

Eesti Energia unaudited financial results for 2023 Q2

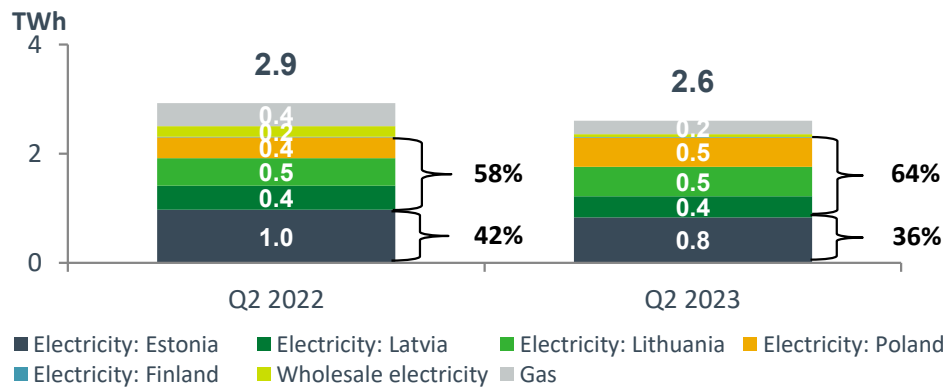
3 August 2023

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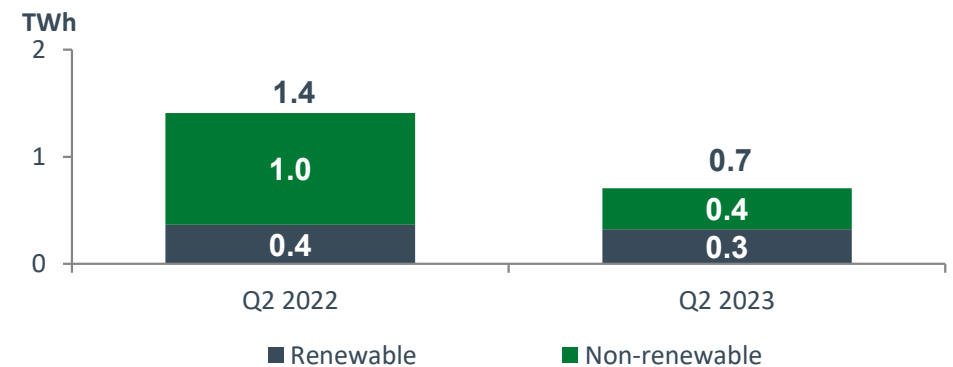
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Sales and production information

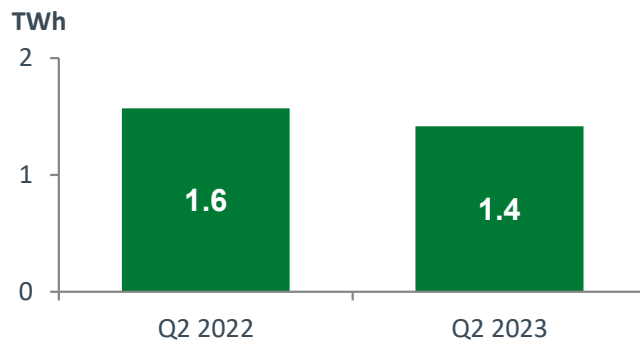
Sales volumes



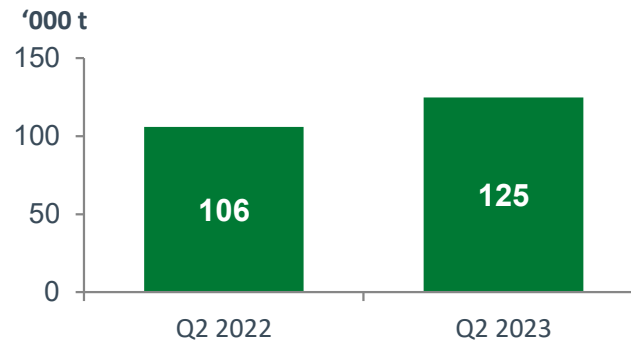
Electricity production



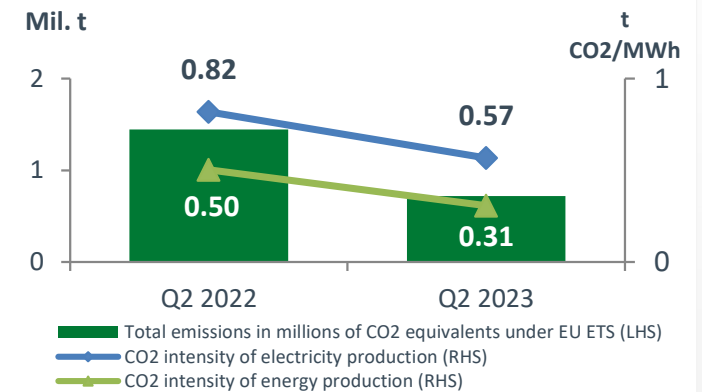
Distribution sales volume



Shale oil production

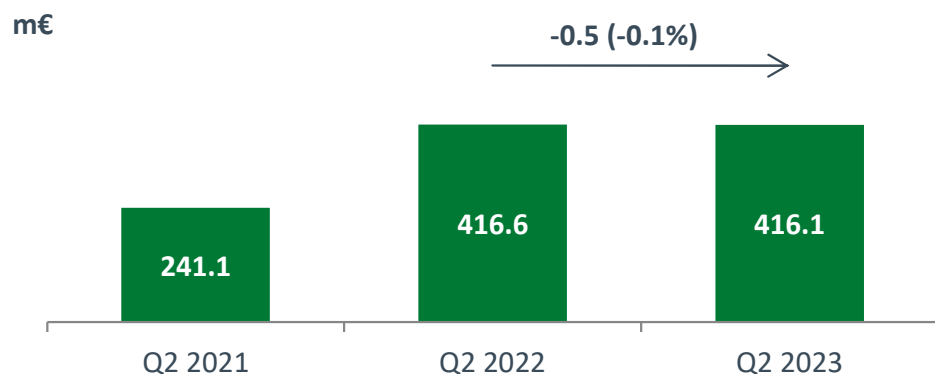


CO2 emission and intensity

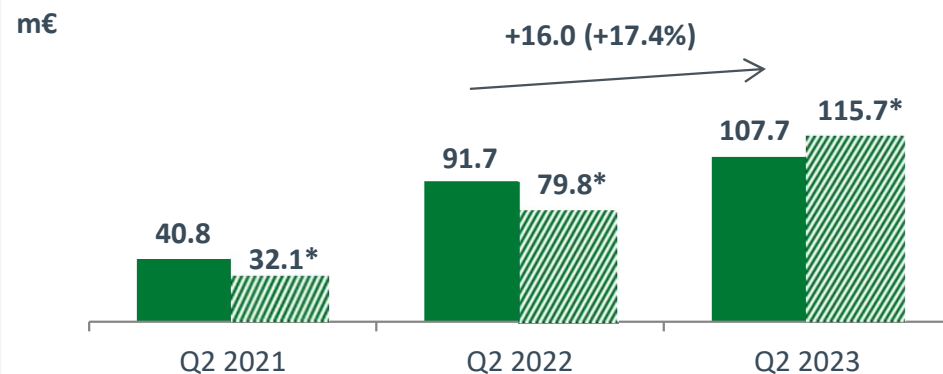


Sales revenue stable y-o-y, EBITDA increased

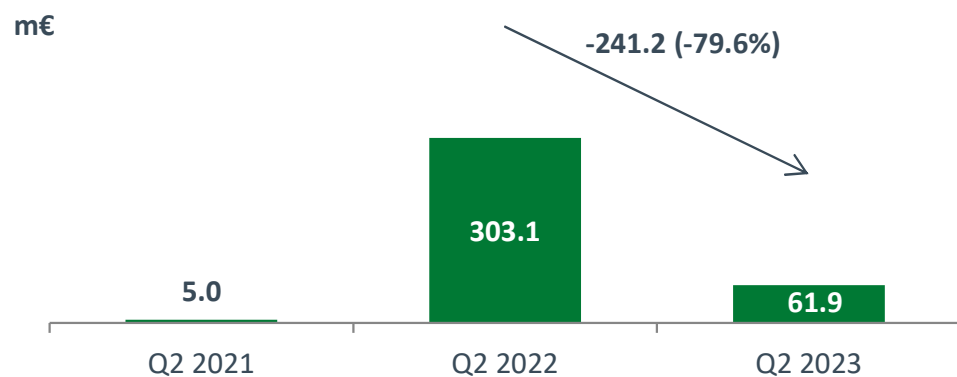
Sales revenue



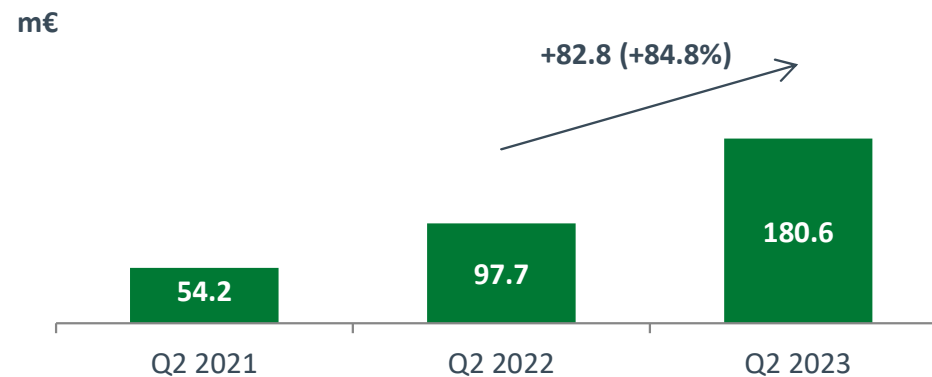
EBITDA and adjusted EBITDA



Operating cash flow



Investments

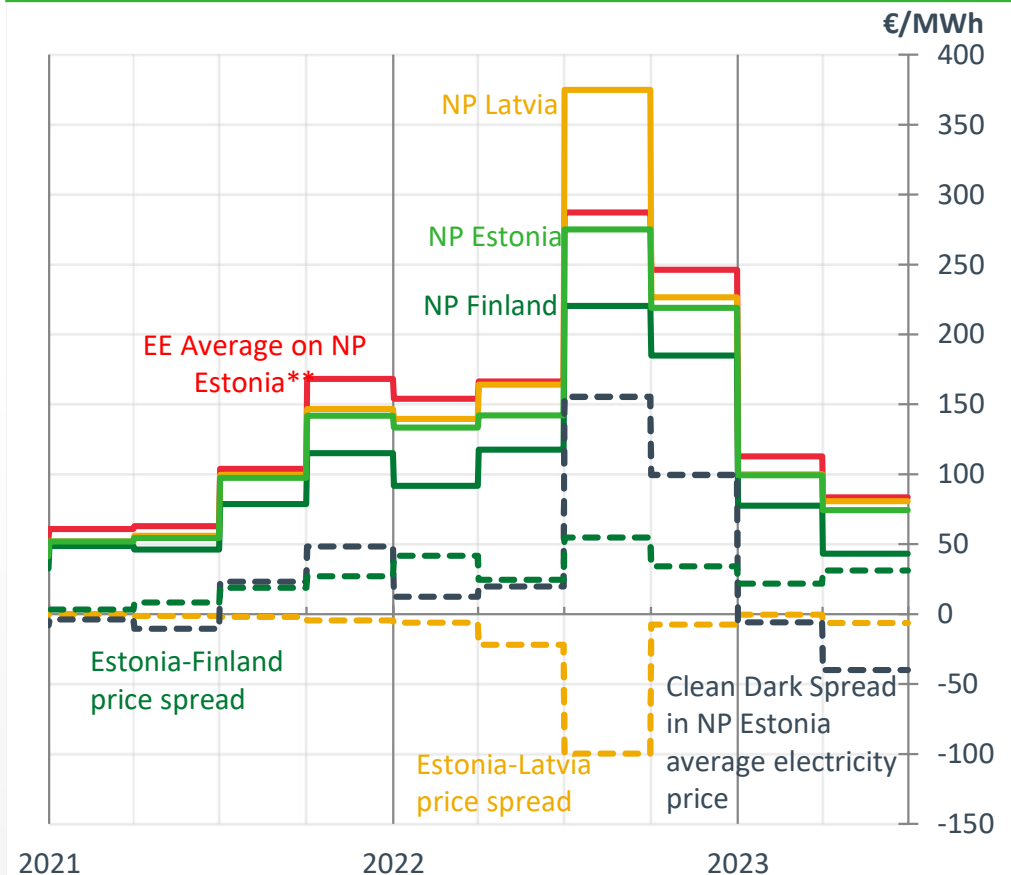


* The Group's EBITDA and net profit results are adjusted by eliminating temporary fluctuations in fair value of long-term PPA derivatives.

Nord Pool Baltic electricity prices decreased

- In 2023 Q2 electricity prices in NP Baltic price areas decreased compared to 2022 Q2
 - Electricity prices in Estonia and the neighboring countries were influenced by the market price of natural gas and weather factors in 2023 Q2. The average price of natural gas on the Dutch gas trading platform TTF was 32.9 €/MWh (-80.9 €/MWh, -71.1% y-o-y)
- 2023 Q2 average price in NP Estonia price area was 74.4 €/MWh* (-67.6 €/MWh, -47.6%)
- Price spread between Estonia and Finland average electricity price increased by 6.6 €/MWh y-o-y in Q2. 2023 Q2 average electricity price in Estonia was 31.1 €/MWh higher than in Finland
- Price spread between Estonia and Latvia average electricity price narrowed by 15.5 €/MWh y-o-y in Q2. 2023 Q2 average price in Estonia was 6.4 €/MWh lower than in Latvia
- Clean Dark Spread in NP Estonia average electricity price decreased to -40.0 €/MWh (-59.7 €/MWh) in 2023 Q2
 - -67.6 €/MWh decrease in NP Estonia average electricity price
 - +3.6 €/MWh from increase in the cost of CO₂
 - +4.4 €/MWh from increase in the cost of oil shale

Average quarterly Nord Pool electricity prices

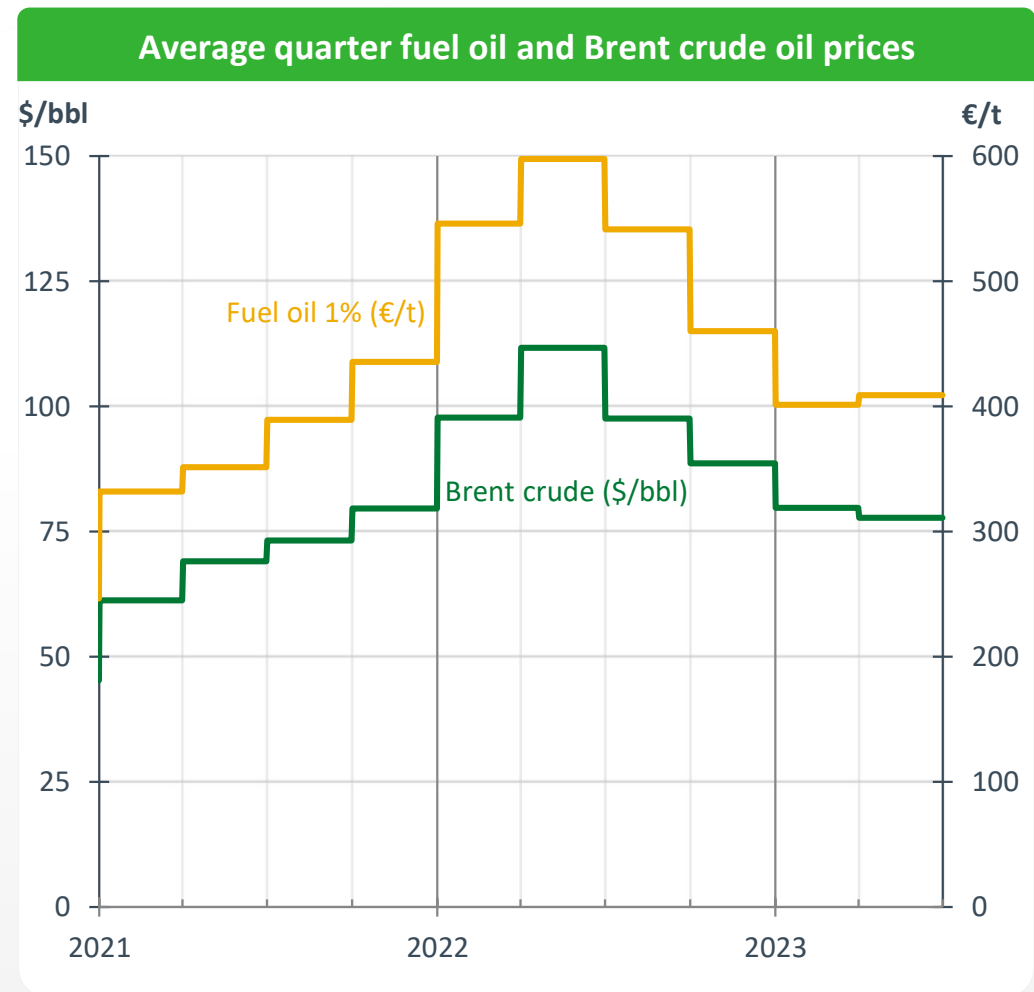


* average Nord Pool electricity market price. This price may differ compared with Eesti Energia's electricity sales prices achieved on wholesale market

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

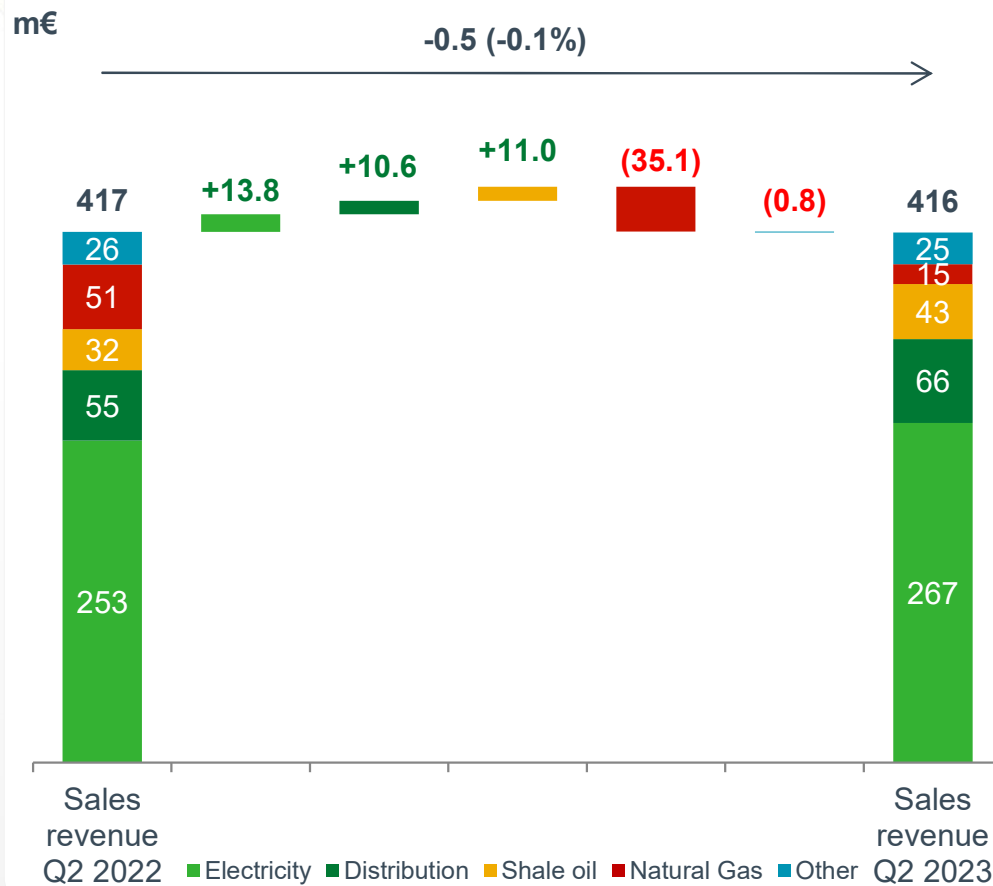
Prices of Brent crude oil and fuel oil decreased

- Average price of Brent crude oil in 2023 Q2 was 77.7 \$/bbl (-34.0 \$/bbl, -30%)
 - In 2023 Q2, liquid fuel prices were mainly influenced by the overall cooldown of the global economy, which decreased the demand for fuel oil. During 2023 Q2 the oil prices were impacted by OPEC+ decision to decrease production and cooldown of Chinese economy which has decreased the demand for oil significantly.
- Average price of fuel oil (1% Sulphur content) in 2023 Q2 was 408.9 €/t (-189.5 €/t, -32%). The changes of oil product prices and fuel oil prices are comparable in 2023 Q2

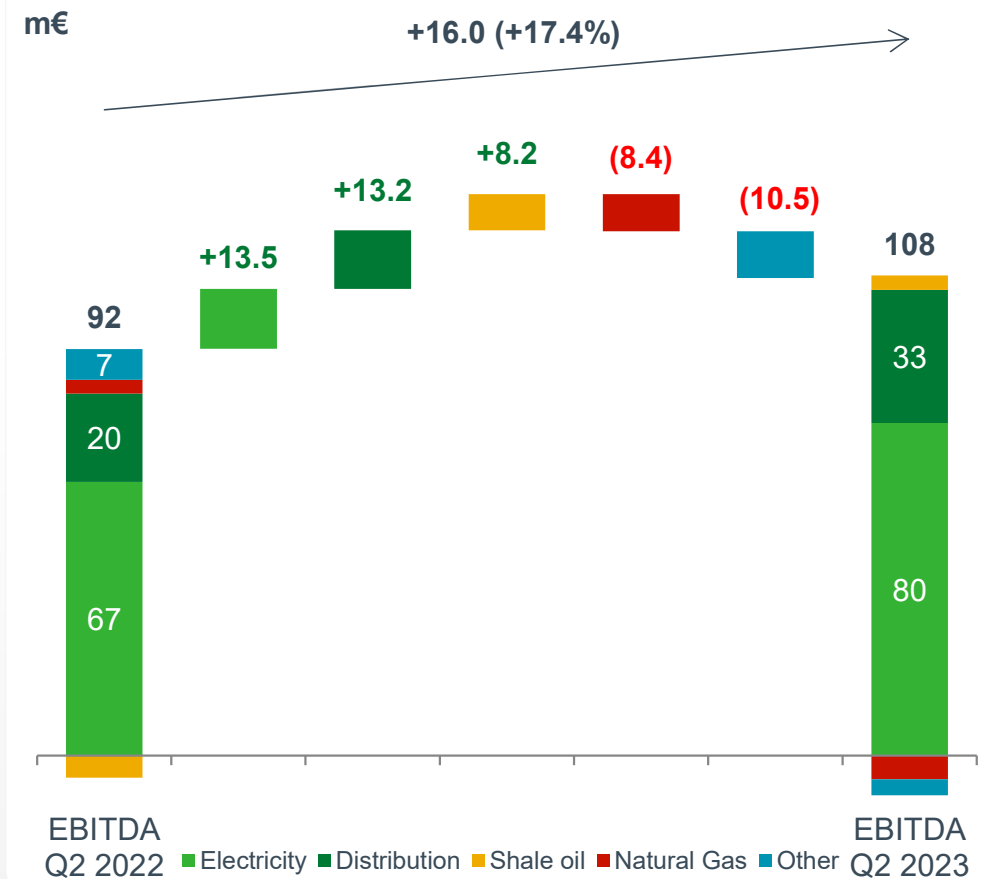


Group's sales revenue stable y-o-y, EBITDA increased

Sales revenue breakdown and Y-o-Y change



EBITDA breakdown and Y-o-Y change

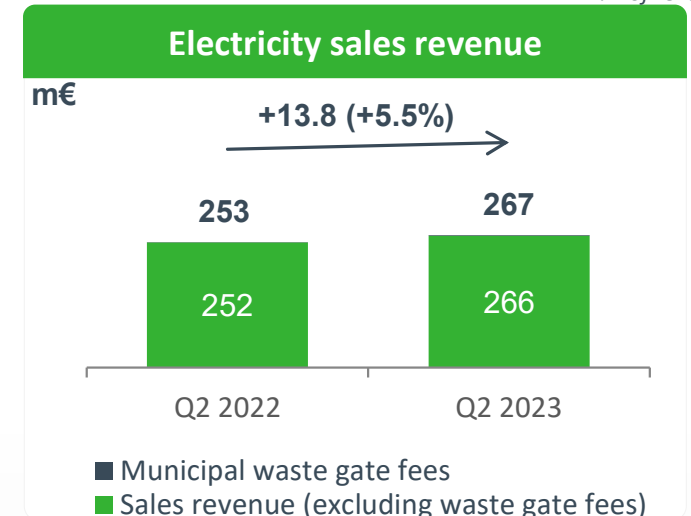
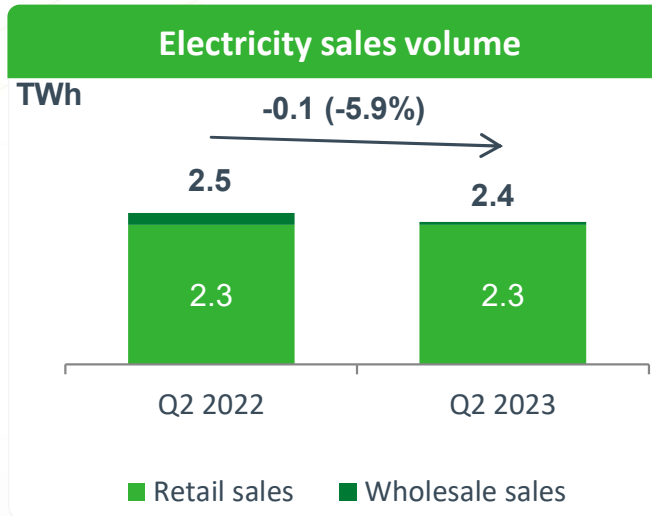
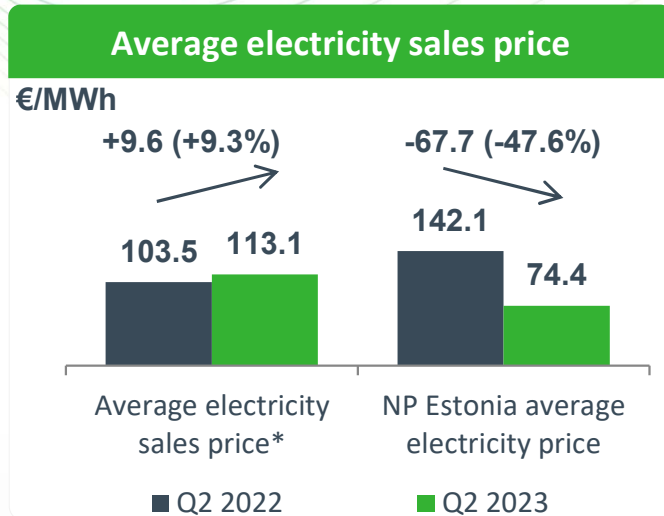
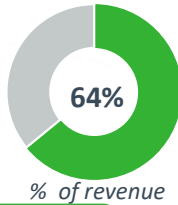


Electricity

Eesti Energia Aulepa Wind Park, Läänemaa, Estonia


Eesti Energia

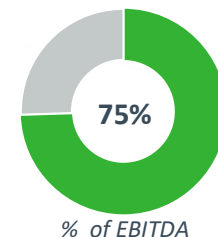
Electricity sales revenue increased by €14m



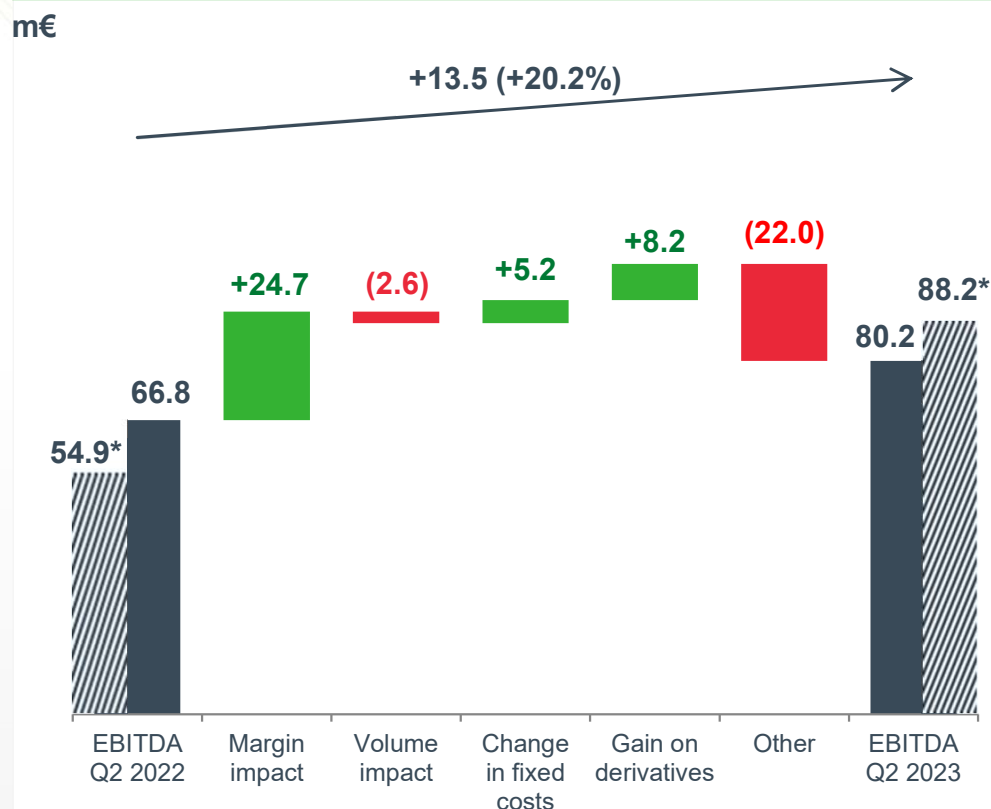
- Average electricity sales price* increased to 113.1 €/MWh (+9.6 €/MWh, +9%)
 - Gain on derivatives impacted price by -0.4 €/MWh (+2.5 €/MWh Y-o-Y; in abs. terms -€1.0m, +€6.4m Y-o-Y)
 - Average electricity sales price including derivatives increased to 112.7 €/MWh (+12.1 €/MWh Y-o-Y, +12%)
- Electricity sales volume was 2.4 TWh (-0.1 TWh, -6%). Wholesale electricity sales decreased by 145 GWh (-74%) and retail sales remained at the level of the previous year (-2 GWh, -0.1%)
- Electricity generation amounted to 0.7 TWh (-0.7 TWh, -50%) due to lower electricity prices. Production of renewable electricity decreased to 0.3 TWh (-40 GWh, -11%). Wind energy production decreased (-19 GWh) due to unfavorable wind conditions in Estonia and Lithuania
- For 2023 Q3-Q4 we have hedged power production against price risk in the amount of 1.1 TWh with an average price of 202.9 €/MWh. For 2024 we have hedged power production against price risk internally in the amount of 0.5 TWh with an average price of 148.2 €/MWh

* total average sales price of electricity product (including retail sales ja wholesale sales). Average sales price excludes gain on derivatives and municipal waste gate fees

Electricity EBITDA increased by €13m



Electricity EBITDA development



- ✓ Total margin impact +€24.7m (+10.5 €/MWh). Higher sales price impact (incl. renewable subsidies) +9.1 €/MWh, total +€21.4m. Lower variable costs impact +1.4 €/MWh, total +€3.3m
- ✗ Sales volume decreased by 6%, impact on EBITDA -€2.6m
- ✓ Fixed costs impacted EBITDA by +€5.2m including +€3.4m from lower payroll costs
- ✓ Gain on derivatives impacted EBITDA by +€8.2m (gain on derivatives +€39.3m in 2022 Q2, +€47.6m in 2023 Q2)
- ✗ Other changes impacted EBITDA by -€22.0m, mainly related to change in value of derivative instruments and power purchase agreements for renewable energy
- Adjusted* EBITDA increased to €88.2m (+€33.3m, +61%)

Key Figures

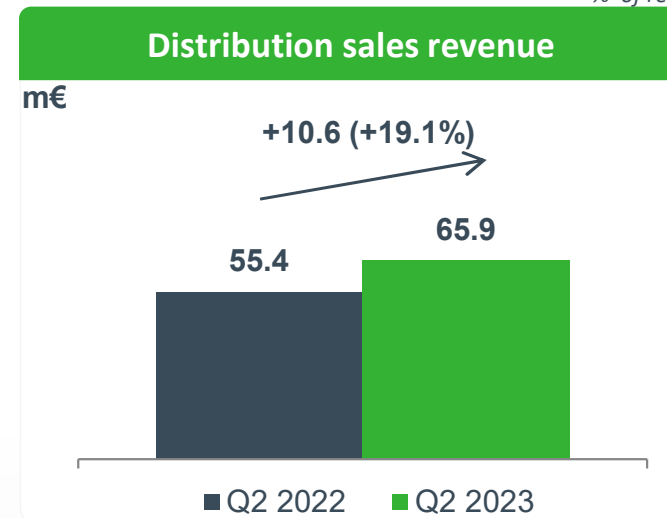
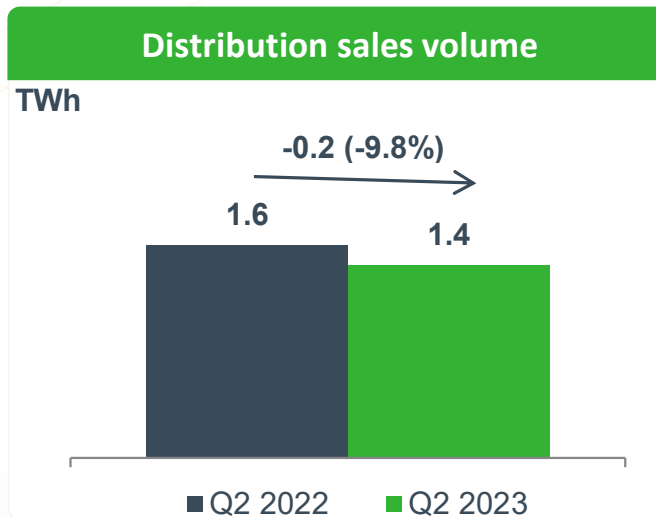
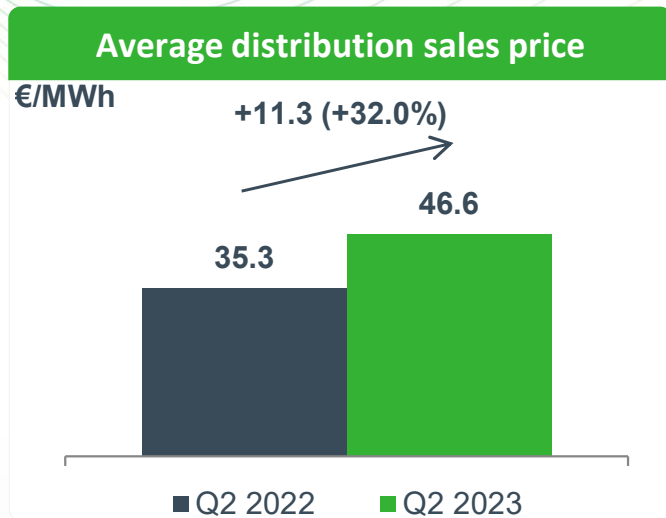
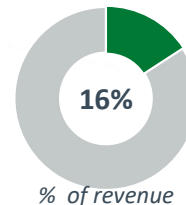
	Q2 2023	Q2 2022
Return on fixed assets (%)	17.7 (21.4*)	3.6 (-9.1*)
Electricity EBITDA (€/MWh)	34.0 (37.4*)	26.7 (21.9*)

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

Distribution

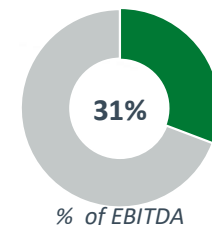
Street lights in Tartu, Estonia

Distribution sales revenue increased 19%



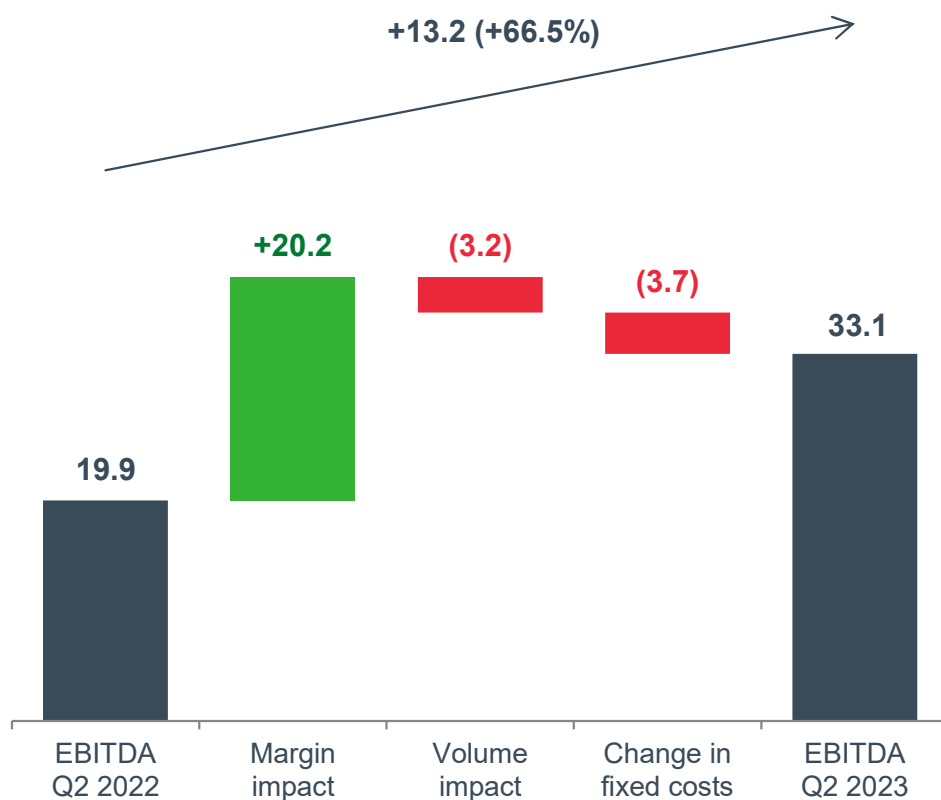
- Sales revenue increased to €65.9m (+19%) due to higher distribution sales prices
- Network losses amounted to 4.4% (+0.7pp) of electricity entered distribution network
- The average duration of unplanned interruptions was 16.9 minutes (Q2 2022: 21.6 minutes)
- The average duration of planned interruptions was 19.3 minutes (Q2 2022: 16.7 minutes)

Distribution EBITDA increased by €13m



Distribution EBITDA development

m€



- ✓ Total margin impact +€20.2m (+14.2 €/MWh). Average sales price increased by 11.3 €/MWh. Average variable costs decreased by 2.9 €/MWh
- ✗ Distribution volume decreased by 10%, impact on EBITDA -€3.2m
- ✗ Fixed costs impacted EBITDA by -€3.7m, mainly due to higher maintenance and payroll costs

Key Figures	Q2 2023	Q2 2022
Return on fixed assets (%)	2.2	-0.8
Distribution losses (GWh)	71.5	64.2
SAIFI	0.4	0.4
SAIDI (unplanned)	16.9	21.6
SAIDI (planned)	19.3	16.7
Adjusted RAB* (m€)	899.8	849.4

* RAB (Regulated Asset Base) allocated to distribution product

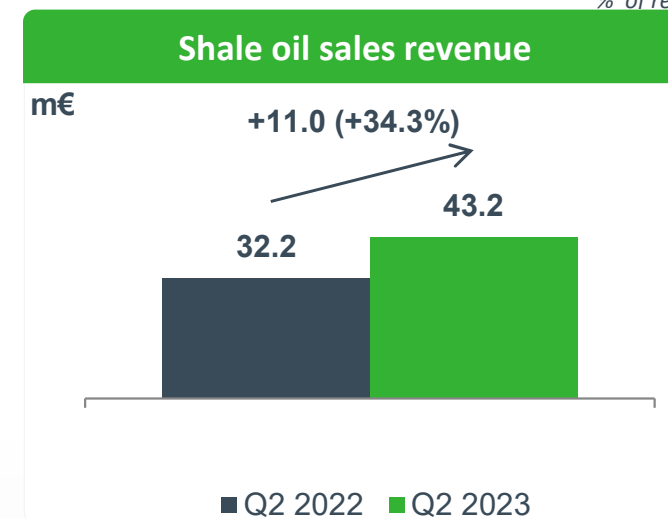
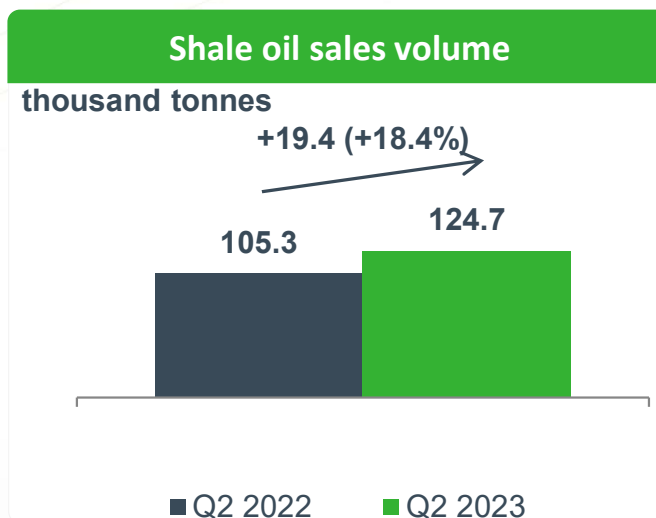
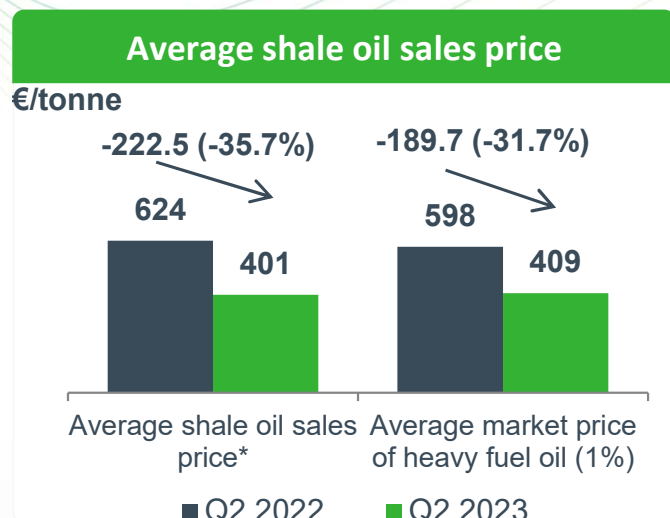
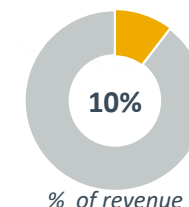
Shale Oil



Eesti Energia Oil Industry in Ida-Virumaa, Estonia


Eesti Energia

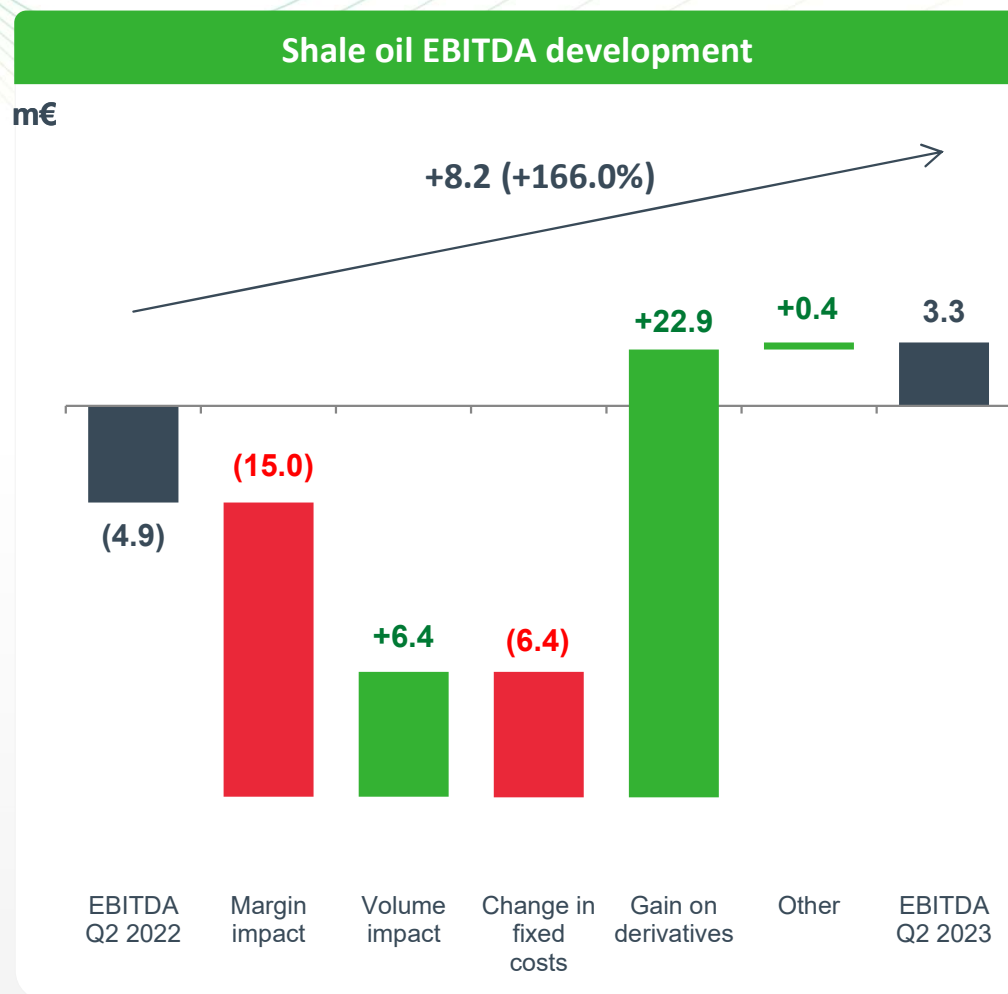
Shale oil sales revenue increased by 34%



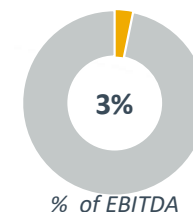
- Average shale oil sales price* decreased to 401.1 €/t (-222.5 €/t, -36%) due to decrease in the reference product average market price (-189.7 €/t, -32%)
 - Gain on derivatives impacted price by -54.5 €/t (+263.5 €/t, -€6.8 m in abs. terms, +€26.7 m Y-o-Y)
 - Average sales price including derivatives increased to 346.6 €/t (+41.0 €/t, +13%)
- Shale oil sales volume increased 18% compared to last year. The Group's shale oil production in Q2 2023 was 124.8 thousand tonnes, an increase of 18.8 thousand tonnes (+18%) compared to Q2 2022 due to greater availability and implementation of the Enefit-280 retort gas cooling block
- For 2023 Q3-Q4 we have hedged sales against price risk in amount of 182.2 thousand tonnes with an average price of 347.2 €/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 €8m



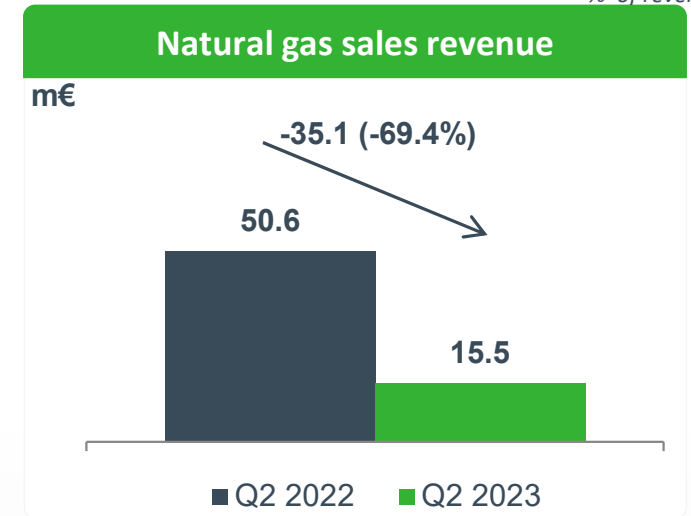
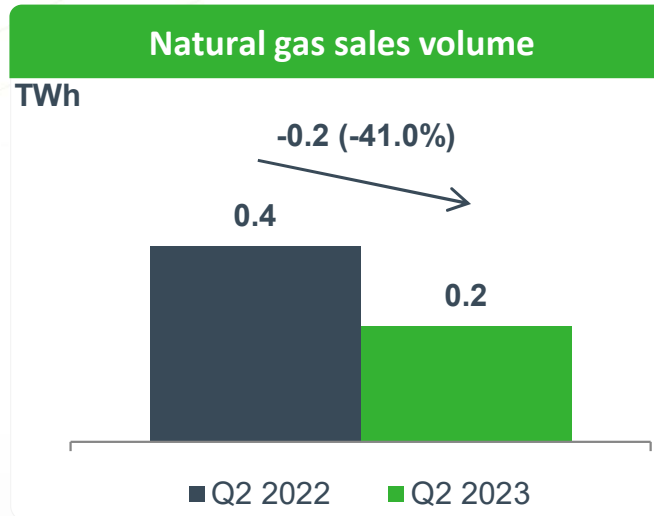
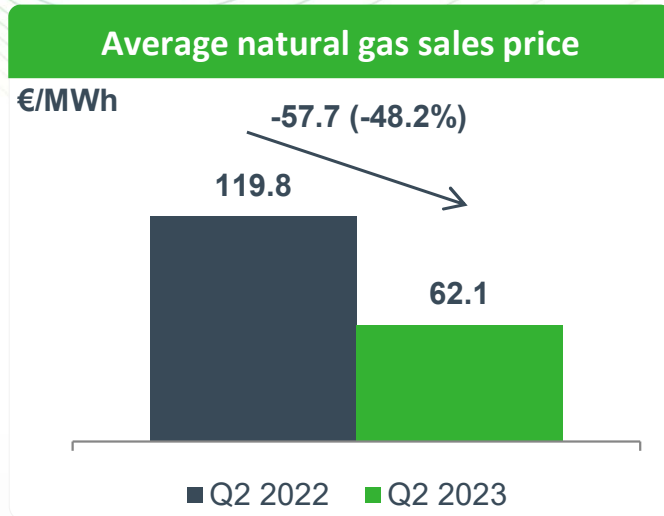
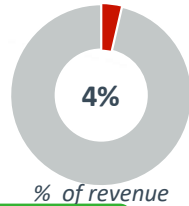
- ✗ Margin impact on profitability -€15.0m (-121 €/t) as the decrease in average sales price (-222 €/t) was higher than the impact from decreased variable costs (+102 €/t)
- ✓ Sales volume increased by 18%, impact on EBITDA +€6.4m
- ✗ Fixed costs increased by €6.4m, mainly related to higher payroll costs
- ✓ Gain on derivatives impacted EBITDA by +€22.9m (gain on derivatives -€33.5m in 2022 Q2, -€10.6m in 2023 Q2)
- ✓ Other changes in the amount of +€0.4m mainly related to change in value of derivative instruments



Key Figures	Q2 2023	Q2 2022
Return on fixed assets (%)	-7.0	-1.0
Shale Oil EBITDA (€/t)	26.1	-46.8

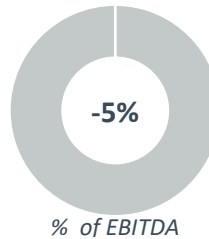
Natural gas

Natural gas sales revenue decreased by €35m

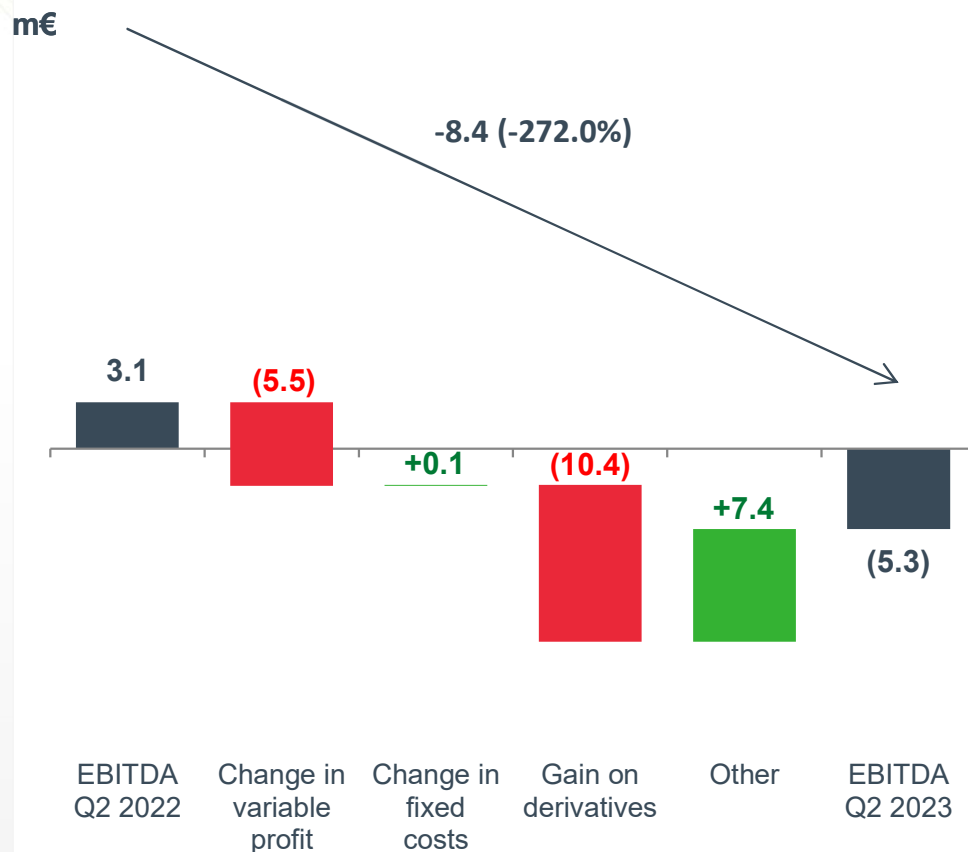


- Average natural gas sales price decreased to 62.1 €/MWh (-57.7 €/MWh, -48%)
- Natural gas sales volume was 0.2 TWh (-0.2 TWh, -41%)
- Sales revenue decreased to €15.5m (-€35.1m, -69%)

Natural gas EBITDA decreased by €8m



Natural gas EBITDA development

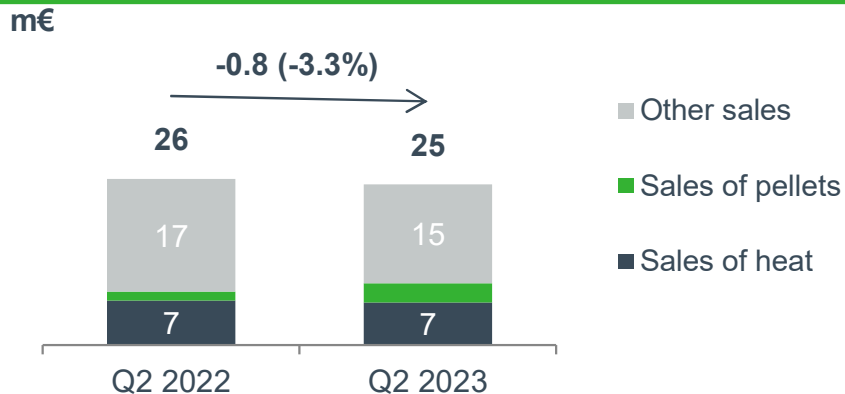


- ✗ Variable profit impact -€5.5m. Revenues decreased by €35.1m while variable costs decreased by €29.6m
- ✓ Fixed costs stable y-o-y
- ✗ Gain on derivatives impacted EBITDA by -€10.4m (gain on derivatives €10.5m in 2022 Q2, €0.2m in 2023 Q2)
- ✓ Changes in value of unrealized derivatives impacted EBITDA by +€7.4m (-€10.0m in 2022 Q2, -€2.5m in 2023 Q2)

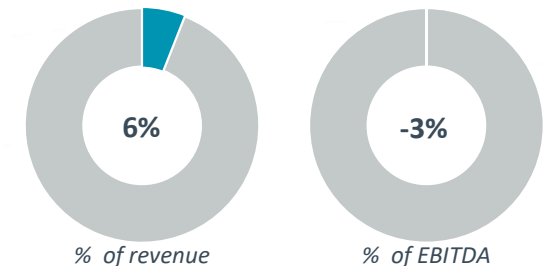
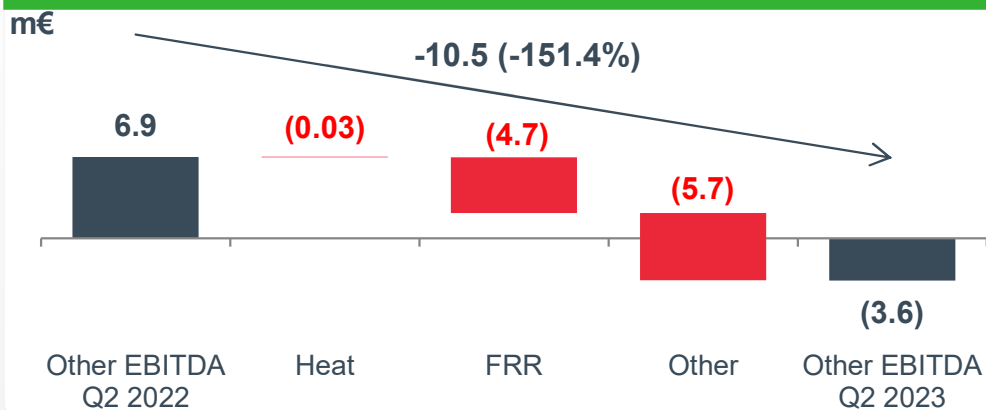
Key Figures	Q2 2023	Q2 2022
Natural gas EBITDA (€/MWh)	-21.3	7.3

Other sales revenue and EBITDA decreased

Sales revenues from other products and services



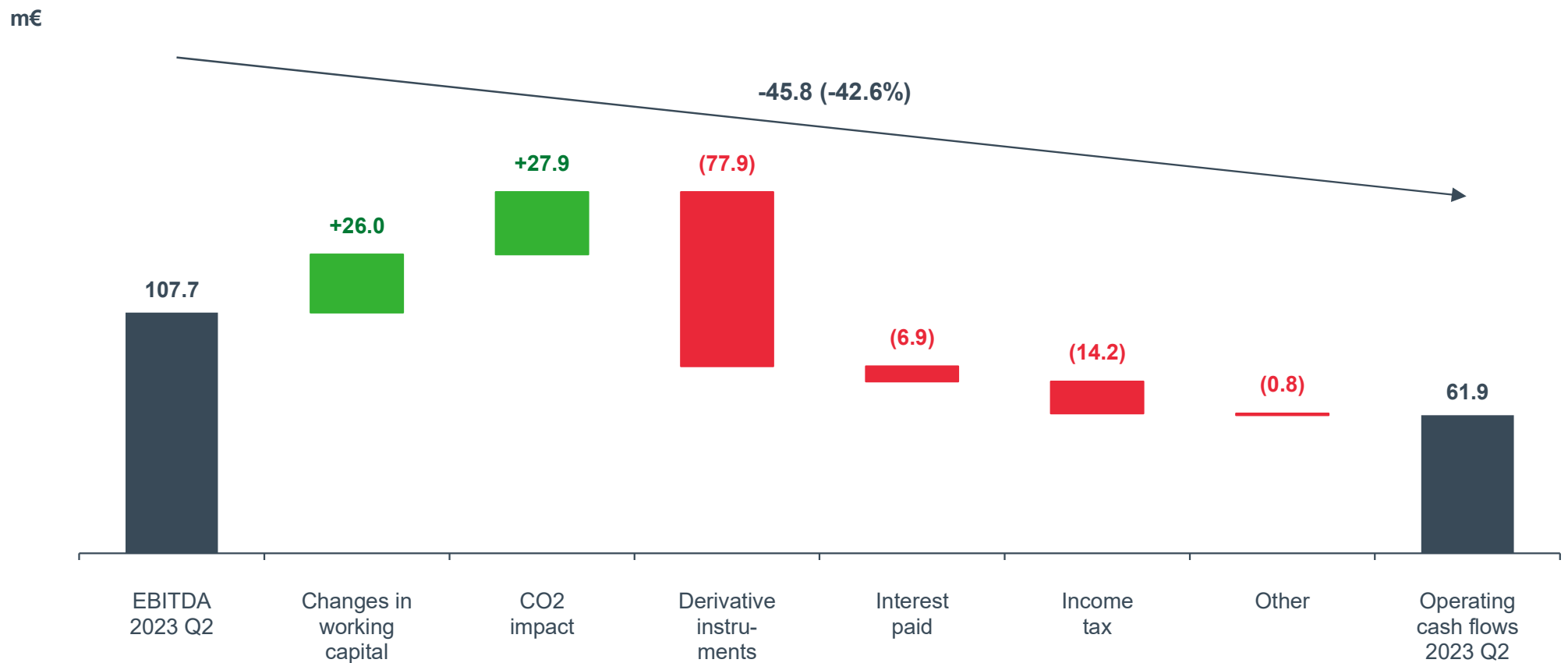
Other products and services EBITDA development



- 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 decreased by 4% due to lower sales volume, EBITDA was stable y-o-y
- EBITDA from frequency restoration reserve (FRR) services decreased by €4.7m y-o-y
- Other changes in EBITDA total -€5.7m with negative y-o-y impacts from solar services, one-off transactions and other ancillary services as well as increased overhead costs

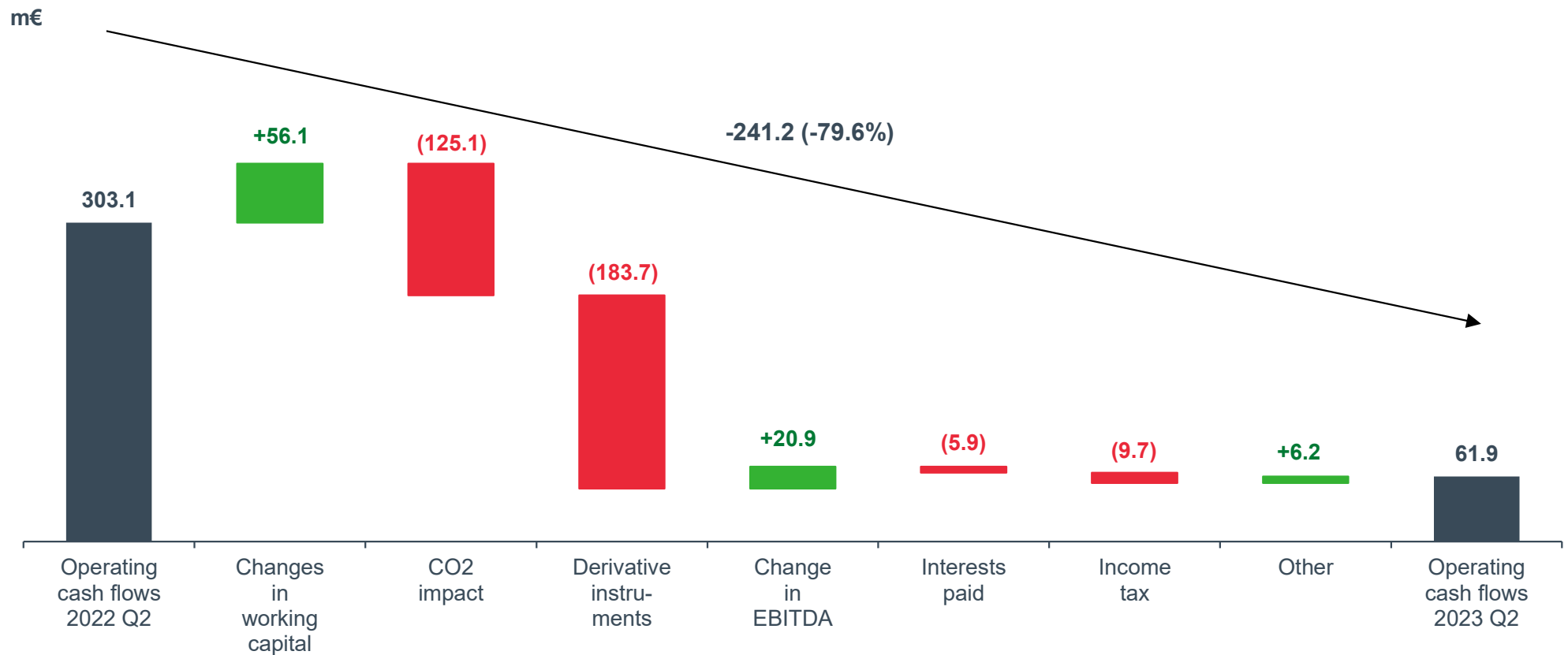
Operating cash flow

EBITDA to operating cash flows development



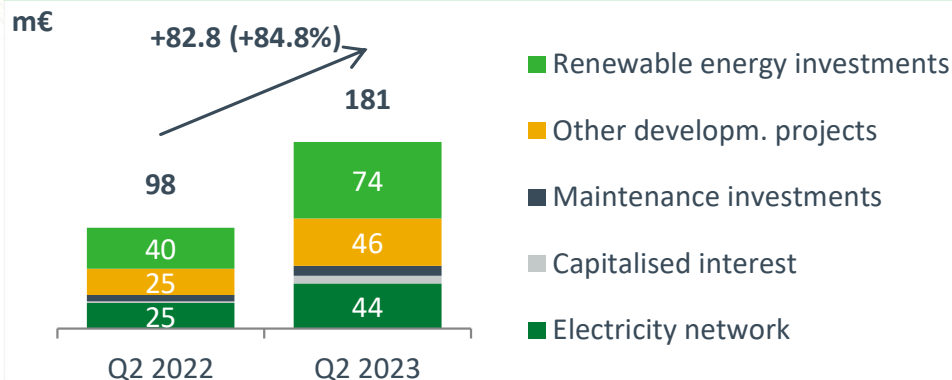
Operating cash flow

Operating cash flow changes



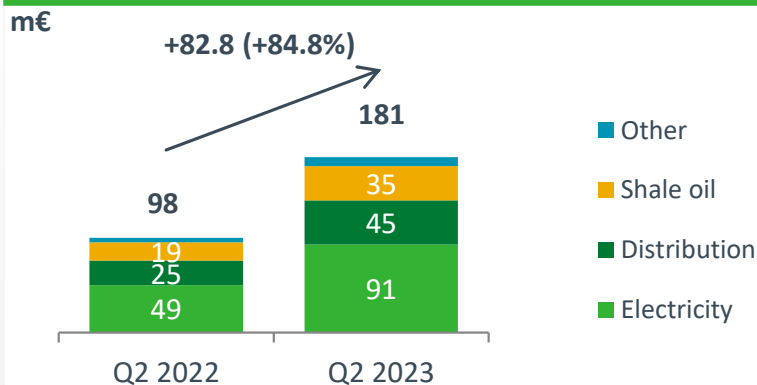
Capital expenditure €181m in Q2 2023

Capex breakdown by projects

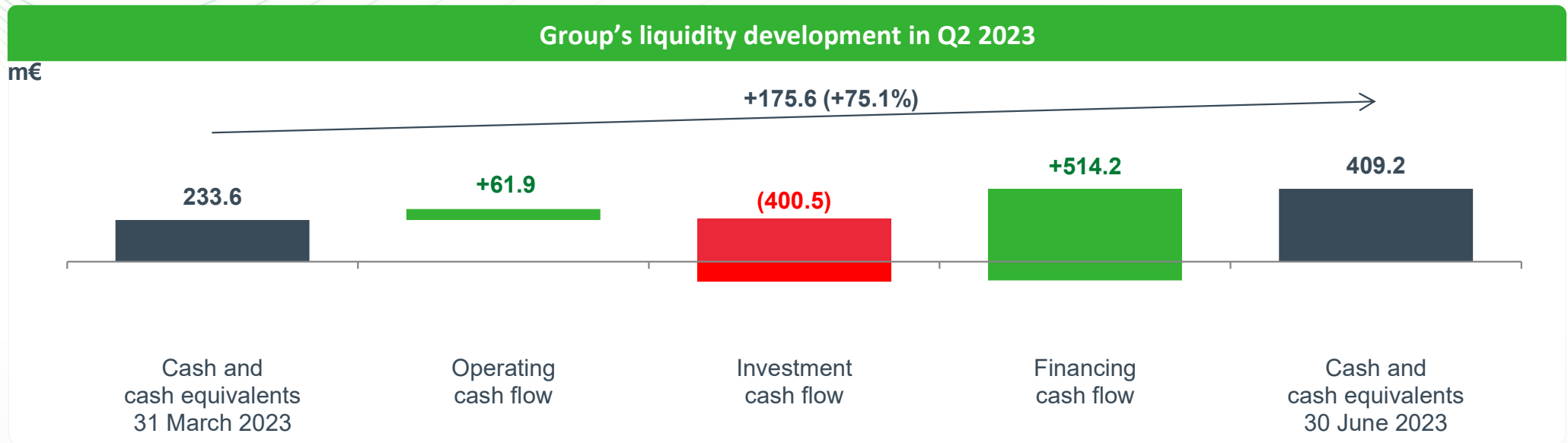


- Investments into electricity network increased to €43.9m (+€19m, +78%)
- Renewable energy investments increased to €74.0m (+€34m, +86%)
- Maintenance investments (excl. electricity network) increased to €9.6m (+€3m, +52%)
- Investments into other development projects increased to €45.8m (+€21m, +82%)
 - €32.1m was invested in the construction of a new chemical plant (new Enefit-280)

Capex breakdown by products



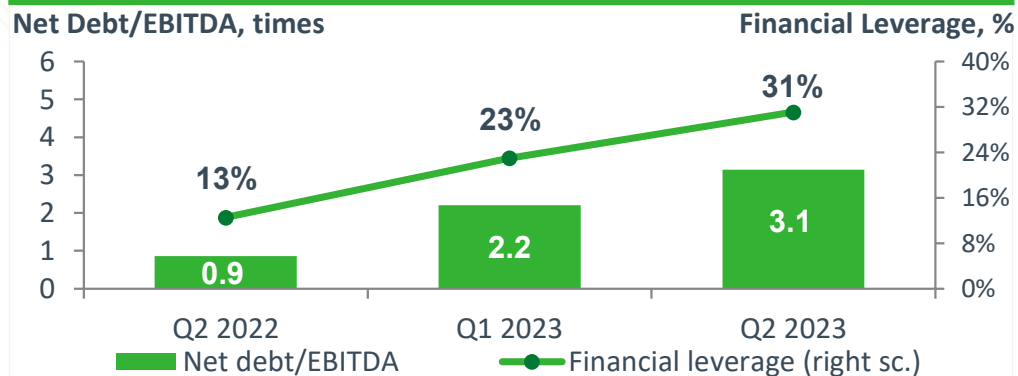
€409m amount of liquid assets at the end of Q2 2023



- €1,139m of liquid assets and unused loans available as of 30 June 2023, including:
 - €409m of liquid assets
 - €730m undrawn loans, consisting of liquidity loans of €270m and long-term loans of €460m

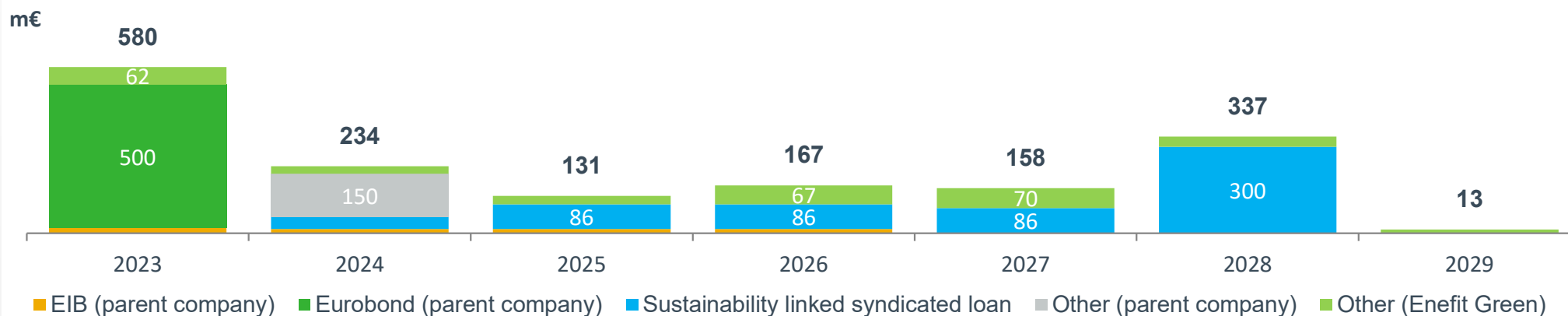
Debt maturity profile

Net debt / EBITDA & financial leverage

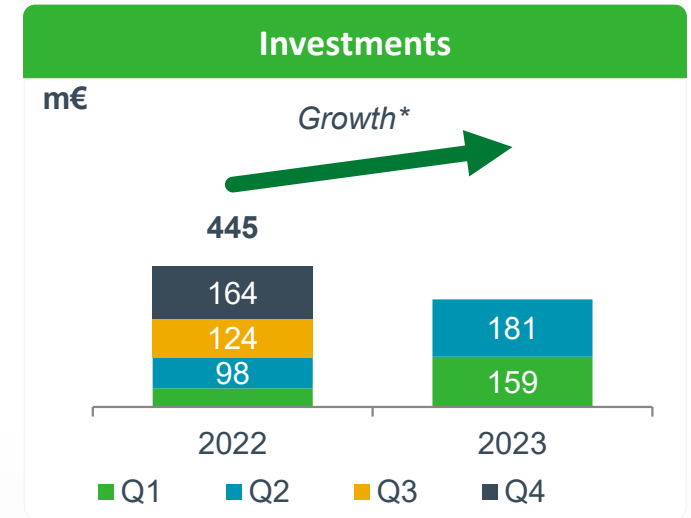
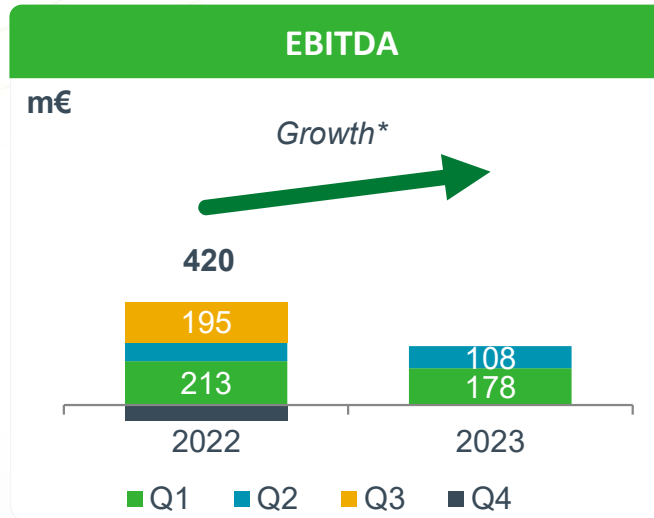
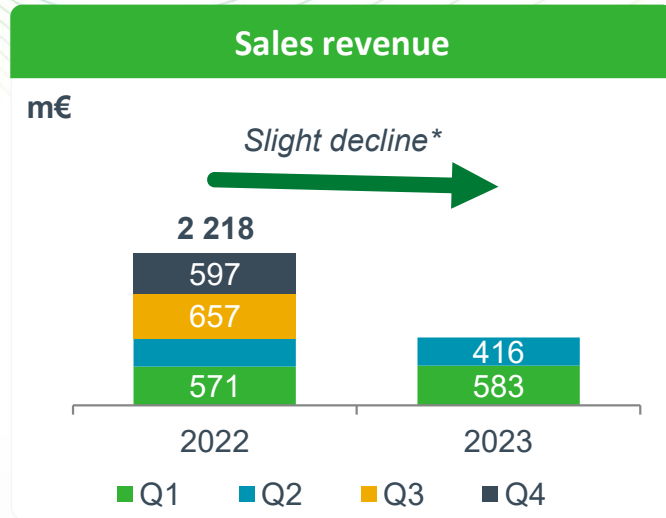


- Eesti Energia credit ratings are at investment grade level
 - BBB- (S&P) (outlook: stable)
 - Baa3 (Moody's) (outlook: stable)
- Eesti Energia's financing policy is aimed at maintaining investment grade credit ratings
- Total debt by the end of Q2 2023 was €1,687m; net debt €1,278m (+€842m y-o-y)
- Net debt / EBITDA figure for Q2 2023 using adjusted EBITDA is 2.8

Debt maturity



Outlook for FY2023



- Sales revenue is likely to remain on the same level with a slight decrease* in 2023.
- EBITDA is likely to increase* in 2023
- We are planning to increase our investments compared with 2022. The largest investments in 2023 will be made in expanding the renewable energy portfolio, improving the electricity distribution network and developing the chemicals industry.

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

Summary

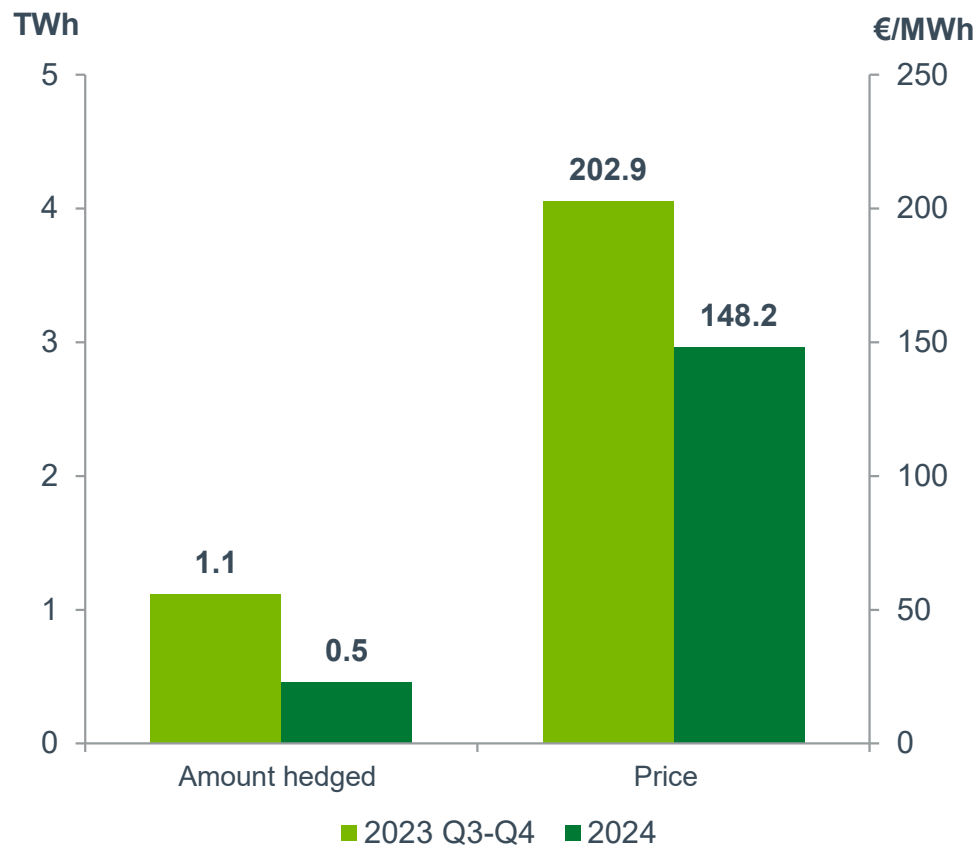
- Q2 2023 sales revenue stable y-o-y at €416m (-0.1%; -0.5m)
 - Electricity sales revenue increased by €14m (+5%) due to higher sales prices
 - Distribution sales revenue increased by €11m (+19%) due to higher sales prices
 - Shale oil sales revenue increased by €11m (+34%) due to higher prices and sales volumes
 - Gas sales revenue decreased by €35m (-69%) due to lower sales volumes and prices
 - Other products and services sales revenue decreased by €1m (-3%)
- Q2 2023 EBITDA increased to €108m (+17%; +€16m)
 - Electricity EBITDA increased by €13m (+20%) due to higher margin and gains from realized derivative instruments. Adjusted electricity EBITDA increased by €33m (+61%)
 - Distribution EBITDA increased by €13m (+66%) due to increased sales prices
 - Shale oil EBITDA increased by €8m due to higher sales volumes and impacts from realized derivative instruments
 - Gas EBITDA decreased by €8m (-272%) due to negative impacts from realized derivatives as well as lower variable profit
 - Other products and services EBITDA decreased by €10mAdjusted EBITDA increased to €116m (+45%; +€36m)
- Investments increased by 85% to €181m driven by renewable energy investments
- Q2 2023 net profit decreased to €43m (-6%; -€3m). Adjusted net profit increased to €51m (+52%; +€17m)

APPENDICES



Electricity hedge positions as at 30 June 2023

Enefit Power production hedge

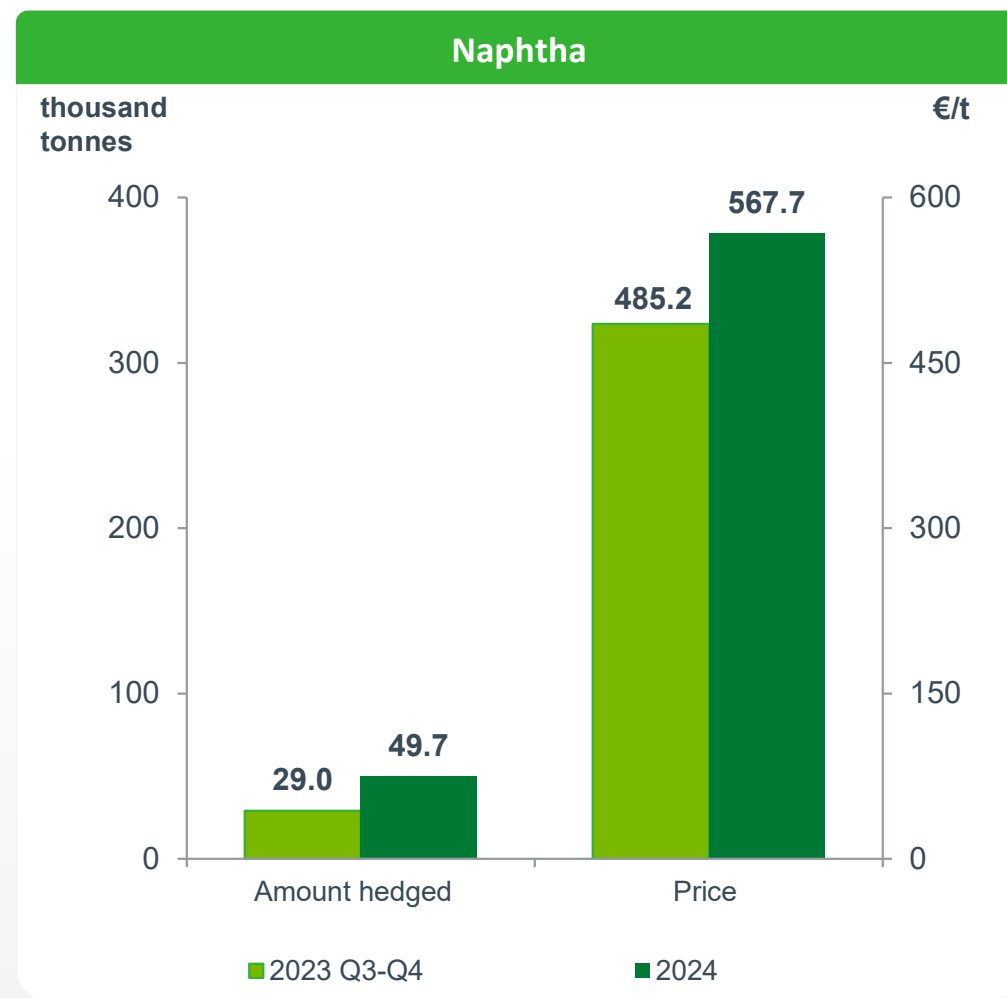
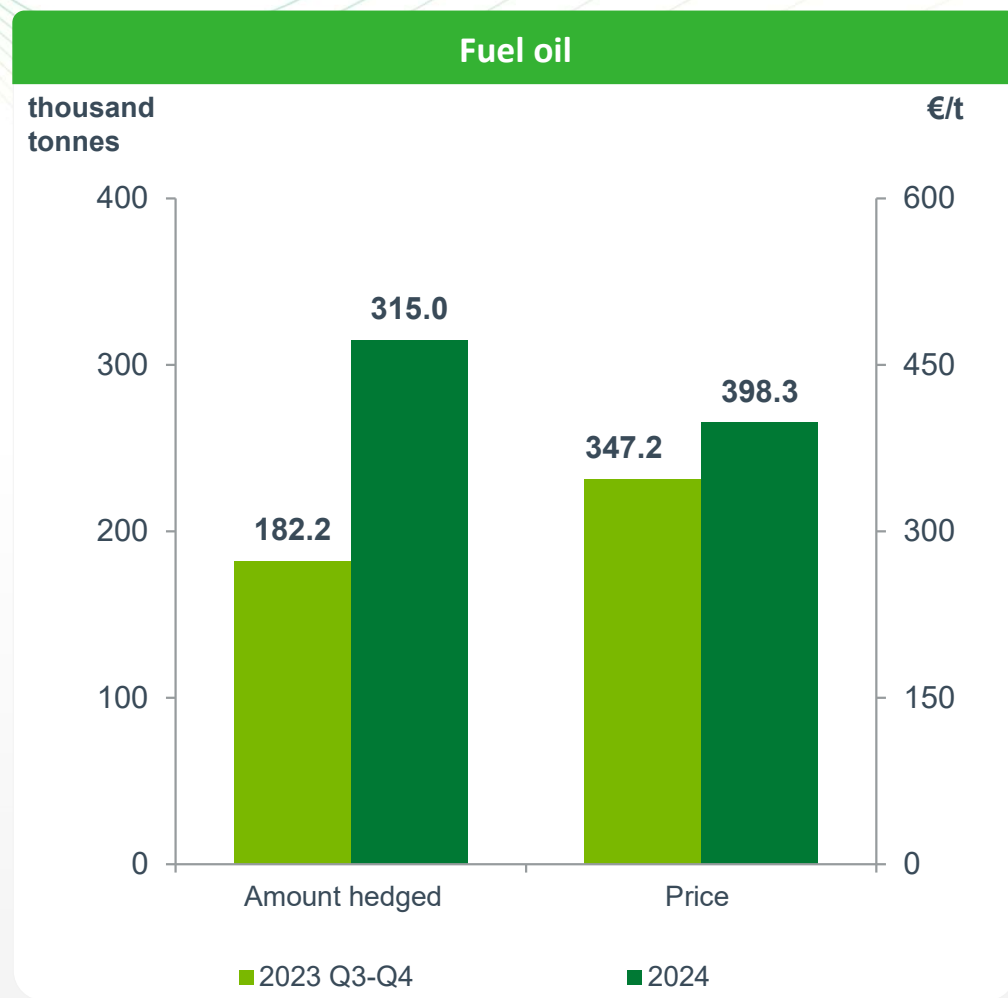


Retail sales hedge*

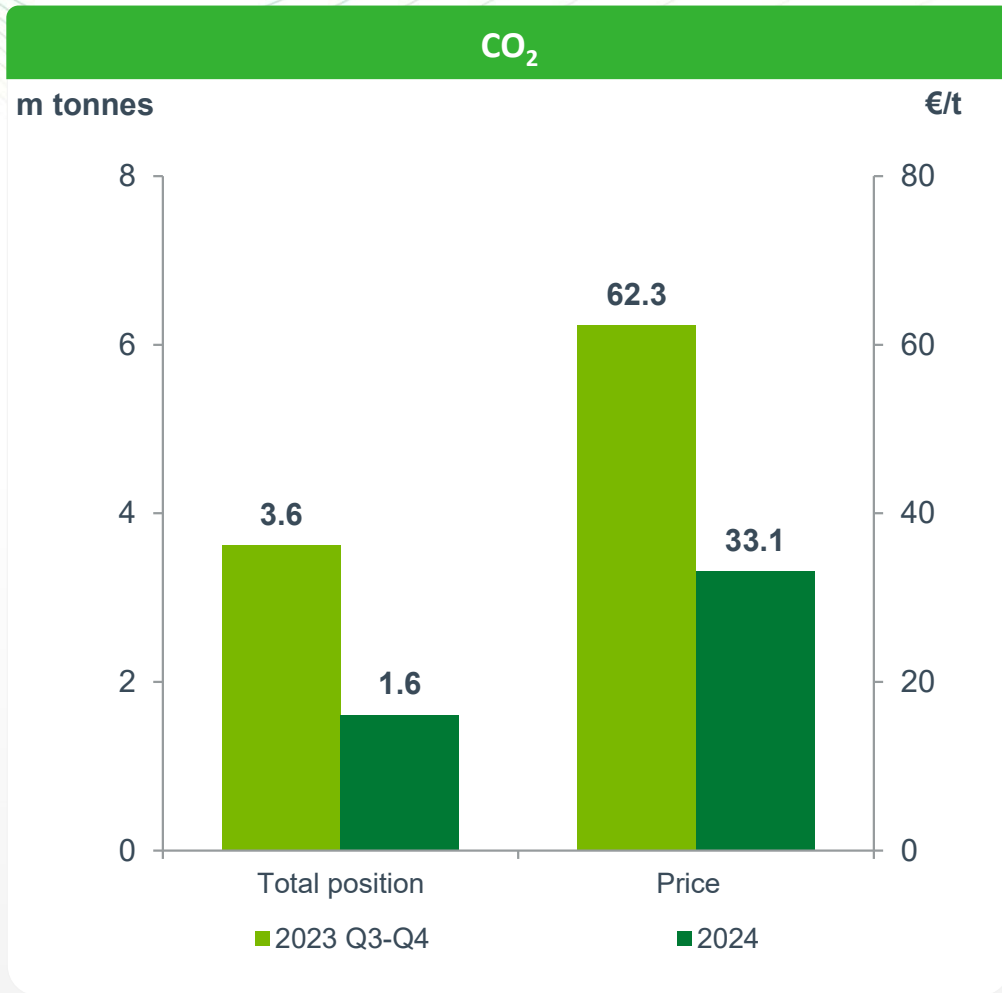


*We hedge fixed price contracts against the risks from fluctuations in market prices

Fuel oil and naphtha hedge positions as at 30 June 2023



CO₂ hedge positions as at 30 June 2023



Profit and loss statement

million euros	Q2 2023	Q2 2022	Change	Change
Sales revenues	416.1	416.6	-0.5	-0.1%
Other revenues	112.6	80.1	+32.5	+40.6%
Expenses (excl. depreciation), incl:	421.0	405.0	+16.1	+4.0%
Electricity purchasing costs	116.3	48.0	+68.4	+142.6%
Environmental fees	8.8	20.2	-11.4	-56.6%
CO2 emission costs	39.4	92.9	-53.5	-57.6%
Change in inventories	-10.7	-1.2	-9.4	-766.5%
Other	267.2	245.2	+22.0	+9.0%
EBITDA	107.7	91.7	+16.0	+17.4%
Adjusted EBITDA	115.7	79.8	+35.8	+44.9%
Depreciation	46.2	43.9	+2.2	+5.1%
EBIT	61.6	47.8	+13.8	+29.0%
Net financial income (-expenses)	-4.9	-2.5	-2.4	-97.6%
Net profit from associates via equity method	1.3	-1.8	+3.1	+172.7%
Other net profit from associates	0.0	0.6	-0.6	-100.0%
Earnings before tax	58.0	44.1	+13.9	+31.6%
Income tax expense	15.3	-1.1	+16.4	+1486.5%
Net profit	42.7	45.2	-2.6	-5.6%
Adjusted net profit	50.6	33.3	+17.3	+52.0%

Balance sheet

million euros	June 2023	June 2022	Change yoy
Assets	5,528.2	5,058.9	+9.3%
Current assets	1,425.3	1,275.6	+11.7%
Cash and cash equivalents	409.2	436.9	-6.3%
Trade receivables	224.6	255.2	-12.0%
Inventories and prepaid expenses	233.7	163.6	+42.8%
Other current assets	557.8	419.9	+32.8%
Non-current assets	4,102.9	3,783.3	+8.4%
Liabilities and equity	5,528.2	5,058.9	+9.3%
Liabilities	2,694.1	1,981.0	+36.0%
Trade payables	149.3	113.9	+31.1%
Borrowings	1,687.3	874.7	+92.9%
Current liabilities	742.0	41.2	+1699.4%
Long-term liabilities	945.3	832.4	+13.6%
Provisions	143.3	224.8	-36.3%
Deferred income	376.9	317.6	+18.7%
Other liabilities	337.3	450.1	-25.1%
Equity	2,834.1	3,077.9	-7.9%

Cash flow statement

million euros	Q2 2023	Q2 2022	Change	Change
Cash generated from operations	81.6	308.7	-227.1	-73.6%
Interest paid	-6.9	-1.0	-5.9	-580.8%
Interest received	1.4	0.0	+1.4	+4098.2%
Taxes paid	-14.2	-4.5	-9.7	-213.1%
Cashflows from Operating Activities	61.9	303.1	-241.2	-79.6%
Purchase of non current assets	-159.3	-81.7	-77.7	-95.1%
Proceeds from sales of non current assets	0.1	0.0	+0.1	+169.4%
Proceeds from grants of non current assets	2.1	0.0	+2.1	
Net change in deposits not recognised as cash equivalents	-245.0	0.0	-245.0	
Dividends received from associates	1.6	0.0	+1.6	
Proceeds from sale of shares of business	0.0	0.7	-0.7	-100.0%
Cashflows from Investing Activities	-400.5	-81.0	-319.5	-394.3%
Loans received	770.0	40.0	+730.0	+1825.0%
Repayments of bank loans	-174.0	-75.1	-98.9	-131.7%
Principal elements of lease payments	-0.3	-0.2	-0.1	-21.2%
Dividends paid	-81.5	-55.7	-25.8	-46.3%
Cashflows from Financing Activities	514.2	-91.0	+605.3	+664.9%
Net Cashflow	175.6	131.1	+44.5	+34.0%

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