ENCAVIS

Interim Statement Q1

2023

Dear Shareholders,
Ladies and Gentlemen,

After our highly successful 2022 financial year, we are still on a clear growth trajectory in the first quarter of 2023. An extremely volatile environment and disruptive shocks in energy prices over the past year underscored Europe's severe reliance on oil and gas supplies from Russia, while also casting a spotlight on the urgent need for massive expansion in renewables. We remain committed to our mission of contributing to the expansion of power generation capacity based on renewable energies by acquiring and realising attractive projects. By continuously developing the operational management concept, we also aim to make our wind and solar parks so efficient that they can run profitably without requiring subsidisation.

In the first months of the year, we acquired generation capacity totalling 93 megawatts (MW) in the shape of two solar park projects in Italy: Montalto di Castro (55 MW) and Montefiascone (38 MW). This marked a positive and early start to successfully implementing our ambitious growth plan to acquire 600 MW of generation capacity before the year is out. Alongside Denmark, Germany, The Netherlands and Spain, Italy is one of the core markets that we will be focusing on relentlessly in the coming years as part of our accelerated growth strategy through to 2027. With their bifacial solar modules, the two solar parks should generate an average of approximately 154 gigawatt-hours (GWh) of power per year. For the first time, we will be marketing the generated power on the Italian market under long-term power purchase agreements (PPAs) in a marketing structure that poses a low amount of risk to us (e.g. pay-as-produced).

The figures for the first quarter of 2023 are significantly up on the previous year and therefore in line with our forecast. We successfully increased first-quarter revenue by 6 % to EUR 105.1 million (previous year: EUR 99.6[1)] million). The main reason for the increase in production volume from roughly 710 GWh to approximately 753 GWh in the first quarter of 2023 was the addition of the volume from the wind and solar parks acquired and connected to the grid since the first quarter of 2022. The new parks were able to more than compensate for the weather-related decline in the production volume of the established parks in the first quarter of 2023 compared to the previous year, when weather conditions were favourable. On average, the electricity prices realised in the first quarter of 2023 were only slightly down on those achieved in the first quarter of 2022. The weather- and price-related decline in revenue from existing operations (EUR -6.6 million) was compensated on the one hand by a planned subsequent subsidisation of our Dutch solar parks and on the other hand by the growth made by the Group. Contributing factors in this regard were the wind and solar parks connected to the grid or acquired since the first quarter of 2022 and the full consolidation of the Stern Energy subgroup.

Operating EBITDA once again stood at EUR 64.3 million (previous year: EUR 64.4 million). The rise in revenue did not cause operating EBITDA to increase at the same rate, as Stern Energy's technical business posted a below-average margin in the first quarter. Stern Energy's revenue was recognised at cost – in other words, without a mark-up. This will be corrected in the next quarter. Following the correction, the margin of the service business will be again at the level stated in the guidance. Operating earnings before interest and taxes (operating EBIT) improved slightly to EUR 35.3 million (previous year: EUR 34.8 million), while earnings before taxes (operating EBT) climbed to EUR 19.5 million (previous year: EUR 16.6 million). The Group's interest expenses declined mainly because of the improved interest result.

This caused operating earnings per share to increase by 16 % to EUR 0.09 in the first quarter of 2023, on the back of a sharp rise in the same figure to EUR 0.08 in the first quarter of the previous year. Cash flow from operating activities decreased by 20 % to EUR 51.8 million (previous year: EUR 64.7 million) due to a one-off effect in the first quarter of 2022, when compensation payments under financial PPAs had been earned but not yet paid out to the off-takers. As a result of the slight decline in electricity prices, such payments were not incurred to the same extent in the first quarter of 2023. Consequently, operating cash flow per share stood at EUR 0.32 (previous year: EUR 0.40), which is precisely in line with our guidance.

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 GW – 5.8 GW of which should already be 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, the utilisation of the Group's debt capacity and funds from financing partners.

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

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We successfully placed a Green Schuldschein loan (SSD) in the amount of EUR 210 million on the capital market at the end of February this year with a view to realising the enormous potential of further acquisitions in the current year. 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, so that with around 50 investors, more than four times the issue volume was able to be placed in three maturity tranches of 3, 5 and 7 years. In particular, savings banks, cooperative banks, foreign banks as well as pension funds and insurance companies snapped up the opportunity of the first SSD issues in 2023.

Dear shareholders, we firmly believe that you will benefit much more significantly from our Future Growth Strategy 2027, and therefore from the enormous growth opportunities that are emerging for Encavis AG in completely new dimensions and scales thanks to extremely attractive investments, than from the distribution of a dividend. Distributing a dividend would have limited these growth opportunities considerably and prevented us from seizing investment chances arising in this unprecedented market situation. Market restructuring is well underway – and we want to participate in it by harnessing all the power that the Group has. We will therefore make a proposal to the Annual General Meeting that the entire consolidated result for the period be retained for the 2022 financial year, i.e. carried forward to new account, to finance the Group's further growth using our own resources. As a consequence, for the first time, no dividend will be paid per voting share. We are taking this step from a position of strength. Given the historically unique growth that lies ahead of us, in which we intend to play a major role, we are convinced that this is the best decision in favour of our shareholders.

By generating power from renewable energy, we are already making a crucial contribution to supplying environmentally friendly and sustainable energy. The renewable energy generated by the use of photovoltaics and wind power in 2022 from the total generation capacity of the Encavis Group of currently around 3.5 gigawatts (GW), more than 2.1 GW of which in Encavis AG's own portfolio, avoided the emission of more than 0.8 million tonnes of climate-damaging CO_2 per year by Encavis AG alone. 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-only format available on our website from 22 May 2023: https://www.encavis.com/en/sustainability/.

We would be very pleased if you, dear shareholders, would continue to place your trust in us and accompany us on our path towards significantly stronger growth. We take particular pleasure in being able to invite you for the first time this year to an in-person Annual General Meeting, which is being held at the Hamburg Chamber of Commerce, on 1 June 2023, in order to engage in a personal exchange with you again.

Hamburg, May 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.-31.03.2023	01.01.-31.03.2022
Electricity production in GWh	753	710
Revenue** / revenue after electricity price brake deduction	105.1 / 98.8	99.6 / 90.4
Operating* EBITDA	64.3	64.4
Operating* EBIT	35.3	34.8
Operating* EBT	19.5	16.6
Operating* EAT	16.6	14.2
Operating cash flow	51.8	64.7
Operating cash flow per share (in EUR)	0.32	0.40
Operating* earnings per share (undiluted/in EUR)	0.09	0.08
	31 March 2023	**31 December 2022**
Equity	1,085	957
Liabilities	2,448	2,449
Balance sheet total	3,533	3,406
Equity ratio in %	30.7	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 around TEUR 6,392 (Q1 2023) or TEUR 9,253 (Q1 2022) obtained 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 obtained 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 at 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, 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.

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 and the UK and is also looking to expand into France 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 over 200 solar parks and 90 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.

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 2022. Despite unfavourable weather conditions, growth of 6 % was achieved.

The International Energy Agency (IEA) expects global energy demand to rise by 3 % in 2023, although this estimate is qualified by the consequences of the COVID-19 pandemic and high energy prices as well as the war in Ukraine. According to the estimate, renewable energy sources are set to account for a 32 % share in 2024, up from 28 % in 2021, and generate around 9,906 terawatt-hours (TWh) of electricity.

Developments in European core markets

In the first quarter of 2023, electricity generation from renewable energies in the European Union climbed considerably year on year to roughly 265 TWh (Q1 2022: 249 TWh) and also significantly outperformed the 253 TWh recorded in the first quarter of 2021. In the wind segment, generation was up from around 129 TWh in the first quarter of 2022 to just over 135 TWh.

At around 387 TWh, the volume of conventionally generated electricity was substantially lower in the first three months of this year compared to the previous year (Q1 2022: 440 TWh), a decline of 12 %. The generation of energy using coal declined by a total of 13 % to stand at 99.5 TWh (Q1 2022: 114.7 TWh), and nuclear power was down by some 7 % to 160.0 TWh (Q1 2022: 172.7 TWh). The use of gas to generate power fell by some 18 % to around 104.0 TWh (Q1 2022: 127.4 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 2022 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 as 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.

The recent update (dated 5 May 2023) of the PV strategy published by the German Federal Ministry for Economic Affairs and Climate Action (BMWK) defines eleven areas of activity and measures to accelerate photovoltaic expansion:

1. step up the expansion of ground-mounted systems,
2. ease regulations for roof-mounted systems,
3. simplify landlord-to-tenant electricity supply and shared building services,
4. make it easier to use solar power on balconies,
5. accelerate grid connections,
6. raise public acceptance of PV installations,
7. ensure effective dovetailing of energy and tax legislation,
8. secure supply chains and incentivise competitive European manufacturing,
9. attract skilled personnel,
10. drive forward technological development,
11. press ahead with rapid PV expansion, using measures including European policy instruments.

The package is geared towards ensuring that Germany can source its electricity almost entirely from renewable energy and green hydrogen by 2035. In support of this aim, the German government has resolved to double the share of the country’s (gross) power consumption covered by renewable energies from just over 40 % to 80 % by 2030. Under the German Renewable Energy Act (EEG), a total of 215 GW of photovoltaic output is planned by 2030. This means that we will have to triple the annual rate of photovoltaic capacity expansion in just eight years, from some 7 GW in 2022 to 22 GW in 2030. Such a tremendous expansion makes sense because solar power is one of the cheapest sources of energy, making it a key piece in the future power generation puzzle.

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 yield, offering tax breaks for wind power installations in the next two years and no longer restricting the size of pilot wind parks. The process of setting aside areas for onshore wind power was additionally to be tackled in the follow-up summer package from 2022.

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 will 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 plan 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 spiralling cost of energy. The proposals also include the goal of combating strategic 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 sustainability, 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 CO_2-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 financial perspective, renewable energies – and particularly ground-mounted solar and onshore wind turbines – are already the cheapest form of generating energy, as they offer the lowest average electricity production cost compared to all other forms of producing power.

Share of net electricity production in Germany accounted for by renewable energies up in Q1 2023

According to data from the Fraunhofer Institute for Solar Energy Systems, renewable energies accounted for around 54 % of net electricity production in Germany in the first quarter of 2023. This represents an increase of some two percentage points, from around 52 % in the first quarter of 2022.

This development can be explained by an increased energy production of renewable energy sources, which is especially due to the good performance of the wind segment. On average, wind accounted for 34.7 % of total power generation in the first three months of 2023 (Q1 2022: 33.4 % and Q1 2021: 25.6 %).

The corresponding figure for photovoltaic installations fell by just under one percentage point year on year from 6.9 % to 6.0 %.

Other current economic factors

The avoidance of best-effort supply agreements at Encavis means that the disruption of global supply chains has not yet affected the operation or completion of parks.

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.

Course of business and development of the segments

Significant events in the Group portfolio and 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 individual projects, which 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 – enough to cover the average annual electricity requirements of some 10,000 households and save roughly 20,000 tonnes of CO_2 each year. The two wind turbines are scheduled for commissioning at the end of 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 (EEG) 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 meters 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 its solar park with a total capacity of 105 MW in the local council meeting of 28 February. This means the preparatory construction measures can be initiated in spring 2023 as planned. 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.

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, so that with around 50 investors, more than four times the issue volume was able to be placed 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 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.

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). The wind park, which consists of four wind turbines, was developed and realised by the UKA Group. 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. The entire wind park supplies some 27,700 households with green electricity and saves over 30,500 tonnes of CO_2 per year.

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, 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 2023 came to 365.2 GWh (previous year: 368.9 GWh). Of the power fed into the grid, some 52 % (previous year: 44 %) is attributable to the solar parks in Spain, 12 % (previous year: 13 %) to the solar parks in Italy, 10 % (previous year: 14 %) to the solar parks in Germany, 10 % (previous year: 12 %) to the solar parks in France, 6 % (previous year: 8 %) to the solar parks in The Netherlands, 5 % (previous year: 6 %) to the solar parks in The United Kingdom, 4 % (previous year: 3 %) to the solar parks in Denmark as well as 1 % (previous year: 0 %) to the solar park in Sweden.

Actual power fed into the grid by the Wind Parks segment in the first three months of 2023 amounted to 388.2 GWh (previous year: 340.6 GWh). Of this figure, some 44 % (previous year: 53 %) was attributable to the wind parks in Germany, 27 % (previous year: 33 %) 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, 3 % (previous year: 6 %) 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 31 March 2022, levies obtained 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 and other income

During the first three months of the 2023 financial year, the Group generated revenue of TEUR 105,142 (previous year: TEUR 99,639[1)]), which equates to an increase of approximately 6 %. The main reason for the increase in production volume from roughly 710 GWh to approximately 753 GWh in the first quarter of 2023 was the addition of the volume from the wind and solar parks acquired and connected to the grid since the first quarter of 2022. The new parks were able to more than compensate for the weather-related decline in the production volume of the established parks in the first quarter of 2023 compared to the previous year, when weather conditions were favourable. On average, the electricity prices realised in the first quarter of 2023 were only slightly down on those achieved in the first quarter of 2022. With revenue from existing operations declining (EUR -6.6 million) due to weather- and price-related factors, this increase in Group revenue was mainly due to the growth of the Group. Contributing factors in this regard were the wind and solar parks connected to the grid or acquired since the first quarter of 2022 and the full consolidation of the Stern Energy subgroup. In addition, a planned subsequent subsidisation of our Dutch solar parks had a revenue-increasing effect. In the Asset Management segment, revenue was TEUR 393 higher than in the previous year.

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

The Group generated other operating income of TEUR 2,381 (previous year: TEUR 2,325). This includes non-period income in the amount of TEUR 1,123 and income from insurance compensation payments of TEUR 782.

Cost of materials, personnel expenses and other expenses

Cost of materials amounted to TEUR 5,671 in the first quarter of 2023 (previous year: TEUR 1,490). This primarily includes the expenses for purchased power in the wind and solar parks, expenses in connection with the direct marketing of the electricity produced as well as material consumption in the service business. The increase is chiefly 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 8,048 (previous year: TEUR 5,224). 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 29,493 were incurred (previous year: TEUR 30,846[1)]). This comprises, in particular, the costs of operating wind and solar parks in the amount of TEUR 19,950 (previous year: TEUR 25,615[1)]). Other expenses also include TEUR 9,543 in costs for current operations and the service business (previous year: TEUR 3,892).

Operating EBITDA

Operating earnings before interest, taxes, depreciation and amortisation (EBITDA) were TEUR 64,312 in the first three months of the 2023 financial year (previous year: TEUR 64,404). The operating EBITDA margin stood at around 61 % (previous year: 65 %[1)]). The rise in revenue did not cause operating EBITDA to increase at the same rate, as Stern Energy's technical business posted a below-average margin in the first quarter. Revenue was recognised at cost, in other words without a mark-up. This will be corrected in the next quarter. Following the correction, the margin of the service business will be again at the level stated in the guidance.

Operating depreciation and amortisation of TEUR 28,996 (previous year: TEUR 29,633) 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 35,316 (previous year: TEUR 34,772) and resulted in an operating EBIT margin of around 34 % (previous year: 35 %[1)]).

Financial result

Operating financial earnings in the amount of TEUR -15,802 (previous year: TEUR -18,145) resulted primarily from interest rate expenses for the non-recourse loans for wind and solar 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 19,514 (previous year: TEUR 16,627). The operating EBT margin stood at around 19 % (previous year: 17 %[1)]).

Taxes

The consolidated statement of comprehensive income shows operating tax expenses in the amount of TEUR 2,962 (previous year: TEUR 2,383), mainly for effective tax payments in connection with wind and solar parks.

Consolidated earnings

Altogether, Encavis generated consolidated operating earnings of TEUR 16,553 (previous year: TEUR 14,244). The operating margin for consolidated earnings stood at around 16 % (previous year: 14 %[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.-31.03.2023	01.01.-31.03.2022
Revenue[1]	105,142	99,639
Other income	6,386	3,057
Cost of materials	-5,671	-1,490
Personnel expenses, of which TEUR -353 (previous year: TEUR -800) in share-based remuneration	-8,048	-5,224
Other expenses[1]	-30,543	-32,545
Adjusted for the following effects:		
Other non-operating income	-4,005	-732
Other non-operating expenses	1,050	1,699
Adjusted operating EBITDA	**64,312**	**64,404**
Depreciation, amortisation and impairment losses	-39,738	-39,994
Adjusted for the following effects:		
Depreciation and amortisation of intangible assets (electricity feed-in contracts) and goodwill acquired as part of business combinations	11,882	11,270
Subsequent measurement of uncovered hidden reserves and liabilities on step-ups for property, plant and equipment acquired as part of business combinations	-1,140	-909
Adjusted operating EBIT	**35,316**	**34,772**
Financial result	-17,310	-7,947
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])	1,508	-10,198
Adjusted operating EBT	**19,514**	**16,627**
Tax expenses	-3,673	-3,069
Adjusted for the following effects:		
Deferred taxes (non-cash items)	711	686
Adjusted operating consolidated earnings	**16,553**	**14,244**
of which attributable to Encavis AG shareholders	15,174	13,002
Average number of shares in circulation in the reporting period	161,030,176	160,469,282
Adjusted operating EAT per share (in EUR)	**0.09**	**0.08**

Net assets and financial position

Financial position and cash flow

The change in cash and cash equivalents in the first quarter of 2023 came to TEUR 120,789 (previous year: TEUR -104,993) and broke down as follows:

Net cash flow from operating activities in the amount of TEUR 51,800 (previous year: TEUR 64,712) was primarily composed of the operating activities of the wind and solar parks and the resulting incoming payments. Changes in assets and liabilities not attributable to investing or financing activities were also included in this item. The fall in net cash flow from operating activities was due to a one-off effect in the first quarter of 2022, when compensation payments under financial PPAs had been earned but not yet paid out. As a result of the slight decline in electricity prices, such payments were not incurred to the same extent in the first quarter of 2023.

Cash flow from investing activities amounted to TEUR -41,814 (previous year: TEUR -97,976) and primarily concerned payments for the construction of a solar park in The Netherlands and the acquisition of a German wind park currently under construction, which will be accounted for as an associated entity as planned until its commissioning.

Cash flow from financing activities totalled TEUR 110,803 (previous year: TEUR -71,728) 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. A Green Schuldschein loan of EUR 210 million was issued in the first quarter of 2023.

Net assets

As at 31 March 2023, equity amounted to TEUR 1,085,420 (31 December 2022: TEUR 956,817). The increase of TEUR 128,603 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 net profit for the period in accordance with IFRS also had an effect. The equity ratio was 30.72 % (31 December 2022: 28.10 %). The balance sheet total increased from TEUR 3,405,542 as at 31 December 2022 to TEUR 3,533,297.

Liabilities

The Group's financial liabilities (primarily bank and lease liabilities) totalled TEUR 2,099,307 as at 31 March 2023 (31 December 2022: TEUR 2,094,888). These comprised the loans and lease agreements for the financing of wind and solar 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 (The United Kingdom) of TEUR 27,079 (31 December 2022: TEUR 27,662), including accrued interest, and liabilities from debenture bonds and/or registered/bearer bonds in the amount of TEUR 343,199 (31 December 2022: TEUR 132,387). Liabilities from lease obligations in the amount of TEUR 202,526 (31 December 2022: TEUR 201,954) were recognised.

As at 31 March 2023, liabilities to non-controlling shareholders amounted to TEUR 42,729 (31 December 2022: TEUR 42,156).

The value of provisions as at 31 March 2023 amounted to TEUR 72,621 (31 December 2022: TEUR 70,781) and consisted of provisions for asset retirement obligations (TEUR 52,107) and other provisions (TEUR 20,514).

Trade payables decreased from TEUR 37,218 as at 31 December 2022 to TEUR 24,431 as at 31 March 2023.

Events after the balance sheet date

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 low-risk marketing structure (e.g. pay-as-produced) over a period of ten years.

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.

Forecast

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. Its predicted increase of only 2.9 % in global GDP shows that the negative factors from 2022 will continue to be felt this year. Although the reversal of China's COVID-19 policy led to the rapid spread of the virus and high infection rates in the country in the short term, the recent reopening could be the catalyst for a quicker-than-expected recovery of the Chinese economy. Financing terms will become more restrictive around the world. It is expected that tighter central bank monetary policy will be able to stop any further rise in inflation, with peak rates having already been reached in 2022, but a return to much lower inflation is unlikely. At the same time, room for manoeuvre in national fiscal policy remains limited, since health and social spending have grown tremendously more important in the course of the Covid-19 pandemic. Nevertheless, the IMF takes the view that investment in climate policy remains essential to reduce the risk of far-reaching climate change.

War in Ukraine

The Encavis Group wind and solar park portfolio, which is generally focused on Western Europe, is not affected by the war in Ukraine. Indirect effects from potential countermeasures taken by Russia in response to the sanctions imposed on the country 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, an 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 newly 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 to finance 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. Another advantage of the existing parks in the portfolio is that the interest rates for the project financing are fixed until the end of the repayment term.

Further tightening of monetary policy as inflation persists

The European Central Bank (ECB) 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, currency fluctuations, 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 partly 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 (IEA), 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 CO_2 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 (as outlined in the RE100 initiative, for example), is increasing the momentum on the private-sector power purchase agreements market. PPAs are gaining in significance on account of falling subsidies and ever-growing demand for renewable energy sources. Industrial companies are acquiring shares in large renewable energy projects and signing PPAs to ensure a long-term supply of electricity to their sites. As before, technology firms continue to be the among the key electricity buyers for these kinds of contract. PPAs are therefore playing an increasingly important role in the energy transition.

Encavis is accelerating its current growth trajectory and pursuing ambitious goals for the period up to 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 consultation with strategic development partners, while maintaining a long-term equity ratio of more than 24 %,
2. disposal of minority interests in wind and 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 borrowing at all levels of the Group,
6. expansion of the Group-wide cash pooling, 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 on 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 segments 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 in operating cash flow per share (CFPS) 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

Against the backdrop of the Encavis Group's business strategy geared towards qualitative growth, we expect a slight overall decline in several key figures in the 2023 financial year, some of which will not be able to match the previous year's level, as the expected electricity price level in 2023 is declining – in some cases significantly – compared to the previous year, which was characterised by extreme volatility. 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 EUR 24.9 million will be attributable to the effect of the electricity price brake). 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 constructed by year-end 2023, therefore not contributing significantly to revenue yet in 2023. However, 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 the deduction of the electricity price brake (2022: EUR 487.3 million; EUR 462.5 million after the deduction of the electricity price brake). Operating EBITDA is expected to amount to more than EUR 310 million (2022: EUR 350.0 million), while the operating EBITDA margin is likely to decline slightly due to the growing importance of the technical operations and asset management service segments at Group level, with the margins of the wind and solar parks segments remaining high (above 75 %). The Group anticipates operating EBIT of more than EUR 185 million (2022: EUR 198.3 million). The Group expects operating cash flow of over EUR 280 million (2022: EUR 327.2 million). By contrast, operating earnings per share are expected to exceed 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
- No major change in interest rates compared to March 2023

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

As at 31 March 2023, there were 338 employees at the Group (previous year: 151 employees), of which (excluding members of the Management Board) 110 employees at Encavis AG (previous year: 90), 72 employees at Encavis Asset Management AG (previous year: 42) and 2 employees at Encavis Portfolio Management GmbH (previous year: 0). As a result of the acquisition of Stern Energy S.p.A. in the previous financial year, the Group added 99 employees from Stern Energy S.p.A., 18 employees from Stern Energy GmbH, 31 employees from Stern Energy Ltd. and 3 employees from Stern Energy B.V. Another two employees were added from the newly founded Asset Ocean GmbH 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, 19 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 31 March 2023. This change in the number of employees was specifically due to the acquisition of the Stern subgroup, which increased the size of the PV Service segment in particular, and the growth-induced expansion of the Encavis team.

Dividend

In order to make the best possible use of emerging investment opportunities on the market, we will make a proposal to the Annual General Meeting that the entire consolidated result for the period be retained for the 2022 financial year, i.e. carried forward to new account, to finance the Group’s further growth using our own resources. As a consequence, for the first time, no dividend will be paid per voting share. We firmly believe that this is the best decision in the interests of our shareholders considering the unprecedented growth of the Group.

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 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 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 2023. 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 Encavis AG website at https://www.encavis.com/en/green-capital/investor-relations/voting-rights.

Condensed consolidated statement of comprehensive income (IFRS)

In TEUR	01.01.-31.03.2023	01.01.-31.03.2022
Revenue*	105,142	99,639
Other income	6,386	3,057
Of which income from the reversal of impairments for expected credit losses	*133*	*118*
Cost of materials	-5,671	-1,490
Personnel expenses	-8,048	-5,224
Of which in share-based remuneration	*-353*	*-800*
Other expenses*	-30,543	-32,545
Of which impairment for expected credit losses	*-265*	*-202*
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**67,266**	**63,437**
Depreciation, amortisation and impairment losses	-39,738	-39,994
Earnings before interest and taxes (EBIT)	**27,528**	**23,443**
Financial income	6,945	12,449
Financial expenses	-24,005	-20,475
Earnings from financial assets accounted for using the equity method	-250	80
Earnings before taxes (EBT)	**10,218**	**15,496**
Taxes on income	-3,673	-3,069
Consolidated earnings	**6,545**	**12,427**
Items that can be reclassified to profit or loss		
Currency translation differences	-455	61
Cash flow hedges – effective portion of changes in fair value	121,039	-96,168
Cost of hedging measures	-21	-36
Income tax relating to items that may be reclassified to profit or loss	1,700	23,803
Other comprehensive income	**122,263**	**-72,340**
Consolidated comprehensive income	**128,809**	**-59,913**
Consolidated earnings for the period		
Attributable to Encavis AG shareholders	5,186	11,198
Attributable to non-controlling interests	204	73
Attributable to hybrid capital investors	1,156	1,156
Consolidated comprehensive income for the period		
Attributable to Encavis AG shareholders	127,490	-61,142
Attributable to non-controlling interests	163	73
Attributable to hybrid capital investors	1,156	1,156
Earnings per share		
Average number of shares in circulation in the reporting period		
Undiluted	*161,030,176*	*160,469,282*
Diluted	*161,030,176*	*160,469,282*
Undiluted/diluted earnings per share (in EUR)	0.03	0.07

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

Condensed consolidated cash flow statement (IFRS)

In TEUR	01.01.-31.03.2023	01.01.-31.03.2022
Net profit/loss for the period	6,545	12,427
Cash flow from operating activities	**51,800**	**64,712**
Cash flow from investing activities	**-41,814**	**-97,976**
Cash flow from financing activities	**110,803**	**-71,728**
Change in cash and cash equivalents	120,789	-104,993
Change in cash due to exchange rate changes	56	-50
Cash and cash equivalents		
As at 01.01.2023 (01.01.2022)	286,277	392,425
As at 31.03.2023 (31.03.2022)	407,122	287,382

Condensed consolidated balance sheet (IFRS)

Assets in TEUR

	31.03.2023	31.12.2022
Intangible assets	436,462	446,887
Goodwill	107,133	107,129
Property, plant and equipment	2,304,157	2,304,994
Financial assets accounted for using the equity method	6,488	6,684
Financial assets	10,588	3,726
Other receivables	57,099	63,435
Deferred tax assets	27,390	22,686
Total non-current assets	**2,949,318**	**2,955,541**
Inventories	5,277	5,612
Trade receivables	75,789	69,815
Non-financial assets	10,767	8,502
Receivables from income taxes	12,896	11,144
Other current receivables	16,254	9,475
Liquid assets	462,996	344,403
Cash and cash equivalents	*407,549*	*289,483*
Liquid assets with restrictions on disposition	*55,446*	*54,920*
Assets held for sale	0	1,050
Total current assets	**583,980**	**450,001**
Balance sheet total	**3,533,297**	**3,405,542**

Equity and liabilities in TEUR

	31.03.2023	31.12.2022
Subscribed capital	161,030	161,030
Capital reserves	625,636	625,640
Other reserves	-36,857	-159,162
Net retained profit	83,494	78,309
Equity attributable to Encavis AG shareholders	**833,304**	**705,817**
Equity attributable to non-controlling interests	4,750	4,789
Equity attributable to hybrid capital investors	247,366	246,210
Total equity	**1,085,420**	**956,817**
Non-current liabilities to non-controlling interests	41,031	40,512
Non-current financial liabilities	1,628,393	1,465,333
Non-current lease liabilities	189,248	187,684
Other non-current liabilities	5,563	5,817
Non-current provisions	53,191	51,246
Deferred tax liabilities	146,471	143,051
Total non-current liabilities	**2,063,897**	**1,893,643**
Current liabilities to non-controlling interests	1,698	1,644
Liabilities from income taxes	26,270	26,286
Current financial liabilities	268,387	427,600
Current lease liabilities	13,278	14,271
Trade payables	24,431	37,218
Other current liabilities	30,485	28,528
Current provisions	19,431	19,535
Total current liabilities	**383,981**	**555,082**
Balance sheet total	**3,533,297**	**3,405,542**

Condensed consolidated statement of changes in equity (IFRS)

In TEUR

	Subscribed capital	Capital reserve	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			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
As at 01.01.2023	161,030	625,640	1,127	-160,248	-41	
Consolidated earnings						
Other comprehensive income			-414	122,734	-15	
Consolidated comprehensive income for the period			-414	122,734	-15	
Dividend						
Issuance costs		-4				
As at 31.03.2023	161,030	625,636	713	-37,514	-56	

In TEUR

	Net retained profits	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	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
As at 01.01.2023	78,309	705,817	4,789	246,210	956,817
Consolidated earnings	5,186	5,186	204	1,156	6,545
Other comprehensive income		122,305	-41		122,263
Consolidated comprehensive income for the period	5,186	127,491	163	1,156	128,809
Dividend			-202		-202
Issuance costs		-4			-4
As at 31.03.2023	83,494	833,304	4,750	247,366	1,085,420

Condensed consolidated segment reporting (operating)

In TEUR

	Wind Parks	PV Parks	PV Service	Asset Management
Revenue*	31,309	61,554	10,297	4,072
(previous year)	(34,958)	(60,967)	(1,119)	(3,679)
Operating earnings before interest, taxes, depreciation and amortisation (operating EBITDA)	24,843	40,812	625	852
(previous year)	(29,891)	(36,207)	(307)	(973)
Operating EBITDA margin (%)*	79%	66%	6%	21%
(previous year)	(86%)	(59%)	(27%)	(26%)
Operating depreciation and amortisation	-7,474	-20,912	-237	-170
(previous year)	(-6,393)	(-22,902)	(0)	(-74)
Operating earnings (operating EBIT)	17,369	19,901	389	683
(previous year)	(23,498)	(13,305)	(307)	(899)

In TEUR

	Total of reportable operating segments	Reconciliation (administration)	Reconciliation (consolidation)	Total
Revenue*	107,231	0	-2,089	105,142
(previous year)	(100,723)	(0)	(-1,084)	(99,639)
Operating earnings before interest, taxes, depreciation and amortisation (operating EBITDA)	67,133	-2,679	-142	64,312
(previous year)	(67,379)	(-2,949)	(-27)	(64,404)
Operating EBITDA margin (%)*	63%	-	-	61%
(previous year)	(67%)	-	-	(65%)
Operating depreciation and amortisation	-28,792	-208	4	-28,996
(previous year)	(-29,369)	(-267)	(4)	(-29,632)
Operating earnings (operating EBIT)	38,341	-2,887	-138	35,316
(previous year)	(38,010)	(-3,215)	(-23)	(34,772)

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 obtained 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 first quarter of 2023 as at 31 March 2023, in connection with the annual report for 2022, gives a true and fair view of the earnings and financial positions and the 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, May 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 21.59
52-week low	EUR 11.82
Share price (11 May 2023)	EUR 15.91
Market capitalisation (11 May 2023)	EUR 2,562 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, 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
2023	
15 May 2023	Publication of interim statement for Q1/3M 2023 incl. analyst conference call on the interim statement for Q1/3M 2023 / 8:30 am
16 May 2023	ODD BHF Sustainability Forum, Paris, France
16 to 17 May 2023	Berenberg Roadshow Paris, France; London, The United Kingdom
22 May 2023	Publication of sustainability report 2022
23 to 24 May 2023	Jefferies Virtual Renewables & Clean Energy Conference
24 May 2023	Berenberg European Conference 2023, Manhattan, New York, The United States
24 May 2023	Interest payment on hybrid convertible bond 2021
1 June 2023	Annual General Meeting of Encavis AG, Hamburg, Germany
7 to 8 June 2023	HAIB Hauck Aufhäuser IB Roadshow London/Paris, The United Kingdom/France
15 June 2023	NATIXIS 5th Convertible Bond Event, Paris, France
21 June 2023	Solar & Energy Storage Future Germany 2023, Munich, Germany
14 August 2023	Publication of interim statement for Q2/6M 2023
15 August 2023	Analyst conference call on the interim statement for Q2/6M 2023 / 8:30 am
23 to 24 August 2023	HAIB Hauck Aufhäuser IB Roadshow Skandinavien, Finland/Sweden/Denmark
24 August 2023	Montega 10th HIT Hamburg Investor Days, Hamburg, Germany
5 to 6 September 2023	ODDO BHF Commerzbank Corporate Conference 2023, Frankfurt a. M., Germany
12 September 2023	Interest payment on 2018 Green Schuldschein loan (SSD)
18 to 20 September 2023	BAADER Investment Conference, Munich, Germany
18 to 20 September 2023	Berenberg/Goldman Sachs German Corporate Conference, Unterschleißheim-Munich, Germany
9 to 10 October 2023	Quirin Small and Mid Cap Conference, Paris, France
10 October 2023	STIFEL Virtual Renewables Conference
18 to 19 October 2023	Structured Finance, Stuttgart, Germany
13 November 2023	Publication of interim statement for Q3/9M 2023
14 November 2023	Analyst conference call on the interim statement for Q3/9M 2023 / 8:30 am
15 November 2023	BNP Paribas Exane MidCap CEO Conference, Paris, France
21 November 2023	DZ Bank Equity Conference, Frankfurt a. M., Germany
24 November 2023	Interest payment on hybrid convertible bond 2021
27 to 29 November 2023	Deutsches Eigenkapitalforum EKF 2023, Frankfurt a. M., Germany
30 November 2023	CIC FORUM by Market Solutions, Paris, France
11 December 2023	Interest payment on 2015 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 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!

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