ENCAVIS

Half-Year Interim Report

Q2/6M 2024

Foreword from the Management Board

Dear Shareholders,
Ladies and Gentlemen,

We are working on shaping energy transition and consequently reducing the reliance on fossil fuels. By generating power from renewable energy, we are already making a crucial contribution to supplying environmentally friendly and sustainable energy. There is an abundance of sun and wind, and we are using them to drive a sustainable world. We have it in our hands to use all our resources sustainably in the long term and to continue to grow as a society and economy. We would like to thank you for your very clear vote at our Annual General Meeting this year against distributing the dividend in favour of further growth and to once again retain the entire consolidated result for the period of Encavis AG. This again enables us to drive the accelerated growth of the Group from within. The associated strengthening of equity bolsters the increased growth ambitions of the Group.

The vast expansion targets in Europe and the ever-increasing demand for originally green-generated electricity play into the hands of a company like Encavis. From today's perspective, we assume that we will be operating in a market with enormous growth potential and at the same time strong tailwinds for a long time.

Today, Encavis is one of the largest independent power producers in the field of renewable energies in Europe. The positive market conditions and the successful business development of the company itself provide an ideal basis to at least maintain this position, and perhaps even expand it further. We will be retaining our tried and tested business model and will be enhancing it where necessary. Thinking in terms of solutions from the perspective of existing and potential clients focuses on understanding and addressing their needs. This approach ensures that targeted projects are implemented right from the development or acquisition stage of parks.

In March of this year, we concluded an investor agreement with a consortium of investors led by KKR and including an interest held by the family-owned company Viessmann as well as our previous shareholder ABACON CAPITAL. The aim is to enter into a strategic partnership for the long-term growth of Encavis. The investor consortium then submitted a voluntary public takeover offer for all issued shares in Encavis AG on 24 April 2024 in return for payment of an offer price of EUR 17.50 per Encavis share in cash. The Management Board and the Supervisory Board considered the offer to be advantageous for the company and its stakeholders and supported the offer after reviewing the offer document and in compliance with all due diligence and fiduciary duties. We published the joint reasoned statement by the Management Board and Supervisory Board on 2 May 2024. The acceptance rate of the offer was 68.55 % at the end of the first offer period, on 29 May 2024, 24:00 CEST. This means that the minimum acceptance threshold of 54.285 % was already significantly exceeded. The final result of the offer after the expiry of the additional acceptance period on 18 June 2024, 24:00 CEST, is currently 87.41 %.

Further details and information, the offer itself and the joint reasoned statement by the Management Board and Supervisory Board can be found on the internet using the following links:

www.elbe-offer.com
www.encavis.com/en/green-capital/investor-relations/strategic-partnership

The sales and earnings figures for the first half of 2024 are, as anticipated, lower than those recorded in the same period of the previous year. As expected, price levels in the first six months of this year (H1/2024) were again below the price levels of the first half of 2023 (H1/2023). Electricity prices in the first half of 2024 were, on average, over a third lower across the Group's entire Europe-wide generation portfolio compared to the same period in the previous year. This expected price-related decline in net sales of around EUR 12 million is further exacerbated by a negative volume effect of a further approximately EUR 10 million. Operating net revenue and operating result figures for the comparative period of the previous year still benefited from a positive one-off effect in the first half of 2023 amounting to around EUR 8.7 million from the retroactive payment of the Dutch feed-in tariff for the previous financial year 2022.

The main cause of the lower production volume of 1,688 gigawatt hours (GWh) in the first half of 2024 compared to 1,734 GWh in the first half of 2023 is essentially the first-time and unplanned shutdown of individual parks due to negative prices, the significantly lower wind yield in almost all major markets, and fewer hours of sunshine in southern Europe. In a direct comparison of the generation capacities that already existed last year (like-for-like), the Group achieved electricity production from renewable energy of around 1,604 GWh in the first six months of the 2024 financial year, compared to 1,734 GWh in the first half of 2023. This represents a shortfall in production of around 7.5 %, which however varies across the segments. The PV Parks segment recorded a decline in electricity production in

H1/2024 of around -9 % (-102 GWh) mainly due to fewer sunshine hours in Italy, France, and Spain. The decline in electricity production in the wind farm segment in H1/2024 by around -4.5 % (-28 GWh) is largely due to the sale of the two wind farms Sohland and Greußen at the end of 2023 (-20 GWh). The newly connected generation capacities produced around 52 GWh of electricity in the first six months of this year.

The achieved net operating revenue for the first half of 2024 amounting to around EUR 205.0 million were approximately EUR 21.3 million (-9 %) below the comparable figure for the previous year of EUR 226.3 million (after deduction of electricity price caps). The adjusted operating result before interest, taxes, depreciation and amortisation (operating EBITDA) in the first six months of the 2024 financial year recorded a significant decline of around EUR 25.6 million[1)] (excluding costs of the Elbe/KKR project) to EUR 126.1 million[1)] (-17 %[1)]) compared to the previous year's figure of EUR 151.6 million. This results in operating adjusted earnings before interest and taxes (operational EBIT) in the first six months of the 2024 financial year, which, at EUR 65.3 million[1)] (excluding costs of the Elbe/KKR project), shows a significant decrease of around EUR 28.2 million[1)] (-30 %[1)]) compared to the previous year's figure of EUR 93.5 million.

In line with the earnings development in the first six months of the 2024 financial year, the operating cash flow from ongoing business activities decreased by around EUR 21.0 million[1)] (-18 %[1)]) to around EUR 92.5 million[1)] (excluding costs of the Elbe/KKR project) compared to the previous year's figure of EUR 113.5 million. This results in an operating cash flow per share (excluding costs of the Elbe/KKR project) in the first half of 2024 amounting to EUR 0.57[1)] (previous year: EUR 0.70). The equity ratio as at 30 June 2024 decreased slightly to 32.2 % compared to the year-end 2023 figure of 33.2 %.

Against the backdrop of Encavis Group's business strategy focused on qualitative growth, the continued significant reduction in electricity price levels, and the revenue decline of Encavis Asset Management, we can only partially compensate for the revenue decline, despite the further revenue growth of Stern Energy and expanded energy production capacities in the current financial year. We look back on the first half of 2024 with an unusual combination of weather-related lower electricity production, persisting lower price levels, and temporarily negative prices that led to shutdowns of individual parks. It is essentially impossible to factor in unusual weather conditions – we will continue to assume standard weather in the future. And we cannot predict the unprecedented shutdowns. The coming months will show whether the risk of an adjustment to the guidance for the full year 2024 increases or decreases. During this period, we will be analysing the extent to which these developments may affect the guidance for 2024 as a whole, depending on the development of weather conditions and regulatory interventions.

Currently, we expect only a slight decline in key operating metrics (excluding the costs of the Elbe/KKR project) in the 2024 financial year and confirm the 2024 operating guidance.

Hamburg, August 2024

The Management Board

[1)] The key figures indicated in the foreword and marked with a [1)] have been adjusted to maintain comparability with the previous year's figures and the 2023 guidance given the costs incurred in connection with the takeover by KKR (Project Elbe) amounting to EUR 5.4 million, of which 1.9 million euros were cash-effective. These key figures can therefore now be reconciled with the actual figures listed in the following half-year financial report, taking these adjustments into account.

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

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

Operating Group Key Figures (including KKR/Elbe costs)*

In EUR million

	01.01.–30.06.2024	01.01.–30.06.2023
Electricity production in GWh	1,688	1,734
Operating* revenue / operating* revenue after deduction of the electricity price cap	205.7 / 205.0	236.9 / 226.3
Operating* EBITDA	120.7	151.6
Operating* EBIT	59.9	93.5
Operating* EBT	19.7	63.7
Operating* EAT	7.9	52.6
Operating cash flow	90.6	113.5
Operating cash flow per share (in EUR)	0.56	0.70
Operating* earnings per share (undiluted/in EUR)	0.03	0.31

	30.06.2024	31.12.2023
Equity	1,199	1,187
Liabilities	2,524	2,387
Balance sheet total	3,723	3,574
Equity ratio in %	32.2	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. The revenue figure includes revenue of TEUR 679 (H1/2024) and TEUR 10,640 (H1/2023), which are a windfall levy incurred by the systems implemented across Europe to cap electricity prices. This levy amount is recognised as part of other expenses.

Note on the interim financial report

The accounting policies applied are the same as those used for the most recent year-end consolidated financial statements.

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The Encavis share

Share's key figures

Listed since	28.07.1998
Subscribed capital	EUR 161,722,524.00
Number of shares	161.72 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
Dividend 2023 per share	EUR 0.00
52-week high	EUR 17.19
52-week low	EUR 10.72
Share price (9 August 2024)	EUR 17.00
Market capitalisation (9 August 2024)	EUR 2,749 million
Indexes	MDAX, MSCI World, MSCI Europe, MSCI Germany Small-Cap, S&P Clean Energy Index, Solar Energy Stock Index, PPVX, HASPAX
Trading centres	Regulated market in Frankfurt am Main (Prime Standard) and Hamburg; over-the-counter market in Berlin, Dusseldorf, Munich, Stuttgart, Tradegate Exchange
ISIN	DE 0006095003
Designated Sponsor	M.M. Warburg & CO Bank; Raiffeisen Bank International AG
Payment office	DZ Bank

Encavis AG financial calendar

Date	Financial event
2024	
14 August 2024	Publication of interim statement for Q2/6M 2024 (after close of trading)
15 August 2024	Analyst conference call on the interim statement for Q2/6M 2024 / 8.30 am CEST
2 September 2024	Interest payment on 2023 Green Schuldschein loan (SSD)
12 September 2024	Interest payment on 2018 Green Schuldschein loan (SSD)
22 to 23 October 2024	Energy Transition Summit, London, United Kingdom
13 November 2024	Publication of interim statement for Q3/9M 2024 (after close of trading)
14 November 2024	Analyst conference call on the interim statement for Q3/9M 2024 / 8.30 am CET
24 November 2024	Interest payment on hybrid convertible bond 2021
11 December 2024	Interest payment on 2015 Schuldschein loan (SSD)

Interim Group management report

General information

The Encavis Group (hereinafter referred to as "the Group" or "Encavis") prepares the consolidated financial statements in accordance with the accounting principles of the International Financial Reporting Standards (IFRS). The interim consolidated financial statements were prepared in accordance with the provisions under IAS 34. The parent company is Encavis AG, with its registered office in Hamburg. It is responsible for the corporate strategy, portfolio and risk management and financing. At present, the share capital comes to EUR 161,722,524.00, divided into 161,722,524 no-par-value shares.

The average number of (undiluted) shares in circulation during the reporting period amounted to 161,125,279 (previous year: 161,030,176).

Business activities

Business model

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

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

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

The Encavis portfolio currently comprises approximately 230 solar parks and 90 wind parks with a capacity of more than 3.5 gigawatts (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 around 50 wind parks for third parties in the Asset Management segment.

Economic report

Economic framework conditions

Global economic growth remains stable in an unchanged challenging environment

The global economy has only been recovering slowly so far this year from the various negative influences such as the persistently high financing costs, the burdens caused by the Russian invasion of Ukraine, and the Middle East conflict. According to the International Monetary Fund (IMF), global gross domestic product (GDP) is expected to grow by 3.2 % in 2024 compared to the previous year, remaining almost stable. The growth rate was a revised 3.3 % in the previous year. In its July 2024 forecast, the IMF points to the slightly reduced production differences between individual economies recorded in the first quarter of 2024. According to that, global economic activity and world trade have picked up, with significant impetus coming in particular from strong export growth from Asia – especially in the technology sector. The development of the major economies USA and Japan, however, fell short of expectations. At the same time, a growing service sector in Europe and a revival of domestic consumption in China led to a positive development.

The IMF forecasts a growth rate of 1.7 % for the so-called advanced economies for the year 2024, unchanged from the previous year. Disproportionately, the US economy is expected to grow by 2.6 % (previous year: 2.5 %), while GDP in the euro area is only set to rise by 0.9 % (previous year: 0.5 %). Only in the following year does the IMF expect an increasing convergence of growth rates in both economic areas. Reasons for this assumption are a cooling in the labour market and consumer spending in the USA, as well as at the same time a more dynamic development of the service sector in the euro area. In Germany, the persistent weakness of the manufacturing sector continues to lead to a sluggish recovery and resulting significantly below-average growth rates.

The German economy's start to the year 2024 was lacklustre. After the price, season, and calendar-adjusted GDP had increased by 0.2 % in the first quarter of 2024 compared to the previous quarter, according to the Federal Statistical Office (Destatis), the slightly positive trend did not continue in the second quarter of 2024. Due to declining investments in equipment and buildings, the growth rate compared to the previous quarter even fell by 0.1 %.

Industry-specific conditions

Renewable energies remain on a dynamic growth trajectory

In 2023, the global expansion of renewable energy capacity reached a new record level for the 22nd consecutive year. According to the International Energy Agency (IEA), capacities grew to around 510 GW. This corresponds to a growth rate of around 50 %, the highest growth rate in the past two decades. The increasing speed of capacity expansion for renewable energies reflects political and social changes in large parts of the world. This is also illustrated by the declarations of intent made at the end of the 28th session of the UN Climate Change Conference (COP28). One hundred twenty-three countries have committed to working together to triple the global installed capacity for renewable energies to at least 11,000 GW by 2030. Together with an increase in energy efficiency, the intent is to achieve the goal of limiting global warming to a maximum of 1.5 degrees Celsius. The conference's decision to herald the beginning of the end of the fossil fuel era is also a sign of political and social change. However, this goal can only realistically be achieved if global renewable energy capacities continue to expand dynamically.

Global expansion of renewable capacities expected to reach 7,300 GW by 2028

In its January 2024 study "Renewables 2023 – Analysis and forecasts to 2028", the IEA forecasts an expansion of global renewable energy capacities to an estimated 7,300 GW by the year 2028. Despite being remarkable, this growth will not be enough to achieve the target agreed at COP28 under the current political and economic conditions. According to the IEA, the insufficient investment in grid infrastructure in particular must be increased, and the cumbersome administrative and authorisation procedures accelerated, in order to close the gap by 2030. Based on the IEA's main forecast, almost 3,700 GW of new renewable energy capacity will be commissioned between 2023 and 2028, roughly 95 % of which will be attributable to photovoltaic and wind power plants. Renewable energies are expected to be the largest source of electricity generation as early as 2025, overtaking electricity generation from coal. In 2028, renewable energy sources are expected to account for more than 42 % of global electricity generation, with the share of wind and solar energy doubling to 25 % according to the IEA.

Private-sector power purchase agreements continue to gain ground

The increasing economic efficiency of renewable energies compared to conventional forms of energy generation, as well as companies' clear commitments to maintaining an eco-friendly energy balance (such as outlined in the RE100 initiative), is increasing the momentum in the private-sector power purchase agreements market. Power Purchase Agreements are gaining in significance on account of falling subsidies, ever-growing demand for renewable energy sources and the need for a stable and secure energy supply. Industrial companies are acquiring shares in large renewable energy projects and entering into Purchase Power Agreements to ensure a long-term supply of electricity to their production facilities. According to Bloomberg NEF, companies worldwide announced the conclusion of Power Purchase Agreements for wind and solar energy with a volume of 46 GW in 2023. This equates to an increase of 12 % compared to the previous year. The largest increase was recorded by European companies with an increase of 74 % to 15.4 GW, while American companies fell short of the record value in 2022 by 16 % with 17.3 GW.

Developments in European core markets

The European Union (EU) is one of the most active players and drivers of global energy policy change. In 2023, renewable energies accounted for around 43 % of total net energy generation. Wind energy (onshore and offshore) contributed 18.9 %, run-of-river and storage hydropower 12.6 %, photovoltaics 8.1 % and biomass 3.2 % to total net electricity generation. The EU is continuously promoting the expansion of renewable energies through political measures. In June 2023, the member states adopted a comprehensive revision of the EU Renewable Energy Directive (RED) that significantly raised the European target for renewable energies from 32 % to 45 % in 2030, roughly doubling the envisioned renewable energy expansion between now and then. To achieve the targets, more than 100 GW of new wind and solar power plants will have to be installed each year. The higher EU targets that have now been approved also provide the framework for additional measures and detailed strategies for individual sectors. For example, the EU's solar strategy envisages almost tripling photovoltaic capacity to 600 GW by 2030.

According to WindEurope, a total of 18.3 GW of new wind capacity (gross installations) was installed in Europe in 2023. Of these, onshore wind turbines accounted for 79 % of new installations with a total output of 14.5 GW. A record capacity of 16.2 GW of new capacity was installed in the EU-27, with onshore wind turbines accounting for 82 % or 13.3 GW. WindEurope analysts assume that the EU will install a total of around 200 GW of new wind power capacity in the period from 2024 to 2030 – equivalent to 29 GW per year. However, this rate of expansion is not sufficient to achieve the climate and energy targets by 2030. An additional boost is needed to close the gap of around 4 GW per year on average. This is also to be achieved by updating the regulations to accelerate approval procedures for the expansion of renewable energies and grid infrastructure. The aim behind classifying the expansion of renewable energy and grid infrastructure as a project of overriding public interest is to noticeably shorten the lengthy approval procedures and make it possible to complete projects faster, especially in designated zones for renewables. By 2050, Europe intends to be the first continent in the world to be fully climate neutral and plans to have implemented the Green Deal.

Germany

In Germany, renewable energies contributed around 65.0 % to public grid electricity generation in the first half of 2024. This is according to data released by Fraunhofer Institute for Solar Energy Systems (ISE) in early July 2024. Overall, around 140 terawatt hours (TWh) of electricity production came from renewable energies, reaching a new record level. The share of renewable energies in electricity consumption (load) was around 60 % compared to 55.7 % in the same period last year. The load on the power grid was 215 TWh in the first half of 2024, taking into account all power sources, compared to 222 TWh in the corresponding period of the previous year. This reduced the share of fossil fuels by 4.6 percentage points to around 35 %. With 75 TWh, the electricity generated from coal, natural gas, oil, and non-renewable waste reached an all-time low.

The most important renewable energy source was once again wind energy. In the first half of 2024, wind turbines produced around 73.4 TWh, equivalent to an increase of 9.9 % compared to the same period last year. Onshore wind turbines contributed 59.5 TWh to the generated volume and offshore wind turbines 13.8 TWh. The share of public net electricity generation was 34.1 % in total. Photovoltaic systems fed around 15 % more into the public grid in the first half of 2024 with 32.4 TWh compared to 28.2 TWh in the comparative period. The two other renewable energy sources, hydropower and biomass, contributed 11.3 TWh (previous year: 8.9 TWh) or 21.6 TWh (previous year: 20.8 TWh) to electricity generation.

According to figures from the German Federal Network Agency (Bundesnetzagentur), the installed capacity of renewable energy sources in Germany rose by 12 % to just under 170 GW in 2023. At 14.1 GW, the expansion of photovoltaic capacity almost doubled compared to the previous year and significantly exceeded the expansion target of 9 GW due to both the increased installation of photovoltaic systems on commercial roofs and strong growth in private systems. The dynamic expansion of photovoltaic systems continued in the first five months of 2024 with a newly installed 6.2 GW. This brings the total installed photovoltaic capacity to 88.9 GW.

The increase in wind energy capacity was somewhat more subdued, falling short of the planned figure. Onshore wind turbines with a capacity of 2.9 GW and offshore wind turbines with a capacity of 0.3 GW were newly installed in 2023. The reason for the slower development is often the long approval period for planned installations. At the end of the year, installed capacity from wind turbines totalled 69.4 GW, of which 60.9 GW was attributable to onshore wind turbines and 8.5 GW to offshore wind turbines. In the first five months of 2024, the expansion of wind turbines was extremely weak and is far behind the expansion targets for the year 2024. A total of new onshore wind turbines with a capacity of 0.8 GW and offshore wind turbines with a capacity of 0.2 GW were newly installed – the total expansion targets for the year 2024 are 7 GW in the onshore and 1 GW in the offshore sector.

The German government has created a broad basis for an acceleration of planning, approval and construction of renewable energy installations through regulatory initiatives. The amendment to the Renewable Energy Sources Act (EEG), which came into force in 2023, is now consistently aimed at achieving the 1.5-degree target of the Paris Climate Agreement for the first time. The aim is for 80 % of Germany's gross electricity consumption to come from renewable energy sources in 2030. To achieve this ambitious goal, the planning process for new photovoltaic systems is to be simplified and approvals accelerated. Additionally, more attractive and straightforward conditions for the expansion of solar roof systems are to be established. In addition, the approval procedures for wind projects are to be accelerated and additional areas made available.

A higher speed in the expansion of renewable energies is urgently required to achieve the targeted doubling of the share of renewable energies in electricity production from 40 % to 80 % by 2030. In terms of solar energy, the EEG envisions an installed total output of 215 GW, meaning that the annual rate of photovoltaic expansion will have to triple from some 7 GW in 2022 to 22 GW. The expansion targets for onshore wind energy are 115 GW in 2030 and 157 GW in 2035, which corresponds to an annual expansion of 10 GW. The expansion targets for offshore wind energy are to be increased to at least 30 GW by 2030 The plan devised by the Federal Maritime and Hydrographic Agency (BSH) goes even further, laying the groundwork to not only meet but significantly exceed the 2035 expansion target of 40 GW by an additional 10 GW.

Denmark

As a pioneer in the field of renewable energies, Denmark is well on its way to achieving independence from fossil fuels. In July 2023, the Danish government published an update to the National Energy and Climate Plan (NECP), in which it confirms its intention to accelerate the expansion of renewable energies. It has also brought its climate neutrality target forward by five years to 2045. Additional offshore wind parks with output of at least 9 GW are planned to achieve these targets. In addition, the “energy island” in the North Sea is expected to generate at least 3 GW in 2033 and 10 GW in 2040. In October 2023, the Danish government also presented a plan to accelerate the expansion of renewable energy on land. A central component is more effective authorisation processes and 32 areas spread across the entire country that could be considered as energy parks for wind and solar energy. At the end of February 2024, the National Energy Crisis Task Force (NEKST) published a total of 27 specific recommendations for the accelerated expansion of renewable energies. The Danish government has taken up these recommendations and already adopted its new solar cell strategy in May 2024. Among other things, this should speed up approval processes, simplify financing options, and promote the expansion of photovoltaic systems in less accessible areas. In June 2024, the Danish Parliament also passed several bills aimed at speeding up the administrative procedures for approving solar and wind power plants.

In 2023, renewable energies accounted for roughly 80.2 % of the country’s total net energy generation. Of this total, 34.1 % was attributable to onshore wind turbines, 25.4 % to offshore wind turbines, 11.5 % to biomass and 9.2 % to photovoltaic systems. Around 32.6 TWh were fed into the public grid.

Finland

Finland has set itself one of the most ambitious climate targets in the world and wants to be the first industrialised country on the planet to be climate-neutral by 2035 – 15 years ahead of the EU target. The basis for achieving this goal is the update of the NECP published in June 2024. By 2030, greenhouse gas emissions in the area of shared energy use are to be reduced by 50 % compared to 2005. Renewable energy plays an important role in Finland’s climate policy. Finland has already met the 2030 target set by the European Union of covering at least 40 % of gross energy consumption through renewable energies since the year before last. The expansion of wind energy in particular is progressing rapidly. At the end of 2023, the total installed capacity from wind turbines was 6.9 GW. The realised expansion of 1.2 GW is the second-highest figure in Finland’s history. However, the pace of the previous year could not be maintained.

In 2023, renewable energy accounted for 45.4 % of total net energy generation in the country. The most important renewable energy sources were run-of-river plants, with a share of 19.4 %, onshore wind installations, with 18.9 %, and biomass plants, with 7.1 %. The importance of burning fossil fuels has continued to decline. Their share of the electricity mix has been cut in half, from around 16 % to just 8.1 %. Nuclear energy remained the most important source of energy, accounting for 44.2 % of net electricity generation – an increase of 6.3 percentage points compared to the previous year.

France

The French government still bases its energy policy on a mix of renewable energy and nuclear energy. Accordingly, the French expansion targets for renewable energies are less ambitious. Although France wants to reduce its greenhouse gas emissions and become climate neutral by 2050, it emphasises the importance of energy security for national energy policy in the update of the NECP published in July 2024. In principle, the French government favours “decarbonisation targets”, which take nuclear power rather than renewable energy into account or give it preference. Accordingly, the NECP contains the specific target of building at least six and a maximum of 14 new nuclear power plants. The final agreed expansion targets for renewable energies largely follow the government's proposals from autumn 2023. The capacities for offshore wind turbines are to be at least doubled to 18 GW and for onshore wind turbines to 40 to 45 GW by 2035. For photovoltaic systems, an annual expansion is planned, which should lead to an installed capacity of 75 to 100 GW by 2035.

In 2023, nuclear energy was by far the most important energy source in France, accounting for 67.3 % of total net electricity generation. The share of renewable energies was only 26.0 %. The most important renewable energy sources were onshore wind turbines with a share of 9.9 %, run-of-river plants with 7.9 %, photovoltaic systems with 4.5 % and storage water with 2.8 %.

The United Kingdom

The British energy policy is facing realignment after the change of government in early July 2024. The new government has already begun to introduce measures to further reduce emissions. Among other things, the existing de facto ban on new onshore wind farms was lifted, green light was given for new solar parks, and legal support for the construction of a new coal mine was abandoned. According to climate protection organisations, however, this will not be enough to meet the international commitments of the Paris Climate Agreement. According to the previous central climate policy goal, there should be no net new emissions of climate-damaging greenhouse gases from 2050 onwards. Wind power (both onshore and offshore) is at the core of British energy policy. Offshore wind power capacities are to be expanded to 50 GW by 2030, with plans to decarbonise the energy sector by 2035. The plans do not call for a complete rejection of nuclear power, however.

According to the Department for Energy Security & Net Zero, the share of renewable energies in electricity generation rose to a new record of 50.9 % in the first quarter of 2024. Higher wind speeds led to a strong increase in electricity generation from onshore wind turbines by 7.4 %. Total generation from wind energy increased by 3.0 % to 26.1 TWh, surpassing the amount of electricity generated by gas-fired power plants for the second consecutive quarter. Electricity generation from hydropower increased by 22 % to 2.0 TWh, from photovoltaics by 2.7 % to 1.9 TWh, and from bioenergy by 2.5 % to 9.2 TWh. Renewable energy sources produced a total of 39 TWh – an increase of 3.9 % compared to the same quarter of the previous year. Newly installed capacities increased by 2.5 GW in the first quarter of 2024. The achieved growth of 4.6 % is the lowest growth rate compared to the previous quarter since the fourth quarter of 2021 and highlights the slowing expansion rate of renewable energies under the previous British government.

Ireland

The Irish government's Climate Action Plan 2023 (CAP23) outlines the necessary measures to halve greenhouse gas emissions by 2030 and achieve net-zero emissions by 2050. One cornerstone of CAP23 involves expanding the share of renewable energy to 80 % by 2030. Specifically, installed capacities from onshore turbines are set to rise to 9 GW by that time, with installed capacities from offshore turbines and photovoltaic installations projected to increase to 5 GW and 8 GW, respectively.

In May 2024, the Irish government unveiled the development plan "Future Framework for Offshore Renewable Energy," detailing its vision for expanding offshore wind energy and outlining 29 key measures to strategically harness the industrial opportunities of offshore wind energy. The declared goal of the presented initiative is to expand offshore wind turbines by 20 GW by 2040 and by at least 37 GW by 2050. This makes it clear that the Irish government is once again increasing the pace of expansion of renewable energies compared to CAP23.

Italy

In the 2023 update of the NECP, the Italian government formulated even more ambitious expansion plans for renewable energies. The plan centres on a gradual exit from coal-fired power generation by 2025, efforts to increase the share of energy consumption covered by renewable energy to 55 % and carbon neutrality by 2050. Following the government’s announcement that it will stop importing natural gas from Russia by 2025, increased efforts to expand renewable energy will be necessary in order to achieve the targets. Accordingly, Italy plans to significantly expand its installed wind power and photovoltaic capacity. Capacity from photovoltaic installations is set to rise from 35.9 GW in 2022 to 71 GW in 2030. Installed capacity from onshore and offshore wind turbines is expected to be increased from 11.7 GW to 19 GW during the same period. Italy would need to add almost 4 GW a year on average to achieve the target outlined in the NECP. Even faster growth of 5 GW a year on average would be required if it wanted to achieve the more ambitious targets of the Fit for 55 package.

In November 2023, the Italian government adopted a comprehensive package of measures that is expected to involve investments totalling around EUR 27 billion. The measures include the selection of two sea areas off the southern

Italian coast for the construction of new offshore wind turbines, the promotion of carbon capture facilities and the accelerated expansion of LNG terminals. As part of the 13th auction for renewable energies, the Italian energy agency Gestore dei Servizi Energetici (GSE) allocated a total capacity of 1,001 megawatts (MW) for projects with a size of more than 1 MW in the first quarter of 2024. Of the capacity awarded, 357.2 MW is attributable to photovoltaic systems at a total of 62 locations and 643.9 MW to wind projects at 15 locations.

Renewable energy accounted for around 41 % of Italy’s total net electricity generation in 2023. The mix of renewable energies essentially comprised hydropower, photovoltaics, wind power (onshore), biomass and geothermal sources. A total of around 221.5 TWh was fed into the public grid in Italy in 2023.

Lithuania

The Lithuanian Parliament adopted the updated national energy independence strategy in June 2024. By 2050, Lithuania is set to become a fully energy-independent country, producing energy for its own needs and exporting surplus energy. The now established energy policy pursues four main objectives:

- ensuring a safe and reliable energy supply for all consumers,
- achieving 100 % climate-neutral energy supply for Lithuania and the region,
- the transition to an electricity industry and
- the development of a high value-added energy industry and ensuring the accessibility of energy resources for consumers.

The expansion of renewable energies progressed according to plan in 2023. The installed capacity of wind turbines (onshore) exceeded the 1 GW mark, indicating that 20 % of the ambitious expansion target for the most important Lithuanian energy source has already been achieved. The Ministry of Energy is currently planning the construction of two offshore wind parks with a capacity of 1.4 GW in the Lithuanian Baltic Sea. This could cover about half of Lithuania's current electricity needs. Following the successful tender for an initial offshore wind farm with a capacity of 700 MW, the Lithuanian Ministry of Energy cancelled a further tender for a second offshore wind farm with the same capacity at short notice in April 2024. The aim is to implement the updated tender process as quickly as possible so that the expansion plans can be realised without any major delays. Especially as the NECP, which was revised in mid-2023, envisages a number of targets, such as being able to cover at least 55 % of total final energy consumption from renewable energy sources by 2030 – including 100 % of electricity needs and 90 % of district heating needs.

In 2023 as a whole, renewable energy accounted for roughly 80 % of net electricity generation. At 48.9 %, wind installations (onshore) were by far the most important energy source, followed by photovoltaic systems (13.2 %), run-of-river (7.9 %) and biomass (5.9 %). A total of around 4.9 TWh was fed into the public grid in Lithuania.

The Netherlands

The change of government in The Netherlands in May 2024 will not be without impact on the country's future energy policy. In an initial statement, the new coalition places high value on the independence of Dutch energy supply from “unreliable countries.” As a result, the plan promotes the expansion of offshore natural gas production and electricity generation from nuclear power plants. At the same time, the existing plans for an additional national carbon dioxide tax are to be dropped. On the positive side, however, commitment to the already agreed international climate targets remains steadfast. Based on the updated NECP, greenhouse gas emissions are to be reduced by at least 55 % by 2030 and by 95 % by 2050 compared to the reference year 1990. In April 2023, the previous government approved an additional set of measures aimed at facilitating the achievement of this ambitious target. In the second half of the year, roughly EUR 420 million was released for the construction of storage power plants, which are to be linked to large freestanding photovoltaic arrays or roof systems.

According to Statistics Netherlands (CBS), in 2023, based on preliminary figures, around 48 % of the electricity produced in The Netherlands came from renewable energy sources. A total of around 120 TWh of electricity was generated in 2023. Compared to the previous year, production from renewable energy sources increased by 21 % to 57 TWh, while production from fossil fuels decreased by 12 % to 58 TWh. Electricity generation from wind energy increased by 35 % to 29 TWh in 2023, of which around 17.4 TWh came from onshore wind farms and 11.5 TWh from offshore wind farms. This significant growth is also due to the further increase in installed wind turbine capacity both onshore and offshore. The total capacity of wind power installations reached around 11 GW in 2023. A total of around 21 TWh was generated from solar energy in 2023, 24 % more than in the previous year. One of the main reasons for this significant increase was the ongoing expansion of capacity. Compared to the previous year, the capacity increased by 4.3 GW due to the increased number of solar modules.

Austria

According to the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK), the energy transition in Austria is progressing at a record pace. In 2023, the share of renewable energy in Austrian electricity generation increased from 78 % to 87 %. Electricity generation from photovoltaic systems in particular contributed to this dynamic growth, more than doubling from 0.98 TWh to 2.35 TWh. Electricity generation from wind turbines also increased. Having risen from 7.19 TWh to 8.26 TWh, 4.4 % of Austria’s electricity generation is attributable to photovoltaic systems – and 15.3 % to wind installations. More than 60 % of the electricity produced in Austria comes from hydropower plants, making them the most important source of renewable energy.

The Renewable Expansion Act (Erneuerbare-Ausbau-Gesetz – EAG) forms the basis for the further expansion of renewable energy. The law provides for a 27 TWh increase in electricity production from renewable energy to 92 TWh in 2030 in order to achieve the target of 100 % electricity generation from renewable energy sources, representing an increase of 40 %. The additional capacities of 27 TWh in total are to be split as follows: photovoltaic energy 11 TWh, wind power 10 TWh, hydropower 5 TWh and biomass 1 TWh. This should add around 50 % of the currently installed renewable energy capacity in the coming years. In order to further promote the expansion of renewable energies, the BMK announced in mid-March 2024 that a total of 135 million euros would be made available for solar subsidies as part of the EAG. In particular, photovoltaic systems with an output of 35 kW to 1 MW are eligible for funding. At the same time, the BMK defined the capacities for large-scale renewable energy projects for 2024 and 2025. Accordingly, projects totalling 1.85 GW of photovoltaics, 1.08 GW of wind power, 500 MW of hydropower and 40 MW of biomass are to be newly tendered and allocated.

As the only country, Austria was unable to submit the update of the NECP required by the EU by the deadline of 30 June 2024. According to the Austrian government, the final votes and calculations of the Federal Environment Agency have not yet been completed. The submission is to be made by the end of the summer in accordance with an agreement between the coalition partners.

Sweden

Sweden has been a pioneer of the energy transition in Europe for years and is systematically driving forward the expansion of renewable energy. According to the update of the NECP, the Swedish government plans to increase the installed electricity generation capacity from renewable energy sources to a total of 67 GW by 2030. The installed capacity of wind installations is expected to increase by 13 GW between 2021 and 2030, with capacity from photovoltaic systems rising by just under 5 GW. The national energy strategy adopted by the Swedish parliament calls for a 50 % increase in energy efficiency compared to 2005 by 2030. In June 2023, the government also decided that electricity generation should be fully independent of fossil energy sources by 2040.

In 2023, renewable energy – with a focus on pumped-storage hydroelectricity and onshore wind installations – accounted for roughly 65 % of Sweden’s total net electricity generation, corresponding to an increase of 1.4 percentage points compared to the previous year. A total of roughly 155 TWh was fed into the Swedish public grid in 2023.

Spain

The ambitious restructuring of the Spanish energy system remains on track. In the updated NECP, the Spanish government has raised the target for the share of renewable energy in energy consumption from 42 % to 48 % by 2030 and for electricity generation from 74 % to 78 %. This planned increase goes hand in hand with intensified measures to promote flexibility, storage and demand management in energy policy. Between 2019 and 2022, the installed capacity of renewable energy was expanded by 27.3 % from 55.3 GW to 70.5 GW. The largest increase during this period was in photovoltaic installations, growing by 129.3 % to 20.1 GW, while wind power increased by 17.1 % to 30.1 GW. The installed capacity of renewable energy has exceeded that of conventional technologies since 2019. By 2030, the installed capacity of wind installations (onshore and offshore) is expected to reach up to 62 GW. That metric is expected to stand at 76 GW for photovoltaic systems, including own consumption. Only 39.2 GW were planned in the 2021 NECP. According to the Spanish government’s first concrete phase-out plan, the last nuclear and coal-fired power plants are to be decommissioned by 2035. By 2050, Spain’s entire energy requirements are to be covered by renewable energies. The speed of expanding renewable energy capacity remains high. In the first half of 2024, projects with a total capacity of 9.5 GW received approval, of which 7.1 GW were for photovoltaic systems and 2.4 GW for wind power systems.

In 2023, renewable energy accounted for around 53 % of total net energy generation in Spain, following 45 % in the previous year. Electricity generation from photovoltaic systems made a significant contribution to the increased share of renewable energy in the electricity mix, with a jump in growth from 11.9 % to 16.5 %. However, onshore wind energy remained the most important renewable energy source, with a share of 24.9 %. A further 9.9 % was attributable to storage and run-of-river hydropower and 1.3 % to biomass. In total, around 245 TWh were fed into the Spanish public grid in 2023.

Course of business

Significant events in the Group portfolio and in the project pipeline

Aliaxis and Encavis sign long-term power purchase agreement for Aliaxis' European business

Encavis AG announced on 19 February 2024 that it had signed a ten-year power purchase agreement with Brussels-based Aliaxis Holdings SA. The PPA is Aliaxis' first in Europe. Aliaxis is a leading global provider of advanced fluid management solutions that enable access to water and energy. With more than 15,000 employees, the company supplies municipalities around the world with sustainable and innovative solutions such as pipe and installation systems that meet the demanding requirements of the construction, infrastructure, industrial and agricultural sectors. The 38 MW Encavis solar park in Montefiascone in the Lazio region, around 100 kilometres north-west of Rome, is due to be connected to the grid in 2025. Under the PPA, Aliaxis will purchase around 50 GWh of electricity per year, totalling 500 GWh over ten years. This corresponds to a large proportion of the electricity consumption of Aliaxis companies in Europe.

Encavis acquires two more solar parks in Spain

Encavis reported on 26 February 2024 that it had expanded its Spanish solar park portfolio by two additional solar parks in Andalusia. The Lirios solar park (SOLAR CASTUERA S.L.U., 109 MW, 220 GWh per year) acquired from BayWa r.e., 35 kilometres west of Seville, is already under construction and is expected to be connected to the grid in the fourth quarter of 2025. The La Florida Hive solar park (30 MW, 60 GWh per year) is being built southeast of Seville in Dos Hermanas and is due to be connected to the grid in the second half of 2025. It was developed by Hive Energy, as was a solar park project acquired in 2022 in Guillena (also in Andalusia), which will start producing electricity in the third quarter of this year.

Encavis continues to grow in Germany and significantly expands its generation capacity with the 114 MW solar park in Borrentin

On 20 March 2024, Encavis announced that it would be building a large-scale, high-performance solar park (114 MW, 119 GWh per year) in Borrentin (Mecklenburgische Seenplatte district) together with BELECTRIC. BELECTRIC is one of the leading EPC service providers in the development, construction and operation of solar power installations in Europe and will also take over the operation and maintenance together with Stern Energy. Ground was broken for this major project on 19 March 2024. Around 200,000 modules will be installed on an area equivalent to 135 football pitches, which are expected to supply green electricity for Allego, a leading Europe-wide charging network for electric vehicles, from September 2024. Encavis has been supplying Allego with green electricity from the Groß Behnitz solar park since the first quarter of 2023. The electricity is supplied to Allego on the basis of a ten-year power purchase agreement. The large-scale project stems from the development pipeline with strategic development partner PVPEG.

Significant developments in Group financing

MSCI upgrades Encavis' ESG rating to "AA"

Encavis AG reported on 31 January 2024 that it had improved its MSCI ESG rating to "AA". As a result, Encavis is now one of the leading companies in the energy sector. The improvement is largely due to optimisations in the documentation of our talent management and the systematic implementation of measures to reduce CO_2 emissions. MSCI, a leading international ESG rating company, praised the significant progress made on social aspects in particular, highlighting Encavis' pioneering role in the further professionalisation of HR management. Every year, Encavis carries out several "pulse checks" to measure employee satisfaction and ensure that the numerous employee retention measures are effective. The result is extremely satisfactory, with employee turnover showing a remarkable decline from 9.4 % in the 2021 financial year to just 5.3 % in the 2022 financial year. MSCI also emphasises Encavis' successful implementation of further measures to reduce CO_2 emissions. The Encavis Transition Plan sets out specific targets and strategic measures to show how the company can achieve its net-zero CO_2 emissions target by 2040.

Encavis signs project refinancing agreements totalling EUR 203 million for the Talayuela and La Cabrera solar parks in Spain

Encavis reported on 7 March 2024 that it had signed two project refinancing agreements for a total amount of EUR 203 million for its Talayuela and La Cabrera solar installations in operation (both in Spain). The refinancing was structured, arranged and issued by Encavis' in-house project financing team. The Talayuela solar park in the Extremadura region has a generation capacity of 300 MW, while the La Cabrera solar park in the Andalusia region has a generation capacity of 200 MW. Both projects have been in operation since 2020 and 2021 respectively and are among the first European solar parks to be realised and operated without public funding. The prices for the majority of the electricity generated by both projects are agreed in long-term power purchase agreements, each with an original term of ten years. Refinancing is provided by a club of four international banks: ABN AMRO Bank N. V. (Netherlands), Coöperatieve Rabobank U. A. (Netherlands), Bankinter S. A. (Spain) and NatWest Bank Europe GmbH (Germany/UK). While ABN AMRO, Rabobank and Bankinter have been financing partners of Encavis for many years, NatWest is providing project financing for Encavis for the first time. Encavis is therefore expanding and internationalising the universe of its banking partners in order to finance the Group's future growth strategy. In total, the refinancing comprises EUR 181.5 million in fixed-term credit facilities (hedged by interest rate swaps) as well as EUR 13 million in credit facilities and EUR 8.5 million in debt service reserve facilities.

Conclusion of an investor agreement with KKR to accelerate the growth of Encavis

On 14 March 2024, Encavis AG announced that it had signed an investor agreement with Elbe BidCo AG, a holding company controlled by investment funds, vehicles and/or accounts, which is advised and managed by Kohlberg Kravis Roberts & Co. L.P. and its affiliates (together KKR). The aim is to enter into a strategic partnership for the long-term growth of Encavis. The family-owned company Viessmann GmbH & Co KG (Viessmann) will participate as a co-investor in the consortium led by KKR. KKR has already signed binding agreements with the major shareholder ABACON CAPITAL GmbH (ABACON) and other existing shareholders holding approximately 31 % of the total share capital. On 24 April 2024, KKR published the offer document for the voluntary public takeover offer for all outstanding Encavis shares at a price of EUR 17.50 per share paid in cash. On 2 May 2024, the Management Board and Supervisory Board of Encavis published a joint reasoned statement on the offer, which is available at https://www.encavis.com/en/green-capital/investor-relations/strategic-partnership. On 4 June 2024, Elbe BidCo AG announced that the minimum acceptance threshold of 54.285 % set as part of the voluntary public takeover offer had been exceeded by the end of the acceptance period on 29 May 2024 at 24:00 CEST. The completion of the public takeover offer is still subject to various closing conditions. The completion of the transaction is expected in the fourth quarter of 2024.

Encavis secures 300 million euros revolving credit facility to finance its accelerated growth strategy 2027

On 26 June 2024, Encavis AG reported that it had concluded a syndicated revolving credit facility amounting to 300 million euros. This significantly oversubscribed, short-term credit facility until 30 April 2025 serves the acquisition financing of wind and solar projects as part of the accelerated growth strategy 2027. The consortium of this syndicated revolving credit facility, led by the Dutch COÖPERATIEVE RABOBANK U.A., consists of a total of eight banks – in addition to long-standing financing partners, new lenders are also available to Encavis AG.

Significant developments in asset management

Encavis Asset Management announces the start of construction of Germany's second largest solar park and completes project financing

Encavis Asset Management AG announced on 6 March 2024 that it had started construction of a state-of-the-art solar park for the Encavis Infrastructure Fund IV special bank fund. The solar park will have a generation capacity of 260 MW and cover an area of 205 hectares. The location of the solar park in the municipality of Bartow, around 150 kilometres north of Berlin, was carefully selected to ensure ideal sunshine conditions and efficiency. Construction of the ground-mounted solar plant will take place in two phases. Construction of the first section began in March 2024. Commissioning is expected to take place in summer 2025. The solar park is expected to generate around 270,000 megawatt-hours (MWh) of electricity per year, which will supply around 96,000 households with green electricity and save 100,100 tonnes of CO_2 annually. On 31 July 2024, Encavis Asset Management AG reported that it had agreed the financial close for the solar project with Commerzbank AG. The financing volume amounts to EUR 145 million.

Encavis Asset Management and LyondellBasell conclude purchase agreement for electricity from renewable energies

On 2 April 2024, Encavis Asset Management announced the signing of a purchase agreement to secure 208 MW of renewable energy from the solar park currently under construction in Bartow, Mecklenburg-Vorpommern. Under this contract, Encavis Asset Management will supply LyondellBasell with around 210 GWh of solar power annually over the next twelve years. From 2025, this will correspond to the annual electricity consumption of around 56,500 European households. With this latest purchase agreement, the company will achieve more than 90 % of its overall target for the purchase of electricity from renewable energies.

Segment development

PV Parks segment

Encavis’ own solar park portfolio encompassed over 190 solar parks with a total capacity in excess of 1.6 GW as at 30 June 2024. These solar parks are distributed throughout Germany, Italy, France, The United Kingdom, The Netherlands, Spain, Denmark and Sweden.

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, which includes all solar parks in the company’s own portfolio, the months from April to September generate more revenue than the autumn and winter months.

The actual power fed into the grid in the first half of the 2024 financial year comes to 1,018.1 GWh (previous year: 1,115.0 GWh). Of the power fed into the grid, some 44 % (previous year: 45 %) was attributable to the solar parks in Spain, 14 % (previous year: 13 %) to the solar parks in Germany, 11 % (previous year: 9 %) to the solar parks in France, 10 % (previous year: 10 %) to the solar parks in Italy, 10 % (previous year: 10 %) to the solar parks in The Netherlands, 6 % (previous year: 6 %) to the solar parks in The United Kingdom and 4 % (previous year: 6 %) to the solar parks in Denmark as well as 1 % (previous year: 1 %) to the solar park in Sweden.

Wind Parks segment

Encavis’ own wind park portfolio encompasses over 40 wind parks with a total capacity of more than 550 MW as at 30 June 2024. The wind parks are distributed throughout Germany, Italy, France, Denmark, Finland and Lithuania.

Due to weather conditions, the wind parks generate more revenue in the autumn and winter months than they do in summer.

The actual power fed into the grid by the wind parks segment in the first half of the 2024 financial year comes to 670.3 GWh (previous year: 618.8 GWh). Of this figure, some 42 % (previous year: 43 %) was attributable to the wind parks in Germany, 29 % (previous year: 28 %) to the wind parks in Denmark, 14 % (previous year: 17 %) to the wind park in Lithuania, 8 % (previous year: 4 %) to the wind parks in Finland, 6 % (previous year: 7 %) to the wind parks in France, 1 % (previous year: 1 %) to the wind park in Italy.

In the first half of the 2024 financial year, the wind farm “Windpark Desloch GmbH & Co. KG”, Germany (Group share 100 %), which was acquired in the previous year, was commissioned.

Service segment

The segment contains Encavis' shares in Stern Energy S.p.A. and its subsidiaries. The companies offer various services for solar parks in Italy, Spain, Germany, The United Kingdom, The Netherlands and France. As at 30 June 2024, their Group volume under management amounted to around 652 MW, and their non-Group volume under management was approximately 1.074 MW.

The segment also contains the wholly owned subsidiary Encavis Technical Services GmbH. The company has taken over the technical operation of numerous German and Italian solar parks belonging to the Encavis Group. The Group-own volume under management amounted to approximately 280 MW as at 30 June2024.

Furthermore, Encavis Technical Services GmbH has taken over contracts for the technical operation of parks that do not belong to the Encavis Group since 2012. The parks are located in Thuringia and northern Italy. The non-Group volume under management amounts to approximately 9 MW.

This also includes Encavis Green Energy Supply GmbH, which has been offering direct marketing services for selected German solar and wind farms within the Encavis Group since the beginning of 2024. In addition, all battery storage solutions currently under development are reported in the service segment, as these cannot usually be attributed to a specific solar or wind farm of the Group.

In the first half of the financial year 2024, the battery storage solution GES 002 B.V., Netherlands (Group share 100 %), was acquired in the Service segment.

Asset Management segment

The Asset Management field covers all services for third-party investors, such as 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. As at 30 June 2024, the portfolio includes over 35 solar parks and nearly 50 wind farms in Germany, Italy, France, The United Kingdom, Finland, Spain, Austria, The Netherlands, and Ireland. In the Asset Management segment, revenues were slightly below the previous year's level at TEUR 6,574 (previous year: TEUR 7,476).

Segment reporting

The following table contains information regarding the operating KPIs for the Group’s business segments for the first half of 2024 and 2023:

in TEUR	Wind Parks	PV Parks	Service	Asset Management
Operating revenue	45,508	132,671	33,573	6,574
(previous year)	(49,151)	(163,258)	(25,753)	(7,476)
Operating earnings before interest, taxes, depreciation and amortisation (operating EBITDA)	30,734	98,065	3,601	-1,331
(previous year)	(36,387)	(116,657)	(4,751)	(168)
Operating EBITDA margin (%)	68 %	74 %	11 %	-20 %
(previous year)	(74 %)	(71 %)	(18 %)	(2 %)
Operating depreciation and amortisation	-17,255	-42,377	-524	-155
(previous year)	(-14,942)	(-41,995)	(-481)	(-341)
Operating earnings (operating EBIT)	13,480	55,688	3,077	-1,486
(previous year)	(21,446)	(74,662)	(4,269)	(-173)

in TEUR	Total of reportable operating segments	Reconciliation (administration)	Reconciliation (consolidation)	Total
Operating revenue	218,327	0	-12,635	205,691
(previous year)	(245,638)	(0)	(-8,698)	(236,940)
Operating earnings before interest, taxes, depreciation and amortisation (operating EBITDA)	131,069	-10,385	-25	120,659
(previous year)	(157,964)	(-5,972)	(-353)	(151,639)
Operating EBITDA margin (%)	60 %	-	-	59 %
(previous year)	(64 %)	-	-	(64 %)
Operating depreciation and amortisation	-60,310	-450	7	-60,753
(previous year)	(-57,760)	(-422)	(7)	(-58,174)
Operating earnings (operating EBIT)	70,759	-10,835	-18	59,906
(previous year)	(100,204)	(-6,394)	(-345)	(93,464)

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

Financial performance, financial position and net assets

Operating earnings situation (non-IFRS, including KKR/Elbe costs)

During the first six months of the 2024 financial year, the Group generated revenue of TEUR 205,691 (previous year: TEUR 236,940). This corresponds to a decline of TEUR 31,249, or approximately 13 %. While the operating revenue of the solar park portfolio decreased by TEUR 30,587, the operating revenue of the wind park portfolio decreased by TEUR 3,643. These declines in revenue in the area of existing parks are due to significantly lower electricity prices compared to the previous year (EUR -21.7 million taking into account the electricity price cap) as well as a decline in production (EUR -10.2 million), which is partly due to less favourable meteorological conditions, especially in Southern Europe, and partly for the first time to the shutdown of parks due to negative electricity prices in Spain. These effects could not be offset by the newly acquired solar and wind parks or those connected to the grid. The same period of the previous year also included a special item relating to retroactive compensation at the Dutch solar parks for 2022, which increased revenue by EUR 8.7 million. The revenue reported in the Service segment amounting to TEUR 33,573 exceeded the previous year's figure by TEUR 7,820 (previous year: TEUR 25,753). In addition, operating revenue includes income of TEUR 6,574 (previous year: TEUR 7,476) from asset management.

Group operating 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 and Service segments.

The Group generated other operating income of TEUR 7,286 (previous year: TEUR 4,559). Among other things, this includes non-period income amounting to TEUR 2,078 (previous year: TEUR 1,597) as well as income from insurance compensation amounting to TEUR 1,883 (previous year: TEUR 1,706).

Other own work capitalised arises in connection with enhancements to multiple own solar installations provided by the Service segment.

Material expenditure in the first half of 2024 amounted to TEUR 16,024 (previous year: TEUR 13,643). This primarily includes material consumption in the service business, expenses in connection with the direct marketing of the electricity produced and expenses for purchased power at the wind and solar parks.

Operating personnel expenses came to TEUR 22,757 (previous year: TEUR 17,958). The increase is essentially related to the growth-induced expansion of the team at Encavis and higher costs associated with stock option programs.

Other operating expenses of TEUR 53,659 were incurred (previous year: TEUR 59,736). This includes primarily the costs for operating the wind and solar parks amounting to TEUR 28,876 (previous year: TEUR 40,309). Other expenses also include TEUR 24,783 in costs for current operations and the costs of the service business (previous year: TEUR 19,427). The decline in other operating expenses is mainly due to lower levy amounts related to the systems implemented across Europe to cap electricity prices (previous year: TEUR 10,621; first half of 2024: TEUR 679).

The operating earnings before interest, taxes, depreciation, and amortisation (operating EBITDA) in the first half of the financial year 2024 amount to TEUR 120,659 (previous year: TEUR 151,639). This equates to a decrease of TEUR 30,980 compared to the same period of the previous year. The operating EBITDA margin stood at around 59 % (previous year: 64 %). The decline in earnings was mainly due to the aforementioned price and weather-related effects.

Operating depreciation and amortisation of TEUR 60,753 (previous year: TEUR 58,174) 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 earnings before interest and taxes (operating EBIT) amounts to TEUR 59,906 and has therefore decreased by around 36 % or TEUR 33,558 compared to the previous year (previous year: TEUR 93,464). The operating EBIT margin stood at around 29 % (previous year: 39 %). The decline in earnings was mainly due to the aforementioned price and weather-related effects.

Operating financial earnings in the amount of TEUR -40,217 (previous year: TEUR -29,756) 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. The decline in financial results is significantly influenced by new group financing and a one-off effect related to project financing.

The resulting operating earnings before taxes (operating EBT) is TEUR 19,690 (previous year: TEUR 63,708). The EBT margin is at around 10 % (previous year: 27 %). The decline in earnings was mainly due to the aforementioned price and weather-related effects.

The consolidated statement of comprehensive income shows operating tax expenses for the first half of the 2024 financial year of TEUR 11,834 (previous year: TEUR 11,113), mainly for effective tax payments in connection with solar and wind parks.

Altogether, Encavis generated consolidated operating earnings of TEUR 7,856 (previous year: TEUR 52,596). The operating margin for consolidated earnings is around 4 % (previous year: 22 %). The decline in earnings was mainly due to the aforementioned price and weather-related effects.

Calculating operating KPIs (adjusted for IFRS effects)

As outlined in the "Internal control system of Encavis" section of the 2023 annual report, Group IFRS accounting is influenced by non-cash measurement effects and the resulting depreciation and amortisation. Non-cash interest effects and deferred taxes also hamper a transparent assessment of the operating income situation pursuant to IFRS.

in TEUR	01.01.–30.06.2024	01.01.–30.06.2023
Revenue	209,060	236,940
Adjusted for the following effects:		
Non-operating revenue from PPA valuation effects	-3,369	0
Adjusted operating revenue	**205,691**	**236,940**
Other income	14,463	8,311
Other own work capitalised	122	1,476
Cost of materials	-16,024	-13,643
Personnel expenses, of which TEUR -2,135 (previous year: TEUR -744) from share-based remuneration	-22,757	-17,958
Other expenses	-56,609	-61,629
Adjusted for the following effects:		
Other non-operating income	-7,178	-3,752
Other non-operating expenses	2,950	1,893
Adjusted operating EBITDA	**120,659**	**151,639**
Depreciation, amortisation and impairment losses	-80,992	-79,663
Adjusted for the following effects:		
Depreciation, amortisation and impairment of intangible assets (electricity feed-in contracts) and goodwill acquired in the course of business combinations	23,077	23,767
Subsequent measurement of uncovered hidden reserves and liabilities from step-ups for property, plant and equipment acquired as part of business combinations	-2,838	-2,278
Adjusted operating EBIT	**59,906**	**93,464**
Financial result	-32,319	-28,964
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])	-7,898	-792
Adjusted operating EBT	**19,690**	**63,708**
Tax expenses	-14,897	-9,922
Adjusted for the following effects:		
Deferred taxes (non-cash-effective) and other non cash-effective tax effects	3,063	-1,191
Adjusted operating consolidated earnings	**7,856**	**52,596**
of which attributable to Encavis AG shareholders	5,396	49,887
Average number of shares in circulation in the reporting period	161,125,279	161,030,176
Adjusted operating earnings per share (in EUR)	**0.03**	**0.31**

The following IFRS KPIs deviate from the operating earnings position:

The revenues of TEUR 209,060 (previous year: TEUR 236,940), include amounts of TEUR 3,369 (previous year: TEUR 0), which have not become cash-effective, taking into account compensation payments from power purchase agreements accounted for under the regulations of hedge accounting of two Spanish subsidiaries.

The Group generated other income of TEUR 14,463 (previous year: TEUR 8,311). Non-cash income from the valuation of Power Purchase Agreements and non-cash income from the valuation of earn-out liabilities in connection with company acquisitions contributed to the increase, among other things.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) in the first half of the financial year 2024 is TEUR 128,256 (previous year: TEUR 153,498). The EBITDA margin is around 61 % (previous year: 65 %). The decline in earnings was mainly due to the aforementioned price and weather-related effects.

Depreciation and amortisation of TEUR 80,992 (previous year: TEUR 79,663) chiefly comprises depreciation of the photovoltaic and wind power installations, as well as amortisation of intangible assets (electricity feed-in contracts and exclusive rights of use).

Earnings before interest and taxes (EBIT) amounted to TEUR 47,264 (previous year TEUR 73,834). The EBIT margin stood at around 23 % (previous year: 31 %). The decline in earnings was mainly due to the aforementioned price and weather-related effects.

The financial result is TEUR -32,319 (previous year: TEUR -28,964). Financial income totalled TEUR 19,096 (previous year: TEUR 16,039). This includes cash income from interest rate swaps and non-cash income in connection with the changes in the market values of the interest rate swaps, as well as interest income from the reversal of step-ups on bank loans and lease liabilities. Financial expenses of TEUR 50,915 were incurred (previous year: TEUR 44,503) They include, in particular, the interest expenses for the non-recourse loans to finance installations at park companies, the interest expenses in connection with the mezzanine capital of Gothaer Versicherungen and interest expenses for further Group financing and various non-cash expenses. The financial result also includes earnings from financial assets accounted for using the equity method.

The resulting earnings before taxes (EBT) amounted to TEUR 14,945 (previous year: TEUR 44,870). The EBIT margin stood at around 7 % (previous year: 19 %). The decline in earnings was mainly due to the aforementioned price and weather-related effects.

The tax expenses disclosed in the consolidated statement of comprehensive income stood at TEUR 14,897 in the first half of the financial year 2024 (previous year: TEUR 9,922) and consisted of current and deferred taxes. Quarterly taxes are calculated in accordance with IAS 34.

Altogether, Encavis generated consolidated earnings of TEUR 48 (previous year: TEUR 34,949). The margin for consolidated earnings stood at around 0 % (previous year: 15 %).

Consolidated earnings are made up of earnings attributable to the shareholders of the parent company of TEUR -2,054 (previous year: TEUR 32,243), earnings attributable to non-controlling interests of TEUR -237 (previous year: TEUR 381) and earnings attributable to hybrid bondholders TEUR 2,339 (previous year: TEUR 2,324). Consolidated comprehensive income of TEUR 13,493 (previous year: TEUR 200,913) is made up of consolidated earnings and changes in other reserves shown in equity. In addition to changes in the currency translation reserve in the amount of TEUR 131 (previous year: TEUR -827), the change in other reserves still relates to the change in hedge reserves in the amount of TEUR 17,889 (previous year: TEUR 173,438), which also contain amounts to be recognised in profit or loss in future over the remaining term of the respective underlying items for interest rate swaps previously held in a hedging relationship, as well as costs of hedging in the amount of TEUR 12 (previous year: TEUR 76). Amounts recognised in equity will be reclassified in full to consolidated earnings once the corresponding hedged items have expired. There were corresponding deferred tax effects of TEUR -4,587 (previous year: TEUR -6,722).

Undiluted earnings per share (after non-controlling interests) amounted to EUR -0.01 (previous year: EUR 0.20). The average number of shares in circulation (undiluted) in the reporting period amounted to 161,125,279 (previous year: 161,030,176). Diluted earnings per share amounted to EUR -0.01 (previous year: EUR 0.20). The average number of shares in circulation (diluted) in the reporting period amounted to 161,125,279 (previous year: 161,030,176).

Financial position and cash flow

The change in cash and cash equivalents in the first half of 2024 came to TEUR -10,820 (previous year: TEUR 97,935) and broke down as follows:

Net cash flow from operating activities in the amount of TEUR 90,552 (previous year: TEUR 113,475) 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 was also included in this item. The decline in net cash inflow from operating activities is mainly due to lower revenue from wind and solar parks as a result of significantly lower electricity prices (price effect) and poorer meteorological conditions compared to the same period of the previous year.

Cash flow from investing activities amounted to TEUR -178,844 (previous year: TEUR -62,279) and mainly relates to payments for the acquisition of two Spanish solar parks under development as well as the construction of several solar and wind parks in the Encavis Group's portfolio in Germany and abroad. In addition, further payments are reported in connection with the acquisition of a German wind park, which was previously accounted for as an associated entity.

Cash flow from financing activities totalled TEUR 77,472 (previous year: TEUR 46,739) and resulted chiefly from newly paid-out loans less regular loan repayments and interest paid. This item also includes the change in restricted cash and cash equivalents. In the first half of 2024, two investment loans totalling EUR 95 million were taken out and around EUR 55 million of an existing credit line from a banking consortium was utilised. A promissory note loan in the amount of EUR 20 million was also placed; the previous year's figure includes the placement of a green promissory note loan in the amount of EUR 210 million.

As at 30 June 2024, the Group had cash and cash equivalents of TEUR 4,201 (30 June 2023: TEUR 241) in consideration of current account liabilities of TEUR 295,506 (30 June 2023: TEUR 384,478).

Net assets

As at 30 June 2024, equity amounted to TEUR 1,198,826 (31 December 2023: TEUR 1,186,929). The slight increase of TEUR 11,897 is mainly due to various changes in value accounted for in equity with no effect on profit or loss. The equity ratio stood at 32.2 % (31 December 2023: 33.2 %).

The balance sheet total increased from TEUR 3,573,555 as at 31 December 2023 to TEUR 3,722,513.

As at 30 June 2024, goodwill amounted to TEUR 107,199 (31 December 2023: TEUR 107,151).

The Group's financial liabilities (primarily bank and lease liabilities) amounted to TEUR 2,170,320 as at 30 June 2024 (31 December 2023: TEUR 2,052,130). These comprised loans and lease agreements for the financing of solar parks and wind parks, as well as the mezzanine capital provided by Gothaer Versicherung in November 2014, as well as liabilities from listed notes from the Grid Essence portfolio (United Kingdom) of TEUR 26,759 (31 December 2023: TEUR 26,822), including accrued interest, and liabilities from debenture bonds and/or registered/bearer bonds, including accrued interest, in the amount of TEUR 327,189 (31 December 2023: TEUR 310,371). Liabilities from lease obligations amounted to TEUR 223,115 (31 December 2023: TEUR 211,303). The power purchase agreements accounted for as derivatives are reported at TEUR 21,138 (31 December 2023: TEUR 39,707); the decrease in the market values of these power purchase agreements is mainly due to lower electricity price forecasts.

Events after the balance sheet date

Encavis acquires another solar park in Spain

Encavis reported on 10 July 2024 that it had expanded its Spanish solar park portfolio with another solar park in Andalusia. The Almodóvar solar park (around 95 MW; 187 GWh annual electricity generation) acquired from BayWa r.e. near Córdoba is already under construction and is expected to be connected to the grid in the fourth quarter of 2025. The solar park will be equipped with state-of-the-art monocrystalline photovoltaic modules mounted on single-axis trackers. 76 % of the power offtake is already secured under a long-term pay-as-produced power purchase agreement signed in December 2021, with a term of ten years starting with the grid connection planned for the fourth quarter of 2025. The Pexapark European PPA Market Outlook for 2024 shows Spain as the country with the largest volume and number of PPA deals in 2023 for the fifth year in a row, with a total of 4.7 GW in 2023. Due to the demand for PPAs, which is primarily attributable to the hedging needs of industrial companies, Pexapark expects the cumulative 20-GW mark for long-term power purchase agreements in Spain to be exceeded in 2024.

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 2023 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.

Stabilisation of the global economy expected in 2024

The IMF is forecasting near-stabilisation, with a global GDP growth rate of 3.2 % for 2024. The growth rate was a revised 3.3 % in the previous year. However, a sustained return to the dynamic growth path of the pre-pandemic years (2000 to 2019) with an average annual growth rate of 3.8 % is not to be expected. The economic and geopolitical environment will remain challenging in 2024. The advanced economies in particular are likely to see weaker growth, with stronger demand for services not fully offsetting lower demand for industrial products. The IMF is forecasting an unchanged year-on-year growth rate of 1.7 % for advanced economies in 2024, while GDP in the eurozone is only expected to grow by 0.9 % (previous year: 0.5 %). According to the IMF, global inflation will continue to fall. However, the anticipated global inflation rate of 5.8 % for 2024 as a whole is unlikely to comply with the target corridors of leading central banks.

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 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. Loan defaults (or even mere uncertainty regarding them) could damage the credit rating of such banks and increase their refinancing costs. As these refinancing costs have to be met by bank margins from project financing, credit margins could rise as part of general competition among banks for such business. Combined with the current general increase in long-term interest rates, this could put further pressure on returns from planned projects. The fact that Encavis usually issues tenders for new project finance at least on a Europe-wide basis means that the Group always has a broad overview of financing structures and conditions and is not dependent on individual banks, whose future lending capabilities may be affected by credit losses in Russia. In addition, there is significant demand from banks for opportunities 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.

First rate cut by the ECB heralds a cautious departure from restrictive monetary policy

As announced, the ECB has gradually reduced its net asset purchases over the course of the year. Redemption payments from maturing securities from the APP portfolio (Asset Purchase Programme) will no longer be reinvested. At the same time, the ECB intends to wind down the Pandemic Emergency Purchase Programme (PEPP) portfolio over the course of the second half of the year and stop reinvestments at the end of 2024. In view of the declining inflation rate, the ECB cut its key interest rate by 25 basis points in June 2024, but stressed that it would maintain its somewhat restrictive monetary policy until the medium-term inflation target of 2 % was reached. The US Federal Reserve has not yet been able to bring itself to cut interest rates, but at the beginning of August 2024 there were some initial signals from the Federal Reserve Chairman that the first interest rate cut in more than a year could take place in the autumn of 2024.

Renewable energies remain on a dynamic growth trajectory

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. The increasing speed of capacity expansion for renewable energies reflects political and social changes in large parts of the world. This is also illustrated by the declarations of intent made at the conclusion of COP28. 123 countries have committed to working together to triple the global installed capacity for renewable energies to at least 11,000 GW by 2030. Together with an increase in energy efficiency, the objective is to achieve the goal of limiting global warming to a maximum of 1.5 degrees. The conference’s decision to herald the beginning of the end of the fossil fuel era is also a sign of political and social change.

In its January 2024 study “Renewables 2023 – Analysis and forecasts to 2028”, the IEA forecasts an expansion of global renewable energy capacities to an estimated 7,300 GW by 2028. Despite being remarkable, this growth will not be enough to achieve the target agreed at COP28 under the current political and economic conditions. According to the IEA, the insufficient investment in grid infrastructure in particular must be increased, and the cumbersome administrative and authorisation procedures accelerated, in order to close the gap by 2030. Based on the IEA's main forecast, almost 3,700 GW of new renewable energy capacity will be commissioned between 2023 and 2028, roughly 95 % of which will be attributable to wind power and photovoltaic installations. Renewable energies are expected to be the largest source of electricity generation as early as 2025, overtaking electricity generation from coal. By 2028, renewable energy sources are expected to account for more than 42 % of global electricity generation, with the share of wind and solar energy doubling to 25 %.

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

One of the key pillars of the programme is the development of renewable energies. The European Commission's plan to rapidly reduce dependence on Russian fossil fuels and fast forward the green transition, REPowerEU, of 18 May 2022 includes a special EU solar strategy to double photovoltaic capacity by 2025 by installing new PV systems amounting to 320 GW by 2025 and a total of 600 GW by 2030. The objective of covering 45 % of total final energy consumption using renewable sources by 2030 was adopted by the European Parliament when it revised the Renewable Energy Directive 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 is categorised as an issue of overriding European public interest. By 2050, Europe intends to be the first continent in the world to be capable of complete climate neutrality and plans to have implemented the "Green Deal".

Private-sector power purchase agreements continue to gain ground

The increasing economic efficiency of renewable energies compared to conventional energy carriers, as well as companies' commitments to maintaining an eco-friendly energy balance (such as outlined in the RE100 initiative), is increasing the momentum on the private-sector power purchase agreements market. PPAs are gaining in significance on account of falling subsidies 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 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 growth trajectory and pursuing ambitious goals by 2027

Today, Encavis is one of the largest independent power producers in the field of renewable energies in Europe. The positive framework conditions and the successful economic development of the company are the perfect prerequisites for further strengthening this position. Approaching solutions from the perspective of existing and potential customers 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 customer requirements into account at an early stage, i.e. when parks are being developed or acquired, and realising projects which are an ideal fit. Customers may include industrial electricity buyers or real estate investors or (co-)investors. To systematically grasp emerging growth opportunities and further boost the efficiency of the company, the plan for the next five years until 2027 is focused on the following key areas:

1. further investments in ready-to-build wind and solar parks as well as securing projects in earlier phases of development in coordination with strategic development partners while maintaining a long-term equity ratio of more than 24 %,
2. disposal of minority interests in wind and individual selected solar parks of up to 49 % to free up liquidity for investments in additional wind and solar parks,
3. reduction and continued optimisation of costs related to the operation and maintenance of solar parks,
4. optimisation and refinancing of SPV project financing,

5. systematic utilisation of the Group’s financial strength/rating for borrowing at all levels of the Group,
6. expansion of the Group-wide cash pool, including all single entities,
7. the use of intelligent investment models for external equity partners with stakes of up to 49 % for long-term marketing of electricity 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 (basis year is the financial year 2022):

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 PV park 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 of the operating cash flow per share amounts to around 11 %.

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

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. We want to expand generation capacity to 8 GW by 2027, with 5.8 GW of that amount already connected to the grid by then. We also intend to generate operating sales of around EUR 800 million and an operating result (operating EBITDA) of EUR 520 million with an operating cash flow of EUR 450 million by 2027. This accelerated growth is to be made possible by cash flow, utilisation of the Group’s debt capacity and funds from financing partners.

Encavis AG and Elbe BidCo AG, a holding company controlled by investment funds, vehicles and/or accounts advised and managed by KKR, entered into an investor agreement on 14 March 2024. The aim is to enter into a strategic partnership for the long-term growth of Encavis. The family-owned company Viessmann will participate as a co-investor in a consortium led by KKR, as will the investor group led by ABACON, which will remain invested in Encavis. This partnership is intended to strengthen Encavis’ market position as a leading onshore wind and solar platform with a diversified pan-European portfolio and attractive growth opportunities. In addition, the new partnership aims to accelerate growth in all segments of the Encavis Group. We are now aiming to connect 7 GW of generation capacity to the grid by the end of 2027, which is above the previous ambition of 5.8 GW, and to continue growing after that. This will enable us to accelerate growth in all segments of the Encavis Group and, with considerable financial support, strengthen the project pipeline, increase capacity expansion and drive expansion into new markets.

Overall assessment of future development

Against the backdrop of the Encavis Group's business strategy focused on qualitative growth, the expected significant reduction in electricity price levels, and the revenue decline of Encavis Asset Management, we can only partially compensate for the revenue decline, despite the further revenue growth of Stern Energy and expanded energy production capacities in the current financial year.

Overall, the Management Board expects an increased risk to achieving the existing guidance for the 2024 financial year in light of the deviations experienced in the first half of 2024, such as negative prices due to shutdowns and weather conditions falling short of planning assumptions. The effects of these factors cannot be conclusively predicted at this time. In the coming months, the Management Board will analyse the extent to which these developments may affect the guidance for 2024 as a whole, depending on the development of weather conditions and regulatory interventions.

Currently, we expect only a slight decline in key operating metrics (excluding the costs of the Elbe/KKR project) in the 2024 financial year and confirm the 2024 operating guidance.

The technical availability (Wind Parks segment) and technical performance of the plants (PV Parks segment) in operation is expected to remain above 95 % in the 2024 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 2024 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.

Dividend policy

The market for renewable energy installations is growing at a very fast pace. Encavis plans to support this growth. In order to make best possible use of the emerging investment opportunities that result, we proposed to the Annual General Meeting that the entire consolidated earnings be retained for the 2023 financial year, i.e. carried forward to new account. The aim in doing so is to finance the Group's further growth from our own means. We firmly believe that this was the best decision in the interests of our shareholders considering the unprecedented growth of the Group. The proposal was approved by a large majority.

Hamburg, August 2024

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

Condensed consolidated statement of comprehensive income (IFRS)

in TEUR	01.01.2024 to 30.06.2024	01.01.2023 to 30.06.2023	Q2/2024	Q2/2023
Revenue	209,060	236,940	121,319	131,798
Other income	14,463	8,311	4,611	1,925
Of which income from the reversal of impairments for expected credit losses	*332*	*212*	*227*	*80*
Other own work capitalised	122	1,476	86	1,476
Cost of materials	-16,024	-13,643	-9,444	-7,972
Personnel expenses	-22,757	-17,958	-12,961	-9,910
Of which in share-based remuneration	*-2,135*	*-744*	*-1,570*	*-391*
Other expenses	-56,609	-61,629	-26,182	-31,086
Of which impairment for expected credit losses	*-255*	*-362*	*-170*	*-98*
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**128,256**	**153,498**	**77,430**	**86,232**
Depreciation and amortisation	-80,992	-79,663	-40,663	-39,925
Earnings before interest and taxes (EBIT)	**47,264**	**73,834**	**36,767**	**46,306**
Financial income	19,096	16,039	7,760	9,094
Financial expenses	-50,915	-44,503	-22,208	-20,498
Earnings from financial assets accounted for using the equity method	-500	-500	-250	-250
Earnings before taxes (EBT)	**14,945**	**44,870**	**22,069**	**34,652**
Taxes on income	-14,897	-9,922	-9,489	-6,249
Consolidated earnings	**48**	**34,949**	**12,581**	**28,403**
Items that may be reclassified through profit or loss				
Currency translation differences	131	-827	188	-372
Cash flow hedges – effective portion of changes in fair value	17,889	173,438	-14,066	52,399
Cost of hedging measures	12	76	-21	96
Income tax relating to items that may be reclassified through profit or loss	-4,587	-6,722	3,403	-8,422
Other comprehensive income	**13,444**	**165,964**	**-10,496**	**43,701**
Consolidated comprehensive income	**13,493**	**200,913**	**2,084**	**72,105**
Consolidated earnings for the period				
Attributable to Encavis AG shareholders	-2,054	32,243	11,711	27,058
Attributable to non-controlling interests	-237	381	-278	177
Attributable to hybrid capital investors	2,339	2,324	1,148	1,169
Consolidated comprehensive income for the period				
Attributable to Encavis AG shareholders	11,402	198,270	1,199	70,780
Attributable to non-controlling interests	-248	319	-263	156
Attributable to hybrid capital investors	2,339	2,324	1,148	1,169
Earnings per share				
Average number of shares in circulation in the reporting period				
Undiluted	161,125,279	161,030,176	161,220,381	161,030,176
Diluted	161,125,279	161,030,176	161,220,381	161,030,176
Undiluted earnings per share (in EUR)	-0.01	0.20	0.07	0.17
Diluted earnings per share (in EUR)	-0.01	0.20	0.07	0.17

Condensed consolidated cash flow statement (IFRS)

In TEUR

	01.01.–30.06.2024	01.01–30.06.2023
Consolidated earnings	48	34,949
Impairments or reversals of impairments on fixed assets	80,992	79,663
Profit/loss from the disposal of fixed assets	-2	85
Other non-cash expenses/income	776	1,493
Financial income/expenses	31,819	28,464
Taxes on income (recognised in income statement)	14,897	9,922
Taxes on income (paid)	-18,297	-17,409
Earnings from deconsolidation	-95	0
Increase/decrease in other assets/liabilities not attributable to investing or financing activities	-19,585	-23,692
Cash flow from operating activities	**90,552**	**113,475**
Payments for the acquisition of consolidated companies less cash and cash equivalents acquired	-48,189	-7,475
Proceeds from the sale of consolidated entities	3,000	0
Payments for investments in property, plant and equipment	-125,136	-45,230
Proceeds from the disposal of property, plant and equipment	3	28
Payments for investments in intangible assets	-8,603	-3,823
Payments for investments in financial assets	-5	-7,053
Proceeds from the sale of financial assets	6	1,084
Dividends received	80	191
Cash flow from investing activities	**-178,844**	**-62,279**
Loan proceeds	371,428	243,189
Loan repayments	-258,793	-155,645
Repayment of lease liabilities	-6,356	-6,366
Interest received	21,543	6,435
Interest paid	-51,595	-36,724
Proceeds from capital increases	1,156	0
Payments for issuance costs	-4	-4
Dividends paid to hybrid capital investors	-2,344	-2,344
Payments to non-controlling interests	-1,345	-1,593
Change in cash with restrictions in disposition	3,783	-210
Cash flow from financing activities	**77,472**	**46,739**
Change in cash and cash equivalents	-10,820	97,935
Change in cash due to exchange rate changes	361	267
Change in cash and cash equivalents	**-10,459**	**98,202**
Cash and cash equivalents		
As at 01.01.2024 (01.01.2023)	305,964	286,277
As at 30.06.2024 (30.06.2023)	295,506	384,478

Condensed consolidated balance sheet (IFRS)

Assets in TEUR	30.06.2024	31.12.2023
Intangible assets	433,262	429,606
Goodwill	107,199	107,151
Property, plant and equipment	2,574,939	2,431,213
Financial assets accounted for using the equity method	7,849	8,404
Financial assets	3,393	10,598
Other receivables	32,594	38,280
Deferred tax assets	8,650	9,099
Total non-current assets	**3,167,885**	**3,034,351**
Inventories	4,741	5,312
Trade receivables	94,424	76,614
Non-financial assets	26,272	19,476
Receivables from income taxes	19,214	14,277
Other current receivables	47,152	47,885
Liquid assets	362,826	375,639
Cash and cash equivalents	*299,707*	*308,996*
Liquid assets with restrictions on disposition	*63,119*	*66,642*
Total current assets	**554,628**	**539,203**
Balance sheet total	**3,722,513**	**3,573,555**

Equity and liabilities in TEUR	30.06.2024	31.12.2023
Subscribed capital	161,723	161,030
Capital reserves	637,540	625,636
Other reserves	27,668	14,213
Net retained profit	130,789	132,843
Equity attributable to Encavis AG shareholders	**957,720**	**933,722**
Equity attributable to non-controlling interests	7,520	7,016
Equity attributable to hybrid capital investors	233,586	246,191
Total equity	**1,198,826**	**1,186,929**
Non-current liabilities to non-controlling interests	34,568	34,326
Non-current financial liabilities	1,668,815	1,441,202
Non-current lease liabilities	207,503	195,567
Other non-current liabilities	4,898	4,350
Non-current provisions	52,483	56,584
Deferred tax liabilities	146,401	139,541
Total non-current liabilities	**2,114,669**	**1,871,571**
Current liabilities to non-controlling interests	2,897	3,075
Liabilities from income taxes	13,754	16,979
Current financial liabilities	278,389	399,625
Current lease liabilities	15,612	15,736
Trade payables	48,319	32,060
Other current liabilities	31,756	31,680
Current provisions	18,291	15,900
Total current liabilities	**409,018**	**515,055**
Balance sheet total	**3,722,513**	**3,573,555**

Condensed consolidated statement of changes in equity (IFRS)

in TEUR

	Subscribed capital	Capital reserves	Other reserves		
			Currency translation reserves	Hedge reserve	Cost of hedging measures
As at 01.01.2023	161,030	625,640	1,127	-160,248	-41
Consolidated earnings					
Other comprehensive income			-765	166,735	57
Consolidated comprehensive income for the period			-765	166,735	57
Dividend					
Issuance costs		-4			
As at 30.06.2023	161,030	625,636	362	6,486	16
As at 01.01.2024	161,030	625,636	414	13,826	-27
Consolidated earnings					
Other comprehensive income			142	13,305	9
Consolidated comprehensive income for the period			142	13,305	9
Dividend					
Conversion of hybrid capital 2021	692	11,908			
Issuance costs		-4			
Contributions from non-controlling shareholders					
As at 30.06.2024	161,723	637,540	556	27,131	-18

in TEUR

	Net retained profit	Equity attributable to Encavis AG share-holders	Equity attributable to non-controlling interests	Equity attributable to hybrid capital investors	Total
As at 01.01.2023	78,309	705,817	4,789	246,210	956,817
Consolidated earnings	32,243	32,243	381	2,324	34,949
Other comprehensive income		166,027	-62		165,964
Consolidated comprehensive income for the period	32,243	198,270	319	2,324	200,913
Dividend			-526	-2,344	-2,870
Issuance costs		-4			-4
As at 30.06.2023	110,552	904,083	4,582	246,191	1,154,856
As at 01.01.2024	132,843	933,722	7,016	246,191	1,186,929
Consolidated earnings	-2,054	-2,054	-237	2,339	48
Other comprehensive income		13,455	-11		13,444
Consolidated comprehensive income for the period	-2,054	11,402	-248	2,339	13,493
Dividend			-404	-2,344	-2,748
Conversion of hybrid capital 2021		12,600		-12,600	
Issuance costs		-4			-4
Contributions from non-controlling shareholders			1,156		1,156
As at 30.06.2024	130,789	957,720	7,520	233,586	1,198,826

Notes to the condensed interim consolidated financial statements

General information

These condensed and unaudited interim consolidated financial statements have been prepared in accordance with section 37w, paragraph 3, of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) and with IAS 34 “Interim Financial Reporting”. They do not include all the information that is required under IFRS for the consolidated financial statements as at the end of a financial year and should therefore only be read in conjunction with the consolidated financial statements as at 31 December 2023.

The interim financial statements and the interim management report have not been audited in accordance with section 317 of the German Commercial Code (Handelsgesetzbuch – HGB) or reviewed by an auditor.

The condensed consolidated statement of comprehensive income and the condensed consolidated cash flow statement contain comparative figures for the first half of the previous year. The condensed consolidated balance sheet includes comparative figures as at the end of the previous financial year.

The interim financial statements have been prepared in conformity with 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 2023. If there are any amendments to accounting policies, they will be explained in the individual notes.

The reporting company

Encavis AG (hereafter known as “company” or together with its subsidiaries as “Group”) is a German joint stock company based in Hamburg. The Group’s main areas of activity are described in chapter 1 of the notes to the consolidated financial statements for the financial year ended 31 December 2023.

The interim consolidated financial statements cover Encavis AG and its affiliates. For the group of consolidated companies, the reader is referred to section 18 of the notes to the consolidated financial statements as at 31 December 2023 and, with regard to the amendments in the first half of 2024, to the notes in the following section. The parent company of the Group, Encavis AG, was entered in the commercial register of Hamburg district court on 18 January 2002 under HRB 63197 and has its place of business in Große Elbstrasse 59, 22767 Hamburg.

Intra-Group transactions are conducted on arm’s-length terms.

Significant accounting policies and consolidation principles

Seasonal influences

The Group’s business activities are subject to seasonal influences that lead to fluctuations in revenue and earnings during the course of the year. Due to seasonal factors, revenue in the PV Parks segment is usually higher in the second and third quarters than in the first and fourth quarters of the financial year, while revenue and earnings in the Wind Parks segment are generally higher in the first and fourth quarters than in the second and third quarters of the financial year.

New standards and amendments to standards and interpretations

In the first half of the year 2024, the Group applied the following new and/or revised IFRS standards and interpretations:

New and amended standards and interpretations

		Required to be applied for financial years beginning on or after the specified date	Status of the EU endorsement (As at 30.06.2024)	Status of application at Encavis
IFRS 16	Amendment – Lease Liability in a Sale and Leaseback	01.01.2024	Adopted	Applied
IAS 1	Amendment – Classification of Liabilities as Current or Non-Current; including Deferral of Mandatory Effective Date Non-Current Liabilities with Covenants	01.01.2024	Adopted	Applied
IAS 7, IFRS 7	Amendment – reverse factoring transactions	01.01.2024	Adopted	Applied

The new and amended standards and interpretations have no significant impact on these consolidated interim financial statements.

Status of amended IFRS and interpretations which are not yet obligatory and which the Group has not applied before the effective date

In addition to the information contained in the consolidated financial statements as of 31 December 2023, the IASB or IFRS IC has also published the following amendments to standards that will not be applicable until a later date and have not yet been endorsed by the European Commission:

New and amended standards and interpretations

		Required to be applied for financial years beginning on or after the specified date	Status of the EU endorsement (As at 30.06.2024)	Status of application at Encavis
IFRS 19	Subsidiaries without public accountability: Disclosures	01.01.2027	Not yet adopted	Not applied
IFRS 18	Presentation and disclosures in the financial statements	01.01.2027	Not yet adopted	Not applied
IFRS 9, IFRS 7	Amendment – classification and evaluation of financial instruments	01.01.2026	Not yet adopted	Not applied

The new IFRS 19 standard is not expected to have a significant impact on the Group according to current knowledge.

The new IFRS 18 standard and the amendment to the IFRS 9 and IFRS 7 standards are of fundamental relevance for Encavis. Encavis is currently examining the extent to which the new standard and the amendment to the existing standards will affect the Group.

Group of consolidated companies

In the first six months of 2024, the following companies were included in the consolidated financial statements in addition to those mentioned in note 18 to the consolidated financial statements as at 31 December 2023.

Companies additionally included in the group of consolidated companies in the first half of 2024	Registered office	Interest in %
Fully consolidated Group companies		
Energiepark Bergheim-Repowering RE WP BE GmbH & Co. KG	Bremerhaven, Germany	100.00
Encavis Energieversorger I Portfolio GmbH & Co. KG	Hamburg, Germany	51.00
GES 002 B.V.	Rotterdam, Netherlands	100.00
GreenGo Energy S111 AB	Malmö, Sweden	100.00
GreenGo Energy S21 AB	Malmö, Sweden	100.00
Innovar Solar Park 1 GmbH & Co. KG	Hamburg, Germany	100.00
Innovar Solar Park 10 GmbH & Co. KG	Hamburg, Germany	100.00
Innovar Solar Park 2 GmbH & Co. KG	Hamburg, Germany	100.00
Innovar Solar Park 4 GmbH & Co. KG	Hamburg, Germany	100.00
Innovar Solar Park 5 GmbH & Co. KG	Hamburg, Germany	100.00
Innovar Solar Park 7 GmbH & Co. KG	Hamburg, Germany	100.00
Innovar Solar Park 8 GmbH & Co. KG	Hamburg, Germany	100.00
La Florida Hive S.L.U.	Alicante, Spain	100.00
SOLAR CASTUERA S.L.U.	Madrid, Spain	100.00
WP Dörnbach GmbH & Co. KG	Hamburg, Germany	100.00

The shareholdings in the fully consolidated Group companies correspond to the proportion of voting rights.

The majority of the companies acquired and established in the first half of 2024 constitute development projects in various stages of development or other companies or holding companies that had no material influence on the financial performance, financial position or net assets of the Encavis Group at the time of their initial consolidation. GES 002 B.V. is a Dutch battery storage solution that is still in the pre-construction phase at the time of acquisition.

SOLAR CASTUERA S.L.U., acquired in February 2024, holds 50 % of the shares in the shared infrastructure company Promotores Chucena 220 KV C.B., based in Seville. The investment is included in the Encavis Group as a joint operation in accordance with IFRS 11.

The former intermediate holding company Encavis Portfolio II GmbH (Asset Management segment), based in Neubiberg, was renamed Encavis Solar Infrastruktur I GmbH and its registered office was relocated to Hamburg. In future, it will serve as a joint infrastructure company for the operating companies of the badenova collaboration. From this point in time on, it is attributed to the Solar Parks segment.

The shareholding in Energiepark Bergheim-Repowering RE WP BE GmbH & Co. KG, which was acquired in February 2023 at 49.9 % and initially reported as an associated entity, has now been increased to 100 % following its commissioning. The company will therefore be fully consolidated in the Encavis Group from June 2024.

Solarpark Glendelin GmbH was sold back to the project developer at the beginning of 2024, as the project is no longer being realised. The payments already made were credited to Solarpark Lindenhof GmbH (Borrentin project), from the same project developer.

Acquisitions that do not meet the definition of a business

Encavis successfully expanded its portfolio of production installations for renewable energies in the first half of 2024. Under the amendments to IFRS 3, which entered into force at the beginning of 2020, the following transactions do not meet the definition of a business acquisition. These acquisitions were therefore presented as acquisitions of assets in the consolidated financial statements, regardless of when the installation was commissioned. Following a review into whether an input or substantive process exists to allow an output to be created, it was found that no business exists, as there is no organised workforce and the process of electricity generation is not unique. Given that this transaction constitutes the acquisition of assets and not the acquisition of a business, the difference between the purchase price and the revalued assets was allocated to acquired net assets and capitalised rather than being recognised as goodwill. Financial assets and liabilities were recognised at their fair values. Following the early adoption of the amendment to IAS 12 concerning the IRE, Encavis recognises deferred taxes at the acquisition date, and they cancel each other out. The following tables do not contain non-netted figures.

Solar Castuera S.L.U.

On 20 February 2024, Encavis expanded its Spanish solar park portfolio with another solar park in Andalusia. At the time of acquisition, construction was about to begin on the Lirios solar park (109 MW) acquired by BayWa r.e., located

35 kilometres west of Seville, and it is expected to be connected to the grid in the fourth quarter of 2025. The purchase price was TEUR 13,888.

in TEUR	Purchase price allocation
Intangible assets	24,965
Right-of-Use-Asset IFRS 16	9,305
Current assets	2,436
Cash and cash equivalents	2
Liabilities and provisions	14,115
Lease liability IFRS 16	8,705
Identified acquired net assets	**13,888**

Energiepark Bergheim-Repowering RE WP BE GmbH & Co. KG

On 27 June 2024, Encavis acquired 50.1 % of the shares in wind park Energiepark Bergheim-Repowering RE WP BE GmbH & Co. KG in North Rhine-Westphalia, Germany. On 8 February 2023, Encavis reported that it had acquired 49.9 % of this repowering project. With the acquisition of the remaining shares following the commissioning of the two Vestas wind turbines with a total nominal output of 11.2 MW, Encavis' shareholding is now 100 %. The company was previously reported as an associated entity and has now been fully consolidated. For the first 20 years, the systems benefit from remuneration in accordance with the Renewable Energy Sources Act.

in TEUR	Purchase price allocation
Intangible assets	1,907
Power generation installations	28,078
Right-of-Use-Asset IFRS 16	2,678
Current assets	71
Cash and cash equivalents	486
Liabilities and provisions	30,891
Lease liability IFRS 16	2,210
Identified acquired net assets	**119**

Business combinations and other acquisitions after the balance sheet date

Encavis acquired the Almodóvar solar park in Spain (Andalusia) in an advanced stage of development from BayWa r.e. in July 2024, with a generation capacity of 95 MW. This project has no material impact on the consolidated financial statements at the time of acquisition. It is already under construction and is scheduled to be connected to the grid in the fourth quarter of 2025.

Critical accounting judgements and key sources of estimation uncertainties

Within the scope of preparing the consolidated financial statements, estimates and assumptions that affect how accounting methods are applied, as well as which amount of assets, liabilities, income and expenses are recorded, are made in certain cases. The actual values may differ from these estimates. The estimates and underlying assumptions are reviewed continuously. The adapted estimates are accounted for on a prospective basis.

The following section lists the main assumptions for the future and other key sources of estimation uncertainties at the end of the reporting period which may give rise to a significant risk that calls for a material adjustment to assets and liabilities in the next financial year.

Useful life of property, plant and equipment and intangible assets

When measuring property, plant and equipment and intangible assets, the expected useful life of the assets must be estimated while taking into account, in particular, contractual provisions, industry knowledge and assessments by management. Further disclosures can be found in the notes to the consolidated financial statements as at 31 December 2023.

Lease terms

In order to measure lease liabilities and right-of-use assets under leases in accordance with IFRS 16, it is necessary to estimate the term of the lease; in particular, the probability of the utilisation of extension options must be estimated. Explanations of the estimate can be found in the notes to the consolidated financial statements as at 31 December 2023.

Impairment of goodwill

In order to determine whether goodwill is impaired, it is necessary to calculate the value in use of the group of cash-generating units to which the goodwill is allocated. Calculating the value in use requires an estimate of future cash flows from the group of cash-generating units as well as an appropriate capitalisation interest rate for the calculation of the present value. A material impairment may result if the actual expected future cash flows are less than previously estimated.

Impairment of property, plant and equipment and intangible assets

The impairment test carried out following the identification of a triggering event is used to estimate the recoverable amount of the asset in order to determine the extent of any impairment loss. When calculating the value in use, several input factors are subject to substantial estimation uncertainties and scope for discretion, in particular the estimated future cash flows of the assets, their estimated useful life and the capital market parameters used for discounting the cash flows.

Business combinations

All identifiable assets and liabilities are recognised at their fair values at the time of initial consolidation within the scope of business combinations. The recognised fair values are subject to estimation uncertainties. If intangible assets are identified, the fair value must be estimated using generally accepted valuation methods. The valuations are based on the company’s plans, which are based on estimates by management while taking contractual agreements into account.

Measurement of put options

As part of the acquisition of Stern Energy S.p.A., a put option for the remaining minority interest of 20 % was recognised as a non-current financial liability. The amount of the repayment liability was determined in accordance with IAS 32. The fair value of the put option is subject to estimation uncertainties, as the amount disbursed depends on events that are difficult to predict.

Valuation of derivative financial instruments

Derivative financial instruments (interest rate hedging transactions, power purchase agreements) are measured at fair value. The recognised fair values are subject to estimation uncertainties with regard to the future cash flows used to determine the present value and the capital market parameters used to discount these cash flows.

The reader is referred to the discussion in note 8 of the notes to the consolidated financial statements as at 31 December 2023 for details of the assumptions made when determining the fair value of financial assets. The measurement methods and input factors applied have not changed since 31 December 2023.

Additional disclosures related to financial assets and liabilities

Carrying amounts, recognised amounts and fair value according to classes and measurement categories under IFRS 9

Classes of financial instruments in TEUR			Carrying amount under IFRS 9				
	Measurement category according to IFRS 9*	Carrying amount as at 30.06.2024 (31.12.2023)	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Carrying amount under IAS 28	Fair value as at 30.06.2024 (31.12.2023)
Financial assets							
Non-current financial assets	FVPL	2,856			2,856		2,856
(31.12.2023)		(2,833)			(2,833)		(2,833)
Financial assets accounted for using the equity method	n/a	7,849				7,849	7,849
(31.12.2023)		(8,404)				(8,404)	(8,404)
Trade receivables	AC	94,424	94,424				94,424
(31.12.2023)		(76,614)	(76,614)				(76,614)
Other non-current receivables	AC	11,318	11,318				11,318
(31.12.2023)		(6,748)	(6,748)				(6,748)
Other current receivables	AC	8,429	8,429				8,429
(31.12.2023)		(11,969)	(11,969)				(11,969)
Loans to associated entities and other loans	AC	537	537				537
(31.12.2023)		(7,765)	(7,765)				(7,765)
Liquid assets	AC	362,826	362,826				362,826
(31.12.2023)		(375,639)	(375,639)				(375,639)
Derivative financial assets							
Derivatives in a hedging relationship (swap)	FVOCI	22,085		22,085			22,085
(31.12.2023)		(18,773)		(18,773)			(18,773)
Derivatives not in a hedging relationship (swap)	FVPL	3,234			3,234		3,234
(31.12.2023)		(13,538)			(13,538)		(13,538)
Derivatives in a hedging relationship (PPA)	FVOCI	2,441		2,441			2,441
(31.12.2023)		(2,963)		(2,963)			(2,963)
Derivatives not in a hedging relationship (PPA)	FVPL	2,539			2,539		2,539
(31.12.2023)		(2,902)			(2,902)		(2,902)

* FVPL: Fair value through P&L; AC: amortised cost (financial assets/liabilities recognised at amortised cost); FVOCI: derivative financial instruments measured as part of hedging relationships (presented in other non-current and current receivables and/or non-current and current financial liabilities). Non-current financial assets, loans to associated entities and other loans have been aggregated and presented under the line item for financial assets in the balance sheet. In comparison to the balance sheet, financial liabilities are shown separately in the following categories: financial liabilities, liabilities from contingent consideration, other financial liabilities, liabilities put option, derivatives with a hedging relationship and derivatives without a hedging relationship.

Classes of financial instruments in TEUR		Carrying amount under IFRS 9					
	Measurement category according to IFRS 9*	Carrying amount as at 30.06.2024 (31.12.2023)	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Carrying amount under IFRS 16	Fair value as at 30.06.2024 (31.12.2023)
Financial liabilities							
Trade payables	AC	48,319	48,319				48,319
(31.12.2023)		(32,060)	(32,060)				(32,060)
Financial liabilities	AC	1,891,708	1,891,708				1,917,147
(31.12.2023)		(1,764,408)	(1,764,408)				(1,813,668)
Lease liabilities**	n/a	223,115				223,115	-
(31.12.2023)		(211,303)				(211,303)	(-)
Liabilities to non-controlling interests	AC	37,466	37,466				37,466
(31.12.2023)		(37,401)	(37,401)				(37,401)
Liabilities Put Option	AC	25,017	25,017				24,778
(31.12.2023)		(24,319)	(24,319)				(24,501)
Non-current liabilities from contingent consideration	FVPL	850			850		850
(31.12.2023)		(2,595)			(2,595)		(2,595)
Current liabilities from contingent consideration	FVPL	1,193			1,193		1,193
(31.12.2023)		(1,193)			(1,193)		(1,193)
Derivative financial liabilities							
Derivatives in a hedging relationship (swap)	FVOCI	2,812		2,812			2,812
(31.12.2023)		(4,006)		(4,006)			(4,006)
Derivatives not in a hedging relationship (swap)	FVPL	4,486			4,486		4,486
(31.12.2023)		(4,598)			(4,598)		(4,598)
Derivatives in a hedging relationship (PPA)	FVOCI	18,771		18,771			18,771
(31.12.2023)		(37,719)		(37,719)			(37,719)
Derivatives not in a hedging relationship (PPA)	FVPL	2,367			2,367		2,367
(31.12.2023)		(1,988)			(1,988)		(1,988)

** The relief provision of IFRS 7.29 was applied to the disclosures on the fair values of lease liabilities.

Classes of financial instruments in TEUR		Carrying amount under IFRS 9					
	Measurement category according to IFRS 9*	Carrying amount as at 30.06.2024 (31.12.2023)	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Carrying amount under IFRS 16	Fair value as at 30.06.2024 (31.12.2023)
Of which aggregated by valuation categories as per IFRS 9							
Financial assets measured at amortised cost	AC	477,534	477,534				477,534
(31.12.2023)		(478,735)	(478,735)				(478,735)
Financial assets measured at fair value through profit or loss	FVPL	8,629			8,629		8,629
(31.12.2023)		(19,272)			(19,272)		(19,272)
Financial liabilities measured at amortised cost	AC	2,002,509	2,002,509				2,027,708
(31.12.2023)		(1,858,189)	(1,858,189)				(1,907,630)
Financial liabilities measured at fair value through profit or loss	FVPL	8,896			8,896		8,896
(31.12.2023)		(10,374)			(10,374)		(10,374)

Fair value hierarchy

Fair value hierarchy in TEUR as at 30.06.2024 (31.12.2023)	Level 1	Level 2	Level 3
Assets			
Non-current financial assets			2,856
(31.12.2023)			(2,833)
Derivative financial assets:			
Derivatives in a hedging relationship (swap)		22,085	
(31.12.2023)		(18,773)	
Derivatives not in a hedging relationship (swap)		3,234	
(31.12.2023)		(13,538)	
Derivatives in a hedging relationship (PPA)		2,441	
(31.12.2023)		(2,963)	
Derivatives not in a hedging relationship (PPA)		2,539	
(31.12.2023)		(2,902)	
Liabilities			
Non-current liabilities from contingent consideration			850
(31.12.2023)			(2,595)
Current liabilities from contingent consideration			1,193
(31.12.2023)			(1,193)
Derivative financial liabilities:			
Derivatives in a hedging relationship (swap)		2,812	
(31.12.2023)		(4,006)	
Derivatives not in a hedging relationship (swap)		4,486	
(31.12.2023)		(4,598)	
Derivatives in a hedging relationship (PPA)		18,771	
(31.12.2023)		(37,719)	
Derivatives not in a hedging relationship (PPA)		2,367	
(31.12.2023)		(1,988)	

Interest rate and currency hedges are measured using market-yield and foreign exchange (FX) forward curves on the basis of recognised mathematical models (present value calculations). The market values recognised in the balance sheet thus correspond to Level 2 of the IFRS 13 fair value hierarchy.

The liabilities from contingent consideration carried at fair value in the consolidated balance sheet are based on level 3 information and input factors.

Changes between levels occurred in neither the current nor the previous financial year.

The following table shows the level of the fair value hierarchy to which the measurement of fair value has been assigned in its entirety for each class of asset and liability not measured at fair value in the balance sheet and for which fair value does not approximate the carrying amount.

Fair value hierarchy in TEUR as at 30.06.2024 (31.12.2023)	Level 1	Level 2	Level 3
Liabilities			
Financial liabilities measured at amortised cost			
Financial liabilities		1,917,147	
(31.12.2023)		(1,813,668)	
Liabilities to non-controlling interests			37,466
(31.12.2023)			(37,401)
Liabilities put option			24,778
(31.12.2023)			(24,501)

The following tables show the valuation techniques used to determine fair values.

Financial instruments measured at fair value

Type	Valuation method	Significant, unobservable input factors
Non-current financial assets: mezzanine capital	Discounted cash flows: the fair values are determined on the basis of the future expected cash flows discounted using the standard observable market data of the corresponding yield curves	**Expected distributions** The estimated fair value of the mezzanine capital would increase (decrease) if the distributions would be higher (lower) and/or would be made at an earlier (later) date.
Interest rate swaps, PPAs	Discounted cash flows: the fair values are determined on the basis of the future expected cash flows discounted using the standard observable market data of the corresponding yield curves	Not applicable
Liabilities from contingent consideration	Discounted cash flows on the basis of contractually fixed mechanisms	**Average EBITDA** The estimated fair value of the liabilities from contingent consideration would increase (decrease) if the average EBITDA for the financial years 2023 and 2024 were higher (lower) **Costs in connection with development stages** The estimated fair value of the liabilities from contingent consideration would increase (decrease) if the costs of individual projects were higher (lower) than planned

The forward curve for pricing the variable side is the decisive valuation parameter for the fair value of the financial liabilities from the power purchase agreements. This forward curve is essentially made up of the listed prices of recognised electricity exchanges (EEX and OMIP) and price modelling within the industry by recognised market price providers, which integrate various macroeconomic and microeconomic factors into the pricing.

Financial instruments not measured at fair value

Type	Valuation method	Significant, unobservable input factors
Financial liabilities	Discounted cash flows: the fair values are determined on the basis of the future expected cash flows discounted with equivalent terms using standard observable market interest rates and taking an appropriate risk premium into account	Not applicable
Liabilities to non-controlling interests	Discounted expected distributions: the fair values are determined on the basis of the future expected distributions discounted with equivalent terms using standard observable market interest rates and taking an appropriate risk premium into account	**Expected distributions** The estimated fair value of the liabilities to non-controlling interests would increase (decrease) if the forecast distributions were higher (lower) and/or were made at an earlier (later) date
Liabilities Put Option	Multiple approach: fair value is discounted on the basis of expected EBITDA applying a multiple approach with equivalent terms using standard observable market interest rates	**EBITDA** The estimated fair value of liabilities from the put option would increase (decrease) if EBITDA were higher (lower) in 2025

For financial instruments with short-term maturities, including cash and cash equivalents, trade receivables, trade payables and other current receivables and current liabilities, it is assumed that their fair values approximate their carrying amounts. The relief provision of IFRS 7.29 was applied to the disclosures on the fair values of lease liabilities. As a result, the fair value was not determined.

The following overview shows a detailed reconciliation of assets and liabilities in level 3 regularly measured at fair value.

in TEUR	2024	2023
Non-current financial assets		
As at 01.01.	2,833	3,188
Sales (incl. disposals)	0	-34
Unrealised profit (+)/loss (-) in consolidated earnings	23	15
As at 30.06	**2,856**	**3,169**
Non-current liabilities from contingent consideration		
As at 01.01.	2,595	3,908
Unrealised profit (-)/loss (+) in consolidated earnings	-1,745	110
As at 30.06	**850**	**4,018**
Current liabilities from contingent consideration		
As at 01.01.	1,193	1,352
As at 30.06	**1,193**	**1,352**

A non-current earn-out liability was accounted for as part of the full consolidation of Stern Energy S.p.A. in October 2022. As of 31 December 2023, this amounted to TEUR 2,595. The amount of the earn-out liability and therefore the additional payment to be made by Encavis to the seller is calculated on a sliding scale according to average EBITDA in the 2023 and 2024 financial years. A payout is expected in the middle of the 2025 financial year, provided that the agreed minimum target figures are achieved. In the first half of 2024, a write-down of TEUR 1,818 was recognised and TEUR 73 of interest was added to the liability.

The current earn-out liability of TEUR 1,352 was also recognised in relation to the full consolidation of Stern Energy S.p.A. in October 2022. Additional payments must be made by Encavis to the seller as soon as development projects reach ready-to-build status or the remaining shares in the development projects are sold by the seller.

The following interest income and interest expenses originate from financial instruments not measured at fair value through profit or loss:

in TEUR	01.01.–30.06.2024	01.01.–30.06.2023
Interest income	11,403	9,996
Interest expenses	-44,624	-39,500
Total	**-33,221**	**-29,504**

Not included, in particular, are interest income and interest expenses from the valuation of derivatives and interest income and interest expenses from assets and liabilities outside of the scope of IFRS 7. In accordance with IFRS 7.20 (b), interest expenses include interest expenses in connection with IFRS 16, as the lease liabilities are classified as financial liabilities not measured at fair value through profit or loss.

Interest rate swaps

The fair value of interest rate swaps on the balance sheet date is determined by discounting future cash flows using the yield curves on the balance sheet date and the credit risk associated with the contracts.

As at the balance sheet date, the Group held a total of 108 interest rate swaps (31 December 2023: 94), under which the Group receives interest at a variable rate and pays interest at a fixed rate. As a general rule, these are amortising interest rate swaps, whose nominal volume is reduced at regular, defined intervals. The following table shows the nominal volumes as at the reporting date, the average (volume-weighted) fixed interest rate and the fair value. The Group differentiates between interest rate swaps that are part of an effective hedging relationship pursuant to IFRS 9 and those that are not.

in TEUR	30.06.2024	31.12.2023
Nominal volume in TEUR	872,755	790,246
Of which in a hedging relationship	*611,783*	*496,317*
Of which not in a hedging relationship	*260,972*	*293,929*
Average interest rate in %	2.49	2.01
Average remaining term in years	8.06	7.29
Fair value in TEUR	18,020	23,705
Of which in a hedging relationship	*19,273*	*14,766*
Of which not in a hedging relationship	*-1,253*	*8,939*

The ineffective portion of the swaps in a hedging relationship was recognised as an expense of TEUR 674 through profit or loss (previous year: income of TEUR 240). The market value of swaps that are not in a hedging relationship was recognised as income of TEUR 2,960 through profit or loss (previous year: expenses of TEUR 1,496). The effective share in the current financial year of TEUR 5,415 (previous year: TEUR -3,116) was adjusted for deferred tax effects in the amount of TEUR -1,448 (previous year: TEUR 865) and recognised in equity. For the interest rate swaps for which no more evidence of their effectiveness pursuant to IAS 39 could be provided prior to 1 January 2018 (applicable period of IAS 39), the changes in value formerly recognised in the hedge accounting reserves with no effect on profit or loss in the amount of TEUR 6 (previous year: TEUR 34), taking into account the deferred tax liabilities in the amount of TEUR -2 (previous year: TEUR -9), were reversed through profit or loss.

Power purchase agreements

The ineffective portion resulting from the measurement of the PPAs stood at TEUR 2,578 in the reporting period (previous year: TEUR 0). The market value of PPAs that are not in a hedging relationship was recognised as an expense of TEUR 739 through profit or loss (previous year: income of TEUR 1.371). The effective portion in the current financial year of TEUR 12,479 (previous year: TEUR 176,706) was adjusted for deferred tax effects in the amount of TEUR -3,137 (previous year: TEUR -7,611) and recognised in equity.

Principles of risk management

With regard to its financial assets and liabilities and planned transactions, Encavis is mainly exposed to risk from interest rate changes and risks from the volatility of market electricity prices. The aim of financial risk management is to limit this market risk by means of ongoing activities. Depending on the assessment of the risk, both derivative hedging instruments and private-sector power purchase agreements, which provide for a fixed price for the majority of the electricity produced, are used for this purpose. To minimise the risk of default, power purchase agreements are only concluded with reputable private buyers and interest rate hedging instruments are exclusively concluded with renowned banks with good credit ratings. As a general rule, only risks that impact the Group's cash flow are hedged.

The risks facing the Encavis Group, as well as the extent of these risks, have either not changed or not changed significantly compared with the 2023 consolidated financial statements.

Equity

As at 30 June 2024, equity amounted to TEUR 1.198.826 (31 December 2023: TEUR 1.186.929). The increase of TEUR 11.897 is primarily the result of valuation effects for the Group's derivative financial instruments recognised in the hedge reserve. The equity ratio was 32,2 % (31 December 2023: 33,2 %).

Related-party disclosures

In the course of normal business, the parent company Encavis AG maintains relationships with subsidiaries and with other related companies (associated entities and companies with the same staff in key positions) and individuals (majority shareholders and members of the Supervisory Board and Management Board as well as their relatives).

Associated entities

Transactions with associated entities are carried out under the same conditions as those with independent business partners. Outstanding items as at the reporting date are unsecured and (with the exception of loans) interest-free, and settlement is made in cash. No guarantees were provided to or by related parties with regard to receivables or liabilities.

in TEUR

	Services provided, incl. interest	Services received	Receivables	Liabilities	Loans issued, incl. interest
CHORUS IPP Europe GmbH	189		4		
Gnannenweiler Windnetz GmbH & Co. KG		16			
Pexapark AG		685		1	
Energiepark Bergheim-Repowering RE WP BE GmbH & Co. KG*	236				
TokWise OOD**		91			
Total	**425**	**792**	**4**	**1**	
01.01.2023 to 30.06.2023	(272)	(862)			
(31.12.2023)			(18)	(6)	(7,413)

* As Energiepark Bergheim-Repowering RE WP BE GmbH & Co. KG has been fully consolidated since 27 June 2024, only the business relationships up to this date are reported in the disclosures for the current financial year.
** The disclosures on the business relationships with TokWise OOD are presented in the previous year from the time of acquisition of the shares on 31 August 2023.

The services performed for CHORUS IPP Europe GmbH relate to the commercial operation of parks managed by third parties in connection with the sale of the associated portfolio at the end of 2023.

We procure from Pexapark AG software solutions to calculate the actual and projected revenue of our park portfolio in order to carry out risk simulations and assessments of the effects of market prices on our assets and to evaluate and validate PPA prices. All price components of our assets are therefore reported.

The business relationship with TokWise OOD relates to the TokWise platform. This enables power producers like us and industrial electricity consumers to link their assets directly to the power exchanges and thereby take control of the purchase and sale of electricity. The company has also established a unique data science team and expertise focused on energy markets to develop algorithms that enable complete automation of power trading decisions. TokWise's AI therefore allows the value of every kilowatt-hour to be maximised.

Joint arrangements

The participating interest of Encavis in Richelbach Solar GbR in the amount of TEUR 120 as at 30 June 2024 (31 December 2023: TEUR 120) is classified as a joint operation pursuant to IFRS 11.

The investment of SOLAR CASTUERA S.L.U., acquired in the first half of 2024, in Promotores Chucena 220 KV C.B. in the amount of TEUR 200 as at 30 June 2024 is also classified as a joint operation in accordance with IFRS 11.

The interests in the joint operations are accounted for by recording the shares in the assets, liabilities, income and expenses in accordance with their contractually transferred rights and obligations.

Other related companies and individuals

As at the reporting date, rental agreements at arm's-length terms exist with B&L Holzhafen West GmbH & Co. KG, a company related to Supervisory Board member Albert Büll, for office space for Encavis AG. In the first half of 2024, the sum of the transactions with B&L Holzhafen West GmbH & Co. KG amounted to TEUR 388 (previous year: TEUR 380). As at the balance sheet date, there were no outstanding balances from transactions with B&L Holzhafen West GmbH & Co. KG.

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 Immobilienverwaltungs GmbH & Co. KG, a company related to Encavis Asset Management AG Supervisory Board member Peter Heidecker. The rental agreement ran as agreed until June 2024. The monthly rent is based on customary market conditions. In the first half of 2024, the sum of the transactions with PELABA Immobilienverwaltungs GmbH & Co. KG amounted to TEUR 79 (previous year: TEUR 118). The rental agreement for a new office building in Neubiberg has been in place since 1 July 2024. A rental agreement was concluded with ALOPIAS Verwaltungs GmbH & 9. KG at standard market conditions, with a fixed term of ten years. The company is also related to Peter Heidecker.

Other disclosures

Employees

In the first half of 2024, apart from the Management Board members, the Group had 406 employees on average (previous year: 348), determined on the basis of the figures on the respective reporting dates. The average number of employees is shown below broken down by function:

Average number of employees per function	Finance	Operations	Staff	Investments	Corporate Finance/ Project Finance	Asset Manage-ment	Technology/ Administra-tion	Total
Encavis AG	23	32	42	19	7			123
(previous year)	(22)	(31)	(35)	(16)	(7)			(111)
Asset Ocean GmbH			4					4
(previous year)			(4)					(4)
Encavis Finance B.V.			1					1
(previous year)			(0)					(0)
UAB L-VĖJAS			1					1
(previous year)			(1)					(1)
Encavis Asset Management AG						80		80
(previous year)						(73)		(73)
Encavis Portfolio Management GmbH						1		1
(previous year)						(2)		(2)
Stern Energy S.p.A.							123	123
(previous year)							(103)	(103)
Stern Energy GmbH							23	23
(previous year)							(18)	(18)
Stern Energy Ltd.							37	37
(previous year)							(33)	(33)
Stern Energy B.V.							7	7
(previous year)							(3)	(3)
Stern Energy SAS							6	6
(previous year)							(0)	(0)
Total	23	32	48	19	7	81	196	406
(previous year)	(22)	(31)	(40)	(16)	(7)	(75)	(157)	348

The change in the number of employees is mainly due to the growth-induced expansion of the team at Encavis.

Leases

The following table provides an overview of the capitalised rights of use per asset class recognised under property, plant and equipment as at 30 June 2024:

Right-of-use assets in TEUR

	30.06.2024	31.12.2023
Land	226,849	217,038
Buildings	8,043	8,075
Power generation installations	24,760	25,697
Vehicles	478	409
Total	**260,131**	**251,219**

Lease liabilities as at 30 June 2024 are as follows:

Lease liabilities in TEUR

	30.06.2024	31.12.2023
Non-current	207,503	195,567
Current	15,612	15,736
Total	**223,115**	**211,303**

The increase in usage rights and lease liabilities is essentially due to the initial consolidation of newly acquired wind and solar parks during the reporting period. Valuation effects and new contracts of existing group companies are also included to a lesser extent.

Events after the balance sheet date

For the significant events after the end of the reporting period, the reader is referred to the section “Events after the balance sheet date” in the interim Group management report.

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.

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) 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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Assurance of the legal representatives

We declare that, to the best of our knowledge and according to the applicable accounting standards, the half-yearly financial reporting as at 30 June 2024, in connection with the annual report for 2023, gives a true and fair view of the financial performance, financial position and net assets of the Group, and that the situation of the Group is presented in a true and fair way as to suitably describe the principal opportunities and risks associated with the expected development of the Group.

Hamburg, August 2024

Encavis AG

Management Board

Dr Christoph Husmann

Spokesman of the Management Board and CFO

Mario Schirru

CIO/COO

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