Prepared Remarks

FOURTH QUARTER 2022 EARNINGS CONFERENCE CALL

Yosef Lefkovitz

VP M&A and Corporate Finance

Thank you Operator.

Good morning everyone and thank you for joining our fourth quarter and full-year 2022 earnings conference call for Enlight Renewable Energy.

With me this morning are Gilad Yavetz, CEO and Co-founder of Enlight, Nir Yehuda, CFO of Enlight, and Jason Elsworth, CEO and Co-founder of Clenera. Gilad will provide some opening remarks and will then turn the call over to Nir for a review of our fourth quarter and full-year results and Jason for a review of our U.S. activity. Our executive team will then be available to answer your questions.

Certain statements made on the call today, including but not limited to statements regarding business strategy and plans, our project portfolio, market opportunity and potential growth, completion of development and the Company's future financial and operational results and guidance, including revenue and adjusted EBITDA, may be forward-looking statements which reflect management's best judgment based on currently available information. These statements involve risks and uncertainties that may cause actual results to differ from our expectations. Please refer to our earnings release for more information on the specific factors that could cause actual results to differ materially from our forward-looking statements. Although we believe these expectations are reasonable, we undertake no obligation to revise any statements to reflect changes that occur after this call. Additionally, non-IFRS financial measures may be discussed on the call. These non-IFRS measures should be considered in addition to and not as a substitute for or in isolation from our results prepared in accordance with IFRS. Reconciliations to the most directly comparable IFRS financial measures are available in the earnings release and the earnings presentation for today's call, which is posted on our Investor Relations webpage. With that I will turn the call over to Gilad.

Gilad Yavetz

CEO and Co-founder of Enlight

Thank you Yosef and thanks to everyone for joining us today.

We are very excited to announce strong results in our first earnings conference call as a U.S. public company. We delivered both record annual and quarterly results, continuing to demonstrate our track record of converting projects from development to operations.

In 2022 we succeeded in connecting 810 MW over the course of the year. These successful conversions and strong performance across our business drove record financial results in 2022, with revenue up 88% to $192m and Adjusted EBITDA up 96% to $130m. In addition, we sold $18m of electricity which was not recognized under IFRS as revenue or Adjusted EBITDA for our projects treated as financial assets. As a result, the IPP arm of the business is already generating material cash flow – the Company generated $90m of cash flow from operations in 2022.

Before we dive deeper into numbers, since this is our first earnings call as a U.S. public company, I wanted to take a few minutes to talk about Enlight and what we believe makes us unique.

First off, we're a true greenfield developer of utility-scale renewable energy projects. Our greenfield development expertise enables us to source projects from scratch organically and control the full project lifecycle. We source land, find scarce interconnection, manage complex relationships with local communities, find offtake for our power and ultimately construct, own and operate our projects over the long run.

This approach has helped us to achieve market leading project returns, which we have demonstrated over the past decade, having successfully developed 4 GW of projects.

Second, we believe we're in the right markets at the right time. Our unique footprint across the U.S., Europe and Israel provides exposure to some of the fastest growing renewables markets in the world. We believe our U.S portfolio, which is largely located in the Western part of the country is well positioned to benefit from the game changing Inflation Reduction Act. In addition, we believe our European portfolio, located across nine different countries is positioned to benefit from the high power price environment and increasing urgency from the European Union to accelerate the energy transition.

Third, we have significant portfolio diversification. Not just in geography but in technology and revenue structure. We are not only in solar, but are experts in working in solar, storage and wind. We're not 100% contracted – but we're not overly exposed to merchant. This provides us with clear visibility on our cash flow through long-term PPAs together with upside potential through select merchant exposure in Europe.

Finally, we believe we have a cost of capital edge. Through the credibility we have built, having successfully developed 4 GW of projects, we have been able to cultivate the appetite of institutional partners on a global basis over the years. This has given us access to what we view as a competitive cost of capital, which has amplified our equity returns.

As the first pure-play utility-scale developer to be publicly traded on a national exchange in the U.S., we aim to deliver value for our shareholders by continuing to deliver on our two fold objective: executing on above-market project returns and above market growth. As many of you know, we have been a public company in Israel for the past decade and have produced very strong results and shareholder returns. We were very gratified by the response to our U.S. IPO.

We intend to be very active on the investor relations vector in the U.S. market and to deliver the same level of transparency and engagement that we are known for in Israel.

Moving now to the fourth quarter of 2022 and full year end results.

In short, Enlight had a terrific year and we believe the business has never been better positioned.

The year was characterized by two main themes:

One: The successful conversion of the project portfolio, and

Two: The optimization and de-risking of project returns

Starting with conversion, in 2022 we succeeded in connecting 810 MW over the course of the year, including Gecama, the largest wind farm in Spain, Emek Habachah, the largest operational wind farm in Israel, and gradually Bjornberget, one of the largest wind farms across Europe, which we expect to reach full COD by the end of Q2 2023.

Similarly, we continued to not only convert projects to operations but also progress projects to the start of construction. In 2022 we commenced construction on 630 MW of generation capacity and 1.7 GWh of storage. This included Atrisco Solar, our flagship solar and storage project in New Mexico. We now have 1 GW of generation capacity and 1.7 GWh of storage capacity under construction, which provides clear visibility on our future performance through 2024, as projects come online.

Finally, we expanded our Mature Projects Portfolio by nearly 0.9 GW of generation capacity, over 20% this year through our successful development efforts in the U.S. and Spain. As a reminder, our Mature Portfolio includes operational projects, projects under construction, projects in pre-construction (those due to commence construction within a year of today's date) and projects with signed PPAs. It is our portfolio of projects that we consider largely and relatively de-risked.

With a total Mature Project portfolio of 4.5 GW of generation and 2.7 GWh of storage, all of which is expected to be operational by the end of 2025, we see a clear path for the future of our business.

Moving to the second theme. This year we successfully managed to navigate a volatile macro environment which included supply chain challenges and overall cost inflation. We secured increases in PPA prices of around 17% to 25% for projects totaling around 1 GW. These price increases enabled us to offset the return compression we had seen from increased capex and financing costs. We are currently in advanced negotiations with offtakers to increase the PPA price for an additional 900 MW of contracted projects.

Our ability to secure these price increases is driven by the strategic interconnection positions of our projects. Offtakers lack energy and capacity as there are very few large scale renewable energy projects that can meet their procurement needs given jammed interconnection queues. Our projects, which are advanced from an interconnection perspective and of significant scale offer utilities the solution they need. As of this release, we have nearly 8.5 GW past System Impact Study, which we believe is a unique position in the U.S. market.

On supply chain, we believe we have been ahead of the curve – particularly in the U.S. Our first project, Apex Solar was sourced with solar panels from Waaree, a Tier 1 Indian supplier, and we continue to receive deliveries to the project site. We have since expanded our relationship with Waaree and now have the ability to purchase up to 2 GW from Waaree for our U.S. portfolio through 2025.

Similarly on battery, we have acquired utility scale battery solutions from a U.S. based supplier. This will enable us to benefit from the domestic content adder on storage, a unique advantage in battery where there are very few U.S. based suppliers.

Looking to 2023 and beyond, we benefit from what we see as healthy adjusted PPA prices, de-risked supply chain, material regulatory benefits and certainty post the IRA and RePower EU and a substantial pipeline of advanced development projects in addition to the Mature Portfolio, which totals 4.2 GW. We are also seeing significant demand for battery storage, especially from offtakers in Western U.S. Battery helps us accelerate our growth and increases project returns on the same development effort.

These are all tailwinds to our business.

Based on the positive trends in the business and the factors I described, we are increasing our mid-range annual deployment guidance from 1-1.2 GW per year to 1.5 GW per year starting from 2026 and beyond. Over time we also expect that the U.S. based projects will represent at least 50% of our business.

I'll now hand it over to Nir to discuss our results and 2023 outlook.

Nir Yehuda
CFO of Enlight

Thank you Gilad.

Before I provide an update on 2022 performance and 2023 guidance, I would like to discuss some of the recent volatility in the Israeli financial markets over the past few weeks, which has been driven by political uncertainty around the proposed judicial reform. While Enlight is headquartered in Israel, ultimately we are largely an international company. Pro forma for the IPO, 81% of the Company's cash as of year end was held in dollars or Euros. In the fourth quarter of 2022, approximately 80% of our revenues were denominated in either Euros or other European currencies. We have limited exposure to the Israeli shekel, which reflects the growing parts of our business in Europe and the U.S.

And it's important to note that we have not made any deposits or other investments with Silicon Valley Bank and to the best of our knowledge have no exposure to it.

In the fourth quarter of 2022, the Company's revenues increased to $61m up from $35m in the same period in 2021. The growth was mainly driven by the addition of new projects, including Gecama, Emek Habacha and Selac, which contributed an additional $32m in the fourth quarter and the recognition of all proceeds from the sale of electricity by the Halutziot project from the second quarter of 2022 as revenue following its reclassification, which contributed an additional $2m to revenue in the fourth quarter. These positive impacts were partially offset by lower production and one time events which reduced availability, that had a $6m impact and weaker FX which had a $3m impact. In addition, we sold $2m of electricity in projects treated as financial assets in the quarter, which under IFRS we are required to account for as financing income or other non-P&L metrics.

In the full year 2022, the Company's revenues were $192m versus $102m in the full year 2021. The increase in revenue was mainly driven by the addition of new projects, which contributed an additional $86m, the reclassification of Halutziot which contributed an additional $12m and $2m from PPA inflation indexation. These positive impacts were partially offset by lower production and one time events which reduced availability, that had an $8m impact and weaker FX which had a $6m impact. In addition, we sold $18m of electricity from projects treated as financial assets in 2022, which under IFRS we are required to account for as financing income or other non-P&L metrics.

In the fourth quarter of 2022, the Company's Adjusted EBITDA almost doubled to $43m compared to $22m for the same period in 2021. The increase was driven by the same factors which affected our revenue increase in the same period.

For the full year 2022, the Company's Adjusted EBITDA also nearly doubled to $130m compared to $66m in 2021. The increase was driven by the same factors which affected our revenue increase in the same period and was offset by an additional $8m from corporate overhead expenses.

I would also like to reiterate Gilad's comment on the Company's growing cash flow. For the full year 2022, the Company reported $90m of net cash from operating activities versus $52m for the same period in 2021, an increase of 73%. Our IPP arm is beginning to generate substantial cash flow which will help finance our growth going forward.

Moving to 2023 guidance, we are pleased to issue our outlook for 2023, including:

- Revenue between $290m and $300m,
- Adjusted EBITDA between $188m and $198m
- 1.8 GW operational by year end 2023

Our guidance for 2023 is based, amongst others on the following assumptions:

- Full COD of Bjorn by end of Q2 2023
- Genesis Wind to reach COD by end of Q3 2023
- Apex Solar to COD by end of Q2 2023
- EUR to USD of 1.04 and USD to NIS of 3.65
- It is important to note that our Adjusted EBITDA estimate does not include the tax credits to be received at the COD of Apex Solar

We also note that following the reclassification of the Halutziot project, we still expect proceeds from the sale of electricity generated from projects treated as Financial Assets, that are not reflected as Revenue or Adjusted EBITDA, to reach approximately $15 million in 2023.

We are pleased to also share project tables at the back of our earnings release and in excel format on our website. These tables provide significant detail on our Mature Project portfolio, particularly projects under Construction and pre-construction. We hope to provide best in class transparency on our business. It is important to note that our Adjusted EBITDA estimate per project does not include tax credit recognition and possesses forward looking information which is subject to the disclaimers provided in our earnings release and in our projects tables.

I will now hand it over to Jason, who will go into detail a bit more on our U.S. projects.

Jason Elsworth

CEO of Clenera

Thank you Nir.

While I was part of the US IPO roadshow, for those who haven't met me, I'm a founder, President and CEO of Clenera. Based in Boise, Idaho, Enlight acquired Clenera in August 2021. This has been an exceptionally synergistic partnership. The companies share the same DNA, vision and entrepreneurial spirit.

The Company is executing successfully across its US project portfolio. Focus continues to be progressing a large volume of projects to maturity through the development process.

Apex Solar (located in Montana) is progressing as planned. Commercial operation date (COD) is expected by the end of June 2023.

Atrisco Solar (located in New Mexico and totaling 360 MWdc solar and 1,200 MWh storage) commenced construction during the fourth quarter 2022. Major equipment is ordered and the construction agreement has been executed. All interconnection studies are complete. The draft interconnection agreement is underway and expected to be signed in April. The Company is advancing negotiations with financing providers (debt and tax equity). There are strong benefits for Atrisco under the Inflation Reduction Act (IRA), including PTC on solar tax equity and the possibility of a domestic content adder on the battery energy storage system (BESS). COD is expected by mid-2024.

The Company has made significant progress on one of the largest projects in its portfolio, CO Bar (located in Arizona and totaling 1,200 MWdc solar and 824 MWh storage). The initial 580 MWdc of solar is contracted and the remaining capacity, including storage is in advanced negotiation with offtakers. The project has secured its primary real estate and conditional use permit (CUP). The system impact study (SIS) is complete and facilities study is nearing completion. CO Bar is expected to start construction in second half of 2023 and achieve COD in phases through 2025. Like Atrisco, the CO Bar project stands to benefit from the Inflation Reduction Act (IRA), including PTC on solar tax equity and the possibility of a domestic content adder on the battery energy storage system (BESS). There is further potential to contract an additional 3.2 GWh of storage at CO Bar in the future as per our land and expand strategy. Co Bar is a good example of our land and expand strategy, where we have succeeded in securing large and cost effective interconnect and developing one of the largest solar projects in the region.

With respect to the supply chain, the Company continues to de-risk its project portfolio. The Company executed an agreement with Waaree for up to 2 GW of modules with delivery through 2025. Together with other module procurement contracts, the Company has clarity on meeting module supply needs for its mature project portfolio in the United States.

Amidst increasing interconnection queue congestion across the United States, the Company continues to see strong interconnection results thanks to its advanced portfolio and market specific knowledge. In the quarter, the Company increased the projects beyond system impact study (known interconnection cost and timeline) by approximately 2,000 MWdc. With more than 8.4 GWdc of projects past system impact study, the Company is positioned to accelerate its growth in the United States.

Given strong results across our US portfolio, we are confident in our ability to deliver above market returns and above market growth.

I will now hand it back to Gilad to discuss the Company's European and Israeli projects.

<u>Gilad Yavetz</u>

CEO and Co-founder of Enlight

Thanks, Jason.

Enlight continues to benefit from the strong demand for power across Europe. Despite declining natural gas prices, natural gas remains significantly above historical levels. Moreover, the steep increase in recent months in the price of carbon, recently eclipsing 100 Euros per ton, has kept thermal generation expensive. For example, in the fourth quarter, Gecama, our merchant asset in Spain sold electricity at an average net price 115 EUR / MWh. 82% of which was hedged.

Project Bjorn (Sweden), one of the largest onshore wind farms in Europe, totaling 372 MW continues to progress with 26 turbines operational (out of 60) as of the date of this release. 52 turbines are fully erected. In Sweden, we can generate revenues from the sale of electricity for operational turbines even before the project reaches full COD. We expect Bjorn to reach full COD by the end of H1 2023.

On the development front, Gecama Solar, a 250 MW solar and 200 MWh storage project at the same site as Gecama wind advances as planned. With real estate and interconnection already secured, the project awaits its environmental and construction permit. Construction is expected to commence by the end of H2 2023 with COD expected by year end 2024. Once the whole complex is built, we intend to re-assess the commercial strategy and financing for the asset.

In Israel, in the fourth quarter we commenced construction on Solar + Storage 2, totaling 163 MW and 328 MWh of storage. Corporate PPA negotiations are ongoing with COD expected over the course of 2024. In addition, Genesis Wind, the largest renewable energy project in Israel totaling 189 MW has completed erection of all its wind turbines. Commissioning tests have begun with COD slated for end of Q3 2023.

We also signed a collaboration agreement with NewMed energy the largest natural gas player in the Eastern Mediterranean to develop renewable energy projects in the region. While we are market leaders in Israel, developing in Israel can often be slow and bureaucratic. Israel has ambitious renewable energy goals of 30% by 2030, yet the pace of development of projects is insufficient to achieve this goal. We believe that together with NewMed we will be able to unlock projects of very significant scale and high returns outside of Israel's borders with Israel as the ultimate offtake.

To sum up, we have never been better positioned or more excited about our business. Our U.S. IPO is an unmistakable signal that Enlight has become a major force in renewable power on a global scale. As you can see from our guidance we expect another year of profitable growth in 2023, but that is just a small part of our story. Despite being public for more than 10 years we are still in the very early stages of our opportunity. I'd like to thank our employees, customers and partners around the world for their support and we look forward to keeping investors updated on our progress.

Before we open the call up for Q&A, we would like to note that we intend to be active with regard to Investor Relations and plan to conduct a number of non-deal roadshows and attending various investor conferences after our first quarter earnings report in May. With that I'll turn it over to the operator for questions. Operator?