FIRST QUARTER 2024 EARNINGS CONFERENCE CALL

Yosef Lefkovitz: VP M&A and Corporate Finance

Thank you, Operator.

Good morning, everyone and thank you for joining our first quarter 2024 earnings conference call for Enlight Renewable Energy.

Before beginning this call, I would like to draw participants' attention to the following: Certain statements made on the call today, including but not limited to statements regarding business strategy and plans, our project portfolio, market opportunity, utility demand and potential growth, discussions with commercial counterparties and financing sources, pricing trends for materials, progress of Company projects, including anticipated timing of related approvals and project completion and anticipated production delays, expected impact from various regulatory developments, completion of development, the potential impact of the current conflicts in Israel on our operations and financial condition and Company actions designed to mitigate such impact, expected changes in Clenera's leadership, and the Company's future financial and operational results and guidance, including revenue and adjusted EBITDA, are forward-looking statements within the meaning of U.S. federal securities laws which reflect management's best judgment based on currently available information. We reference certain project metrics in this earnings call and additional information about such metrics can be found in our earnings release. These statements involve risks and uncertainties that may cause actual results to differ from our expectations. Please refer to our 2023 annual report filed with the SEC on March 28, 2024 and other filings 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 are posted on our Investor Relations webpage.

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

Gilad Yavetz: CEO and Co-founder of Enlight

Thank you, Yosef, and thank you all for joining us today.

Enlight is off to a strong start to the year, and we are pleased to present a robust set of financial results for the first quarter. Revenue grew 27% year over year to $90m, while Adjusted EBITDA grew 28% year over year to $68m in the quarter. We benefited during the quarter from high production levels across our 1.9 GW operational portfolio, particularly at some of our largest wind farms. Net income was $24m versus $33m last year, which benefitted from one-off financing income we recognized post-IPO last year, which Nir will explain in more detail later on. On the back of these results, we are pleased to reaffirm our full year 2024 guidance.

In addition to the strong financial results, we continued to execute on our project portfolio during the quarter. Our projects are proceeding on schedule, including the 579 MW and 1.7 GWh expected to reach COD this year, as well as the 1.1 GW and 2.9 GWh of new projects we expect to start construction this year. Enlight is on the cusp of a major expansion, which will ultimately result in the tripling of the company’s generation and storage capacity to 5.1 GW and 5.7 GWh by 2026. We are laser focused on the execution and delivery of our plan.

Let me describe what we are seeing in the United States, where the industry fundamental backdrop is one of the best we have ever seen. First off, demand for electricity is increasing. For most of the past decade, forecasts for long-term annual U.S. load growth stood at approximately half a percent per year. But this accelerated in 2023, when forecasts for long term demand nearly doubled to 0.9% a year until 2028. This represents an additional 38 GW of peak demand over the next five years. To put that in perspective – that is the equivalent of 75% of California’s peak load today. This rapid acceleration in demand has been driven by the reshoring of manufacturing, EVs and most importantly the installation of data centers which consume an immense quantum of power. And there is a strong possibility that this does not capture the true demand picture, which could rise to 1.5% annual growth until the end of this decade. This also explains why PPA pricing remains high, even as equipment prices have been falling.

Enlight is uniquely positioned for this tight power market environment, with a broad set of projects that are deliverable in the short to medium term.

These projects include Atrisco, our 364 MW and 1.2 GWh flagship project located in New Mexico, which will see completion of its solar component during the third quarter of this year, while the storage part is on track for COD during the fourth quarter, both as planned. Moreover, Quail Ranch, Roadrunner and Country Acres – the three major projects we expect to start construction in the United States in 2024 totaling 810 MW and 2.0 GWh, have completed all critical development milestones, and are on schedule. We will soon initiate major procurement for these projects. Equipment pricing remains beneficial to us, with panel prices around 25 cents. All-in battery prices are now 170 dollars. Both these elements have fallen by 30% to 35% from the start of 2023.

All these factors combined contribute to improving unlevered returns on the projects that we are planning to build between now and 2026: these stand at 10.5%, an improvement of 50 bps since last quarter, and with addition of financing, reach mid- to high-teens levels.

In Europe, while short-term power prices have been unusually low, long-term power prices remain high, reflecting attractive returns for Enlight's operational and development portfolio as we continue to secure important milestones at our near-term projects. We reached financial close for our 94 MW wind farm, Project Pupin in Serbia, arranging a $95m financing package from EBRD and Erste, the same partners who financed our operational Blacksmith project, which is adjacent to Pupin. Pupin, which has a signed 15-year CFD agreement at 69 Euros per MWh, is now under construction and is expected to reach COD as planned in the second half of 2025. In addition, we reached financial close on two of our smaller Hungarian projects, recovering $29m of excess equity invested. The normalization of European energy prices and the prevailing higher cost of capital are sparking a greater flow of attractive later stage project acquisition opportunities across the continent. We are currently evaluating several project acquisitions and we may seek to take advantage of this opportunistic window.

In Israel, we continue to engage with the newly deregulated power sector, enhancing our ability to generate and sell electricity to different segments of our home market. Arad Valley 3, a part of the Israel Solar & Storage cluster, reached COD during the first quarter, as we maintain the rollout of this project cluster through 2024. We also signed PPAs with two additional companies for 50 MW of supply, as we further expand our reach into Israel's corporate power market. And finally, we announced the formation of a new subsidiary named Enlight Local, led by one of the top management teams, which will address the power needs of Israeli municipalities and agricultural customers by building distributed power infrastructure.

Finally, turning to our operational portfolio, electricity generation volumes at most of our wind farms were well above expectations, including at Gecama in Spain, Blacksmith in Serbia and Genesis Wind in Israel. This was partly offset by weaker merchant pricing, especially at Gecama, where low electricity prices were recorded during the quarter. Despite these merchant market conditions, our hedging strategy provided significant downside protection, as we hedged 65% of Gecama's anticipated production at a high price of EUR 100 for 2024. As we show in the slide deck accompanying this quarter's results, even in an extreme case where merchant prices for the rest of 2024 end up 50% below the internal forecasts we made at the start of the year, our corporate Adjusted EBITDA would only drop by 2% from the midpoint of our guidance range. I would like to emphasize that we do not expect lower merchant prices to impact our Financial Outlook for 2024. Moreover, we are also looking to adapt our commercial strategy to current conditions. After the extraordinary returns that we have made at Gecama, where heavy merchant market exposure over the past two years has returned half of the equity we invested in the project, we are now considering options of entering into a long term PPA.

To sum up: this quarter showed strong financial performance, and we continue to be on schedule in meeting our COD and project development goals. Business fundamentals in the US are very supportive for our planned expansion there, with rising power demand and low equipment costs translating into higher PPA pricing and increasing project returns. And it is exactly these trends that enable Enlight to achieve its dual goal of delivering higher-than-market growth at higher-than-market returns.

I'd now like to hand the call over to Jason.

<u>Jason Ellsworth, CEO of Clēnera</u>

Enlight and Clenera are rapidly expanding in the U.S. and we are laser focused on construction and project finance. In total, we plan to be in active construction on more than 1.2 GW of solar and 3.2 GWh of battery during 2024.

Our 364 MW and 1.2 GWh Atrisco project in New Mexico is on schedule. We expect to reach COD on the solar in the third quarter. The solar project has already reached mechanical completion and commissioning work is underway. The battery is expected to be complete during the fourth quarter; equipment is almost all on site and work is underway to connect the initial circuits.

Looking beyond Atrisco, we plan to begin construction on Country Acres, Quail Ranch, and Roadrunner in the second half. These projects together total 810 MW of generation and over 2 GWh of energy storage. The 392 MW and 688 MWh Country Acres project in California is expected to begin first. All regulatory and permitting hurdles are clear and construction contracts are nearly complete. Quail Ranch is not far behind. The 128 MW and 400 MWh project in New Mexico is ready to start construction but awaiting PPA regulatory approval. Finally, the 290 MW and 940 MWh Roadrunner project in Arizona is completing its remaining governmental approvals. Before year end, we expect all three of these projects to enter construction. Each is an important part of delivering our 2026 objectives.

Our CO Bar project in Arizona is comprised of three busbar PPAs totaling approximately 1.2 GW and 824 MWh and contracted with APS and SRP. The APS queue reform is ongoing and is still on track to support a year-end 2026 COD for the vast majority of the project, with the remainder to follow in early 2027. We continue to engage with APS to advance the interconnection work as quickly as possible. As a reminder, another 3.2 GWh of battery potential is under development at the site but not contracted.

Taking a step back, we continue to see strong support for our project fundamentals. PPA pricing remains sticky, in light of the trends Gilad mentioned. Equipment prices have also declined, with cost for both solar panels and batteries falling in the past year. Since the beginning of 2023 both solar module and battery pricing have dropped by approximately 30% - 35%. This has served to offset the increase in financing costs and deliver improved returns.

Turning to supply chain, there is currently renewed concern regarding possible trade sanctions aimed at Asian equipment producers. Clenera uses modules supplied from SE Asia and India that are audited by 3rd parties to ensure compliance with today's UFLPA and AD/CVD rules. Our suppliers have proven ability to work efficiently and successfully through routine customs investigations and deliver on time. If additional sanctions emerge, Clenera has supply contingency plans in place to limit potential sanction impact, including use of U.S. assembled bifacial panels and batteries.

On a final note, Adam will lead the company's US commentary next quarter. I'm excited to see the organization grow and develop under his exceptional leadership.

I'd now like to turn the call over to Nir for a review of our quarterly results.

Nir Yehuda: CFO, Enlight

Thank you Jason.

In the first quarter of 2024, the Company's revenues increased to $90m, up from $71m last year, a growth rate of 27% year over year. Growth was mainly driven by new operational projects compared to last year, while being offset by a decline in revenues caused by much lower electricity prices in Spain relative to the prices observed in the same quarter last year.

Since the first quarter of last year, 10 new projects in the US, Hungary, and Israel started selling electricity. The most important of these is Genesis Wind which contributed $9m to revenue. In addition, Björnberget, which barely sold power at the start of 2023, contributed $7m in this quarter.

Gecama generated approximately $20m in revenues, however its contribution fell 6% year over year due to much lower Spanish power prices compared to 1Q23. We sold power in Spain at an overall average price of EUR 65 per MWh this quarter versus EUR 85 per MWh in the same period last year. The decline in pricing was offset by very high production volumes, which were 20% higher than last year, as well as the results of our hedging strategy, which allowed us to sell 52% of Gecama's production at a price of EUR 98 per MWh.

In Israel, seven of the 12 Solar + Storage cluster units are now in operation contributing $3m, while none were selling electricity in the same period last year. Finally, the reclassification of financial asset projects in Israel to fixed asset projects boosted revenues by $3m, though at the same time removed this sum from the financial income line.

Fourth quarter net income declined by 26% to $24m from $33m last year due to unusually high finance income in 2023. In the first quarter of last year, we recorded a one-off $12m benefit caused by the depreciation of the Israeli Shekel on the large amount of cash the Company had received following completion of our Nasdaq IPO in February 2023. In addition, we recorded a $2m non-cash gain in 1Q24 stemming from the mark to market of interest rate hedges and a positive revaluation of foreign exchange-denominated liabilities. Cash flow from operations declined by 36% to $35m from $55m last year influenced by working capital.

In the first quarter of 2024, the Company's Adjusted EBITDA grew by 28% to $68m compared to $54m for the same period in 2023. On the whole Adjusted EBITDA growth was driven by the same positive factors which affected our revenue growth.

Looking to our balance sheet, Enlight achieved two financial closings for projects in Central Europe. We raised a $95m loan for the construction of the Pupin wind project in Serbia, and a $42m financing facility for the construction of the Tapolca solar project in Hungary. We also recycled $29m of excess capital back to Enlight as a result of this transaction. In addition, Enlight has $325m of revolving credit facilities at Israeli and international banks as of the balance sheet date, none of which have been drawn. This is $65m above what we reported in our 4Q23 results.

Moving to 2024 guidance, given the strong set of results we delivered for the first quarter, we reaffirm our Financial Outlook for the year, expecting annual revenue between $335-$360m, and with adjusted EBITDA between $235m and $255m. In addition, 90% of 2024 generation output will be sold at fixed prices either through hedges or PPAs. Our guidance reflects annual growth of 36% and 30% at the midpoint compared to 2023 respectively, demonstrating our accelerated growth path in 2024 and the years ahead.

I'll now turn it over to the operator for questions.