this year, we connected renewable energy parks with a generation capacity totalling 120 megawatt-peak (MWp) to the grid. As previously reported, the two solar parks Hijken and Schaapsdijk with a combined generation capacity of 24 MWp were connected to the grid in the Netherlands. In addition, the two solar parks Groß Behnitz (25 MWp) in Brandenburg and Rødby Fjord (71 MWp) in Lolland in the south-west of Zealand (Denmark) came on stream as planned. The electricity generated by the Rødby Fjord solar park in Denmark will be sold to a tech company on the basis of a pay-as-produced structure under a ten-year power purchase agreement. Rødby Fjord will also benefit from a 20-year feed-in tariff from the Danish Ministry of Energy, Utilities and Climate. At the end of March, we added a further 11.5 megawatts (MW) of generation capacity by acquiring the Svoldrup wind park in the north of Jutland, Denmark, which is already connected to the grid. The wind park's electricity production is secured until the end of 2023 by a pay-as-produced power purchase agreement. For the period after 2024, Encavis will enter into a long-term power purchase agreement with a new party.

Our subsidiary Encavis Asset Management AG in Neubiberg near Munich continues to perform well. Together with BayernInvest Luxembourg S.A., it launched the special bank fund Encavis Infrastructure Fund IV (EIF IV) at the end of 2021 for a target group consisting of institutional investors as well as insurance companies, building societies and cooperative banks. The aim is to build up a portfolio that is broadly diversified in terms of technology (onshore wind and solar) and European locations and focuses on stability and yield strength in the long term. The EIF IV has a target fund volume of up to EUR 600 million. At the beginning of February, the fund acquired its first onshore wind park in Ireland, comprising a total of seven turbines with a total capacity of 23.6 MW, six of which are already connected to the grid and in each case have a generation capacity of 3.6 MW. The last turbine is scheduled to begin operating in mid-2023. In January, Encavis Asset Management AG made its first investment in Spain, acquiring the Archidona solar park in the province of Málaga (Andalusia) for its Encavis Infrastructure Fund II (EIF II) special fund. The park, which has a total capacity of 56.3 MW, is set to come on stream around now. For the first time in Encavis' asset management, the sale of the energy generated is secured by a long-term power purchase agreement with the world's largest brewer Anheuser-Busch InBev.

Our very good figures for the first quarter of 2022 not only exceeded our forecasts in terms of production volume and electricity prices, but are also up significantly year on year. This improvement over the same period of last year was driven primarily by greater electricity production thanks to more favourable weather conditions compared to the meteorologically very poor first quarter of 2021. This increased output from our existing operations was boosted even further by volume effects from the new wind and solar parks that went online in the past year and during the first quarter of 2022. The electricity prices realised in the reporting period were roughly on a par with the fourth quarter of 2021, and therefore above those from the first quarter of 2021. This was the case in January and February, i.e. before the war in Ukraine. During the first three months of the 2022 financial year, the Group generated revenue of EUR 90.4 million (previous year: EUR 58.9 million). This considerable increase of more than 53% is mainly attributable to higher production volumes from both our solar park portfolio (EUR +15.4 million) and our wind park portfolio (EUR +14.6 million) compared to the previous year.

Cash flow from operating activities rose sharply by 62% to EUR 64.7 million (previous year: EUR 39.9 million), reaching the level of operating earnings before interest, taxes, depreciation and amortisation (operating EBITDA) for the first time. Operating EBITDA grew equally strongly in the first three months of the 2022 financial year, climbing by around 64% to EUR 64.4 million (previous year: EUR 39.3 million). Operating earnings before interest and taxes (EBIT) jumped by more than 168% to EUR 34.8 million (previous year: EUR 13.0 million).

This ultimately resulted in significantly improved operating earnings per share of EUR 0.08 in the first quarter of 2022, following a loss of EUR 0.05 per share in the same quarter of 2021 – a sharp increase of EUR 0.13 per share.

It goes practically without saying that we would like to offer you, our shareholders, an opportunity to benefit from the successful growth of Encavis AG. That is why we plan to recommend to the Annual General Meeting the distribution of a dividend of EUR 0.30 per voting share for the 2021 financial year, in accordance with our long-term dividend strategy, which remains valid until the end of the current financial year. As in years past, the distribution will once again be offered as an optional dividend, enabling shareholders to choose between receiving it in the form of shares in the company or in the form of cash.

In light of the Encavis Group's business strategy, which is geared towards qualitative growth, we again expect significant growth in the 2022 financial year. Revenue and earnings will increase considerably as a result of the new acquisitions we made in 2021 and those we have already completed in the 2022 financial year. We anticipate that revenue will climb to more than EUR 380 million in the 2022 financial year (increase of 14%). Operating EBITDA is expected to rise to more than EUR 285 million (increase of 11%). At Group level, we are set to achieve growth in operating EBIT to more than EUR 166 million (increase of 11%), bringing operating earnings per share up to EUR 0.51 (increase of 6%). We expect to generate operating cash flow upwards of EUR 260 million, which is above the extremely strong figure recorded in 2021. These expectations for the 2022 financial year are based on the composition of our portfolio of wind and solar parks as at mid-March 2022, as well as the expectation of standard weather conditions. We continued to use the electricity price forecasts from late December 2021 as a basis, because the outbreak of the war in Ukraine led to a sharp increase in the volatility of electricity prices, thus preventing reliable forecasts from being made at present.

We would be very pleased if you, dear Encavis AG shareholders, would continue to place your trust in us and accompany us on our path towards future growth. Stay healthy and safe during these difficult times, and stay tuned to see how we seize the opportunities offered by these times – with dedication and good judgement – to create a successful future.

Hamburg, May 2022



Dr Dierk Paskert
CEO



Dr Christoph Husmann
CFO



Dr Dierk Paskert
Chief Executive Officer (CEO)



Dr Christoph Husmann
Chief Financial Officer (CFO)

Group operating KPIs*

In EUR million

	01.01.–31.03.2022	01.01.–31.03.2021
Revenue	90.4	58.9
Operating* EBITDA	64.4	39.3
Operating* EBIT	34.8	13.0
Operating* EBT	16.6	-3.6
Operating* EAT	14.2	-5.2
Operating cash flow	64.7	39.9
Operating* earnings per share (undiluted/in EUR)	0.08	-0.05
	31.03.2022	31.12.2021
Equity	1,006	1,066
Liabilities	2,214	2,150
Balance sheet total	3,220	3,216
Equity ratio in %	31.2	33.2

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

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 at 31 December 2021 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 2021.

Business activities

Business model

Encavis AG, which is listed on the SDAX 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 solar parks and onshore wind parks. In the acquisition of new installations, the company focuses on a mix of projects in development, construction-ready and turnkey projects, or existing installations that have guaranteed feed-in tariffs or for which long-term power purchase agreements 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.

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 is currently comprised of a total of 208 solar parks and 96 wind parks with a capacity of around 3.2 GW in Germany, Italy, France, the United Kingdom, Austria, Finland, Sweden, Denmark, the Netherlands, Spain and Ireland. Of these, the Group operates 33 solar parks and 56 wind parks for third parties in the Asset Management segment.

Industry-specific underlying conditions

Development of energy needs and share of renewable sources

The expansion of renewable energies continued against the backdrop of a further increase in global energy demand compared to 2021. Despite unfavourable weather conditions, growth of 6% was achieved.

The International Energy Agency (IEA) expects global energy demand to rise by 3% in 2022, although this estimate is qualified by the COVID-19 pandemic and high energy prices as well as the war in Ukraine. According to the IEA's forecast, renewable energy sources will account for a 32% share in 2024, up from 28% in 2021, and generate 9,906 terawatt-hours (TWh) of electricity.

Developments in European core markets

At just under 244 TWh, electricity generation from renewable energies in the European Union in the first quarter of 2022 remained roughly at the previous year's level (Q1 2021: 240 TWh) and thus fell short of the 280 TWh recorded in the first quarter of 2020. In the wind segment, generation was up from around 111 TWh in the first quarter of 2021 to 129 TWh.

At around 450 TWh, the volume of conventionally generated electricity stagnated in the first three months of this year at roughly the same level as seen in the previous year (Q1 2021: 448 TWh). While the generation of energy using coal increased by a total of 12% to stand at 115.7 TWh (Q1 2021: 103.2 TWh), nuclear power saw a decline of 9% to 172.5 TWh (Q1 2021: 188.5 TWh). The use of gas to generate power rose by 3% to 133.9 TWh (Q1 2021: 129.4 TWh).

Political developments in Germany and Europe

Greater energy demand due to the restart of the global economy drove up energy costs in 2021, prompting governments in certain European countries to introduce measures such as electricity price caps and financial support for households and consumers. The Russian invasion of Ukraine dramatically accelerated this trend. To reduce Europe's current high dependence on Russian energy, plans and packages of measures have been adopted in Germany and at European level to massively promote the expansion of wind and solar power in particular, which are now referred to as "freedom technologies".

In view of global developments, the Easter package announced by Germany's coalition government when it took office has gained even more significance. Under these plans, around 80% of energy is to be generated by renewable sources by 2030, and 100% as far possible by 2035. To achieve this, the expansion of these capacities will receive the status

of “overriding public interest”, which gives it priority over all other factors. The main objective is to cut red tape and create an advantageous regulatory framework.

In the area of onshore wind power, the government plans to expand capacity each year, initially by 5 GW in 2022 and then by 10 GW from 2025 onwards, by making low-wind locations more attractive through an improvement in the reference agreement, offering tax breaks for wind power installations in the next two years and no longer restricting the size of pilot wind parks. The issue of making areas available is also to be tackled in the subsequent “summer package”.

In the photovoltaic segment, an annual increase of 7 GW is envisaged for 2022 and of 22 GW from 2026 onwards. Ground-mounted PV systems are to be promoted overall by issuing tenders for the development of more sites and additional projects (such as floating PV). Agricultural photovoltaics or installations on marshland are to receive a bonus to improve their competitiveness.

The European Commission has set itself ambitious goals for the expansion of renewable energies – partly to solve the problem of dependence on Russian fossil fuels – with its REPowerEU project and the European Green Deal. For example, the Commission will require member states to accelerate approval processes and wants to enable national governments to help (private and industrial) consumers meet the high cost of energy. The proposals also include the goal of combating dependence on components in the renewable energies segment by promoting domestic industry and, if necessary, through stockpiling.

The largest contribution to the energy transition at European level will be made by the EU Taxonomy, which will make it easier to compare the sustainability of companies and in turn encourage funds to be channelled towards enterprises that enable the achievement of the Paris Agreement.

At the end of 2021, the Taxonomy caused controversy by including nuclear power and gas in the list of green technologies. Although this is not compatible with the general definition of sustainable, there is little concern that it could prompt investors to finance nuclear and gas power plants instead of wind and solar parks. The technical hurdles that these technologies must overcome to be deemed Taxonomy-eligible are very high. New nuclear power plants will only comply with the Taxonomy if a waste repository plan starting in 2050 has been prepared. However, there is currently not a single approved repository worldwide that meets the necessary criteria. Gas power plants are only allowed to replace old CO₂-intensive power stations and must be able to run on hydrogen in the future. On the other hand, the Taxonomy merely constitutes a recommendation for investment. Investors can equally apply (sustainability) criteria of their own that generally do not include either technology. From a business perspective, renewable energies, especially ground-mounted solar and onshore wind installations, are already the most cost-effective form of energy generation today because they have the lowest average cost of electricity production compared to all other power sources.

Share of net electricity production in Germany accounted for by renewable energies up in Q1 2022

According to data from the Fraunhofer Institute for Solar Energy Systems, renewable energies accounted for around 51% of net electricity production in Germany in the first quarter of 2022. This represents an almost eight percentage-point increase on the 43.2% recorded in the first quarter of 2021 and is approaching the 55.4% share achieved in Q1 2020.

The reason for this development is greater energy production from renewable sources, which is due in particular to the good performance of the wind segment. The latter’s share of total power generation in the first three months of 2022 was 33.8% on average (Q1 2021: 25.6%; Q1 2020: 37.3%).

The corresponding figure for photovoltaic installations rose by more than one percentage point year on year from 5.6% to 6.9%.

Other current economic factors such as supply chain problems, interest rates, inflation and PPAs

As Encavis has avoided best-effort supply agreements, the disruption of global supply chains has not yet affected the operation or completion of parks. At present, the ongoing lockdowns at Chinese ports are not having any direct impact on current projects, but will lead to a slower recovery of already very strained supply chains.

Low interest rates in recent months are enabling Encavis AG to continue to refinance its existing portfolio at significantly improved conditions.

The current high inflation in Europe is not necessarily a negative factor for Encavis AG’s business activities.

Consistently high demand for green power is also reflected in long-term power purchase agreements in the private sector, with the supply of these PPAs not remotely able to meet demand. Funding is available on the market, but the pipeline of developers is too small to make full use of it.

Course of business and development of the segments

Encavis AG connects generation capacity totalling 120 MWp of renewable energy to the grid in Q1 2022 and acquires five Danish wind energy installations (11.5 MW)

In the first quarter of 2022, Encavis AG connected generation capacity totalling 120 MWp of renewable energy to the grid. For example, the two solar parks Hijken and Schaapsdijk with a combined generation capacity of 24 MWp were connected to the grid in the Netherlands. In addition, the two solar parks Groß Behnitz (25 MWp) in Brandenburg and Rødby Fjord (71 MWp) in Lolland in the south-west of Zealand (Denmark) came on stream as planned. In Groß Behnitz, state-of-the-art bifacial solar modules will deliver subsidy-free renewable energy that is to be sold directly to a commercial/industrial customer under a long-term power purchase agreement. The electricity generated by the Rødby Fjord solar park in Denmark will also be sold to a tech company on the basis of a pay-as-produced structure under a ten-year power purchase agreement. Rødby Fjord will also benefit from a 20-year feed-in tariff from the Danish Ministry of Energy, Utilities and Climate.

At the end of March 2022, Encavis additionally acquired the Svoldrup wind park in Denmark, which is already connected to the grid. The park has a total generation capacity of 11.5 MW. Encavis has now acquired five of the total of six 126-metre-high Siemens SWT-2.3-93 wind turbines (2.3 MW each) of the wind park constructed back in 2010. They are in very good condition and have reliably produced green power since the acquisition. The sixth wind turbine has been owned by Encavis since 2019. The wind park's electricity production is secured until the end of 2023 by pay-as-produced power purchase agreements. For the period after 2024, Encavis will enter into a long-term power purchase agreement with a new party.

Segment development

The Group's business activities are subject to seasonal influences, which leads to fluctuations in revenue and earnings during the course of the year. In terms of the PV Parks segment, the months from 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 three months of 2022 came to 368.9 gigawatt-hours (GWh) (previous year: 263.8 GWh). The solar parks in Spain accounted for around 44 % of the fed-in power (previous year: 39 %), those in Germany for 14 % (previous year: 15 %), those in France for 12 % (previous year: 16 %), those in Italy for 13 % (previous year: 16 %), those in the Netherlands for 8 % (previous year: 7 %), those in the United Kingdom for 6 % (previous year: 7 %) and those in Denmark for 3 % (previous year: 0 %).

Actual power fed into the grid by the Wind Parks segment in the first three months of 2022 amounted to 340.6 GWh (previous year: 272.1 GWh). Of this figure, some 53 % (previous year: 50 %) was attributable to the wind parks in Germany, 33 % (previous year: 32 %) to the wind parks in Denmark, 7 % (previous year: 10 %) to the wind parks in France, 6 % (previous year: 0 %) to the wind parks in Finland and 1 % (previous year: 1 %) to the wind park in Italy. In the previous year, 6 % of the fed-in power came from the wind parks in Austria, which were sold in December 2021.

Operating earnings (non-IFRS)

Explanation of the earnings position

Revenue and other income

During the first three months of the 2022 financial year, the Group generated revenue of TEUR 90,386 (previous year: TEUR 58,931). This significant increase of around 53% is attributable equally to the solar park portfolio (+TEUR 15,360) and the wind park portfolio (+TEUR 14,641). The improvement over the same period of last year was driven primarily by greater electricity production thanks to more favourable weather conditions compared to the meteorologically very poor first quarter of 2021. This volume effect received an additional boost in the amount of TEUR 3,952 from the solar and wind parks in Germany, Denmark, the Netherlands and Finland that have been newly acquired or put into operation since the second quarter of 2021. In the Asset Management segment, revenue was up by TEUR 1,633 year on year. Finally, persistently high electricity prices also made a positive contribution to this development despite the large proportion of prices secured by long-term agreements.

Revenue is made up of revenue from feeding electricity into the grid, from the operation of parks owned by third parties and from additional revenue from Asset Management.

The Group generated other operating income of TEUR 2,325 (previous year: TEUR 1,998). This includes income from insurance compensation payments in the amount of TEUR 753 and non-period income of TEUR 328.

Personnel expenses and other expenses

Operating personnel expenses came to TEUR 5,224 (previous year: TEUR 5,171) and were therefore on a par with the previous year. Other operating expenses of TEUR 21,593 were incurred (previous year: TEUR 15,677). This includes in particular the costs of operating solar and wind parks in the amount of TEUR 17,701 (previous year: TEUR 10,792). The increase in these costs is related to the expansion of the existing portfolio. Other expenses also include TEUR 3,892 in costs for current operations (previous year: TEUR 4,885).

Operating EBITDA

Operating earnings before interest, taxes, depreciation and amortisation (EBITDA) were TEUR 64,404 in the first three months of 2022 (previous year: TEUR 39,315). The operating EBITDA margin was around 71% (previous year: 67%).

Operating depreciation and amortisation of TEUR 29,633 (previous year: TEUR 26,353) 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. The year-on-year rise is due mainly to scheduled depreciation of the solar and wind parks newly acquired or put into operation in 2021 or in the first quarter of 2022.

Operating EBIT

Operating earnings before interest and taxes (operating EBIT) stood at TEUR 34,772 (previous year: TEUR 12,962) and resulted in an operating EBIT margin of around 38% (previous year: 22%).

Financial result

Operating financial earnings in the amount of TEUR -18,145 (previous year: TEUR -16,511) resulted primarily from interest rate expenses for the non-recourse loans for solar and wind parks. 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 16,627 (previous year: TEUR -3,549). The operating EBT margin stood at around 18% (previous year: -6%).

Taxes

The consolidated statement of comprehensive income shows operating tax expenses in the amount of TEUR 2,383 (previous year: TEUR 1,663), mainly for effective tax payments in connection with solar and wind parks.

Consolidated earnings

Altogether, Encavis generated consolidated operating earnings of TEUR 14,244 (previous year: TEUR -5,212).

Calculating operating KPIs (adjusted for IFRS effects)

As outlined in the “Internal control system of Encavis” section of the 2021 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.-31.03.2022	01.01.-31.03.2021
Revenue	90,386	58,931
Other income	3,057	11,822
Cost of materials	-1,490	-766
Personnel expenses, of which TEUR -800 (previous year: TEUR -1,233) in share-based remuneration	-5,224	-5,171
Other expenses	-23,292	-15,734
Adjusted for the following effects:		
Other non-operating income	-732	-9,824
Other non-operating expenses	1,699	57
Adjusted operating EBITDA	64,404	39,315
Depreciation and amortisation	-39,994	-37,379
Adjusted for the following effects:		
Amortisation of intangible assets (electricity feed-in contracts) acquired as part of business combinations	11,270	11,980
Subsequent measurement of uncovered hidden reserves and liabilities on step-ups for property, plant and equipment acquired as part of business combinations	-909	-954
Adjusted operating EBIT	34,772	12,962
Financial result	-7,947	-8,623
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])	-10,198	-7,888
Adjusted operating EBT	16,627	-3,549
Tax expenses	-3,069	-3,617
Adjusted for the following effects:		
Deferred taxes (non-cash items)	686	1,954
Adjusted consolidated operating earnings	14,244	-5,212
of which attributable to Encavis AG shareholders	13,002	-6,929
Average number of shares in circulation in the reporting period	160,469,282	138,437,234
Adjusted operating earnings per share (in EUR)	0.08	-0.05

Net assets and financial position

Financial position and cash flow

The change in cash and cash equivalents in the first quarter of 2022 came to TEUR -104,993 (previous year: TEUR 36,725) and broke down as follows:

Cash flow from operating activities in the amount of TEUR 64,712 (previous year: TEUR 39,929) 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.

Cash flow from investing activities totalled TEUR -97,976 (previous year: TEUR -15,610) and primarily concerns payments for the acquisition of three solar parks in the Netherlands and one solar park in Denmark, as well as payments for the acquisition of five wind turbines in Denmark.

Cash flow from financing activities amounted to TEUR -71,728 (previous year: TEUR 12,406) 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. In the previous year, it included the issue of bearer bonds amounting to TEUR 20,000.

Net assets

As at 31 March 2022, equity amounted to TEUR 1,006,298 (31 December 2021: TEUR 1,066,388). The decline of TEUR 60,090 was primarily attributable to various value changes accounted for in equity with no effect on profit or loss. In particular, the positive earnings for the period in accordance with IFRS had an offsetting effect. The equity ratio was 31.25% (31 December 2021: 33.16%). Total assets increased from TEUR 3,215,888 as at 31 December 2021 to TEUR 3,220,452.

Liabilities

As at the reporting date, 31 March 2022, the Group had financial and lease liabilities in the amount of TEUR 1,898,543 (31 December 2021: TEUR 1,838,828). These comprised the 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. They also contained liabilities from listed notes from the Grid Essence portfolio (United Kingdom), including accrued interest in the amount of TEUR 27,281, as well as liabilities from debenture bonds, registered bonds and bearer bonds including accrued interest in the amount of TEUR 152,918. Liabilities from lease obligations in the amount of TEUR 197,542 (31 December 2021: TEUR 186,696) were recognised.

As at 31 March 2022, liabilities to non-controlling shareholders amounted to TEUR 38,601 (31 December 2021: TEUR 36,870).

The value of provisions as at 31 March 2022 amounted to TEUR 86,909 (31 December 2021: TEUR 86,180) and consisted of provisions for asset retirement obligations (TEUR 68,985) and other provisions (TEUR 17,924).

Trade payables increased from TEUR 28,686 as at 31 December 2021 to TEUR 40,373 as at 31 March 2022.

Events after the balance sheet date

Between the balance sheet date of 31 March 2022 and the preparation of this quarterly statement, the general situation regarding the Encavis Group's business activities did not change significantly.

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 2021 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.

Continuation of economic growth expected in 2022

The International Monetary Fund (IMF) expects global gross domestic product (GDP) to grow by 3.6% in 2022. In addition, inflation is predicted to remain at a high level because further supply chain disruptions and rising energy prices are anticipated in 2022. The spread of new coronavirus variants could prolong the pandemic and again weigh on economic development. The expected tightening of monetary policy in some countries should curb inflationary pressure, although room for manoeuvre in national fiscal policy remains limited as health and social spending have risen sharply in the course of the coronavirus pandemic. Nevertheless, the IMF takes the view that investment in climate policy remains essential to reduce the risk of far-reaching climate change.

The German Council of Economic Experts estimates that the German economy will grow by 1.8% in 2022. This forecast assumes that energy prices will remain high, but no embargo on Russian energy imports will be imposed.

Underlying conditions for renewable energies

Global energy transition boosts demand for energy from renewable sources

The world is undergoing a profound energy transition that encompasses a broad spectrum including renewable energies, energy storage, electrified vehicles and the use of particularly sustainable materials. The expansion of renewable energies plays a key role in the global energy transition. The growth of renewables continued with sustained momentum in 2021.

More than USD 900 billion was invested in the global energy transition and related climate technologies last year. Investments in the energy transition alone totalled USD 755 billion, up by a quarter compared to 2020 – double that of 2015 and more than twenty times the figure from 2004. Almost 50% of this investment, amounting to around USD 366 billion, went into the expansion of renewable energies. Conventional energy sources and fossil fuels are increasingly being supplemented or replaced with the consistent expansion and use of renewable energy sources.

The enormous investments in the energy transition offer private-sector stakeholders great economic potential. The experts at the IEA put the market potential for manufacturers of wind turbines, solar cells, lithium-ion batteries and fuel cells at well over one trillion US dollars by 2050. This roughly corresponds to the volume of the current global oil market and illustrates the extraordinarily high economic relevance of the transformation process. Global energy and economic policies are therefore becoming closely interlinked.

Private-sector power purchase agreements remain attractive

The further improved economic efficiency of renewable energies compared to conventional energy carriers, as well as companies' commitments to maintaining an eco-friendly energy balance (as outlined in the RE100 initiative, for example), have been creating increasing momentum in the market for private-sector power purchase agreements for years now. Another factor is that the price of electricity is rising consistently. Industrial companies therefore have a vested interest in securing carbon-neutral energy on dependable terms over a long period of time. Environmentally friendly electricity at reliable prices has become the most important criterion for them. According to BloombergNEF, companies purchased a record 31.1 GW of clean energy under private sector power purchase agreements, with technology companies again the largest buyers. PPAs are playing an increasingly important role in the energy transition.

Encavis on a clear course for growth with >> Fast Forward 2025

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. In order to always make use of growth opportunities that present themselves and to further increase the efficiency of the company, Encavis introduced the >> Fast Forward 2025 strategy package on 8 January 2020. The plan for the next five years is focused on five 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. Introduction of Group-wide cash pooling, including all single entities

Within the framework of >> Fast Forward 2025, Encavis is focusing on the following target figures on the basis of the values for 2019:

1. Doubling the company's own contractually secured generation capacity from 1.7 GW to 3.4 GW
2. Increasing weather-adjusted revenue from EUR 260 million to EUR 440 million
3. Growing weather-adjusted operating EBITDA from EUR 210 million to EUR 330 million
4. A margin of operating EBITDA of 75%
5. Increasing the operating earnings per share (EPS) from EUR 0.40 to EUR 0.70

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 12% annually to the year 2025. In the same period,

revenue is to increase by approximately 9% per annum, and an annual growth rate of operating EBITDA of 8% is expected. Annual growth of the operating earnings per share (EPS) amounts to around 10%.

Encavis' own portfolio currently comprises around 2 GW of capacity, putting the company exactly on the growth trajectory required to reach 3.4 GW in 2025.

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. Opportunities which could arise from profitable business models in association with future battery storage capacities at the wind and solar parks were also not taken into consideration. A possible expansion into regions outside of Europe offers further potential for growth.

Overall assessment of future development

In light of the Encavis Group's business strategy, which is geared towards qualitative growth, we again expect significant growth in the 2022 financial year. The strategic transformation of the company, as well as the successful entry into the PPA business with the two Spanish solar parks "La Cabrera" and "Talayuela" – both of which are already connected to the grid – and the continued rise in electricity prices will significantly increase revenue and profit.

Based on the existing portfolio as at 14 March 2022 and in anticipation of standard weather conditions for the 2022 financial year, the Management Board therefore expects an increase in revenue to over EUR 380 million (2021: EUR 332.7 million). Operating EBITDA is expected to increase to more than EUR 285 million (2021: EUR 256.4 million). The Group anticipates growth in operating EBIT to more than EUR 166 million (2021: EUR 149.1 million). The Group expects operating cash flow to exceed EUR 260 million and therefore to be above the very strong 2021 figure (EUR 251.9 million). In addition, operating earnings per share of EUR 0.51 are forecast (2021: EUR 0.48).

Technical availability of the installations is expected to remain at more than 95% in the 2022 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 2022 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	2022e (AR 2021)	2021 (actual)
Revenue	>380	332,7
Operating EBITDA*	>285	256,4
Operating EBIT*	>166	149,1
Operating cash flow	>260	251,9
Operating earnings per share in Euro*	0.51	0,48

* Operating; contains no IFRS-related, non-cash valuation effects.

Other disclosures

Employees

As at 31 March 2022, there were 151 employees at the Group (previous year: 142 employees), of which (excluding members of the Management Board) 90 employees at Encavis AG (previous year: 88), 19 employees at Encavis GmbH (previous year: 16) and 42 employees at Encavis Asset Management AG (previous year: 38). This rise in the number of employees is mainly due to the growth-induced expansion of the team.

Dividend

The Management Board and Supervisory Board of Encavis AG want the shareholders to share in the success of the company to an appropriate extent. With this in mind, the Supervisory Board and Management Board of Encavis AG proposed, at the Annual General Meeting on 19 May 2022, to pay out a dividend of EUR 0.30 for each dividend-entitled share. This represents a year-on-year increase of 7 % (2021: EUR 0.28).

The Management Board and Supervisory Board wish to give Encavis AG shareholders the greatest possible freedom of choice in connection with the dividend. As a result, the dividend issued by Encavis AG was once again structured as an optional dividend. The shareholders are therefore able to choose whether they want to receive the dividend in cash or in the form of shares.

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 members Albert Büll and Dr Cornelius Liedtke, for office space for Encavis AG.

For the company Encavis GmbH, 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 rental agreement had a fixed term until 2019 and has been renewed automatically by one year each year since then, unless either of the parties terminates it with a notice period of six months. The agreement therefore runs until at least the end of 2022. The monthly rent is based on customary market conditions.

Notification requirements

Notifications in accordance with section 21, paragraph 1, or paragraph 1a, of the Securities Trading Act (WpHG) are shown on the website of Encavis AG at <https://www.encavis.com/en/sustainability/governance/>.

Condensed consolidated statement of comprehensive income (IFRS)

In TEUR	01.01.-31.03.2022	01.01.-31.03.2021
Revenue	90,386	58,931
Other income	3,057	11,822
<i>Of which income from the reversal of impairments for expected credit losses</i>	118	1,865
Cost of materials	-1,490	-766
Personnel expenses	-5,224	-5,171
<i>Of which in share-based remuneration</i>	-800	-1,233
Other expenses	-23,292	-15,734
<i>Of which impairment for expected credit losses</i>	-202	-57
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	63,437	49,083
Depreciation and amortisation	-39,994	-37,379
Earnings before interest and taxes (EBIT)	23,443	11,703
Financial income	12,449	9,416
Financial expenses	-20,475	-18,042
Earnings from financial assets accounted for using the equity method	80	3
Earnings before taxes on income (EBT)	15,496	3,080
Taxes on income	-3,069	-3,617
Consolidated earnings	12,427	-537
Items that can be reclassified to profit or loss		
Currency translation differences	61	-555
Cash flow hedges – effective portion of changes in fair value	-96,168	7,549
Cost of hedging measures	-36	24
Income tax relating to items that may be reclassified to profit or loss	23,803	-1,880
Reclassifications	0	17,820
Other comprehensive income	-72,340	22,958
Consolidated comprehensive income	-59,913	22,421
Consolidated earnings for the period		
Attributable to Encavis AG shareholders	11,198	-2,220
Attributable to non-controlling interests	73	-331
Attributable to hybrid capital investors	1,156	2,014
Consolidated comprehensive income for the period		
Attributable to Encavis AG shareholders	-61,142	20,737
Attributable to non-controlling interests	73	-330
Attributable to hybrid capital investors	1,156	2,014
Earnings per share		
Average number of shares in circulation in the reporting period		
<i>Undiluted</i>	160,469,282	138,437,234
<i>Diluted</i>	160,469,282	138,437,234
Undiluted/diluted earnings per share (in EUR)	0.07	-0.02

Condensed consolidated balance sheet (IFRS)

Assets in TEUR	31.03.2022	31.12.2021
Intangible assets	442,493	446,320
Goodwill	27,451	27,466
Property, plant and equipment	2,250,437	2,174,952
Financial investments recognised using the equity method	15,331	15,233
Financial assets	4,904	4,875
Other receivables	19,080	8,059
Deferred tax assets	14,302	6,123
Total non-current assets	2,773,998	2,683,028
Inventories	470	751
Trade receivables	63,297	47,731
Non-financial assets	7,310	6,046
Receivables from income taxes	23,745	24,760
Other current receivables	12,423	8,934
Liquid assets	339,209	444,639
<i>Cash and cash equivalents</i>	287,382	394,228
<i>Liquid assets with restrictions on disposition</i>	51,827	50,410
Total current assets	446,455	532,860
Balance sheet total	3,220,452	3,215,888

Equity and liabilities in TEUR

	31.03.2022	31.12.2021
Subscribed capital	160,469	160,469
Capital reserves	616,283	616,363
Other reserves	-78,303	-5,963
Net retained profits	57,948	46,750
Equity attributable to Encavis AG shareholders	756,397	817,619
Equity attributable to non-controlling interests	2,447	2,464
Equity attributable to hybrid capital investors	247,454	246,305
Total equity	1,006,298	1,066,388
Non-current liabilities to non-controlling interests	37,803	36,768
Non-current financial liabilities	1,561,849	1,482,599
Non-current lease liabilities	185,242	176,068
Other non-current liabilities	5,647	5,845
Non-current provisions	70,182	73,018
Deferred tax liabilities	110,478	125,431
Total non-current liabilities	1,971,201	1,899,729
Current liabilities to non-controlling interests	798	102
Liabilities from income taxes	15,833	15,614
Current financial liabilities	139,152	169,533
Current lease liabilities	12,300	10,628
Trade payables	40,373	28,686
Other current liabilities	17,770	12,047
Current provisions	16,726	13,162
Total current liabilities	242,953	249,772
Balance sheet total	3,220,452	3,215,888

Condensed consolidated cash flow statement (IFRS)

In TEUR	01.01.-31.03.2022	01.01.-31.03.2021
Consolidated earnings	12,427	-537
Cash flow from operating activities	64,712	39,929
Cash flow from investing activities	-97,976	-15,610
Cash flow from financing activities	-71,728	12,406
Change in cash and cash equivalents	-104,993	36,725
Change in cash due to exchange rate changes	-50	378
Cash and cash equivalents		
As at 01.01.2022 (01.01.2021)	392,425	166,867
As at 31.03.2022 (31.03.2021)	287,382	203,971

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 01.01.2021	138,437	479,561	1,551	-15,074	-9	-17,825
Consolidated earnings						
Other comprehensive income*			-556	5,673	20	
Reclassifications to profit/loss						17,820
Consolidated comprehensive income for the period			-556	5,673	20	17,820
Dividend						
Transactions with shareholders recognised directly in equity		-27				
Issuance costs		-2				
Acquisition of shares from non-controlling interests						
As at 31.03.2021	138,437	479,532	995	-9,401	10	-4
As at 01.01.2022	160,469	616,363	882	-6,895	-4	54
Consolidated earnings						
Other comprehensive income			61	-72,374	-27	
Consolidated comprehensive income for the period			61	-72,374	-27	
Dividend						
Issuance costs		-80				
As at 31.03.2022	160,469	616,283	943	-79,269	-31	54

* Excluding separately recognised effects from reclassifications.

In TEUR

	Net retained profits	Equity attributable to Encavis AG share- holders	Equity attributable to non- controlling interests	Equity attri- butable to hybrid capital investors	Total
As at 01.01.2021	9,244	595,885	7,085	148,591	751,561
Consolidated earnings	-2,220	-2,220	-331	2,014	-537
Other comprehensive income*		5,137	1		5,138
Reclassifications to profit/loss		17,820			17,820
Consolidated comprehensive income for the period	-2,220	20,737	-330	2,014	22,421
Dividend			-78	-3,945	-4,023
Transactions with shareholders recognised directly in equity		-27			-27
Issuance costs		-2			-2
Acquisition of shares from non-controlling interests			6,050		6,050
As at 31.03.2021	7,024	616,593	12,727	146,659	775,979
As at 01.01.2022	46,750	817,619	2,464	246,305	1,066,388
Consolidated earnings	11,198	11,198	73	1,156	12,427
Other comprehensive income		-72,340			-72,340
Consolidated comprehensive income for the period	11,198	-61,142	73	1,156	-59,913
Dividend			-89		-89
Issuance costs		-80		-7	-87
As at 31.03.2022	57,948	756,397	2,447	247,454	1,006,298

* Excluding separately recognised effects from reclassifications.

Condensed consolidated segment reporting (operating)

In TEUR

	Wind Parks	PV Parks	PV Service	Asset Management
Revenue	34,958	51,714	1,119	3,679
(previous year)	(20,317)	(36,354)	(1,096)	(2,046)
Operating earnings before interest, taxes, depreciation and amortisation (operating EBITDA)	29,891	36,207	307	973
(previous year)	(16,458)	(25,445)	(254)	(-384)
Operating EBITDA margin (%)	86%	70%	27%	26%
(previous year)	(81%)	(70%)	(23%)	(-19%)
Operating depreciation and amortisation	-6,393	-22,902	0	-74
(previous year)	(-6,706)	(-19,239)	(0)	(-144)
Operating earnings (operating EBIT)	23,498	13,305	307	899
(previous year)	(9,752)	(6,206)	(254)	(-527)

In TEUR

	Total of reportable operating segments	Other companies and Group functions	Reconciliation	Total
Revenue	91,470	0	-1,084	90,386
(previous year)	(59,813)	(181)	(-1,062)	(58,931)
Operating earnings before interest, taxes, depreciation and amortisation (operating EBITDA)	67,379	-2,949	-27	64,404
(previous year)	(41,773)	(-2,479)	(21)	(39,315)
Operating EBITDA margin (%)	74%	-	-	71%
(previous year)	(70%)	-	-	(67%)
Operating depreciation and amortisation	-29,369	-267	4	-29,632
(previous year)	(-26,089)	(-268)	(4)	(-26,353)
Operating earnings (operating EBIT)	38,009	-3,215	-23	34,772
(previous year)	(15,685)	(-2,747)	(25)	(12,962)

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

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 first quarter of 2022 as at 31 March 2022, in connection with the annual report for 2021, gives a true and fair view of the net assets and financial and earnings positions 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, May 2022

Encavis AG

Management Board



Dr Dierk Paskert

CEO



Dr Christoph Husmann

CFO

The Encavis share

Key financial figures

Listed since	28.07.1998
Subscribed capital	EUR 160,469,282.00
Number of shares	160.47 Mio.
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
52-week high	EUR 21.59
52-week low	EUR 11.82
Share price (10 May 2022)	19.17 EUR
Market capitalisation (10 May 2022)	3,076 Mio. EUR
Indexes	SDAX, MSCI Germany Small-Cap, HASPAX, PPVX, S&P Clean Energy Index, Solar Energy Stock Index
Trading centres	Regulated market in Frankfurt am Main (Prime Standard) and Hamburg; over-the-counter market in Berlin, Düsseldorf, Munich, Stuttgart, Tradegate Exchange
ISIN	DE 0006095003
Designated Sponsor	M.M. Warburg & CO Bank; Raiffeisen Bank International AG; Stifel Europe Bank AG
Payment office	DZ BANK

*) Proposal for the appropriation of profits to the Annual General Meeting

Encavis AG financial calendar

Date	Financial event
2022	
19 May 2022	Virtual Annual General Meeting 2022, Hamburg, Germany
24 May 2022	Interest payment on hybrid convertible bond 2021
25 May 2022	Jefferies Virtual Renewable Energy Conference: Key Debate Across the Value Chain, London, United Kingdom
1 to 2 June 2022	Quirin Virtual Champions Conference 2022, Germany
9 June 2022	Jefferies Virtual Equity-Linked Conference, London, United Kingdom
16 June 2022	NATIXIS 4th Convertible Bond Event, digital conference
6 to 7 July 2022	Solar Energy Future Europe 2022, Madrid, Spain
15 August 2022	Interim statement for Q2/6M 2022
24 August 2022	Montega 8th HAMBURGER INVESTORENTAG – HIT, Hamburg, Germany
5 to 6 September 2022	Quirin Roadshow Scandinavia, Helsinki, Finland; Stockholm, Sweden; Copenhagen, Denmark
7 September 2022	ODDO BHF Commerzbank Corporate Conference 2022, Frankfurt a. M., Germany
7 to 8 September 2022	Stifel Cross Sector Insight Conference, London, United Kingdom
12 September 2022	Interest payment on 2018 green bond
19 to 21 September 2022	Berenberg/Goldman Sachs 11th German Corporate Conference, Munich, Germany
22 September 2022	11th BAADER Investment Conference, Munich, Germany
29 September 2022	Bernstein's 19th Pan European Annual Strategic Decisions Conference, London, United Kingdom
17 to 18 October 2022	Quirin's 22nd European Large & MidCap Event, Paris, France
15 November 2022	Interim Statement for Q3/9M 2022
16 to 17 November 2022	BNP Paribas Exane 5th MidCap CEO Conference, Paris, France
22 November 2022	DZ Bank Equity Conference, Frankfurt a. M., Germany
24 November 2022	Interest payment on hybrid convertible bond 2021
28 to 30 November 2022	Deutsches Eigenkapitalforum (Deutsche Börse), Frankfurt am Main, Germany
7 December 2022	CIC Market Solutions Forum, Paris, France
11 December 2022	Interest payment on debenture bond 2015

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 Twitter (<https://twitter.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

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