Prepared Remarks

FIRST QUARTER 2023 EARNINGS CONFERENCE CALL

May 11, 2023

Yosef Lefkovitz: VP M&A and Corporate Finance

Thank you Operator.

Good morning everyone and thank you for joining our first quarter 2023 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 Ellsworth, 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 first quarter 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 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 the full information 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 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 thank you all for joining us today.

Enlight delivered record quarterly results in the first quarter and our strong start to the year gives us further confidence in reiterating our guidance for the year.

As a brief reminder for those new to our story, Enlight is a greenfield developer of utility-scale renewable energy projects. We source projects from scratch organically and control the full project lifecycle. 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. Our unique footprint across the U.S., Europe and Israel provides opportunity in some of the fastest growing renewables markets in the world. We have significant portfolio diversification. Not just in geography but in technology and revenue structure. We are not only in solar, but are also experienced in storage and wind. And we believe we have a cost of capital edge.

Now moving on to our Q1 results. Quarterly revenue grew 103% year on year to $71m, net income grew 275% year on year to $33m and Adjusted EBITDA grew 118% year on year to $54m, as we continue to benefit from the ramp up of our operational portfolio, totaling 1.4 GW. These are record quarterly figures for the group. In comparison to the same period last year, the Company added Emek Habacha, Gecama and Björnberget to its operational portfolio, totaling 810 new MW. These new projects collectively contributed $32m of revenue. We also benefited this quarter from the indexation of PPAs for our operational portfolio at an average of 6% year over year, which contributed $2m of quarterly revenue, which is a unique advantage in today's inflationary environment.

We are also seeing significant growth in our cash flow generation. The company generated cash flow from operations of $55m in the first quarter, a growth of 315% year over year.

We believe this rapid growth is poised to continue apace over the coming years, as we execute on the conversion of our Mature Project portfolio. By 2025, we expect to reach 4.5 GW and 3.5 GWh of operational capacity, over 3x our current operational capacity.

To deliver this growth, we are laser focused on execution.

First – regarding our portfolio under construction. The 1 GW and 1.7 GWh of projects we have under construction are moving ahead as scheduled. I would like to hit on some of the major projects.

Apex Solar, our first project in the U.S. is concluding construction and on schedule with a COD anticipated by end of the second quarter 2023. Genesis Wind, the largest renewable energy project in Israel which we have expanded to 207 MW this quarter is in the midst of commissioning and is on pace to reach COD by the end of the third quarter this year. Atrisco Solar, a 360 MW and 1.2 GWh project in New Mexico, which commenced construction last quarter has made significant progress. We believe the project is on schedule to reach COD by the end of the second quarter 2024.

Moreover, we made significant progress during the first quarter on the project finance package for Atrisco. The Company is negotiating arrangements with several lenders to provide both a construction facility exceeding $800m, permanent back leverage of $380m and tax equity of $450m at competitive terms. The banks include some of the largest and most active financial institutions in the renewable sector, highlighting the strength of the project. We are on target to reach financial close before the end of the second quarter and hope to have further details upon closing.

In their first full year of operations Apex, Genesis Wind and Atrisco, are expected to contribute $90m of annual EBITDA in total.

Moving to our pre-construction portfolio, totaling 2.1 GW and 1.8 GWh. The majority of this portfolio is driven by two main projects: 1) Co Bar, one of the largest solar projects in the U.S., totaling 1.2 GW solar and 824 MWh storage and 2) Gecama Hybrid, the hybridization of our operational wind farm in Spain with co-located solar and storage. Both projects are moving ahead on schedule.

Starting with Co Bar, in the first quarter, the Company contracted an additional 475 MW of the cluster. Nearly 1 GW of the project is now contracted, with the remainder of the solar project expected to be contracted with a different counterparty in the coming months. The first 824 MWh of storage at the site is expected to be contracted in the coming months as well. Jason will elaborate more in his remarks on this unique and strategic project. Gecama Hybrid has received its interconnection and is in the process of permitting. Once the permit is secured, the project will be largely de-risked and we will commence procurement of key equipment. Construction is on schedule to commence by the end of the year.

If we aggregate the contribution of these two projects in their first full year of operations, Co Bar and Gecama Hybrid, we expect to see over a $100m of annual EBITDA.

We are also pleased to have further increased the size of our Mature Project portfolio this quarter by 800 MWh, reflecting the addition of one standalone storage project in Italy and a standalone storage cluster in Israel, both which are expected to reach COD by 2025.

We believe that our growth trajectory is clear and we are poised to deliver not just these iconic projects but also our other Mature projects. We believe we will continue to drive strong execution across our development verticals and project financing.

Taking a step back, on our IPO roadshow we emphasized two elements of our strategy: growing faster than the market and delivering project returns that are above market. I've just described the growth strategy we are on. I would now like to spend some time on returns.

We are focused on maintaining the return targets we have set, delivering above market returns on our projects and we are pleased with the results. This is driven by:

1) Our greenfield development expertise – particularly on interconnection, enabling us to secure attractively priced PPAs
2) Game changing benefits under the IRA

In the first quarter we successfully amended nearly 500 MW of PPAs at an average price increase of 30%. This is in addition to the nearly 1 GW we amended last year. These price increases are designed to enable us to offset the return compression we have seen from increased capex and financing costs. Our ability to secure price increases is driven by the strategic interconnection positions on our projects. Our projects are advanced from an interconnection perspective. As of the date of this release, we have nearly 8.7 GW past System Impact Study, which we believe is a unique position in the U.S. market. This also puts us in a strong position to negotiate attractive PPA pricing. We signed another 475 MW of PPAs this quarter at attractive pricing terms.

Our portfolio's returns have also uniquely benefited from the Inflation Reduction Act. PTC benefits our U.S. portfolio, in significant ways as it is largely located in the western US locations that are perfect for solar. We are also pleased to share more information surrounding our U.S. portfolio's presence in energy communities according to the latest treasury guidance under the Inflation Reduction Act. As of the date of this release, we estimate that approximately 25% of our total U.S. portfolio is located in energy zones and is therefore expected to benefit from a 10% ITC or PTC adder. This will further enhance the returns of such projects. We believe our unique portfolio is poised to deliver above market returns, despite higher interest rates and the broader inflationary environment.

Today, we are pleased to present our funding capabilities, which is informed by the strong growth and return profile of our project portfolio and supported by our strong financial position after the U.S. IPO.

We believe we have sufficient equity capital required to complete the Mature Project portfolio, which includes 4.5 GW of generation and 3.5 GWh of storage, utilizing existing resources: including cash on hand and distributions generated from our projects, all based on our current operating plan and its underlying assumptions. Moreover, we believe we have the financial flexibility to further accelerate our growth thereafter, at our stated project deployment guidance of 1.5 GW per year from 2026 based on the current operating plan through a combination of distributions generated from our projects, proceeds from a sale of a minority ownership stake of our projects in the U.S., issuance of unsecured bonds or project refinancings, without requiring additional equity financing.

In our investor presentation posted to the Company's website we have included additional detail on our financing capabilities.

In short, we had an excellent Q1 and we believe that our successful IPO has put us in a unique financial position to capture the massive opportunity we see ahead.

I'll hand it off to Nir who will provide more details on our Q1 performance.

Nir Yehuda: CFO, Enlight

Thank you Gilad.

In the first quarter of 2023, the Company's revenues increased to $71m, up from $35m year over year, a growth rate of 103%. The growth was mainly driven by the revenue contribution of new operational projects, as well as the inflation indexation embedded in the Company's PPAs for projects that were already operational last year.

In comparison to the same period last year, the Company added Emek Habacha, Gecama and Björnberget to its operational portfolio, totaling 810 MW. These projects collectively contributed $32m of revenue.

The Company also benefited from inflation indexation embedded in its PPAs, which contributed an additional $2m of revenue during the quarter. This reflected an average indexation of 6.3% across 483 MW of PPAs. 42% of the Company's operational projects possess PPAs with annual inflation indexation, which we believe is an advantage in today's inflationary environment.

Finally, the year over year increase was also partly driven by the recognition of all proceeds from the sale of electricity by the Halutziot project as revenue, following its reclassification out of Financial Asset in the second quarter of 2022, which contributed an additional $2m to revenue in the first quarter of 2023.

These positive impacts totaling $36m were offset by weaker currency exchange rates ("FX"), particularly between EUR/USD which had a $2m impact.

In the first quarter, the Company's net income increased to $33m, up from $9m year over year, a growth rate of 275%. $14m of the growth was driven from new projects. The residual growth of $11m was driven from interest income on deposits as well as foreign exchange impacts (strengthening USD relative to the NIS) on our cash and cash equivalents.

Moving on to Adjusted EBITDA. In the first quarter of 2023, the Company's Adjusted EBITDA more than doubled to $54m compared to $25m for the same period in 2022. The increase was driven by the same factors which affected our revenue increase in the same period, offset by $3m increase in overhead as the team scales to accommodate rapid growth. The first quarter benefited from higher EBITDA on Project Gecama as the vast majority of the production was hedged at high prices.

In addition to the above, the Company sold $3m 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.

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

- Revenue between $290m and $300m,
- Adjusted EBITDA between $188m and $198m

I will note that electricity sold by our financial assets is not included in our financial guidance.

I will now hand it over to Jason, who will go into detail on some of the key themes we are seeing in the U.S.

Jason Ellsworth: CEO of Clenera

Thank you Nir. It's great to be part of the Enlight team at such an exciting time. In the U.S. the Company delivered meaningful progress across its large portfolio during the quarter.

Gilad mentioned Apex and Atrisco. Both are in construction and progressing on schedule.

In Montana, Apex Solar is on track to achieve commercial operations by end of Q2. In New Mexico, construction crews are advancing Atrisco Solar on schedule for a Q2, 2024 completion. With Apex and Atrisco, the Company is demonstrating ability to maintain strong project economics and predictable execution, all with attractive project financing.

In Arizona the Company is making meaningful progress on the CO Bar project. At 1,200 MW of solar and 824 MWh of storage (of ultimately 4 GWh potential storage), CO Bar is a huge project. As Gilad noted, we successfully contracted an incremental 475 MW on the project, bringing the total contracted solar at CO Bar to nearly 1 GW. A PPA on the remaining 200 MW is presently under negotiations and that PPA will add the first 824 MWh of storage on the project. More details will be announced in Q3.

On the development front for CO Bar, the project has primary land control and permitting in place. The system impact study for the interconnection is complete, and the facilities study is nearing finalization but moving slowly. By signing and funding an E&P (Engineering and Procurement) agreement with APS, we've implemented a mechanism that allows us to advance interconnection engineering and long lead-time orders despite possible delays finalizing the facilities study. CO Bar is expected to start construction in the fourth quarter of 2023 and achieve COD in phases through 2025. Discussions are underway on contracting all or a portion of the remaining 3.2 GWh of storage capacity at the project.

CO Bar lays the foundation for completing a series of other large projects in Arizona and builds on relationships we have with Arizona utilities. In Arizona we see a combination of lots of sunshine, good land, great utilities, and strong demand for both generation and capacity. All that, coupled with our large Arizona development portfolio, signals great things to come for the Company in the Grand Canyon state.

Across the portfolio we continue to make significant progress on project development, especially interconnection. With more than 8.7 GW of projects past system impact study (that's 240 MW more than the company had in Q4) the Company believes it is well positioned to accelerate its growth in every one of its target U.S. markets. While some interconnection delay may be unavoidable, the advanced stage of our projects allows us to move forward confidently on scheduled milestones. Knowing the utilities and their unique transmission rules and processes allows us to address most delays as they arise. One example is the use of E&P or Engineering and Procurement agreements to keep projects on schedule.

Pricing power remains strong given the advanced stage of our interconnections and related development versus the market. We have an amazing crop of maturing projects, and we are looking forward to updating the investor community as major milestones are reached, especially as PPA awards are converted into signed PPAs. We see significant demand for our projects with particular emphasis on storage.

Based on the published U.S. Treasury guidance, the Company can now estimate the percentage of its U.S. portfolio which may benefit from the energy community tax credit adder under the Inflation Reduction Act. The energy community adder gives a 10% multiplier to the project's PTC value and a potential 10% addition to the ITC rate. The Company estimates that approximately 25% of its portfolio in the U.S. may qualify under the guidance. Note that the 25% estimate does not include any projects that may qualify as brownfield sites. We are reviewing brownfield possibilities in detail and will have a more informed view by end of quarter.

Moving to supply chain, the Company's diversified sourcing strategy continues to meet its module supply needs in the United States. The Company has the right to purchase up to 2 GW of modules from India with delivery through 2025. We also have access to additional supply from Southeast Asia. Our battery cell source is now qualified in international factories, and we are seeing strong progress in reaching our goal to have qualified domestic supply for 2024 deliveries. Our procurement strength is proving to be a source of strategic advantage in negotiating project contracts with utility off-take and demonstrating to financing parties we can hold construction schedules.

With that I'll turn it over to the operator for questions. Operator?