

Eesti Energia unaudited financial results for 2023 Q1

5 May 2023



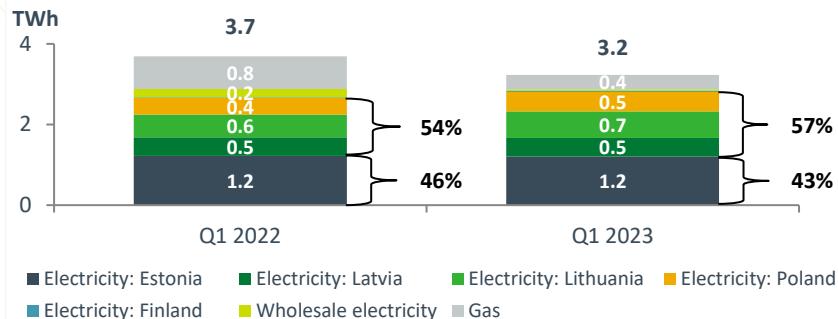
Eesti Energia

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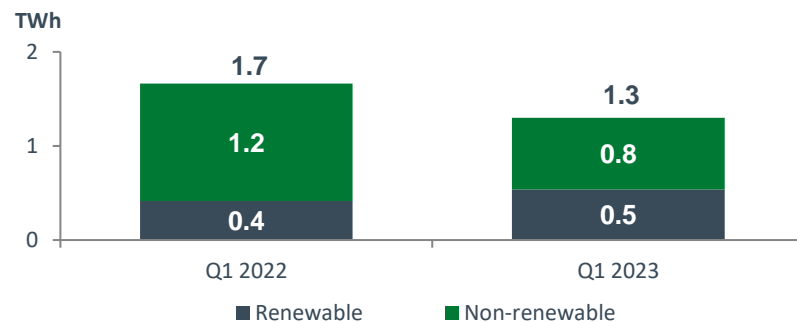
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Sales and production information

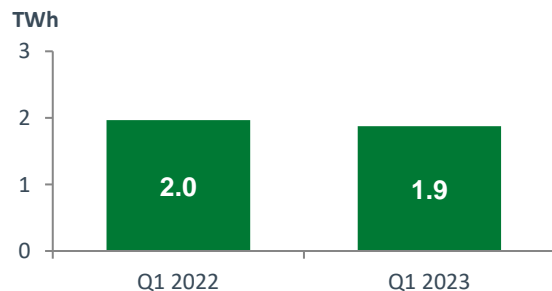
Sales volumes



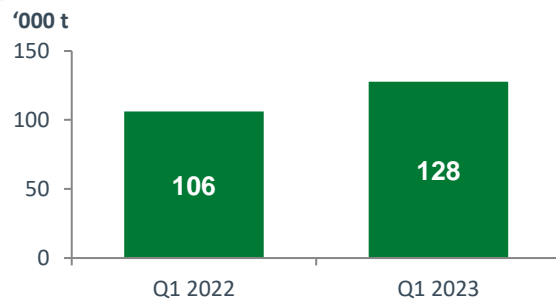
Electricity production



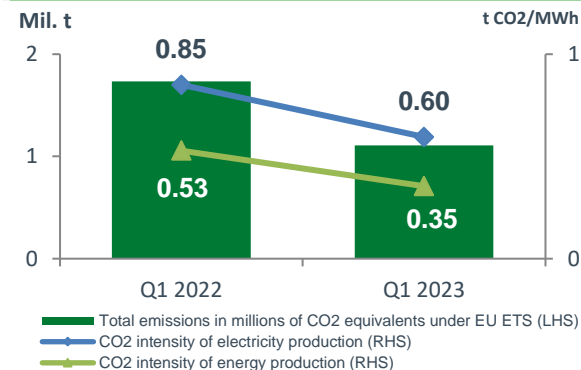
Distribution sales volume



Shale oil production



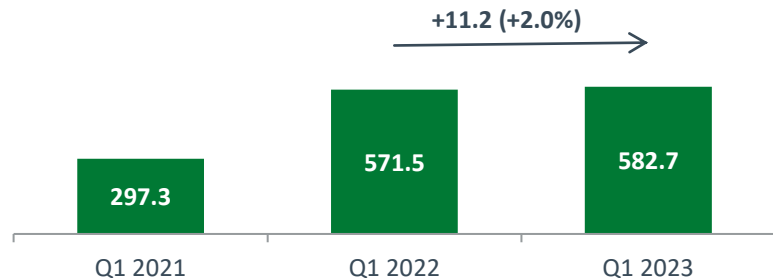
CO2 emission and intensity



Group's investments increased

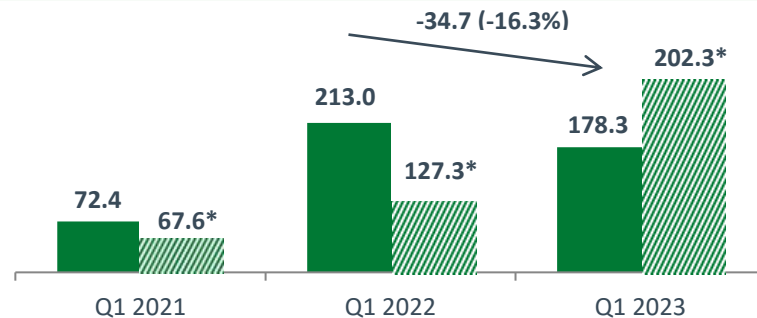
Sales revenue

m€



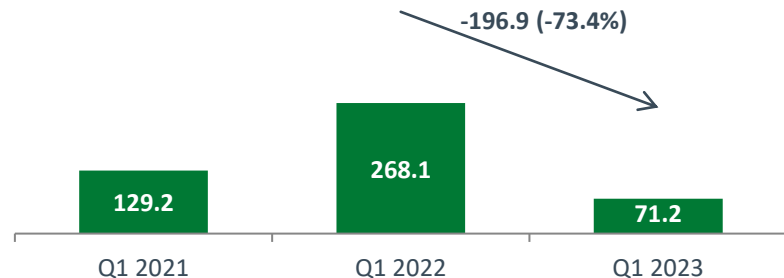
EBITDA and adjusted EBITDA

m€



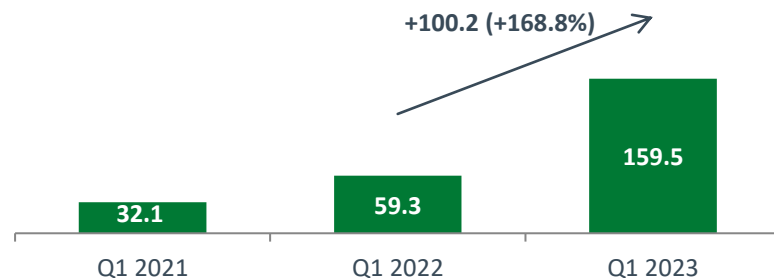
Operating cash flow

m€



Investments

m€

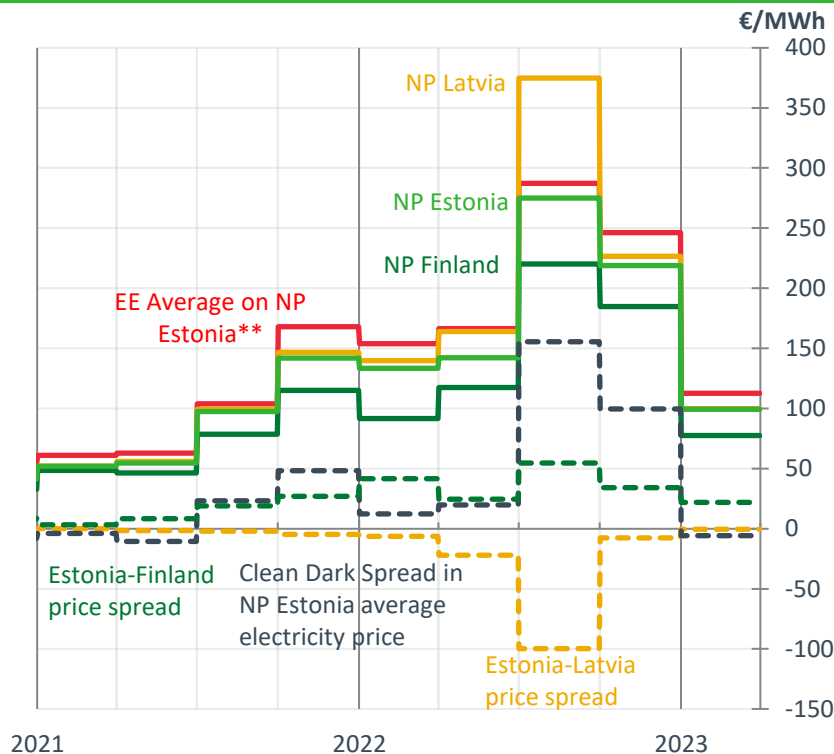


* The Group's EBITDA and net profit results are adjusted by eliminating temporary fluctuations in fair value of long-term PPA derivatives.

Nord Pool Baltic electricity prices decreased

- In 2023 Q1 electricity prices in NP Baltic price areas decreased compared to 2022 Q1
 - Electricity prices in Estonia and the neighboring countries were influenced by the market price of natural gas and weather factors in 2023. The average price of natural gas on the Dutch gas trading platform TTF was 50.6 €/MWh (-50.8 €/MWh, -50.1% y-o-y).
- 2023 Q1 average price in NP Estonia price area was 99.4 €/MWh* (-34.0 €/MWh, -25.5%)
- Price spread between Estonia and Finland average electricity price decreased by 19.9 €/MWh y-o-y in Q1. 2023 Q1 average electricity price in Estonia was 21.1 €/MWh higher than in Finland
- Price spread between Estonia and Latvia average electricity price decreased by 5.7 €/MWh y-o-y in Q1. 2023 Q1 average price in Estonia was 0.6 €/MWh lower than in Latvia
- Clean Dark Spread in NP Estonia average electricity price decreased to -5.9 €/MWh (-18.3 €/MWh) in 2023 Q1
 - -34.0 €/MWh decrease in NP Estonia average electricity price
 - +12.6 €/MWh from increase in the cost of CO₂
 - +3.2 €/MWh from increase in the cost of oil shale

Average quarterly Nord Pool electricity prices

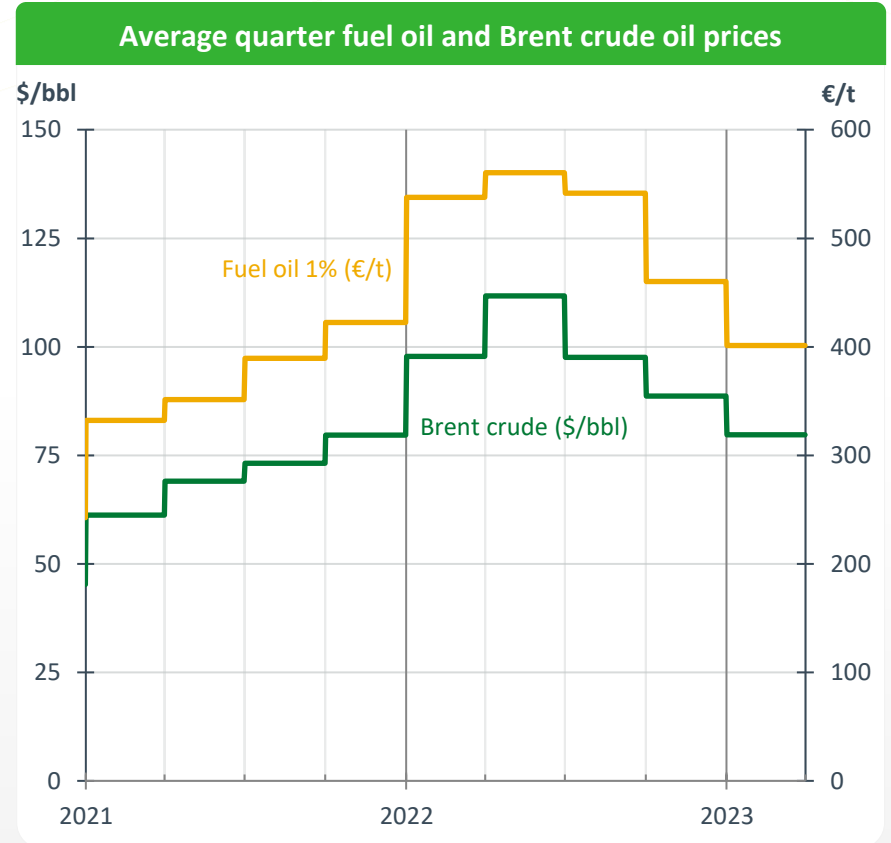


* average Nord Pool electricity market price. This price may differ compared with Eesti Energia's electricity sales prices achieved on wholesale market

** average electricity price achieved on Nord Pool Estonia electricity market by Enfit Power

Prices of Brent crude oil and fuel oil decreased

- Average price of Brent crude oil in 2023 Q1 was 82.2 \$/bbl (-15.6 \$/bbl, -16%)
 - In 2023 Q1, liquid fuel prices were mainly influenced by the overall cooldown of the global economy, which decreased the demand for fuel oil. During 2023 Q1 the oil prices have been fairly volatile due to interest rate hikes and prospects of rising global demand as China is expected to relax its COVID-19 restrictions.
- Average price of fuel oil (1% Sulphur content) in 2023 Q1 was 407.4 €/t (-136.9 €/t, -25%). The changes of oil product prices and fuel oil prices are comparable in 2023 Q1

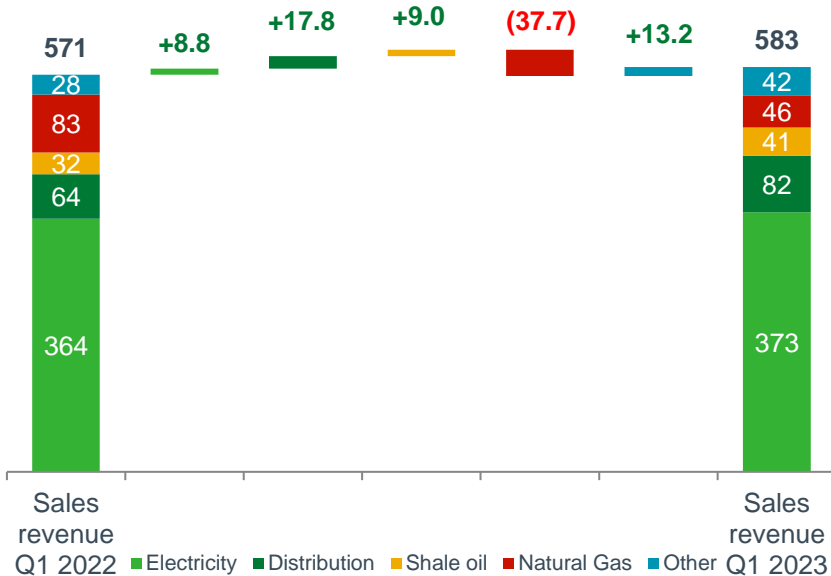


Group's sales revenue increased and EBITDA decreased

Sales revenue breakdown and Y-o-Y change

m€

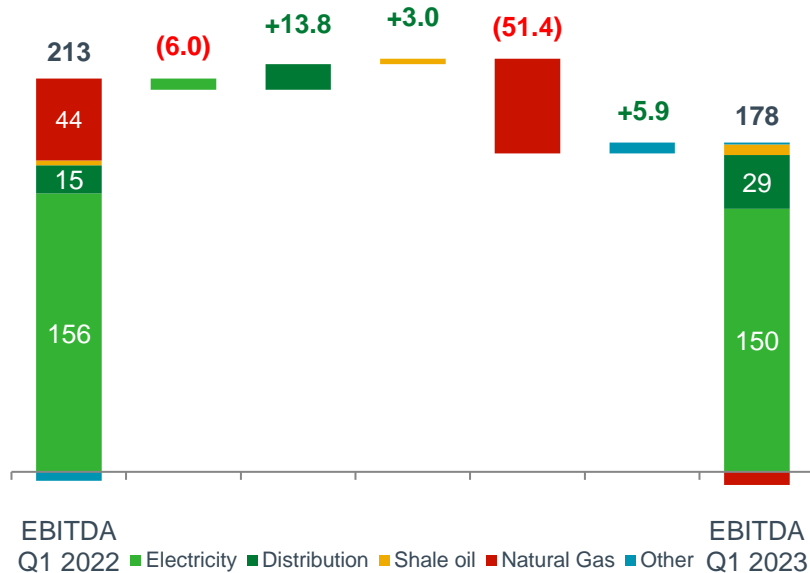
+11.2 (+2.0%)



EBITDA breakdown and Y-o-Y change

m€

-34.7 (-16.3%)

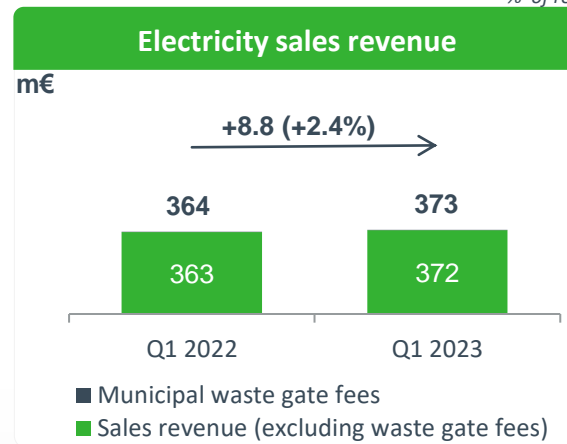
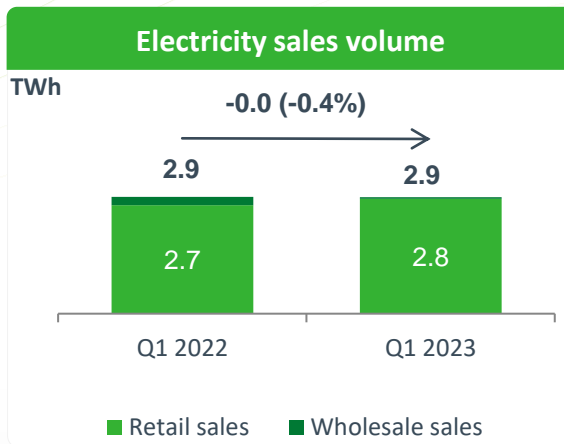
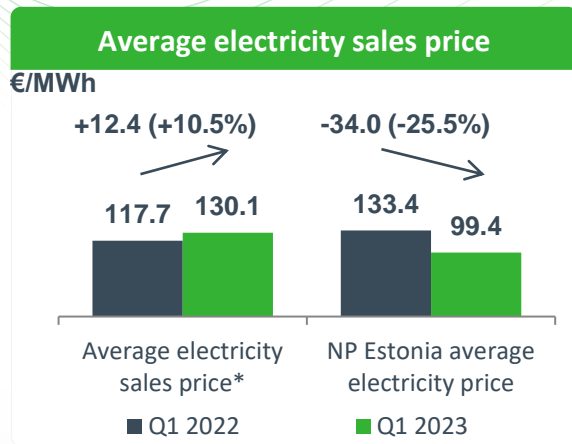
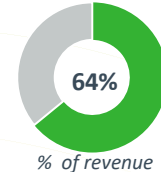


Electricity



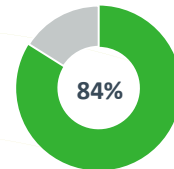
Eesti Energia Aulepa Wind Park, Läänemaa, Estonia

Electricity sales revenue increased by €4m



- Average electricity sales price* increased to 130.1 €/MWh (+12.4 €/MWh, +11%)
 - Gain on derivatives impacted price by -0.3 €/MWh (-8.8 €/MWh Y-o-Y; in abs. terms -€0.8m, -€25.3m Y-o-Y)
 - Average electricity sales price including derivatives increased to 129.8 €/MWh (+3.6 €/MWh Y-o-Y, +3%)
- Electricity sales volume was 2.9 TWh (-0.01 TWh, -0.4%). Wholesale electricity sales decreased by 169 GWh (-81%) and retail sales increased by 157 GWh (+6%)
- Electricity generation amounted to 1.3 TWh (-0.4 TWh, -22%) due to lower electricity prices. Production of renewable electricity increased to 0.5 TWh (+125 GWh, +30%). Wind energy production increased (+39 GWh) due to the addition of new wind farms in Estonia and Lithuania.
- For 2023 Q2-Q4 we have hedged power production against price risk internally in the amount of 1.7 TWh with an average price of 200.5 €/MWh. For 2024 we have hedged power production against price risk internally in the amount of 0.5 TWh with an average price of 149.6 €/MWh

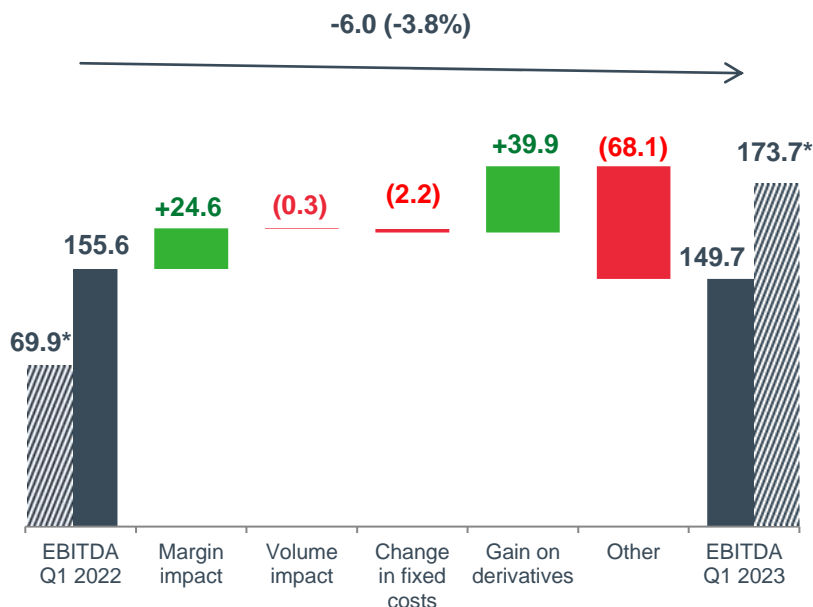
Electricity EBITDA decreased by €6m



% of EBITDA

Electricity EBITDA development

m€



- ✓ Total margin impact +€24.6m (+8.6 €/MWh). Higher sales price impact (incl. renewable subsidies) +11.2 €/MWh, total +€32.2m. Higher variable costs impact -2.7 €/MWh, total -€7.6m, mainly electricity purchasing and fuel costs
- ✗ Sales volume decreased by 0.4%, impact on EBITDA -€0.3m
- ✗ Fixed costs impacted EBITDA by -€2.2m including -€3.3m from higher payroll costs
- ✓ Gain on derivatives impacted EBITDA by +€39.9m (gain on derivatives +€24.0m in 2022 Q1, +€64.0m in 2023 Q1)
- ✗ Other changes impacted EBITDA by -€68.1m, mainly related to change in value of derivative instruments and power purchase agreements for renewable energy
- Adjusted* EBITDA increased to €173.7m (+€103.8m, +148%)

Key Figures

	Q1 2023	Q1 2022
Return on fixed assets (%)	16.8 (18.7*)	10.0 (-2.8*)
Electricity EBITDA (€/MWh)	52.2 (60.6*)	54.0 (24.3*)

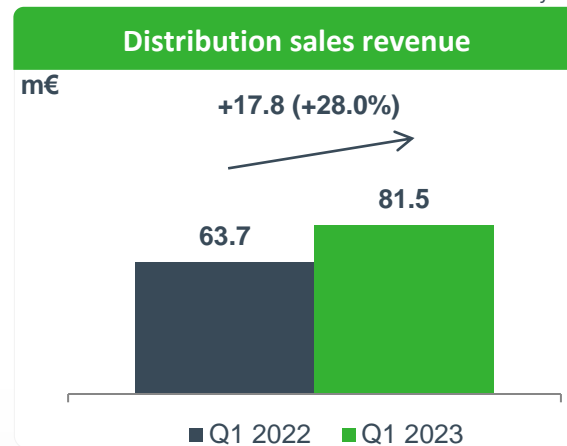
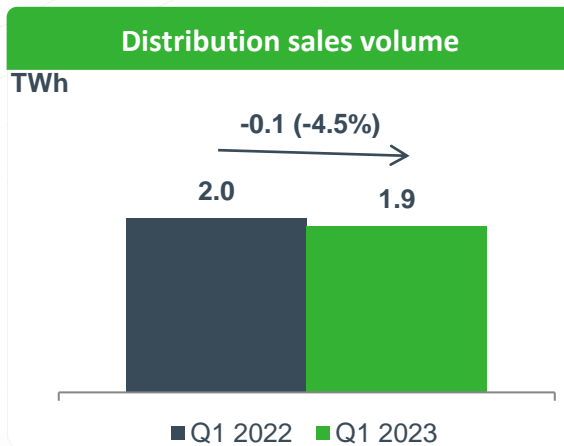
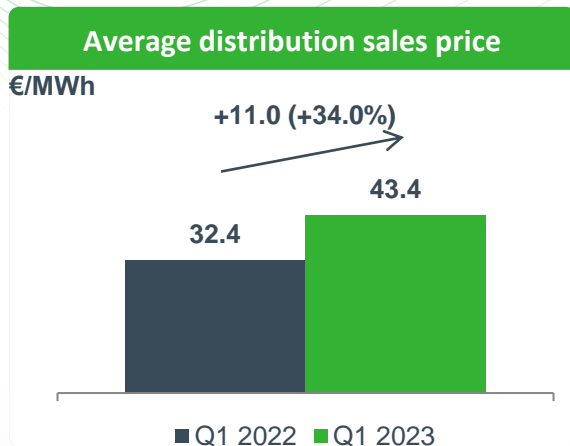
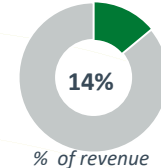
* Electricity segment results are adjusted by eliminating temporary fluctuations in fair value of long-term PPA derivatives.

Distribution



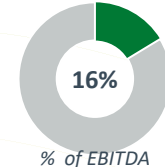
Street lights in Tartu, Estonia

Distribution sales revenue increased 28%



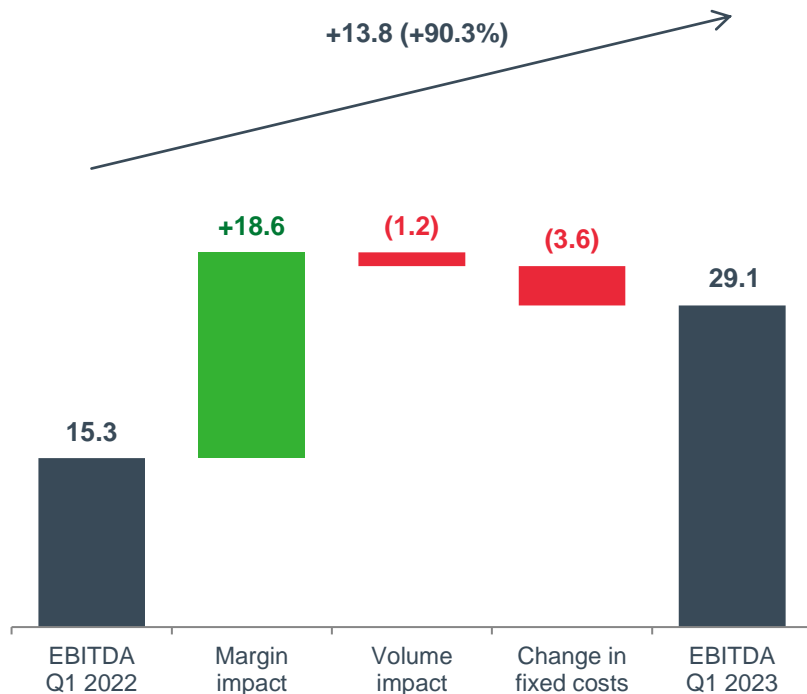
- Sales revenue increased to €81.5m (+28%) due to higher distribution sales prices
- Network losses amounted to 4.1% (+0.7pp) of electricity entered distribution network
- The average duration of unplanned interruptions was 61.5 minutes (Q1 2022: 110.8 minutes)
- The average duration of planned interruptions was 18.8 minutes (Q1 2022: 19.2 minutes)

Distribution EBITDA increased by €14m



Distribution EBITDA development

m€



- ✓ Total margin impact +€18.6m (+9.9 €/MWh). Average sales price increased by 11.0 €/MWh. Average variable costs increased by 1.1 €/MWh
- ✗ Distribution volume decreased by 5%, impact on EBITDA -€1.2m
- ✗ Fixed costs impacted EBITDA by -€3.6m including -€2.4m from higher payroll costs and -€1.3m from higher maintenance costs

Key Figures	Q1 2023	Q1 2022
Return on fixed assets (%)	1.0	-0.9
Distribution losses (GWh)	84.5	74.5
SAIFI	0.5	0.8
SAIDI (unplanned)	61.5	110.8
SAIDI (planned)	18.8	19.2
Adjusted RAB* (m€)	888.6	847.7

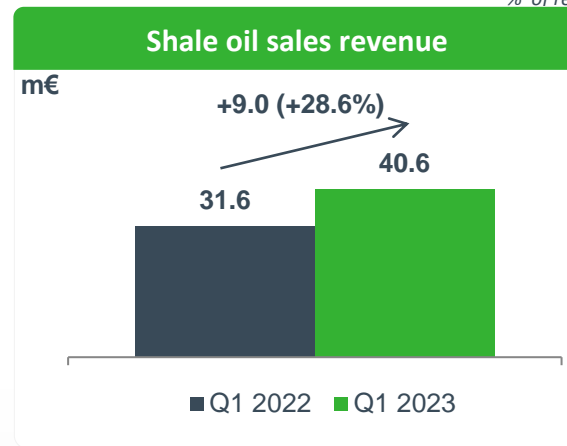
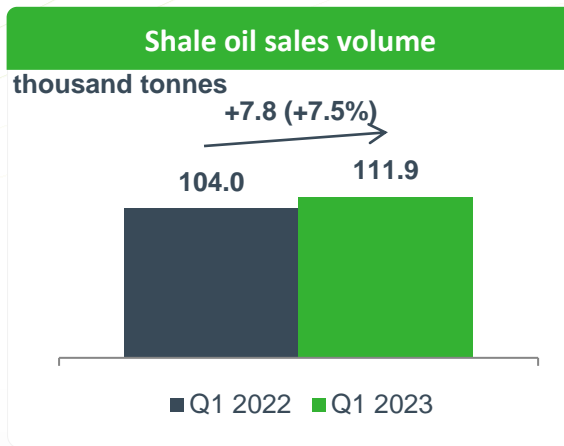
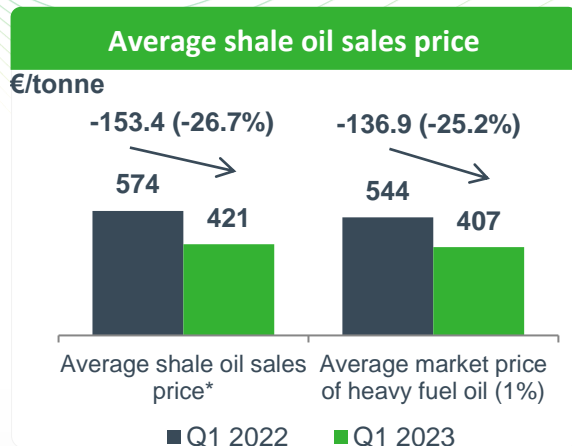
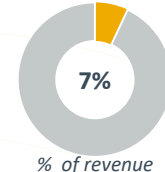
* RAB (Regulated Asset Base) allocated to distribution product

Shale Oil



Eesti Energia Oil Industry in Ida-Virumaa, Estonia

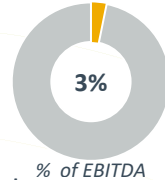
Shale oil sales revenue increased by 29%



- Average shale oil sales price* decreased to 420.7 €/t (-153.4 €/t, -27%) due to decrease in the reference product average market price (-136.9 €/t, -25%)
 - Gain on derivatives impacted price by -57.4 €/t (+212.8 €/t, -€6.4 m in abs. terms, +€21.7 m Y-o-Y)
 - Average sales price including derivatives increased to 363.3 €/t (+59.5 €/t, +20%)
- Shale oil sales volume increased 8% compared to last year. The Group's shale oil production in Q1 2023 was 127.6 thousand tonnes, an increase of 21.5 thousand tonnes (+20%) compared to Q1 2022 due to greater availability.
- For 2023 Q2-Q4 we have hedged sales against price risk in amount of 273.3 thousand tonnes with an average price of 337.4 €/t. For 2024 we have hedged sales against price risk in amount of 315.0 thousand tonnes with an average price of 398.3 €/t

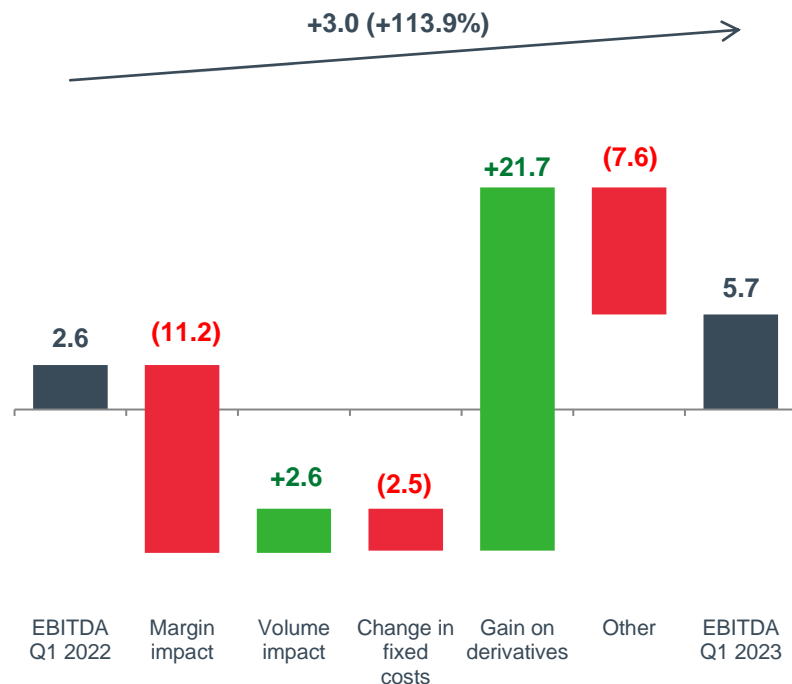
* total average sales price excludes gain on derivatives

Shale oil EBITDA increased by €3m



Shale oil EBITDA development

m€

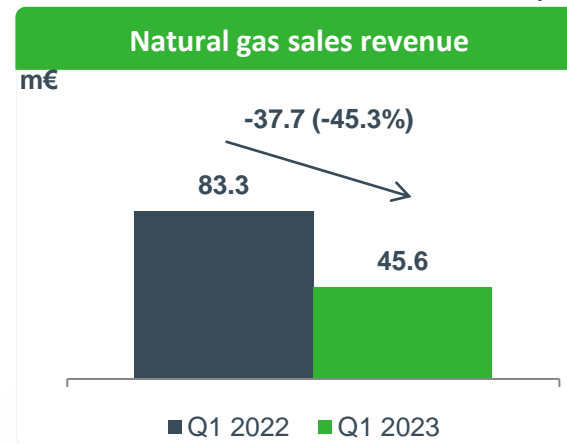
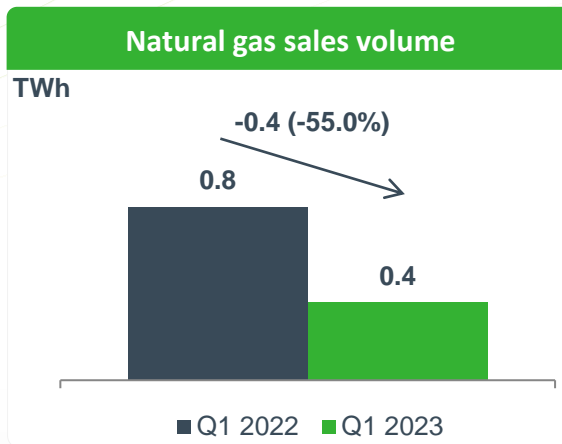
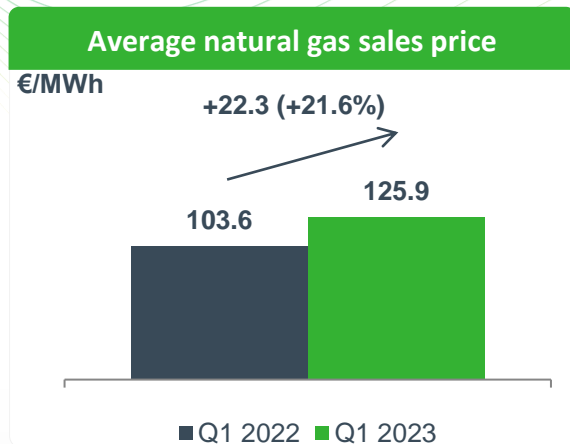
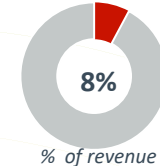


- ✗ Margin impact on profitability -€11.2m (-100 €/t) as the decrease in average sales price (-153 €/t) was higher than the impact from decreased variable costs (+53 €/t)
- ✓ Sales volume increased by 8%, impact on EBITDA +€2.6m
- ✗ Fixed costs increased by €2.5m, mainly related to higher payroll costs
- ✓ Gain on derivatives impacted EBITDA by +€21.7m (gain on derivatives -€28.1m in 2022 Q1, -€6.4m in 2023 Q1)
- ✗ Other changes in the amount of -€7.6m mainly related to change in value of derivative instruments

Key Figures	Q1 2023	Q1 2022
Return on fixed assets (%)	-10.1	-0.9
Shale Oil EBITDA (€/t)	50.7	25.5

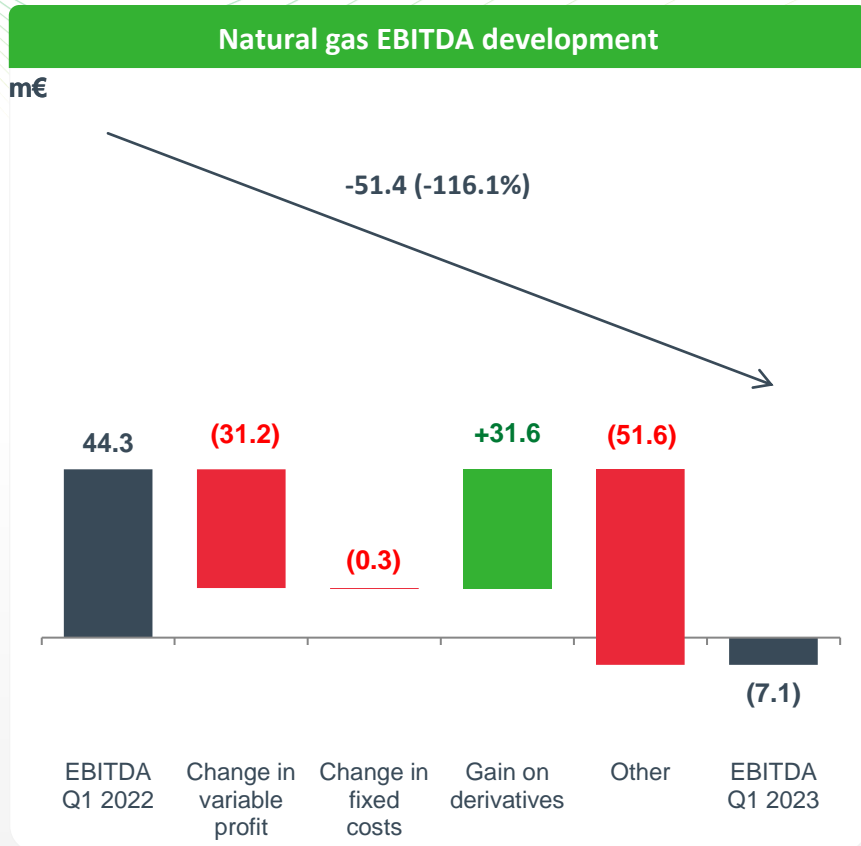
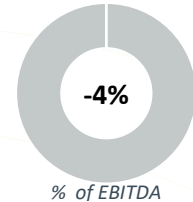
Natural gas

Natural gas sales revenue decreased by 45%



- Average natural gas sales price increased to 125.9 €/MWh (+22.3 €/MWh, +22%)
- Natural gas sales volume was 0.4 TWh (-0.4 TWh, -55%)
- Sales revenue decreased to €45.6m (-45%) because of reduced natural gas sales volume

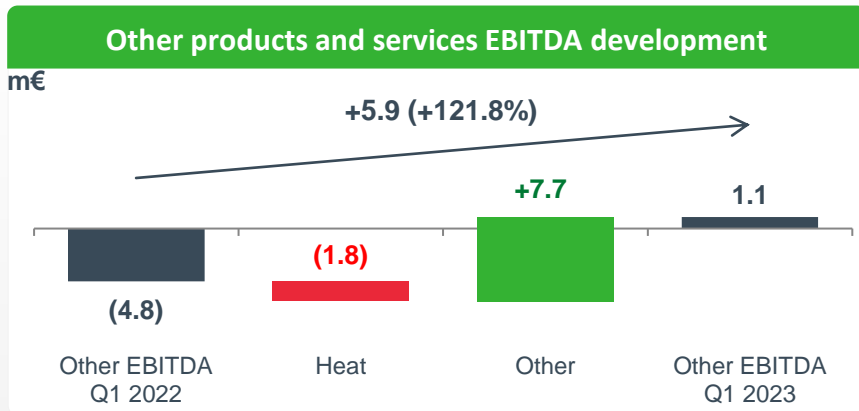
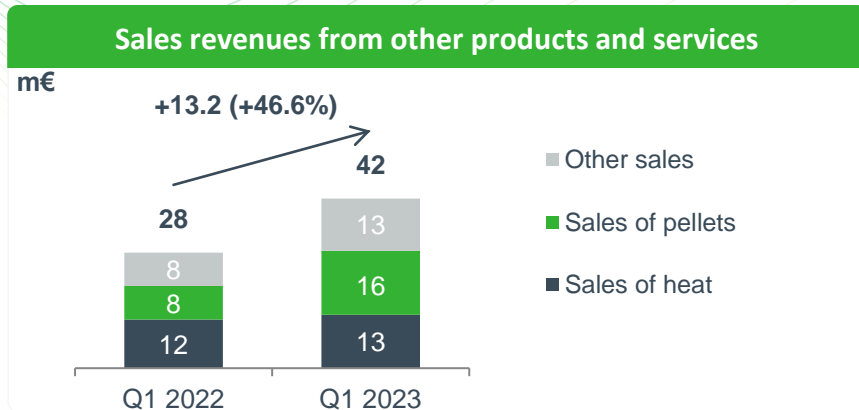
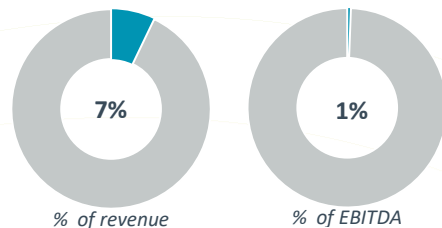
Natural gas EBITDA decreased by €51m



- ✗ Variable profit impact -€31.2m. Revenues decreased by €37.7m while variable costs decreased by €6.5m
- ✗ Fixed costs increased by €0.3m
- ✓ Gain on derivatives impacted EBITDA by +€31.6m (gain on derivatives -€23.8m in 2022 Q1, +€7.8m in 2023 Q1)
- ✗ Changes in value of unrealized derivatives impacted EBITDA by -€51.6m (+€45.3m in 2022 Q1, -€6.2m in 2023 Q1)

Key Figures	Q1 2023	Q1 2022
Natural gas EBITDA (€/MWh)	-19.7	55.1

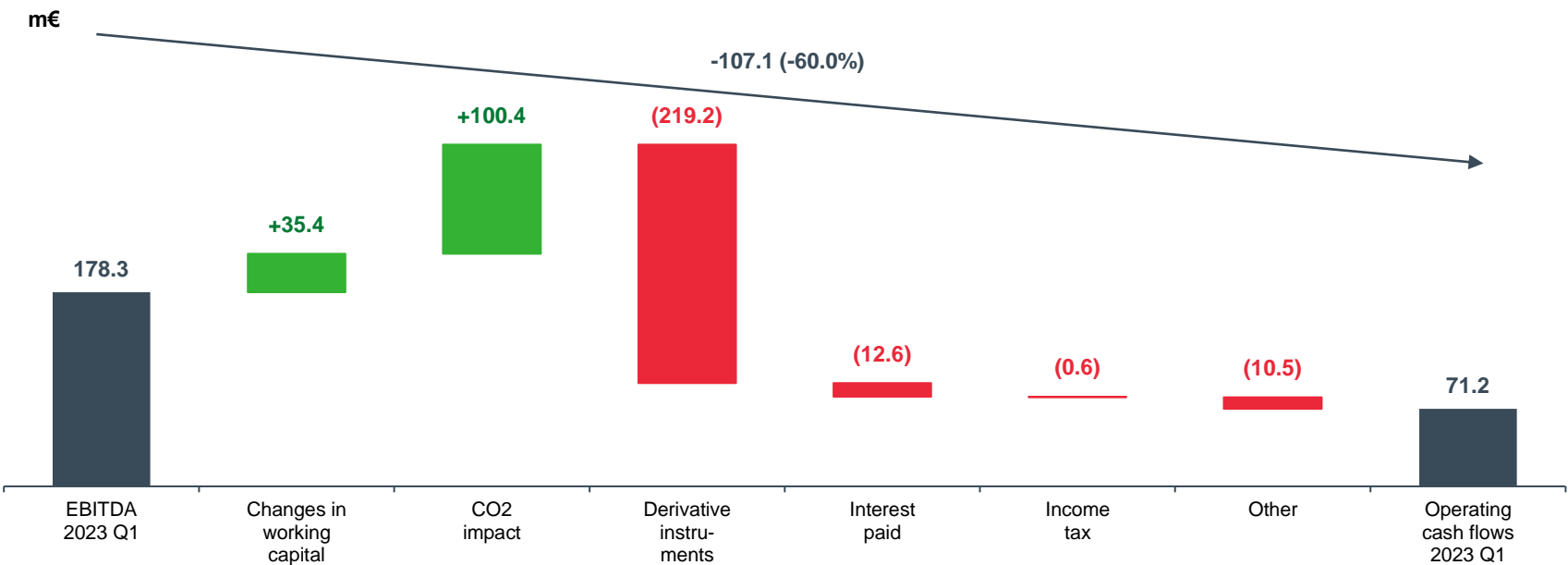
Other sales revenue and EBITDA increased



- Other products and services comprise sales of heat, materials, industrial equipment and other sales articles. The impacts of one-off transactions, R&D costs and a portion of the Group's overhead costs are also recognized in this segment
- Heat sales revenue increased by €1.2m. EBITDA decreased by €1.8m due to higher variable and fixed costs
- Other changes in EBITDA total +€7.7m. Most significant positive impacts were from sales of pellets, frequency restoration reserve (FRR) services and solar services

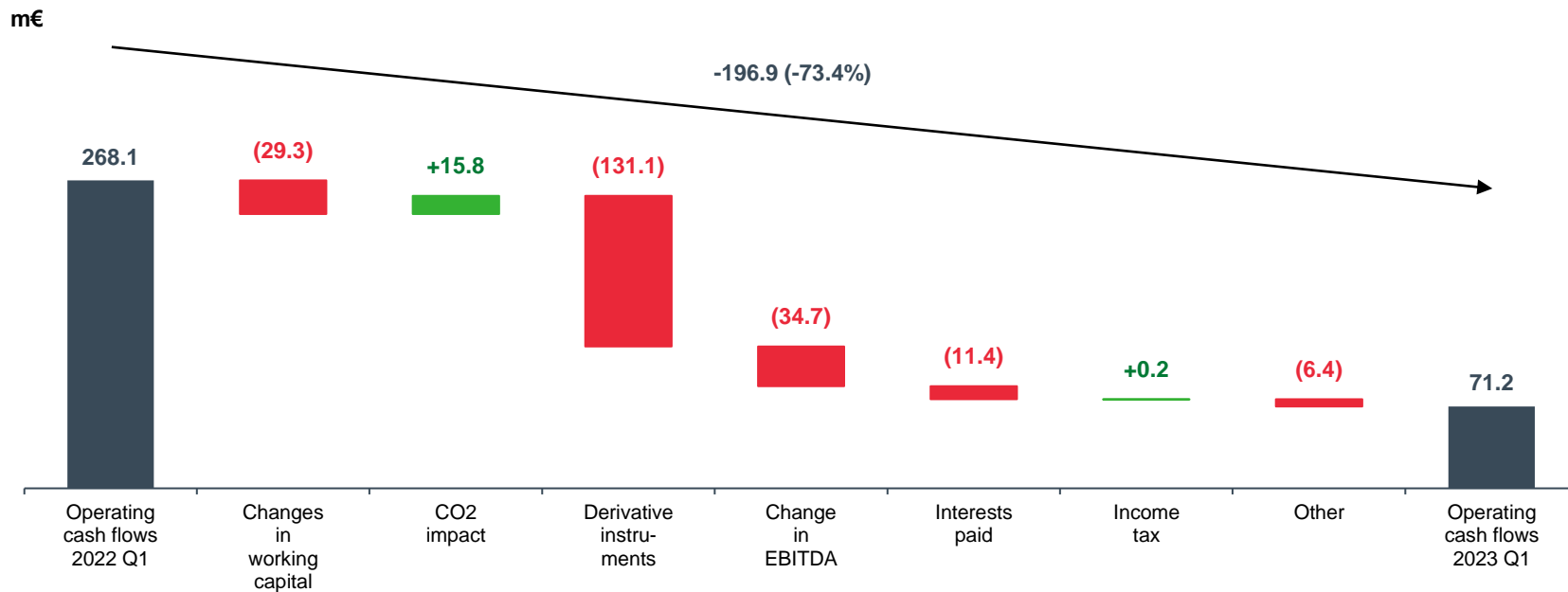
Operating cash flow

EBITDA to operating cash flows development



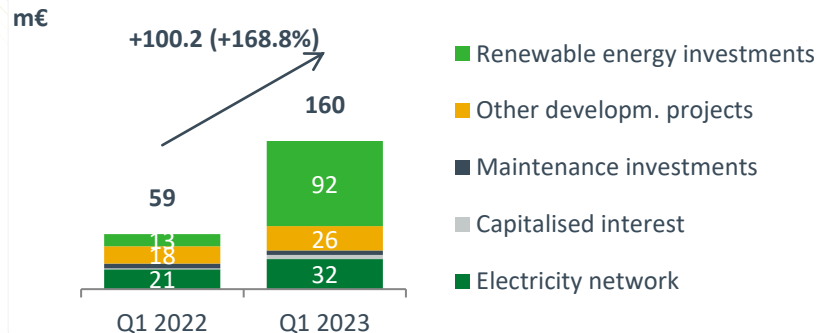
Operating cash flow

Operating cash flow changes



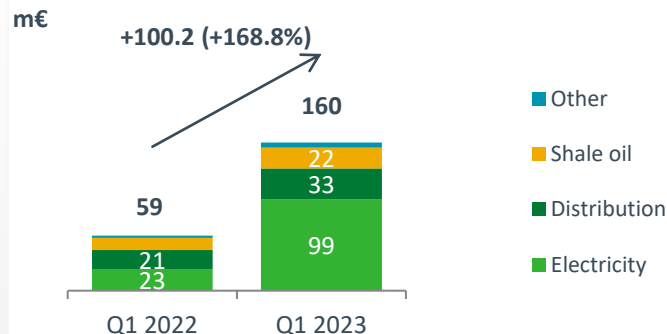
Capital expenditure €160m in Q1 2023

Capex breakdown by projects



- Investments into electricity network increased to €32.2m (+€11m, +53%)
- Renewable energy investments increased to €91.9m (+€79m, +588%)
- Maintenance investments (excl. electricity network) decreased slightly to €4.6m
- Investments into other development projects increased to €26.2m (+€8m, +42%)
 - €20.4m was invested in the construction of a new chemical plant (new Enefit-280)

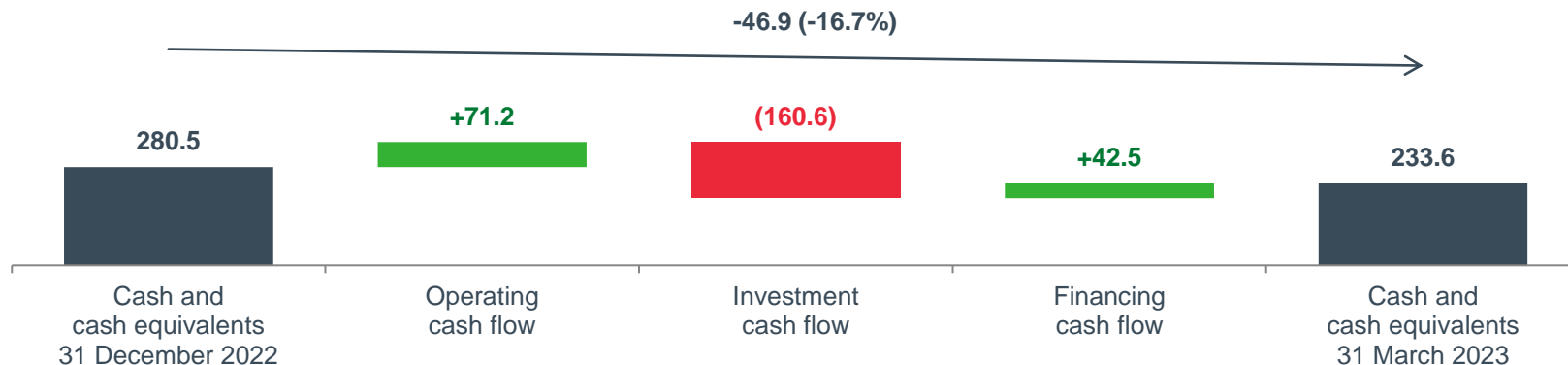
Capex breakdown by products



€234m amount of liquid assets at the end of Q1 2023

Group's liquidity development in Q1 2023

m€



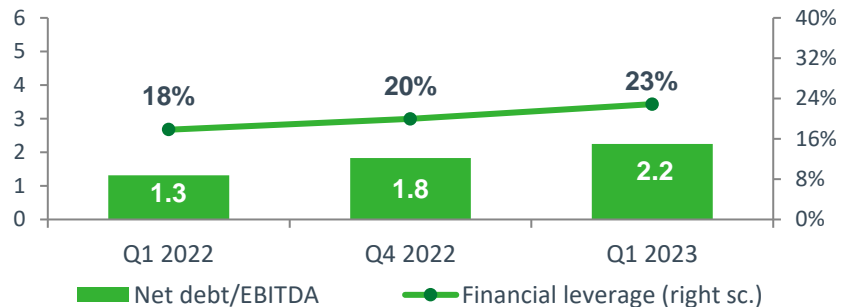
- €1,604m of liquid assets and unused loans available as of 31 March 2023, including:
 - €234m of liquid assets
 - €1,370m undrawn loans, consisting of liquidity loans of €200m and long-term loans of €1,170m

Debt maturity profile

Net debt / EBITDA & financial leverage

Net Debt/EBITDA, times

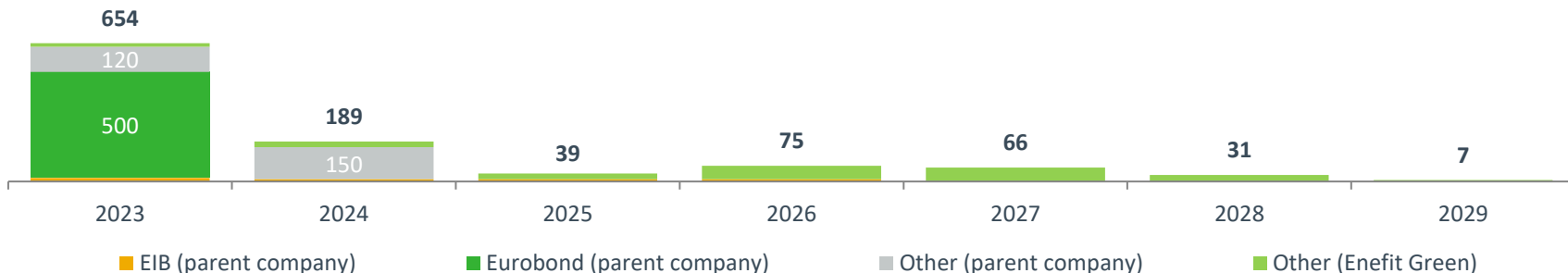
Financial Leverage, %



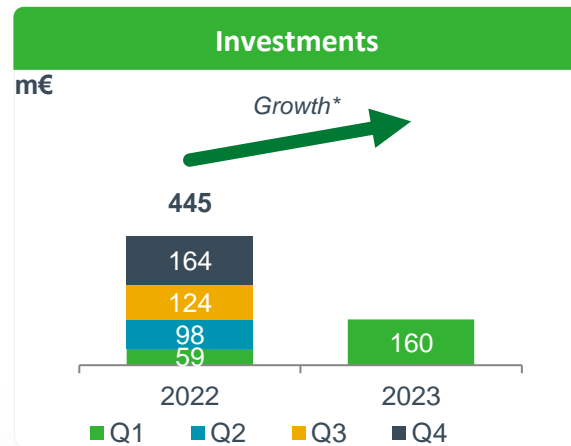
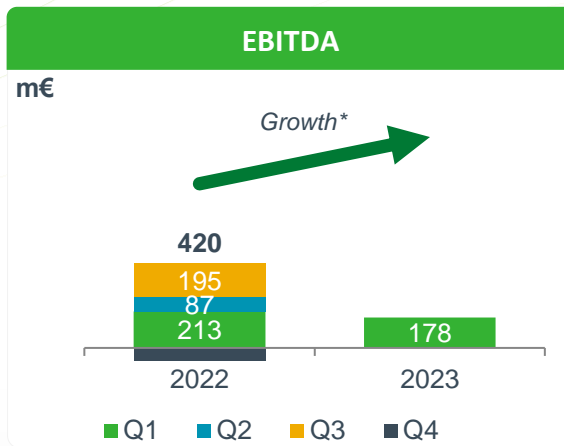
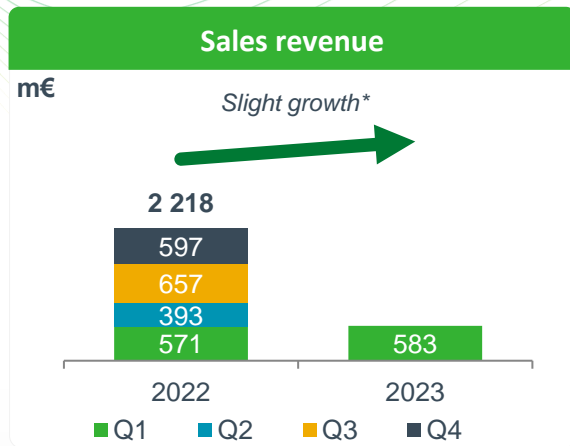
- Eesti Energia credit ratings are at investment grade level
 - BBB- (S&P) (outlook: stable)
 - Baa3 (Moody's) (outlook: stable)
- Eesti Energia's financing policy is aimed at maintaining investment grade credit ratings
- Total debt by the end of Q1 2023 was €1,100m; net debt €866m (+€267m y-o-y)
- Net debt / EBITDA figure for Q1 2023 using adjusted EBITDA is 2.1

Debt maturity

m€



Outlook for FY2023



- Sales revenue is likely to remain on the same level with a slight increase* in 2023.
- EBITDA is likely to increase* in 2023
- We are planning to increase our investments compared with 2022. The largest development investments will be made in expanding our renewable energy portfolio and construction of chemical plant

* slight growth / slight decline ≤ 5%, growth / decline > 5%

Summary

- Q1 2023 sales revenue increased to €583m (+2%; +€11m)
 - Electricity sales revenue increased by €9m (+2%) due to higher sales prices
 - Distribution sales revenue increased by €18m (+28%) due to higher sales prices
 - Shale oil sales revenue increased by €9m (+29%) due to higher prices and sales volumes
 - Gas sales revenue decreased by €38m (-45%) due to lower sales volumes
 - Other products and services sales revenue increased by €13m (+47%)
- Q1 2023 EBITDA decreased to €178m (-16%; -€35m)
 - Electricity EBITDA decreased by €6m (-4%) due to negative impacts from unrealized derivative instruments. Adjusted electricity EBITDA increased by €104m (+148%) due to higher margin and realized derivatives
 - Distribution EBITDA increased by €14m (+90%) due to increased sales prices
 - Shale oil EBITDA increased by €3m (+114%) as the margin decrease was offset by gains from realized derivatives
 - Gas EBITDA decreased by €51m (-116%) due to changes in value of unrealized derivative instruments
 - Other products and services EBITDA increased by €6m

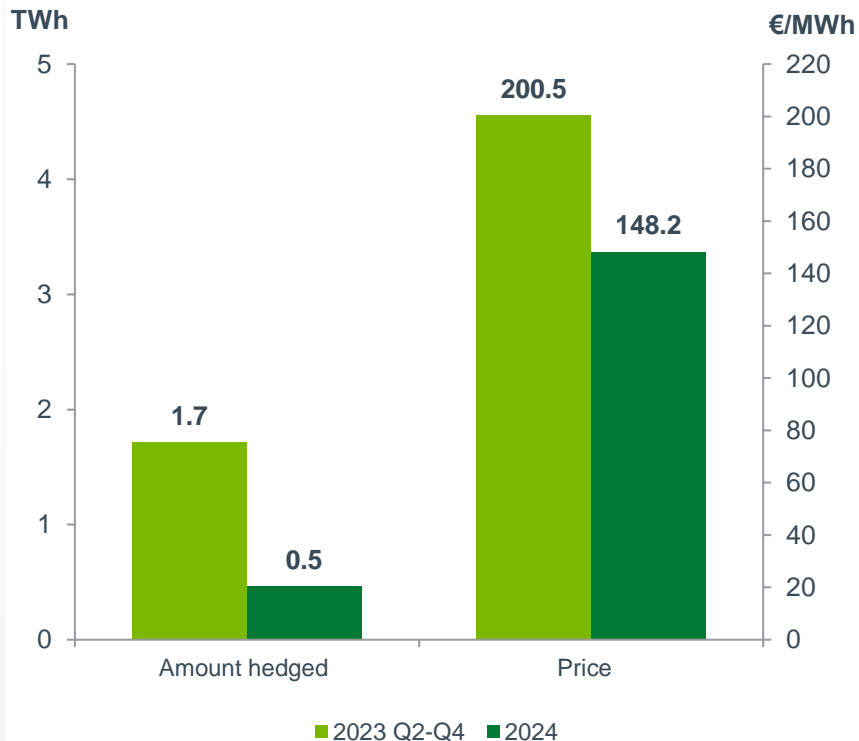
Adjusted EBITDA increased to €202m (+59%; +€75m)
- Investments increased by 169% to €160m driven by renewable energy investments
- Q1 2023 net profit decreased to €119m (-27%; -€44m). Adjusted net profit increased to €143m (+85%; +€65m)

APPENDICES

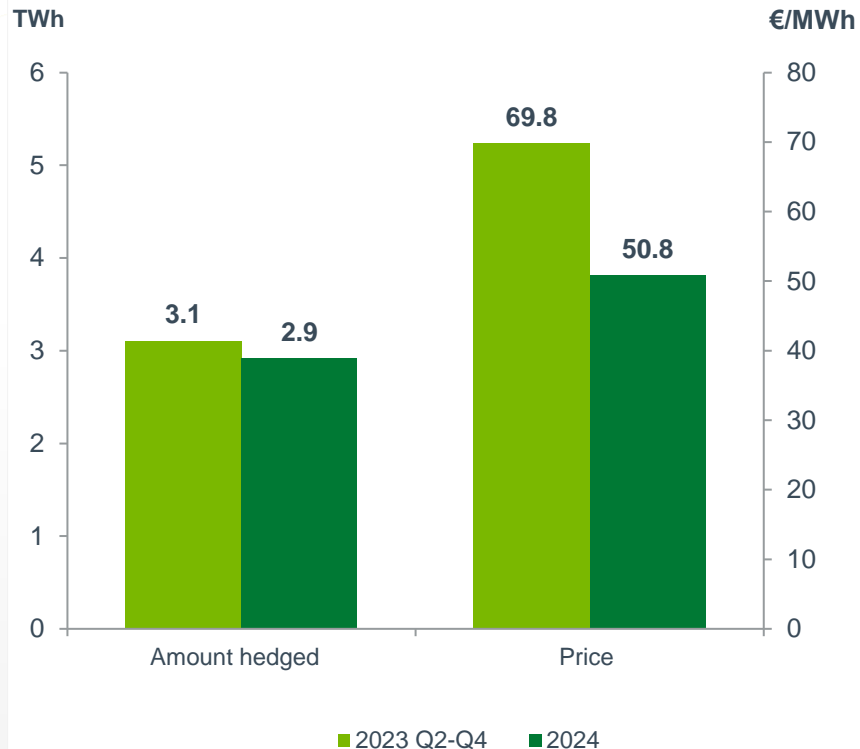


Electricity hedge positions as at 31 March 2023

Enefit Power production hedge

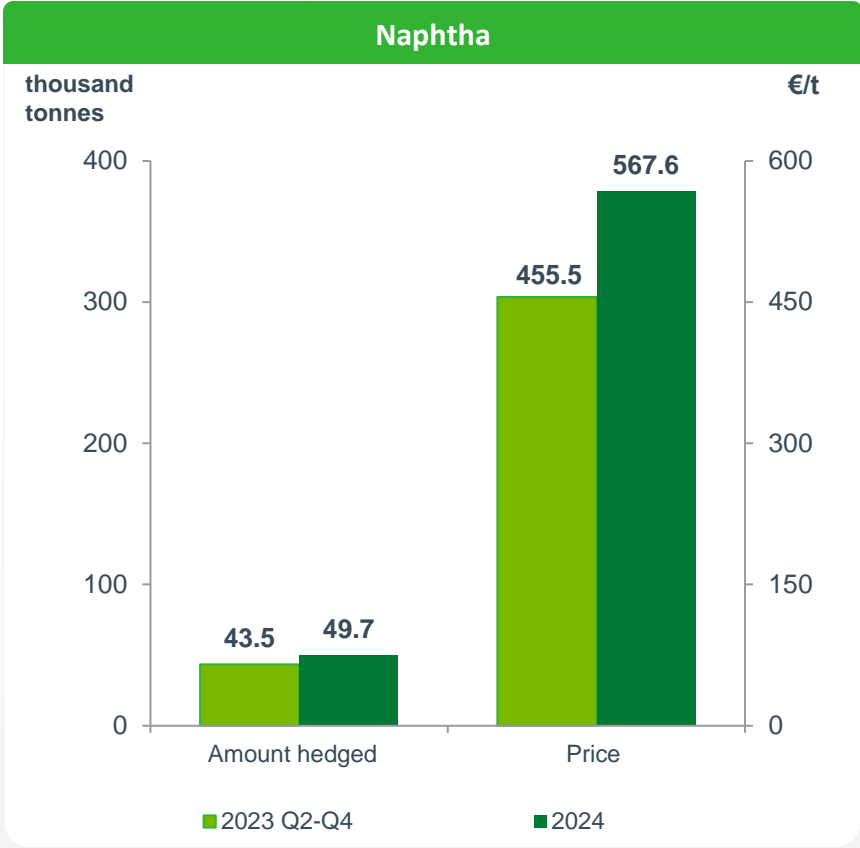
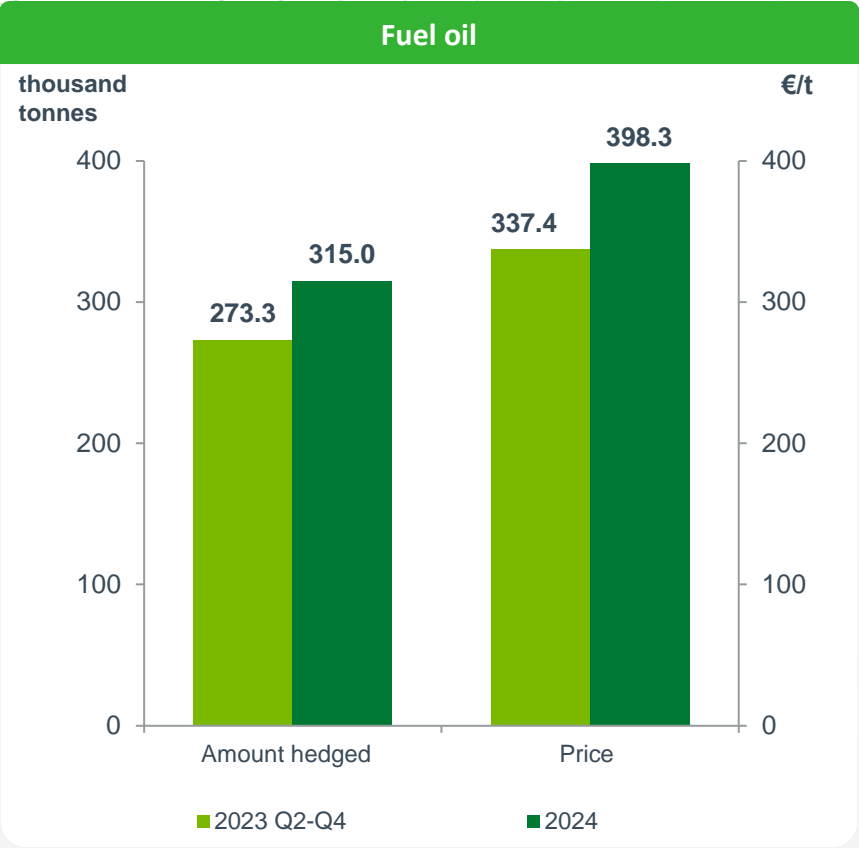


Retail sales hedge*

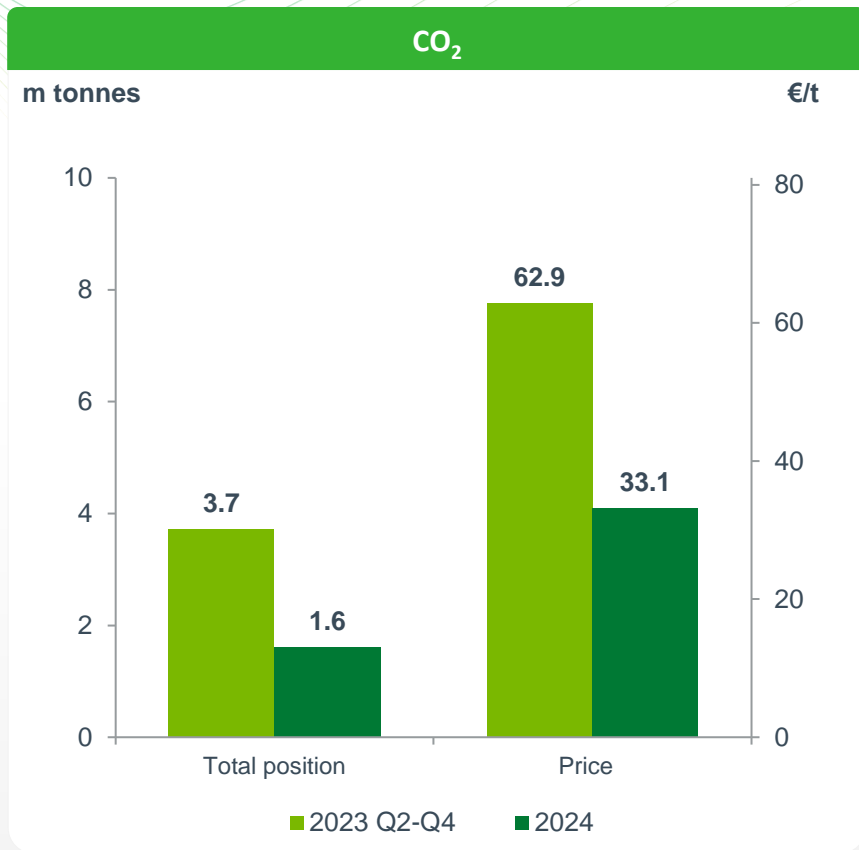


*We hedge fixed price contracts against the risks from fluctuations in market prices

Fuel oil and naphtha hedge positions as at 31 March 2023



CO₂ hedge positions as at 31 March 2023



Profit and loss statement

million euros	Q1 2023	Q1 2022	Change	Change
Sales revenues	582.7	571.5	+11.2	+2.0%
Other revenues	116.0	144.9	-28.9	-20.0%
Expenses (excl. depreciation), incl:	520.4	503.4	+17.0	+3.4%
Electricity purchasing costs	128.6	181.6	-53.0	-29.2%
Environmental fees	11.1	17.7	-6.6	-37.3%
CO2 emission costs	73.5	96.6	-23.1	-24.0%
Change in inventories	-6.4	6.7	-13.1	-195.8%
Other	313.7	200.8	+112.9	+56.2%
EBITDA	178.3	213.0	-34.7	-16.3%
Adjusted EBITDA	202.3	127.3	+75.0	+58.9%
Depreciation	45.7	43.6	+2.1	+4.8%
EBIT	132.6	169.4	-36.8	-21.7%
Net financial income (-expenses)	-9.1	-5.9	-3.1	-53.1%
Net profit from associates via equity method	0.2	0.2	+0.1	+33.0%
Earnings before tax	123.8	163.7	-39.9	-24.4%
Income tax expense	5.2	0.7	+4.5	+625.5%
Net profit	118.6	163.0	-44.4	-27.2%
Adjusted net profit	142.6	77.2	+65.4	+84.6%

Balance sheet

million euros	March 2023	March 2022	Change yoy
Assets	5,422.1	4,915.7	+10.3%
Current assets	1,446.4	1,279.2	+13.1%
Cash and cash equivalents	233.6	305.8	-23.6%
Trade receivables	288.2	275.3	+4.7%
Inventories and prepaid expenses	206.2	143.8	+43.4%
Other current assets	718.3	554.2	+29.6%
Non-current assets	3,975.8	3,636.5	+9.3%
Liabilities and equity	5,422.1	4,915.7	+10.3%
Liabilities	2,500.3	2,148.8	+16.4%
Trade payables	141.8	121.7	+16.6%
Borrowings	1,100.0	905.6	+21.5%
Current liabilities	654.2	108.1	+505.2%
Long-term liabilities	445.8	797.5	-44.1%
Provisions	534.6	325.1	+64.4%
Deferred income	363.8	308.9	+17.8%
Other liabilities	360.0	487.5	-26.1%
Equity	2,921.8	2,766.9	+5.6%

Cash flow statement

million euros	Q1 2023	Q1 2022	Change	Change
Cash generated from operations	83.5	270.0	-186.5	-69.1%
Interest paid	-12.6	-1.2	-11.4	-927.7%
Interest received	0.9	0.1	+0.8	+1483.5%
Taxes paid	-0.6	-0.7	+0.2	+20.1%
Cashflows from Operating Activities	71.2	268.1	-196.9	-73.4%
Purchase of non current assets	-160.8	-103.2	-57.6	-55.9%
Proceeds from sales of non current assets	0.1	2.0	-1.8	-92.7%
Proceeds from grants of non current assets	0.0	3.7	-3.7	-100.0%
Dividends received from associates	0.0	1.5	-1.5	-100.0%
Contribution to the share capital of associates	0.0	-9.3	+9.3	+100.0%
Cashflows from Investing Activities	-160.6	-105.3	-55.3	-52.5%
Loans received	50.0	0.0	+50.0	
Repayments of bank loans	-7.1	-54.6	+47.5	+86.9%
Principal elements of lease payments	-0.4	-0.3	-0.1	-34.8%
Cashflows from Financing Activities	42.5	-54.9	+97.4	+177.4%
Net Cashflow	-46.9	107.9	-154.8	-143.5%

Glossary

- **1 MWh** – 1 megawatt hour. The unit of energy generated (or consumed) in one hour by a device operating at a constant power of 1 MW (megawatt).
1,000,000 MWh = 1,000 GWh = 1 TWh
- **Adjusted EBITDA** – The Group's EBITDA is adjusted by eliminating temporary fluctuations in fair long-term PPA derivatives. Long-term fair value calculation is based on in-house price curve methodology not on long-term derivative market data (illiquid on the stock exchange)
- **Clean Dark Spread (CDS)** – Eesti Energia's margin between the average price of electricity (in NPS Estonia), oil shale costs and CO₂ costs (considering the price of CO₂ allowance futures maturing in December and the amount of CO₂ emitted in the generation of a MWh of electricity)
- **CO₂ emission allowance** – According to the European Union Emissions Trading System (ETS), one emission allowance gives the holder the right to emit one tonne of carbon dioxide (CO₂). The limit on the total number of emission allowances available gives them a monetary value
- **Financial leverage** – Net debt divided by the sum of net debt and equity
- **Net debt** – Debt obligations (amortized) less cash and cash equivalents (incl. bank deposits with maturities exceeding 3 months), units in money market funds and investments in fixed income bonds
- **Network losses** – The amount of electricity delivered to customers is somewhat smaller than the amount supplied from power plants to the network because during transfer a part of electricity in the power lines and transformers converts into heat. In smaller amount, network losses are caused by power theft and incorrect measuring. The network operator must compensate energy losses and for this a corresponding amount of electricity must be purchased every hour
- **NP system price** – The price on the Nord Pool power exchange that is calculated based on all purchase and sale bids without considering transmission capacity limitations
- **Position hedged with forward transactions** – The average price and the corresponding amount of electricity and shale oil sold, and emission allowances purchased in the future is previously fixed
- **PPA** – Power Purchase Agreement, a long-term electricity supply contract
- **RAB** – Regulated Asset Base, which represents the value of assets used to provide regulated services
- **Return on Fixed Assets (ROFA)** – Operating profit (rolling 12 months) divided by average fixed assets excl. assets under construction (allocated to specific product)
- **SAIDI** – System Average Interruption Duration Index. The sum of all customer interruption durations in minutes divided by the total number of customers served
- **SAIFI** – System Average Interruption Frequency Index. The total number of customer interruptions divided by the total number of customers served
- **Variable profit** – Profit after deducting variable costs from sales revenues