Interim report

1 April – 30 June 2021

Eesti Energia

Contents

Letter from the CEO

Dear reader

Global economic recovery from the recession caused by the COVID-19 pandemic has boosted both consumption and the demand for energy. As a result, market prices have soared.

Underpinned by a combination of growing consumption, less wind and precipitation, and a rise in carbon allowance prices and the prices of fuels used in controllable energy production, second-quarter electricity prices on the Nord Pool power exchange were up to two or more times higher than a year earlier and even higher than in the first quarter.

Liquid fuel prices have grown due to higher demand and limited supply. By the end of the second quarter, the price of Brent crude, which is the price benchmark for our shale oil, exceeded its pre-COVID levels.

In a favourable economic environment, Eesti Energia's second-quarter electricity, heat and shale oil production grew by a fourth compared with a year earlier, with electricity production rising by a notable 45% to 0.9 TWh. Renewable power generation, which accounted for 42% of total electricity output, grew by 36% year on year. The production of wind power declined but this was offset by growth in the use of waste wood in controllable electricity production. Shale oil output grew by 13% year on year, rising to 97,000 tonnes.

Higher energy prices translated into rapid revenue growth. In the second quarter, our electricity, heat, shale oil and gas sales volume grew by 18% in total while revenue increased by 44% to 241 million euros. This is the best second-quarter result in Eesti Energia's history.

The improvement in the profitability of our core operating activities was cancelled out by a negative change in the value of derivative financial instruments, brought about by a rise in underlying market prices. As a result, the Group ended the second quarter with a net loss of 10 million euros. Half-year results, on the other hand, improved substantially: net profit grew more than three times year on year, rising to 16.5 million euros.

During the quarter we updated our strategy for the next five years and unveiled our long-term plan for achieving carbon neutrality in the Group's production operations.

Our activities are centred around electrification as the fastest and most efficient way to reduce dependence on fossil fuels. To achieve the goal, we will have to supply customers with large amounts of renewable energy and related energy solutions. These are our focus areas in all our markets.

Eesti Energia has made a promise that by 2035 at the latest the company will produce electricity from renewable sources only and will transform from a shale oil producer into a producer of raw materials for the chemicals industry and a contributor to the circular economy. For example, we see a significant role for the pyrolysis of plastic waste, which has shown promising results. We will reach carbon neutrality in all our production operations by 2045 at the latest.

We are planning to increase our renewable energy portfolio two and a half times in the next five years. To that end, we will realise development projects throughout the region, from Finland to Poland. The most recent step is the investment decision made in June: to build Šilale II, a 45 MW wind farm in Lithuania, which will become operational at the beginning of 2023.

We have started making new renewable energy investments in collaboration with corporate energy consumers that are interested in reducing their environmental footprint. In the first half of 2021, we signed green power purchase agreements with terms of up to 10 years with nearly 500 customers across the Baltics. The total volume of the PPAs exceeds 4 TWh.

A PPA enables the customer to focus on the core business and provides us as the developer with additional assurance for the construction of new renewable energy production units. We hope to report of the next investment made on that basis in the second half-year.

As regards service development, we have launched an end-to-end solar solution, which enables customers to store the renewable energy they produce and thus further reduce their energy expenses. Hot summer weather has also increased the demand for our heating and cooling solutions.

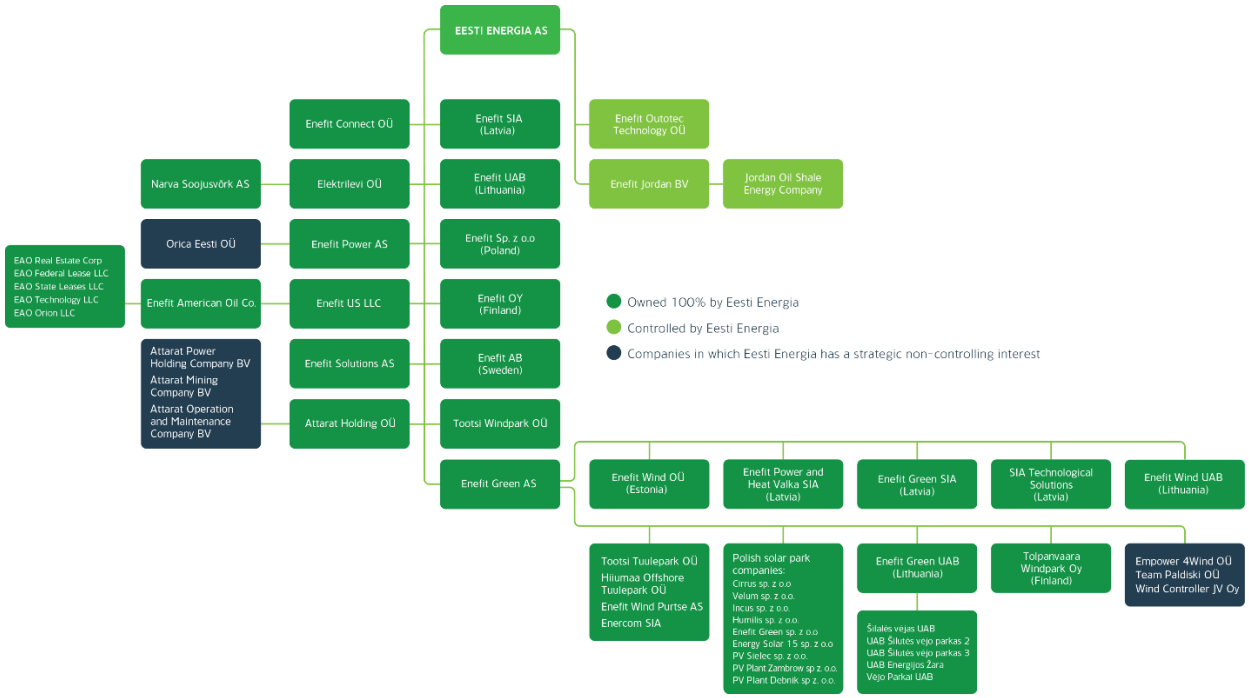
We expect that our performance in the second half-year will be supported by continuously high energy prices.

Hando Sutter
Chairman of the Management Board of Eesti Energia

This is Eesti Energia

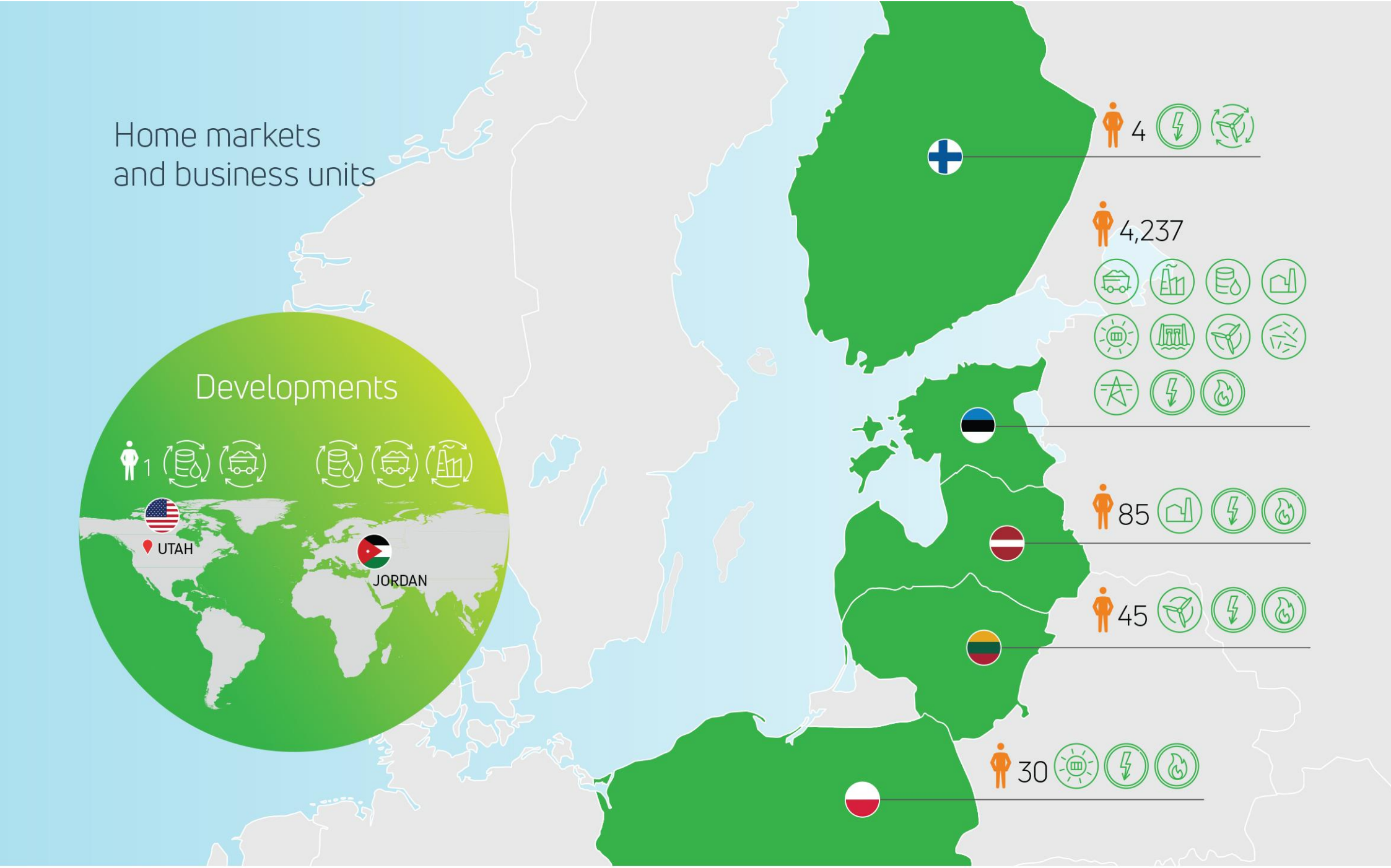
- Established **in 1939**
- **4,401 employees**
- **100%** owner: **Republic of Estonia**
- **5 home markets:** Estonia, Latvia, Lithuania, Poland, Finland
- **4 business lines:**
  - **Customer services** business line provides customers with useful energy solutions and exceptional customer experience. We sell electricity, heat, gas and energy solutions to both household and corporate customers.
  - **Renewable energy** business line consist of our subsidiary Enefit Green. Our renewable energy production sources are the most diverse in the Baltic Sea region. We produce energy from wind, sun, biomass, municipal waste and water.
  - **Large-scale energy production** business line incorporates our oil shale mining, electricity and oil production and asset management business units.
  - **Network services**: Our subsidiary Elektrilevi delivers electricity to almost all the households and companies in Estonia

The structure of Eesti Energia Group as at 30 June 2021




HIGH-SPEED INTERNET, SMART MANAGEMENT OF EQUIPMENT AND CONSUMPTION, MOBILE APP
MICROGENERATION
GREEN ENERGY
EV CHARGING
HEAT (district heating, heat pump, gas)
SMART SOLUTIONS, SMALLER ENVIRONMENTAL FOOTPRINT
ELECTRICAL WORK
INSURANCE
LIGHTING
ENERGY NETWORK
INTEGRATED MANAGEMENT OF MULTIPLE INFRASTRUCTURES (electricity, internet, cable, EV charging)
SOLAR PARKS
STREET LIGHTING
HIGH-QUALITY ELECTRICITY DISTRIBUTION NETWORK
WIND FARMS
SOLAR PARKS
VIRTUAL POWER PLANT
COGENERATION PLANTS
THERMAL POWER PLANTS
LIMESTONE
SHALE ASH
WASTE TYRES
GARBAGE
WAST WOOD
LOW SULPHUR MARINE FUEL
CLEANER PRODUCTION

Home markets and business units



PRODUCTION UNITS: Oil shale mining, Oil shale electricity, Oil production, Cogeneration, Network services, Wind energy, Solar energy, Hydro energy, Waste-to-energy

DEVELOPMENTS: Oil shale mining, Oil shale electricity, Oil production, Wind energy

ENERGY SALES: Electricity, Gas

Key figures and ratios

		Q2 2021	Q2 2020	Change
Total electricity sales, of which	GWh	2,076	1,737	+19.5%
wholesale sales	GWh	188	204	-7.9%
retail sales	GWh	1,888	1,532	+23.2%
Electricity distributed	GWh	1,594	1,487	+7.2%
Shale oil sales	th t	103	85	+21.1%
Heat sales	GWh	201	189	+6.7%
Average number of employees	No.	4,318	4,692	-8.0%
Sales revenues	m€	241.1	168.0	+43.5%
EBITDA	m€	40.8	54.8	-25.5%
Operating profit	m€	-2.0	13.9	-114.5%
Net profit	m€	-10.0	7.0	-242.9%
Investments	m€	54.2	28.5	+90.4%
Cash flow from operating activities	m€	-4.9	91.8	-105.3%
FFO	m€	48.3	77.3	-37.5%
Non-current assets	m€	3,116.3	3,064.3	+1.7%
Equity	m€	2,009.1	1,979.1	+1.5%
Net debt	m€	797.5	976.2	-18.3%
Net debt / EBITDA*	times	3.6	4.5	-20.0%
FFO**/ net debt	times	0.28	0.20	+38.3%
FFO**/ interest cover*	times	7.3	5.8	+27.2%
EBITDA**/ interest cover*	times	7.4	6.4	+15.0%
Leverage	%	28.4	33.0	-4.6pp
ROIC*	%	1.4	1.4	-
EBITDA margin	%	16.9	32.6	-15.7pp
Operating profit margin	%	-0.8	8.3	-9.1pp

Definitions of ratios and terms are explained in the Glossary section of the report, page 51

** rolling 12 months result*

Operating environment

Eesti Energia operates in the Baltic, Finnish and Polish electricity markets and in the international liquid fuels market. The key external factors which influence our business comprise oil, electricity and emission allowance prices, competition in the energy and customer markets, regulations that govern the energy sector and the development of new technologies.

Market prices relevant to our profitability have largely recovered from the effects of restrictions imposed to contain the COVID-19 pandemic. Supported by the revival of economic activity, demand for our products grew in Q2 2021.

Our Q2 performance was strongly affected by the following developments:

- electricity prices grew by 67% in Poland and over 90% in our other main markets compared to Q2 2020;
- the average CO_2 emission allowance price surged by 136% year on year;
- crude oil and fuel oil prices spiked by 106% and 109%, respectively, compared to a year earlier.

Electricity prices grew significantly compared to Q2 2020

Estonia participates in the Nord Pool power exchange where electricity producers that sell their electricity on the power exchange trade with electricity suppliers that buy electricity from the power exchange in order to resell it to end consumers. Our performance indicators are most sensitive to electricity prices in Estonia, Latvia, Lithuania, and Poland because we both produce and sell electricity in those countries. We also sell electricity in Finland.

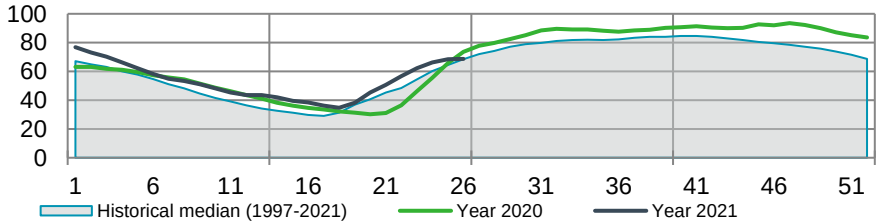
Average electricity price (€/MWh)	Q2 2021	Q2 2020	Change
Estonia	54.5	28.8	89.3%
Latvia	56.0	28.9	94.1%
Lithuania	57.5	28.8	99.9%
Poland	67.3	40.3	66.9%
Finland	46.3	22.5	105.9%
Norway	39.1	5.0	680.1%
Denmark	58.7	20.5	186.7%
Sweden	39.8	12.2	226.5%

In contrast to last year when electricity prices plummeted because the restrictions imposed in the first wave of the COVID-19 pandemic substantially lowered electricity consumption, in Q2 2021 the pandemic was more or less under control across Europe. The economy is rebounding and so is the demand for electricity. The Nord Pool intraday electricity prices have been highly volatile in recent years. During peak hours the electricity price is determined by the more expensive carbon-intensive power and during base hours by renewable power that is produced with practically zero variable costs.

The electricity markets of Estonia and its neighbouring countries are well connected by means of interconnectors. Therefore, electricity production and prices are also affected by various factors outside the markets where we

operate, such as the levels of Norwegian hydro reservoirs and wind conditions in the region.

Weekly levels of Nordic water reservoirs, % of maximum



Source: Nord Pool

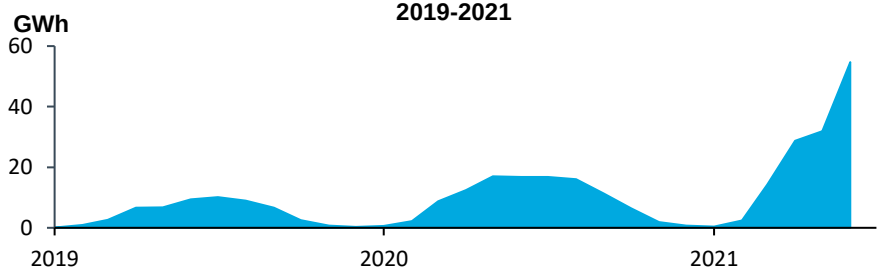
Interconnectors supply the Baltic countries with Nordic hydropower, which is cheaper than other types of electricity. The average level of the Nordic hydro reservoirs was 49.8% of the maximum in Q2 2021, which is 7.8 percentage points higher than in Q2 2020. The volume of snow and soil accumulated in the reservoirs this winter is 30 TWh lower than last year. Thus, the output of hydropower is expected to decrease in 2021 compared to 2020.

The continuously rapid growth of Estonia's renewable energy sector has been supported by Elektrilevi's ability to develop its network from unidirectional into bidirectional so that all distributed (decentralised) power producers could supply green energy to the network. All electricity producers that have been connected to Elektrilevi's distribution network qualify as distributed power producers. The term 'distributed power generation' reflects that power production is spreading all across Estonia.

For the first time the average hourly power generation of solar power plants (PV systems) connected to Elektrilevi's network passed the 200-MW milestone. The record of 201.9 MW was set on a sunny afternoon on 18 April when solar power covered 30% of demand: nearly every third customer was supplied solar energy in that hour. The total distributed generation of renewable energy also broke a record, rising to 236 MWh.

Although the numerous PV systems set up in Estonia make a notable contribution to power production, they still cover a small share of electricity demand in the region. Therefore, the volume of solar power supplied to the network does not have a significant effect on the electricity price.

Solar power generated and connected to Elektrilevi's network: 2019-2021



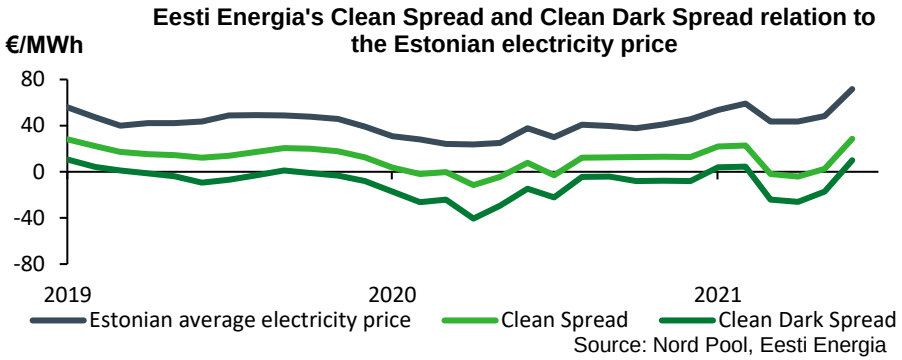
Source: Elektrilevi

A key indicator in energy production is the clean dark spread (CDS), which reflects an electricity producer's profit margin after the deduction of fuel and CO_2 emission allowance costs from the average market price of electricity. The clean spread is the sales margin that remains after the deduction of CO_2 emission allowance costs from the average market price of electricity.

Eesti Energia's clean spread was 9.3 €/MWh in Q2 2021 (+11.0 €/MWh compared to Q2 2020). The rise in the clean spread is mainly attributable to growth in the electricity price in Estonia (+25.7 €/MWh compared to Q2 2020). CO_2 emission allowance costs grew by 14.7 €/MWh compared to Q2 2020.

Eesti Energia's CDS was -10.5 €/MWh in Q2 2021 (+16.2 €/MWh compared to Q2 2020). The oil shale cost component in CDS decreased by 5.2 €/MWh year

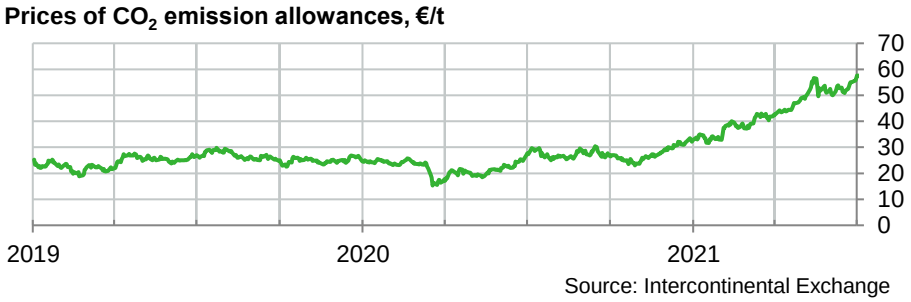
on year. The combined effect of the change in the CO_2 emission allowance and oil shale cost components was +9.5 €/MWh.



CO_2 emission allowance prices surged compared to Q2 2020

The purpose of the EU Emissions Trading System is to reduce greenhouse gas emissions in Europe by motivating energy producers to use less polluting raw materials and invest in more efficient production technologies. A high CO_2 emission allowance price in combination with a low gas price has created a situation in Europe where the cost price of electricity produced from gas is lower than the cost price of electricity produced from oil shale or coal.

The higher the price of CO_2 emission allowances, the higher the cost of producing electricity from oil shale. The price of CO_2 emission allowances has a strong impact on the cost of electricity produced by direct burning of oil shale, particularly at our older production facilities whose carbon intensity is higher. At the same time, a higher CO_2 emission allowance price increases the competitiveness of our renewable energy production units.



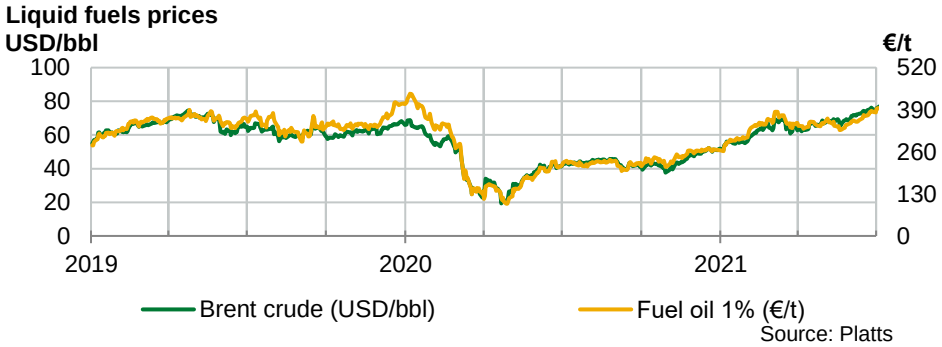
CO_2 emission allowance prices hit new records in Q2 2021: the average CO_2 emission allowance price soared to 50.3 €/t, 136% up on Q2 2020 (+29.0 €/t). The price moved from 42.5 €/t at the beginning of April to 56.4 €/t at the end of the quarter.

Emission allowance prices continued to rise through Q2 2021, mainly because in 2021 last year's emissions cannot be redeemed with allowances allocated this year. Companies that had not purchased allowances from the market in advance had to do it by the end of April.

Traders in the CO_2 emission allowances market include not only producers (CO_2 emitters) but also an increasing number of speculators whose behaviour is strongly influenced by public opinion of developments in the European environmental policy. The rise in CO_2 emission allowance prices is driven by the EU's more stringent climate goals, which favour the production of electricity from renewable and less carbon intensive sources. Until a viable technological solution for renewable energy storage is found, the current price volatility is likely to intensify.

Crude oil and fuel oil prices spiked year on year

A widely-traded oil product that is closest in nature to our shale oil is fuel oil with 1% sulphur content whose price depends mainly on that of Brent crude oil. A rise in the prices of crude oil and fuel oil is positive for Eesti Energia because it raises the price of our shale oil and thus increases our revenue.



The average price of Brent crude oil was 69.1 USD/bbl in Q2 2021, which is 106% (+35.6 USD/bbl) higher than in Q2 2020. The price swung from 65.3 USD/bbl in April to 68.3 USD/bbl in May and 73.4 USD/bbl in June.

In Q2 2020, oil prices plummeted due to the oversupply of oil by Saudi Arabia and the dry-up of demand in the first wave of COVID-19, dipping into the negative territory for the first time in history. By Q2 2021 oil prices had recovered to their pre-pandemic level, mostly due to the agreement of OPEC+ to curb their oil production. Getting the pandemic under control in Europe has supported economic recovery and increased demand for oil products.

The prices of oil products and fuel oil trended similarly in Q2. The period's average price of fuel oil with 1% sulphur content was 351.5 €/t, which is 109% (+183.0 €/t) higher than in Q2 2020.

Average price		Q2 2021	Q2 2020	Q2 2019
Brent crude oil	USD/bbl	69.1	33.4	68.4
Fuel oil 1%	€/t	351.5	168.5	360.8
Euro exchange rate	EUR/USD	1.2	1.1	1.1

Key events and highlights of Q2

Customer services

Signing the largest clean power purchase agreement (PPA) in the Baltic region with renewable energy developer European Energy

We have signed a ten-year PPA with Danish renewable energy developer European Energy under which we are going to buy a total of 3.8 TWh of clean energy produced in Lithuania. This is the largest green PPA signed in the Baltics to date and one of the largest of its kind in the Nordic countries.

The volume of energy we are going to buy starting from 2023 from the three wind farms European Energy is building in Lithuania would cover around half of Estonia's annual electricity consumption. The wind energy will be delivered to our corporate customers across the Baltics that are actively seeking ways to make their operations more environmentally friendly.

Enabling customers to store their self-produced solar power

Home owners interested in generating green energy that opt for our solar solutions can now also store the electricity they produce. A battery system will store the solar power produced during sun hours so that it can be used in the evening or during a power outage. It will help increase the use of self-produced energy and reduce electricity expenses by up to 70%.

The system is easy to order because for the best result we offer an end-to-end solution consisting of the design of the panels and the battery system as well as the after-sale warranty and maintenance service. The solution enables customers to reduce their environmental footprint and to support green transition through wider implementation of renewable energy.

Renewable energy

Building a new wind farm in Lithuania

We have made an investment decision and will build the Šilale II wind farm in Lithuania which is scheduled to be completed by 2023. The wind farm will have 12 turbines with a total planned annual output of around 160 GWh. The new wind farm is unique because it will be created in cooperation with our corporate customers in the Baltics that have signed long-term wind PPAs with us.

Long-term PPAs enable customers to fix their electricity price on favourable terms for a desired period and provide the developer with the assurance required to make an investment.

Large-scale energy production

Supporting the business environment in North-East Estonia

We have signed a cooperation agreement with the Ida-Viru Industrial Areas Development Foundation (IVIA) and the city of Narva with a view to creating direct power lines for large consumers. Based on the agreement, the necessary infrastructure and a connection point will be built between two industrial parks: IVIA and our Enefit Narva Technology Park.

The signature and execution of the agreement will help attract investments to Ida-Viru county. Direct lines will provide large power consumers with a better price and thus a significant competitive advantage, which in turn will help retain and create jobs in the region. It is an excellent example of two industrial parks joining forces to offer businesses in the region the best possible opportunities for growth.

Network services

Upgrading street lighting on the island of Ruhnu

We have upgraded the street lighting of the Estonian island of Ruhnu in collaboration with the Ruhnu municipality government. The new lighting solution, which should improve the local living environment, consists of 26 remotely controlled LED lights installed on the existing electricity infrastructure and mostly on the existing wooden light poles. The innovative approach simplified the work process and reduced the need to invest in infrastructure construction. The island's village streets used to be lit by sodium and halogen light bulbs. The new LED technology allows lighting twice as many village streets for the same fixed costs, improving the islanders' traffic safety during night-time.

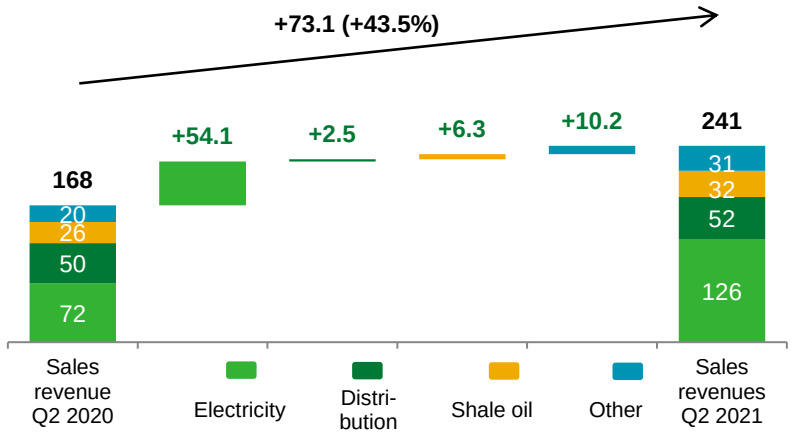
The cost of the investment was around 25 thousand euros and under the contract signed we will also be the system's maintenance providers for the next five years.

Financial results

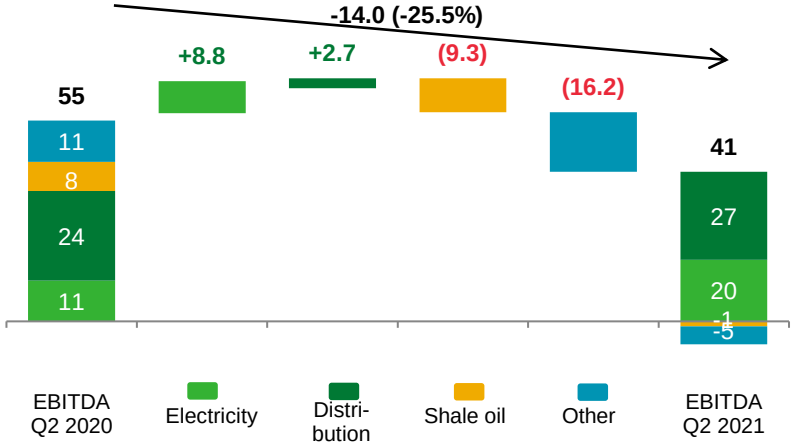
Revenue and EBITDA

Eesti Energia's revenue for Q2 2021 was 241.1 million euros, 43.5% (+73.1 million euros) up on the same period in 2020.

Group's sales revenue breakdown and change, m€



Group's EBITDA breakdown and change, m€



EBITDA decreased by 25.5% (-14.0 million euros) year on year to 40.8 million euros and Q2 2021 ended in a net loss of 10.0 million euros (-17.0 million euros).

All product segments delivered year-on-year revenue growth and all key products also posted growth in sales volume. Overall Q2 revenue growth was driven by electricity revenue, which was supported by a larger sales volume, considerably higher sales prices and gains on derivative transactions. The rise in electricity distribution and shale oil revenues was underpinned by a larger sales volume. Revenue generated by other products and services grew mainly through higher revenue from the sale of natural gas and pellets.

Electricity EBITDA grew due to a larger sales volume and the positive outcome of derivative transactions. Electricity distribution EBITDA improved, supported by a larger sales volume and lower fixed costs. Shale oil EBITDA decreased year on year due to the negative outcome of derivative transactions. EBITDA on other products and services declined year on year, mainly because the figure for Q2 2020 included income from the sale of CO_2 emission allowances.

Electricity

Through the years, electricity has been the main source of Eesti Energia's revenue and profit. We also earned the largest share of our revenue from the sale of electricity in Q2 2021.

Electricity revenue

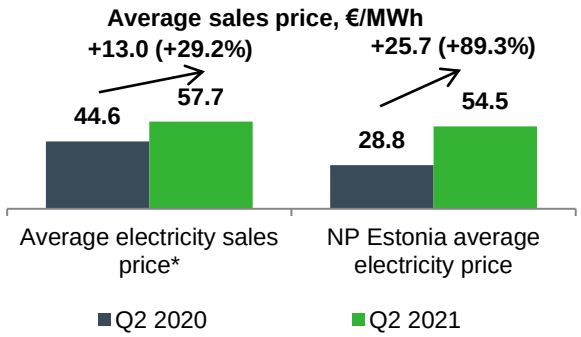
The sales price and sales volume of electricity increased compared with Q2 2020. As a result, electricity revenue for Q2 2021 grew by 75.2% to 126.1 million euros (+54.1 million euros).

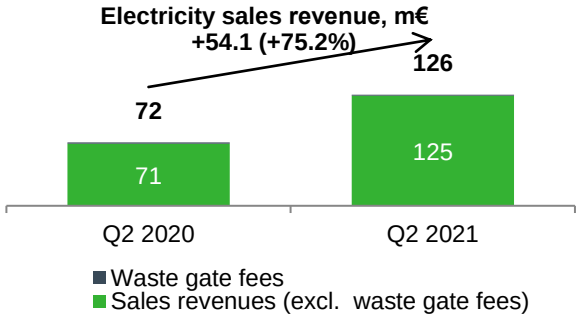
Average sales price of electricity

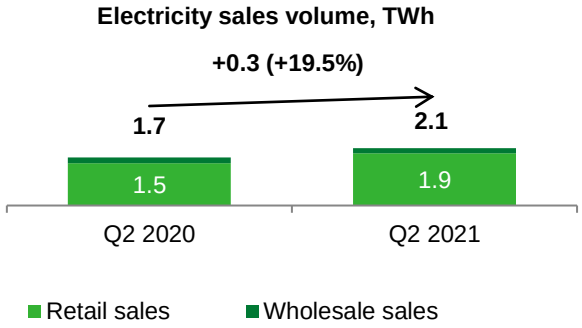
The Group's average sales price of electricity in Q2 2021 was 57.7 €/MWh, 29.2% (+13.0 €/MWh) higher than in Q2 2020.

The average sales price excludes the impact of derivative transactions. The period's average sales price including the impact of derivatives was 60.3 €/MWh, 48.3% (+19.6 €/MWh) higher than in Q2 2020.

Derivative transactions in Q2 2021 yielded a gain of 5.5 million euros compared with a loss of 6.9 million euros in Q2 2020.







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

Electricity sales volume and Eesti Energia's market share

We sold 2,076 GWh of electricity in Q2 2021, 339 GWh (+19.5%) more than in the same period last year.

Wholesale sales declined by 16 GWh (-7.9%) to 188 GWh while retail sales grew by 355 GWh (+23.2%) to 1,888 GWh. Retail sales broke down between markets as follows: Estonia 880 GWh (+14 GWh), Latvia 278 GWh (+58 GWh), Lithuania 449 GWh (+145 GWh), Poland 274 GWh (+150 GWh) and Finland 7 GWh (-1 GWh).

In terms of customers' electricity consumption volumes in Q2 2021, Eesti Energia's market share was 57% in Estonia, which is at the same level as a year earlier, 16.6% in Latvia and 15.6% in Lithuania.

Electricity production

We produced 904 GWh of electricity in Q2 2021, 45.3% (+282 GWh) more than in Q2 2020. Based on fuels used, electricity generated by Enefit Power can be divided into electricity produced from oil shale of 390 GWh (60.4%), electricity produced from biofuel of 143 GWh (22.2%) and electricity produced from alternative fuels of 113 GWh (17.4%). Electricity production was supported by a higher sales price and curbed by a higher CO_2 emission allowance price.

Our renewable energy output in Q2 2021 was 378 GWh (+35.8%, +100 GWh), of which 234 GWh (-13%, -34 GWh) was produced at Enefit Green. The largest share of renewable energy was generated by wind farms, which produced 201 GWh (-13%, -29 GWh) of electricity. The decline in output is mainly attributable to wind conditions, which were less favourable than a year earlier.

Key figures of the electricity product

		Q2 2021	Q2 2020
Return on fixed assets	%	0.8	-0.7
Electricity EBITDA	€/MWh	9.6	6.4

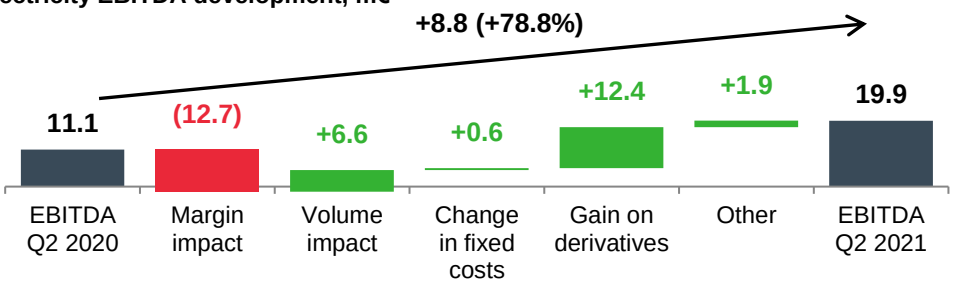
Electricity EBITDA

Electricity EBITDA for Q2 was 19.9 million euros (+78.8%, +8.8 million euros).

The effect of a lower margin on EBITDA development was -12.7 million euros (-6.1 €/MWh). Average electricity sales revenue per megawatt hour (excluding the impact of derivative transactions) grew by 11.2 euros (impact: +23.2 million euros). A rise in average variable costs had an impact of -35.9 million euros.

Growth in electricity sales volume had an impact of +6.6 million euros and derivative transactions had an impact of +12.4 million euros.

Electricity EBITDA development, m€



The impact of a change in fixed costs was +0.6 million euros, including the effect of lower labour costs of +0.4 million euros.

Other impacts of +1.9 million euros resulted from changes in the value of derivative financial instruments.

Distribution

Electricity distribution service is another major source of revenue and profit for Eesti Energia.

Distribution revenue, sales volume and price

In Q2 2021, electricity distribution revenue grew by 5.1% year on year, rising to 52.1 million euros (+2.5 million euros), and sales volume increased by 7.2% year on year, rising to 1,594 GWh (+107 GWh).

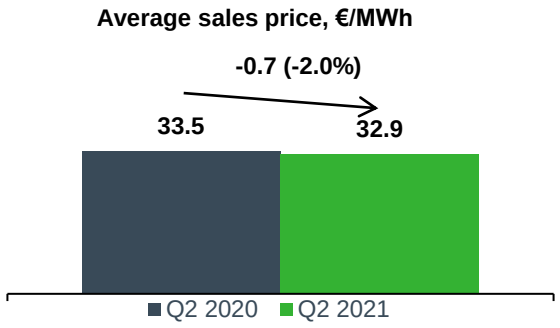
The average sales price of the distribution service was 32.9 €/MWh, 0.7 €/MWh lower than a year earlier.

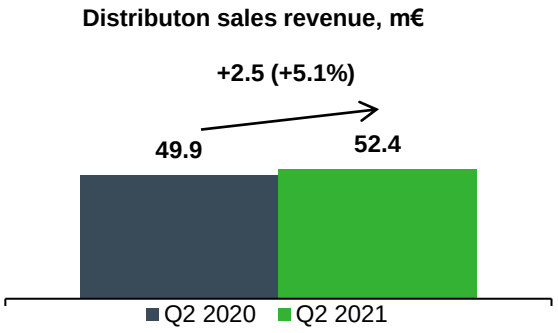
Distribution losses

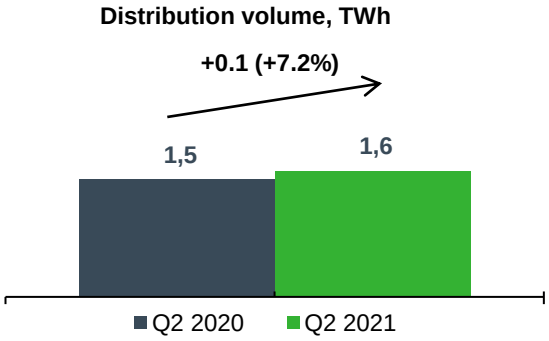
The period's electricity distribution losses totalled 70.7 GWh, accounting for 4.17% of electricity entering the network (Q2 2020: 66.1 GWh and 4.18%).

Supply interruptions

The average duration of unplanned interruptions in Q2 2021 was 44.2 minutes (Q2 2020: 39.6 minutes). The figure increased year on year due to worse weather conditions.







The average duration of planned supply interruptions was 16.9 minutes (Q2 2020: 15.7 minutes). The duration of planned interruptions depends on the volume of planned network maintenance and renewal.

Key figures of the distribution product

		Q2 2021	Q2 2020
Return on fixed assets	%	4.4	3.1
Distribution losses	GWh	70.7	66.1
SAIFI	index	0.45	0.43
SAIDI (unplanned)	index	44.2	39.6
SAIDI (planned)	index	16.9	15.7
Adjusted RAB	m€	821	804

Power outages can be reduced by replacing bare conductors with weatherproof cables. By the end of Q2 2021, 92.6% of our low-voltage distribution network and 41.3% of our medium-voltage distribution network was weatherproof.

Distribution EBITDA

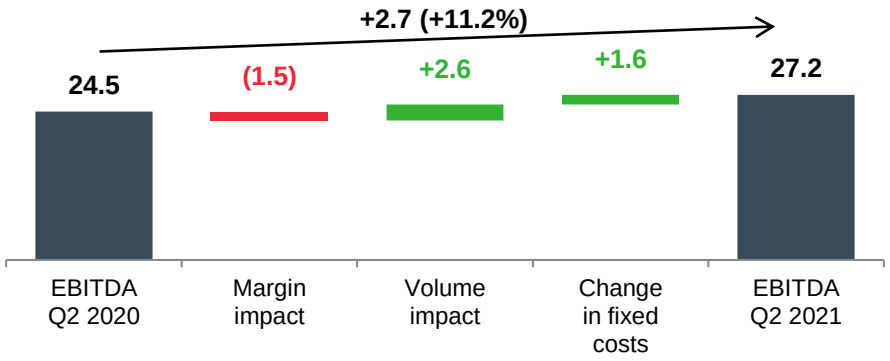
Distribution EBITDA for Q2 2021 was 27.2 million euros (+11.2%, +2.7 million euros). EBITDA growth was underpinned by an increase in sales volume and a decrease in fixed costs.

Distribution sales volume grew by 7%, improving EBITDA by 2.6 million euros.

Fixed costs from the provision of distribution service in Q2 2021 decreased by 1.6 million euros compared with a year earlier, mainly due to lower repair and maintenance costs.

The margin of the distribution service decreased in Q2 2021 (impact: -1.5 million euros) due to a lower average sales price and higher cost of electricity purchased to cover distribution losses.

Distribution EBITDA development, m€



Shale oil

Shale oil production is a business line that has great potential but is strongly influenced by fluctuations in relevant market prices.

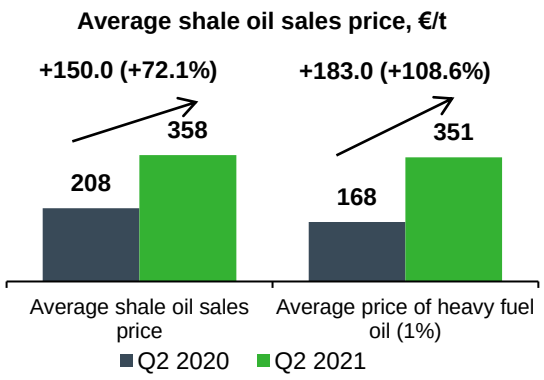
Shale oil revenue and sales volume

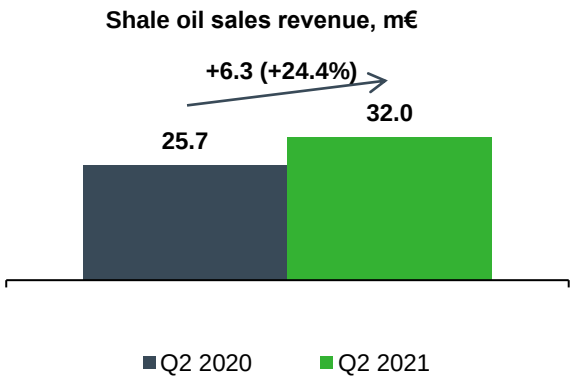
We sold 102.9 thousand tonnes of shale oil in Q2 2021, which generated revenue of 32.0 million euros. Shale oil revenue increased by 24.4% (+6.3 million euros) and shale oil sales volume grew by 21.1% (+18.0 thousand tonnes) compared with a year earlier.

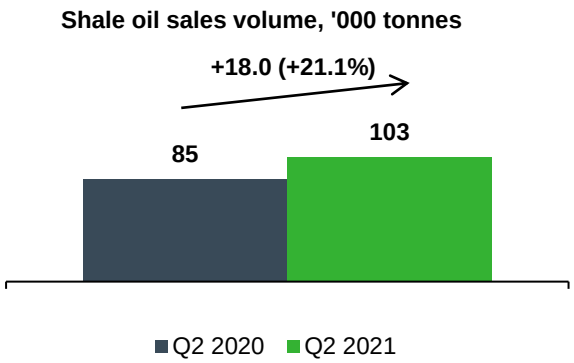
Shale oil revenue grew year on year, supported by a larger sales volume and higher market prices of liquid fuels.

Shale oil price

The average sales price of shale oil (excluding the impact of derivative transactions) increased by 72.1% year on year, rising to 357.8 €/t (+150.0 €/t).







Derivative transactions of the period generated a loss of 47.3 €/t. The average sales price of shale oil including the impact of derivative transactions was 310.5 €/t in Q2 2021 (+2.7%, +8.0 €/t compared with Q2 2020).

Shale oil production volume

We produced 96.7 thousand tonnes of shale oil in Q2 2021, 12.6% (+10.8 thousand tonnes) more than in Q2 2020. The rise in output is attributable to higher availability of the E280 oil plant and the use of oil shale with a higher calorific value and tyre chips at the E140 oil plant.

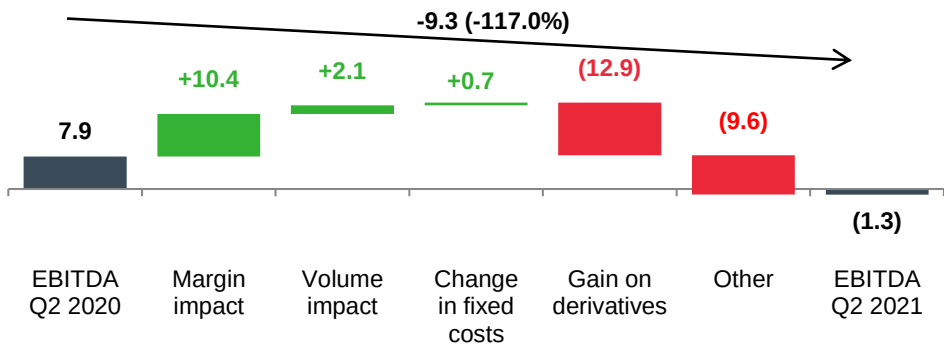
Key figures of the shale oil product

		Q2 2021	Q2 2020
Return on fixed assets	%	4.2	9.5
Shale oil EBITDA	€/t	-13.1	93.4

Shale oil EBITDA

Shale oil EBITDA for Q2 2021 was -1.3 million euros (-117.0%, -9.3 million euros).

Shale Oil EBITDA development, m€



The impact of a higher margin on EBITDA development was +10.4 million euros (+101.3 €/t). The main contributor to margin growth was a rise in the average sales price (+150.0 €/t). Average variable costs grew by 48.7 €/t, mostly due to a rise in the prices of CO_2 emission allowances and environmental taxes.

Shale oil sales volume grew by 18.0 thousand tonnes (+21.1%) year on year, rising to 102.9 thousand tonnes. Volume growth improved EBITDA by 2.1 million euros.

Fixed costs of the shale oil segment decreased compared with Q2 2020 (impact: +0.7 million euros). The outcome of derivative transactions had an impact of -12.9 million euros compared with a year earlier. Other impacts of -9.6 million euros were mainly attributable to changes in the value of derivative financial instruments.

Other products and services

The segment of other products and services comprises the sale of heat, natural gas and industrial equipment. The effect of non-recurring transactions is also reported within this segment.

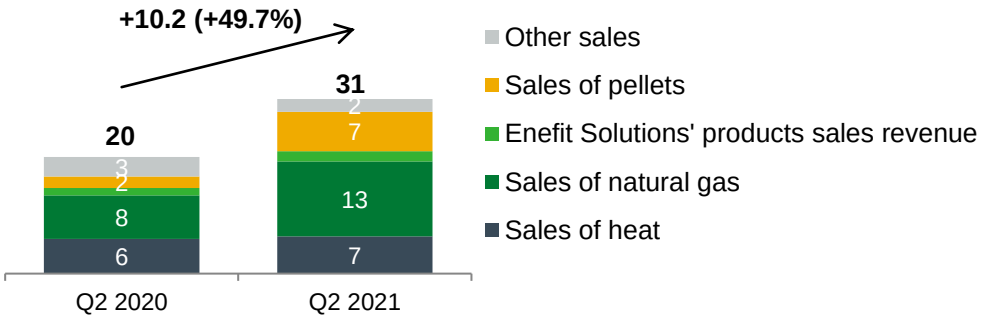
Revenue from the sale of other products and services

Revenue from the sale of other products and services in Q2 2021 totalled 30.6 million euros, growing by 49.7% (+10.2 million euros) year on year.

Revenue from the sale of heat grew by 0.5 million euros through a larger sales volume. External heat sales grew by 12.7 GWh (+6.7%).

Revenue from the sale of natural gas and pellets grew by 5.5 million euros and 4.9 million euros, respectively.

Sales revenue from other products and services, m€

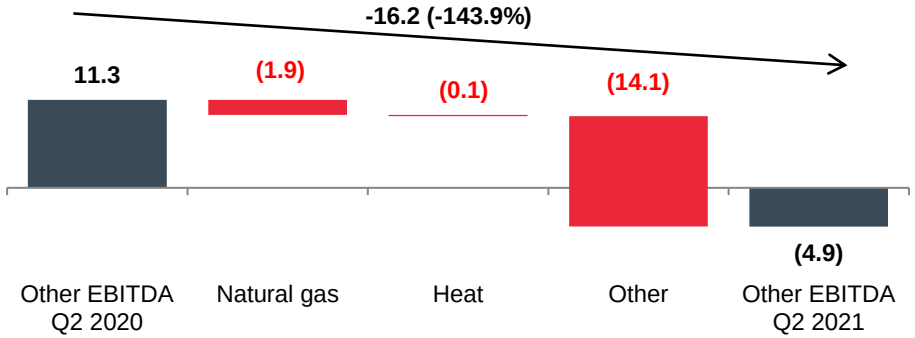


EBITDA on other products and services

EBITDA on other products and services decreased by 16.2 million euros year on year, dropping to -4.9 million euros.

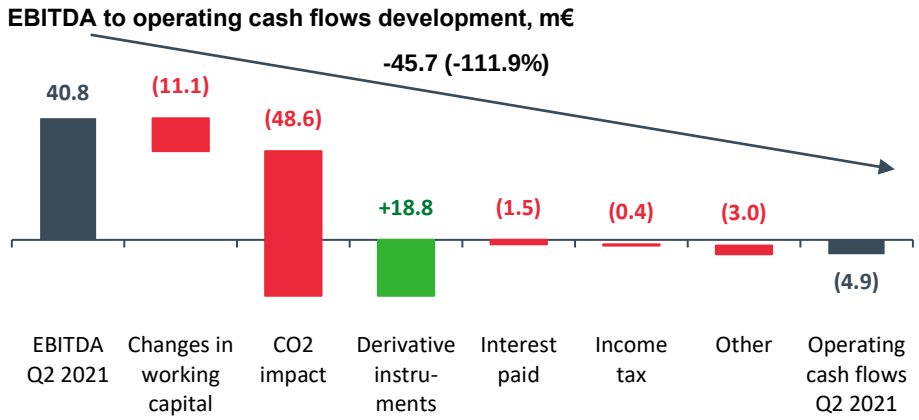
Natural gas EBITDA decreased by 1.9 million euros due to the negative effect of derivative transactions. Heat EBITDA decreased by 0.1 million euros. Other impacts on EBITDA totalled -14.1 million euros, including the effect of income from the sale of CO_2 emission allowances in the comparative period (impact on year-on-year comparison: -13.7 million euros).

Other EBITDA development, m€



Cash flows

Net operating cash flow for Q2 2021 was -4.9 million euros, 45.7 million euros (-111.9%) lower than EBITDA, which amounted to 40.8 million euros.



Changes in working capital reduced net operating cash flow by 11.1 million euros compared with EBITDA. The impact of an increase in current liabilities was -9.0 million euros, the impact of an increase in inventories was -15.3 million euros, the impact of an decrease in current receivables was +18.8 million euros and the impact of other movements in working capital was -5.5 million euros.

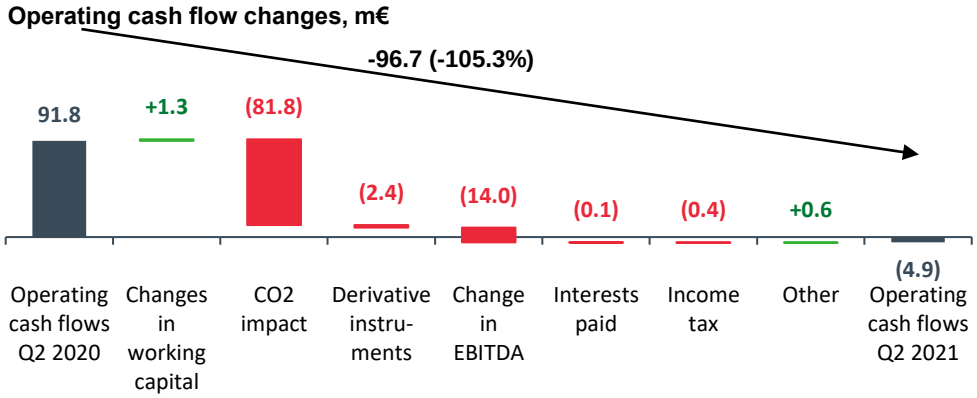
Settlements related to CO_2 emission allowances reduced operating cash flow by 48.6 million euros relative to EBITDA.

The impact of derivative financial instruments (excluding CO_2 instruments) was +18.8 million euros. The figure includes the impacts of electricity derivatives of +7.5 million euros, shale oil derivatives of +12.1 million euros, natural gas derivatives of -0.7 million euros and other derivatives of -0.1 million euros. The impacts of derivative financial instruments comprise both monetary and non-monetary impacts on EBITDA and operating cash flow.

Interest paid on borrowings and income tax paid reduced operating cash flow by 1.5 million euros and 0.4 million euros, respectively.

Other impacts totalled -3.0 million euros, including the impacts of the recognition of connection fees of -2.6 million euros.

Net operating cash flow decreased by 96.7 million euros compared with Q2 2020.



Changes in working capital had an impact of +1.3 million euros compared with Q2 2020. The figure includes the impacts of a change in current receivables of -7.4 million euros, a change in inventories of -3.2 million euros, a change in

current liabilities of +10.3 million euros and a change in other items of working capital of +1.7 million euros.

Settlements related to CO_2 emission allowances reduced operating cash flow by 81.8 million euros compared with Q2 2020.

The impact of derivative financial instruments (excluding CO_2 instruments) was -2.4 million euros. The figure includes the impacts of electricity derivatives of -15.1 million euros, shale oil derivatives of +12.7 million euros, natural gas derivatives of +0.4 million euros and other derivatives of -0.3 million euros.

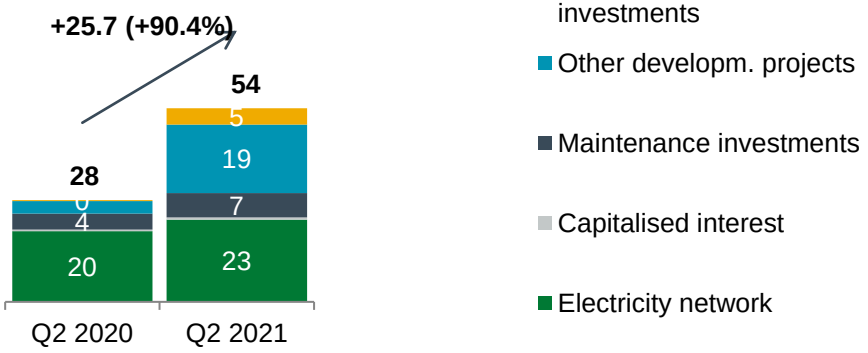
Interest paid on borrowings in Q2 2021 was 0.1 million euros larger than a year earlier.

Income tax paid in Q2 2021 was 0.4 million euros larger than in Q2 2020.

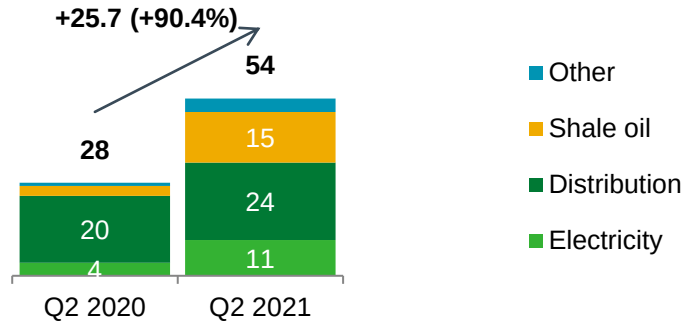
Investment

We invested 54.2 million euros in Q2 2021, 90.4% (+25.7 million euros) more than a year earlier. Expenditure on the distribution network amounted to 23.0 million euros (+26.7%, +4.9 million euros) and expenditure on the improvement of existing assets (excluding the distribution network) totalled 8.8 million euros (+13.9%, +0.8 million euros).

Capex breakdown by projects, m€



Investment breakdown by products, m€



Increasing renewable energy output

We made an investment decision for the construction of the Šilale II wind farm in Lithuania and made the first instalment payment of 4.0 million euros. The capacity of the wind farm, which is going to become operational in 2023, will be 43 MW and its planned annual output will be around 160 GWh.

Increasing the efficiency of large-scale energy production

We invested 3.0 million euros in increasing the capacity of the Auvere power plant to use retort gas. In Q2, we began to install the retort gas pipelines and acquired the main equipment and materials for the gas burning systems of the boiler. After the completion of the project, oil shale gas will account for up to 35% of the primary energy used by the plant. This will enable us to increase the plant's operating efficiency and optimise our oil and electricity production.

In 2020, we made an investment decision for the construction of a new Enefit280 oil plant, which is to be completed in 2024 and should increase our annual shale oil output to 700,000 tonnes. There is a pending legal dispute over the validity of the building permits of the plant. A court of second instance suspended the permits in May 2021, granting interim relief to an applicant. Tartu Circuit Court issued an order for the revocation of the interim relief on 16 July and although the dispute over the validity of the permits continues we can move on with the construction of the new Enefit280 oil plant.

Improving the quality of the distribution service

Investments made in Q2 2021 to maintain and continuously improve the quality of the electricity distribution service totalled 23.0 million euros (Q2 2020: 19.7

million euros). We built 167 substations and 384 km of network (Q2 2020: 49 substations and 277 km of network).

By the end of Q2, 92.6% of Elektrilevi's low-voltage distribution network was weatherproof (by the end of Q2 2020: 91.0%). Within a year, the weatherproof low-voltage overhead network grew by 676 km and the bare conductor network decreased by 541 km. At the end of Q2, 70.7% of the total low- and medium-voltage distribution network was weatherproof (at the end of Q2 2020: 69.1%).

Financing

Eesti Energia's main sources of debt capital are the international bond market and investment loans from the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD) and commercial banks. Those are complemented with liquidity loans and guarantee facilities obtained from regional banks.

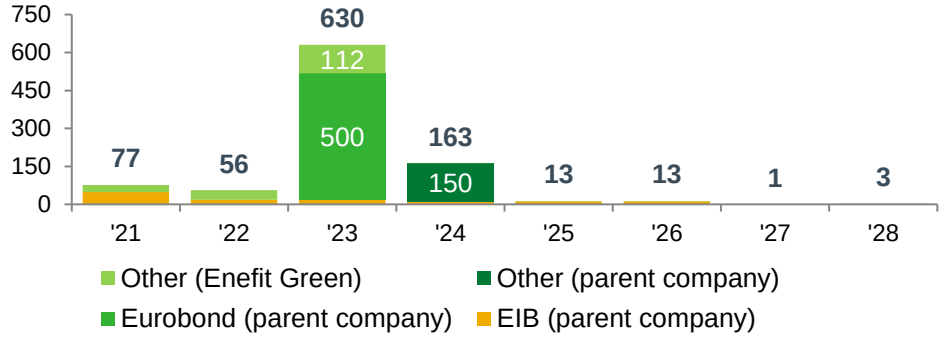
At the end of Q2 2021, the Group's borrowings totalled 961 million euros at nominal value and 940 million euros at amortised cost (at the end of Q1 2021: 1,011 million euros at nominal value and 987 million euros at amortised cost).

Long-term borrowings as at the reporting date consisted of Eurobonds listed on the London Stock Exchange of 500 million euros, loans from EIB of 121 million euros, a loan from EBRD of 8 million euros (36.4 million Polish zloty), loans from commercial banks of 327 million euros (including revolving liquidity loans of 10 million euros), long-term lease liabilities for right-of-use assets of 2.2 million euros and other long-term liabilities of 3.0 million euros (all nominal amounts). The Group's loans included loans of 185 million euros taken by Enefit Green (the figure includes the 8 million euro loan from EBRD). The parent's loans from commercial banks amounted to 150 million euros, consisting of a loan from Swedbank that will mature in June 2024. In Q2, we made contractual repayments of Enefit Green's bank loans from local commercial banks of 9.3 million euros and from EBRD of 0.4 million euros and settled revolving liquidity loan liabilities of 50 million euros.

The Group's liquid assets as at the end of Q2 2021 totalled 142.4 million euros. At the reporting date, Eesti Energia had undrawn loans of 580 million euros, the figure consisting of revolving liquidity loans of 335 million euros (200 million euros from OP Corporate Bank, 65 million euros from SEB and 70 million euros from Swedbank) and long-term investment loans of 245 million euros. Long-term undrawn investment loans comprise loans raised under loan agreements signed between Eesti Energia and EIB in December 2019 and June 2020 of 175 million euros and 70 million euros, respectively. Revolving liquidity loans mature as follows: 120 million euros in September 2023 (120 million euros not in use), 25 million euros in May 2025 (15 million euros not in use) and 200 million euros in September 2025 (200 million euros not in use).

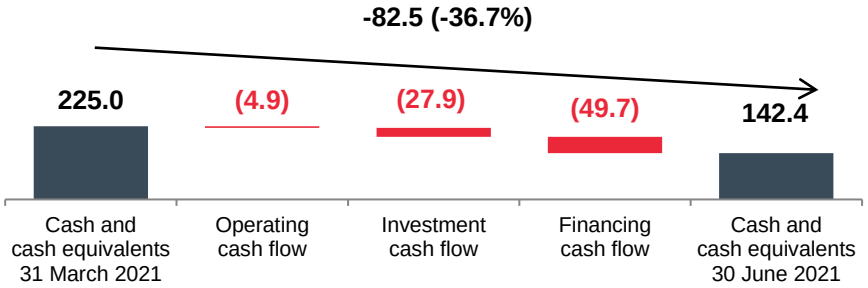
At the end of Q2 2021, the weighted average interest rate of Eesti Energia's borrowings was 1.82% (at the end of Q1 2021: 1.70%).

Debt maturity, m€



At the reporting date, the Group had borrowings of 621 million euros with fixed interest rates and borrowings of 335 million euros with floating interest rates (at the end of Q1 2021: borrowings of 621 million euros with fixed interest rates and borrowings of 385 million euros with floating interest rates). Out of total borrowings, 99% were denominated in euros. One loan liability of 8 million euros (the loan from EBRD) was denominated in Polish zloty.

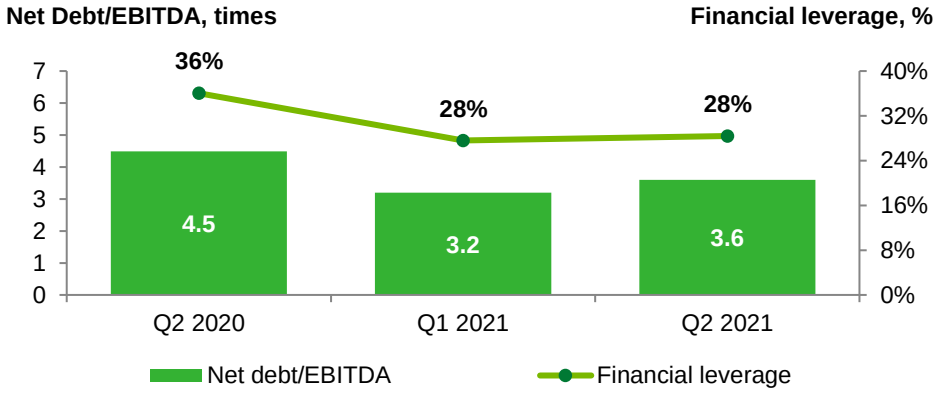
Liquidity development in Q2 2021, m €



At the end of Q2 2021, the Group's net debt amounted to 797.5 million euros (at the end of Q1 2021: 762.2 million euros) and net debt to EBITDA ratio was 3.6 (at the end of Q1 2021: 3.2). The current net debt to EBITDA ratio is above the target ceiling of 3.5 set out in the Group's financing policy. Eesti Energia's strategy outlines the measures for bringing the ratio to the target level.

Eesti Energia's credit ratings have not changed. At the end of Q2 2021, the ratings were BBB- (Standard and Poor's, outlook negative) and Baa3 (Moody's, outlook stable). Eesti Energia's financing policy is aimed at maintaining investment grade credit ratings from international rating agencies.

Net debt/EBITDA ratio and financial leverage



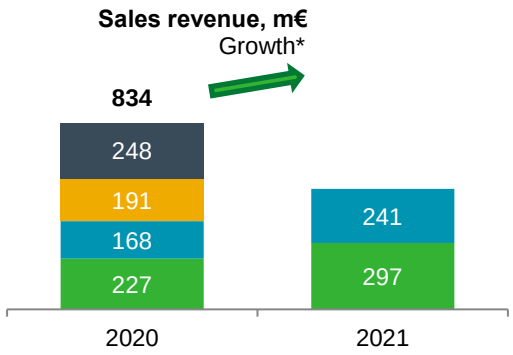
Outlook for 2021

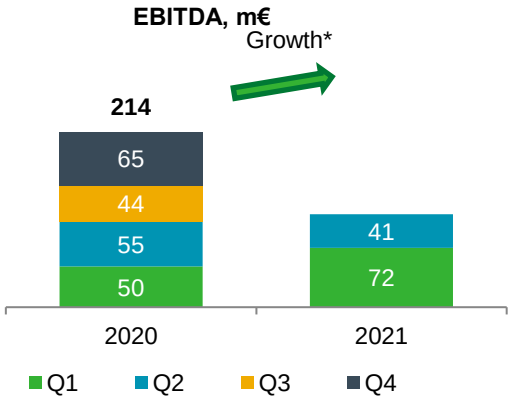
According to our projections, in 2021 economic growth will gradually revive, electricity and electricity distribution sales volumes will recover from the impacts of COVID-19 and energy prices will also rebound. We thus forecast that our revenue, EBITDA and investments will increase compared with 2020.

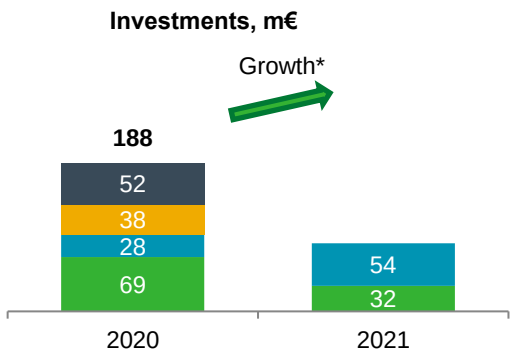
Electricity revenue and EBITDA are expected to be supported by growth in sales volumes and a rise in the average sales price of electricity. However, the positive effect of higher electricity prices is expected to be undermined by a continuing rise in CO_2 emission allowance prices, resulting from the more ambitious climate goals for 2030, set by the EU at the end of 2020.

We also forecast growth in electricity distribution revenue. Distribution revenue and EBITDA should be supported by the recovery of the distribution sales volume to the pre-COVID-19 level. We expect that shale oil revenue and EBITDA will remain at the same level as in 2020. We expect revenue growth to be supported by the supply of new ancillary services. Our main ancillary services include charging, lighting, solar and flexibility services as well as services related to heating and cooling equipment.

We are planning to increase our investments compared with 2020. The largest development investments will be made in the construction of a new oil plant and the development of the renewable energy portfolio.







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

Hedging transactions

Eesti Energia's revenues from the sale of electricity and shale oil depend on global market prices. We hedge the risks resulting from fluctuations in market prices by entering into derivative transactions. We have signed hedging contracts for the production of electricity of 0.1 TWh at an average price of 54.7 €/MWh for 2021 and of 0.01 TWh at an average price of 75.0 €/MWh for 2022. We have signed forward contracts on the retail sale of electricity of 0.6 TWh at an average price of 24.9 €/MWh for 2021 and of 2.0 TWh at an average price of 34.1 €/MWh for 2022.

We have signed hedging contracts for the production shale oil of 180.5 thousand tonnes at an average price of 300.7 €/t for 2021 and of 311.8 thousand tonnes at an average price of 279.8 €/t for 2022. Our CO_2 emission allowance position for 2021 is 3.4 million tonnes at an average price of 27.2 €/t and 0.1 million tonnes at an average price of 37.1 €/t for 2022.

Condensed consolidated interim income statement and statement of comprehensive income

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

in million EUR	Note	Q2 2021	Q2 2020	6m 2021	6m 2020	12m 2021/20	12m 2020/19
Revenue	3	241.1	168.0	538.4	394.8	977.3	844.7
Other operating income	4	20.1	24.1	39.7	38.9	107.8	103.0
Government grants		0.3	0.2	0.5	0.4	1.1	0.7
Change in inventories of finished goods and work-in-progress		(1.2)	5.6	(4.7)	14.1	(14.2)	10.5
Raw materials and consumables used		(170.1)	(103.4)	(360.7)	(247.6)	(642.0)	(526.5)
Payroll expenses		(32.9)	(34.2)	(66.8)	(70.6)	(132.8)	(145.7)
Depreciation, amortisation and impairment		(42.9)	(40.9)	(84.8)	(85.2)	(160.9)	(176.7)
Other operating expenses		(16.4)	(5.5)	(33.2)	(25.4)	(75.0)	(69.1)
OPERATING PROFIT		**(2.0)**	**13.9**	**28.4**	**19.4**	**61.3**	**40.9**
Financial income		-	-	0.1	0.2	0.4	0.2
Financial expenses		(7.9)	(8.8)	(12.9)	(16.7)	(30.8)	(33.7)
Net financial income (expense)		**(7.9)**	**(8.8)**	**(12.8)**	**(16.5)**	**(30.3)**	**(33.4)**
Profit from associates using equity method		0.3	1.3	1.2	1.4	1.6	3.0
PROFIT BEFORE TAX		**(9.6)**	**6.3**	**16.8**	**4.1**	**32.6**	**10.5**
CORPORATE INCOME TAX EXPENSE		**(0.4)**	**0.7**	**(0.3)**	**0.9**	**(1.8)**	**(1.3)**
PROFIT FOR THE PERIOD		**(10.0)**	**7.0**	**16.5**	**5.0**	**30.8**	**9.2**
Equity holder of the Parent Company		**(9.9)**	**7.1**	**16.6**	**4.9**	**30.9**	**8.4**
Non-controlling interest		**(0.1)**	**(0.1)**	**(0.1)**	**0.1**	**(0.1)**	**0.8**
Basic earnings per share (euros)	9	(0.01)	0.01	0.02	0.01	0.04	0.01
Diluted earnings per share (euros)	9	(0.01)	0.01	0.02	0.01	0.04	0.01

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in million EUR	Note	Q2 2021	Q2 2020	6m 2021	6m 2020	12m 2021/20	12m 2020/19
PROFIT FOR THE PERIOD		**(10.0)**	**7.0**	**16.5**	**5.0**	**30.8**	**9.2**
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss:							
Revaluation of hedging instruments		(12.2)	48.4	(50.3)	89.9	6.1	(18.3)
Currency translation differences attributable to foreign subsidiaries		1.4	(2.9)	1.9	(3.7)	-	1.4
Other comprehensive income for the period		**(10.8)**	**45.4**	**(48.4)**	**86.2**	**6.1**	**(16.9)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(20.8)**	**52.4**	**(31.9)**	**91.2**	**36.9**	**(7.7)**
Equity holder of the Parent Company		**(20.7)**	**52.5**	**(31.8)**	**91.1**	**37.0**	**(8.5)**
Non-controlling interest		**(0.1)**	**(0.1)**	**(0.1)**	**0.1**	**(0.1)**	**0.8**

Condensed consolidated interim statement of financial position

in million EUR	Note	30.06.2021	30.06.2020	31.12.2020
ASSETS				
Non-current assets				
Property, plant and equipment	6	2,922.1	2,921.9	2,922.7
Right-use-of assets		2.1	2.7	2.2
Intangible assets		83.1	71.6	80.8
Deferred tax assets		1.8	1.9	1.2
Investments in associates		47.4	44.3	46.8
Derivative financial instruments	7	58.6	19.9	23.7
Long-term receivables		1.1	2.0	1.3
Total non-current assets		**3,116.3**	**3,064.2**	**3,078.7**
Current assets				
Inventories		124.0	130.9	117.4
Greenhouse gas allowances and certificates of origin	0	12.2	9.6	85.3
Trade and other receivables		215.4	190.4	206.1
Derivative financial instruments	7	82.0	55.9	31.7
Cash and cash equivalents		142.4	134.4	166.9
Total current assets		**576.0**	**521.2**	**607.4**
Total assets	**3**	**3,692.4**	**3,585.4**	**3,686.1**

in million EUR	Note	30.06.2021	30.06.2020	31.12.2020
EQUITY				
Capital and reserves attributable to equity holder of the Parent Company				
Share capital	8	746.6	746.6	746.6
Unregistered share capital	8			-
Share premium		259.8	259.8	259.8
Statutory reserve capital		75.0	62.1	62.1
Hedge reserve		22.0	15.9	34.2
Unrealised exchange rate differences		7.3	7.4	6.0
Retained earnings		897.2	886.2	898.4
Total equity and reserves attributable to equity holder of the Parent Company		**2,008.0**	**1,978.0**	**2,007.1**
Non-controlling interest		**1.1**	**1.1**	**1.2**
Total equity		**2,009.1**	**1,979.1**	**2,008.3**
LIABILITIES				
Non-current liabilities				
Borrowings	10	844.3	778.3	708.7
Deferred tax liabilities		12.6	11.9	12.6
Other payables		0.9	0.9	0.3
Derivate financial instruments	7	33.5	1.4	4.4
Deferred income		279.3	244.3	260.3
Provisions	12	56.4	30.2	28.1
Total non-current liabilities		**1,226.9**	**1,067.0**	**1,014.4**
Current liabilities				
Borrowings	10	95.6	332.3	305.7
Trade and other payables		198.6	143.0	235.9
Derivative financial instruments	7	98.7	32.2	10.3
Contract liabilities and government grants		1.0	0.4	1.0
Provisions	12	62.4	31.5	110.5
Total current liabilities		**456.4**	**539.4**	**663.4**
Total liabilities		**1,683.3**	**1,606.4**	**1,677.8**
Total liabilities and equity		**3,692.4**	**3,585.4**	**3,686.1**

Condensed consolidated interim statement of cash flows

in million EUR	Note	Q2 2021	Q2 2020	6m 2021	6m 2020	12m 2021/20	12m 2020/19
Cash flows from operating activities							
Cash generated from operations	11	(2.9)	93.3	118.8	93.7	329.5	122.8
Interest and loan fees paid		(1.5)	(1.4)	(2.7)	(3.0)	(24.4)	(25.3)
Corporate income tax paid		(0.4)	(0.1)	(0.4)	(0.3)	(0.5)	(0.6)
Net cash generated from operating activities		**(4.9)**	**91.8**	**115.7**	**90.6**	**304.6**	**96.9**
Cash flows from investing activities							
Purchase of property, plant and equipment and intangible assets		(39.6)	(21.5)	(83.3)	(99.8)	(157.0)	(160.7)
Proceeds from connection and other fees		9.9	5.7	18.5	11.7	34.5	22.6
Proceeds from grants of property, plant and equipment		0.5	(0.1)	0.5	2.1	2.4	2.1
Proceeds from sale of property, plant and equipment		1.3	0.4	1.7	0.7	3.0	5.3
Acquisiton of financial investments		-	-	-	-	-	1.7
Loans granted		-		-	(0.1)	-	-
Contribution to the share capital of associates		-	(0.9)	-	(2.3)	(2.0)	(4.5)
Acquisiton of subsidiaries, net of cash acquired		-	-	-	-	-	(6.5)
Dividends received from long-term financial investments		-	1.0	1.5	2.8	1.5	4.6
Proceeds from repurchase of shares and liquidation of associate		-	-	-	-	0.7	0.1
Net cash used in investing activities		**(27.9)**	**(15.3)**	**(61.1)**	**(84.9)**	**(116.9)**	**(135.3)**
Cash flows from financing activities							
Received long-term loans		10.0	9.0	10.0	109.0	133.0	308.9
Redeemed bonds		-	-	-	-	(106.3)	-
Repayments of bank loans		(59.7)	(129.3)	(89.0)	(138.6)	(205.8)	(325.1)
Repayments of other loans				-	(1.0)	(0.3)	(1.0)
Repayments of financial leases		-	(0.1)	(0.1)	(0.2)	(0.3)	0.4
Shareholders contribution		-	125.0	-	125.0	-	-
Acquisition of non-controlling interest in a subsidiary		-	-	-	-	-	125.0
Dividends paid		-	-	-	-	-	(28.5)
Net cash used in financing activities		**(49.7)**	**4.6**	**(79.1)**	**94.2**	**(179.7)**	**79.7**
Net cash flows		**(82.5)**	**81.0**	**(24.5)**	**99.8**	**8.0**	**41.3**
Cash and cash equivalents at the beginning of the period		225.0	53.4	166.9	34.6	134.4	93.1
Cash and cash equivalents at the end of the period		142.4	134.4	142.4	134.4	142.4	134.4
Net increase / (-) decrease in cash and cash equivalents		**(82.5)**	**81.0**	**(24.5)**	**99.8**	**8.0**	**41.3**

Condensed consolidated interim statement of changes in equity

in million EUR	Attributable to equity holder of the Parent Company						Non-controlling interest	Total
	Share capital (Note 8)	Share premium	Statutory legal reserve	Other reserves	Retained earnings	Total		
Equity as at 31.12.2019	**621.6**	**259.8**	**62.1**	**(22.2)**	**879.1**	**1,800.4**	**1.2**	**1,801.6**
Profit for the period	-	-	-	-	7.1	7.1	(0.1)	7.0
Other comprehensive income for the period	-	-	-	45.4	-	45.4	-	45.4
Total comprehensive income for the period	**-**	**-**	**-**	**45.4**	**7.1**	**52.5**	**(0.1)**	**52.4**
Increase of share capital	-	-	-	-	-	125.0	-	125.0
Total transactions with owners of the company, recognised directly in equity	**125.0**	**-**	**-**	**-**	**-**	**125.0**	**-**	**125.0**
Equity as at 30.06.2020	**746.6**	**259.8**	**62.1**	**23.2**	**886.2**	**1,978.0**	**1.1**	**1,979.1**
Equity as at 31.12.2020	**746.6**	**259.8**	**62.1**	**40.2**	**898.4**	**2,007.1**	**1.2**	**2,008.3**
Profit for the period	-	-	-	-	16.6	16.6	(0.1)	16.5
Other comprehensive income for the period	-	-	-	(10.8)	-	(10.8)	-	(10.8)
Total comprehensive income for the period	**-**	**-**	**-**	**(10.8)**	**16.6**	**5.8**	**(0.1)**	**5.7**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Increasing statutory legal reserve	**-**	**-**	12.8	-	(12.8)	-	**-**	**-**
Dividends declared	-	-	-	-	-	-5,0	-	-5,0
Total transactions with owners of the company, recognised directly in equity	**-**	**-**	**12.8**	**-**	**(17.8)**	**(5.0)**	**-**	**(5.0)**
Equity as at 30.06.2021	**746.6**	**259.8**	**75.0**	**29.4**	**897.2**	**2,008.0**	**1.1**	**2,009.1**

Notes to the condensed interim consolidated financial statement

1. Accounting policies

These condensed consolidated interim financial statements have been prepared in accordance **with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations** as adopted by the European Union. These consolidated interim condensed financial statements are prepared in accordance with IAS 34 "Interim Financial Reporting". The consolidated condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with IFRSs as adopted by the EU.

Accounting policies and presentation of financial statements applied to this interim report were consistent with those used in financial statements for the financial year that ended on 31 December 2020.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

According to the Management Board the interim report prepared for the period 1 January 2021 - 30 June 2021 presents a true and fair view of the financial position, the cash flows and the results of operations of Eesti Energia AS and its subsidiaries (Group).

The information contained in the interim financial statements has not been audited or otherwise verified by auditors.

2. Financial risk management

2.1. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2020. There have been no material changes in any risk management policies compared to the previous year end.

2.2. Fair value estimation

The tables below analyse financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2);
- inputs for the asset or liability that are not based on observable market data (Level 3)

The following tables present the Group's assets and liabilities that are measured at fair value by the level in the fair value hierarchy as at 30 June 2021 and 31 December 2020:

30.06.2021

in million EUR	Level 1	Level 2	Level 3	Total
Assets				
Trading derivatives (Note 7)	1.8	62.3	18.0	82.1
Cash flow hedges (Note 7)	5.5	53.0	-	58.5
Total financial assets	**7.3**	**115.3**	**18.0**	**140.6**
Liabilities				
Trading derivatives (Note 7)	-	68.2	-	68.2
Cash flow hedges (Note 7)	8.2	55.8	-	64.0
Total financial liabilities	**8.2**	**124.0**	**-**	**132.2**

31.12.2020

in million EUR	Level 1	Level 2	Level 3	Total
Assets				
Trading derivatives (Note 7)	0.6	8.8	10.9	20.3
Cash flow hedges (Note 7)	3.3	31.8	-	35.1
Total financial assets	**3.9**	**40.6**	**10.9**	**55.4**
Liabilities				
Trading derivatives (Note 7)	-	12.9	-	12.9
Cash flow hedges (Note 7)	-	1.8	-	1.8
Total financial liabilities	**-**	**14.7**	**-**	**14.7**

2. Financial risk management, cont.

2.2. Fair value estimation, cont.

Valuation techniques and inputs used on measurement in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. The Group's electricity derivatives that are cleared in Nasdaq OMX are classified as Level 1 instruments.

Valuation techniques and inputs used on measurement in level 2

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. An instrument is included in level 2 if all the significant inputs required to establish the fair value of the instrument are observable. If one or more significant inputs are not based on observable market data, an instrument is included in level 3. The value of trading derivatives and cash flow hedges are found using notations of Nasdaq OMX, ICE, Platt's European Marcetscani and Nymex. The fair value of forward, swap and future contracts is determined using forward prices at the balance sheet date, with the resulting value discounted back to present value.

Valuation techniques and inputs used on measurement in level 3

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. An instrument is included in level 3 if one or more significant inputs are not based on observable market data. The Group classifies power purchase agreements ("PPA") as level 3 financial instruments. It is concluded that the agreement is in scope of IFRS 9 Financial instruments as the contract can be net settled and not held for own use. The fair values of the level 3 instruments have been estimated using a combination of market prices, mathematical models, and assumptions based on market and other relevant data. The most significant input of the fair value of the PPA is the long-term electricity price. The Group has determined the underlying price for the calculation of fair value based on a long-term price curve for the Lithuanian electricity market. If the estimated prices change +/- 10% the impact to the Group's net profit would be impacted by +/- EUR 10 million.

2. Financial risk management , cont.

2.3. Fair value of financial assets and liabilities measured at amortised cost

The fair value of bonds, bank loans and finance lease liabilities:

in million EUR	31.06.2021	31.12.2020
Nominal value of bonds	500.0	500.0
Market value of bonds on the basis of quoted sales price	524.7	528.3
Nominal value of bank loans with fixed interest rate	120.8	120.8
Fair value of bank loans with fixed interest rate	123.9	123.7
Nominal value of bank loans with floating interest rate and finance lease liabilities	337.4	416.3
Fair value of bank loans with floating interest rate and finance lease liabilities	337.4	416.3

The bond is denominated in euros and listed on the London Stock Exchange. The fair value of the bond is based on the input that is within level 1 of the fair value hierarchy; the fair value of bank loans with fixed interest rate is based on the cash flows discounted using input that is within level 3 of the fair value hierarchy. Management estimates that the fair value of the loans with a floating interest rate at the end of comparative period does not differ from their carrying amounts as the risk margins have not changed.

Other financial assets and liabilities of which fair value is approximate to their carrying amount:

- Trade and other receivables
- Deposits not recognised as cash equivalents
- Cash and cash equivalents
- Trade and other payables

3. Segment reporting

For the purposes of monitoring the Group's performance and making management decisions, the Management Board uses product-based reporting. The Group has determined main products and services, i.e. value-creating units that generate external revenues and profit, and built up a methodology of allocating revenues, expenses, and assets to the products.

The Group has distinguished three main products and services, which are presented as separately reportable segments, and a number of minor products and services that are presented together as "Other segments": 1) electricity (production and sale of electricity generated from renewable and non-renewable sources, and electricity trading); 2) distribution (sale of electricity distribution network services on regulated market and sale of additional services by Elektrilevi); 3) shale oil (production and sale of liquid fuels); 4) other products and services (including production and sale of heat, construction of power engineering equipment and services, sale of old metal, sale of mining products, sale of gas, sale of other products and services).

Other segments include by-products and services which individual share of the Group's revenue and EBITDA is immaterial. None of these products and services meet the quantitative thresholds that would require separate reporting disclosures.

Segment revenues include revenues from external customers only, generated by the sale of respective products or services. As the segments are based on externally sellable products and services (as opposed to legal entities), there are no transactions between segments to be eliminated.

All operating expenses of the Group are allocated to the products and services to which they relate. If a product (e.g. electricity) is created by several Group entities in a vertically integrated chain, then the related expenses include the production cost of each entity involved in preparation of the product (e.g. the cost of electricity includes the cost of oil shale used for its production). Group overheads are allocated to products and services proportionally to the revenue obtained in relation to these costs.

The Management Board assesses the performance of the segments primarily based on EBITDA and it also monitors operating profit. Finance income and expenses, and income tax are not allocated to the segments.

The Group's assets are allocated to the segments based on their purpose of use. Liabilities are not allocated to the segments as they are managed centrally by the Group's finance department. EBITDA is not a defined performance measure under IFRS. The Group's definition of EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

The sales prices of network charges need to be approved by the Estonian Competition Authority as stipulated by the Electricity Market Act of Estonia. The Estonian Competition Authority has an established methodology for approving the prices that considers the costs necessary to fulfil the legal obligations and ensures justified profitability on invested capital. Generally, the Estonian Competition Authority considers the annual average carrying amount of non-current assets plus 5% of external sales revenue as invested capital. The rate for justified profitability is the Company's weighted average cost of capital (WACC). The sales prices for all other segments are not regulated by the law.

Also according to the District Heating Act the heating undertakings which sell heat to customers or to network operators who sell heat to customers or produce heat in the process of combined generation of heat and power must obtain the approval of the Competition Authority regarding the maximum price of the heat to be sold

3. Segment reporting, cont.

Revenue

The revenue from external customers reported to the management board of the Parent Company is measured in a manner consistent with that in the consolidated income statement.

REVENUE FROM EXTERNAL CUSTOMERS

in million EUR	Q2 2021	Q2 2020	6m 2021	6m 2020
Electricity	126.1	72.0	274.1	165.8
Distribution	52.4	49.9	118.0	109.9
Shale oil	32.0	25.7	67.0	60.5
Other products and services	30.6	20.5	79.3	58.6
Total	**241.1**	**168.0**	**538.4**	**394.8**

ASSETS

in million EUR	30.06.2021	30.06.2020	31.12.2020
Electricity	1,595.3	1,619.0	1,704.2
Distribution	1,162.7	1,128.9	1,162.6
Shale oil	398.6	363.5	379.4
Other products and services	535.8	474.0	439.9
Total	**3,692.4**	**3,585.4**	**3,686.1**

EBITDA

in million EUR	Q2 2021	Q2 2020	6m 2021	6m 2020
Electricity	19.9	11.1	53.0	27.8
Distribution	27.2	24.5	50.9	43.6
Shale oil	(1.3)	7.9	4.5	25.0
Other products and services	(4.9)	11.3	4.8	8.2
Total	**40.8**	**54.8**	**113.2**	**104.6**
Depreciation and amortisation	(42.9)	(40.9)	(84.8)	(85.2)
Net financial income (expense)	(7.9)	(8.8)	(12.8)	(17.6)
Profit from associates using equity method	0.3	1.3	1.2	1.4
Profit before tax	**(9.7)**	**6.3**	**16.8**	**3.2**

4. Seasonality of operating profit

Temperature is the most important factor influencing the domestic electricity and heat demand. Lower temperatures in winter induce higher energy consumption and thus higher revenues and operating profit. In summer, higher temperatures lead to lower electricity and heat consumption and correspondingly to lower revenues and lower operating profit.

5. Other operating income

in million EUR	Q2 2021	Q2 2020	6m 2021	6m 2020
Renewable energy grant	6.7	8.0	14.5	20.6
Gain on greenhouse gas emission allowances sold	0.5	14.3	1.6	13.7
Gain on disposal of property, plant and equipment	0.7	-	1.2	0.3
Gain from revaluation of derivatives	11.5	1.0	20.6	2.1
Fines, penalties and compensations	0.7	0.8	1.6	1.6
Other operating income	-	-	0.2	0.6
Total other operating income	**20.1**	**24.1**	**39.7**	**38.9**

6. Property, plant and equipment

in million EUR	Land	Buildings	Construction	Plant and equipment	Other	Construction in progress and prepayments	Total
Property, plant and equipment as at 31.12.2019							
Cost	87.7	331.9	1,252.6	3,226.7	5.3	73.9	4,978.1
Accumulated depreciation	-	(125.5)	(526.2)	(1,398.6)	(5.0)	-	(2,055.4)
Net book amount	87.7	206.4	726.4	1,828.1	0.3	73.9	2,922.7
Total property, plant and equipment as at 31.12.2019	**87.7**	**206.4**	**726.4**	**1,828.1**	**0.3**	**73.9**	**2,922.7**
Movements in the reporting period							
Purchases of property, plant and equipment	-	-	-	1.5	0.2	81.1	82.8
Depreciation charge and write-downs	-	(3.5)	(15.7)	(63.2)	(0.2)	(0.3)	(82.9)
Disposals (at carrying amount)	-	-	-	(0.6)	-	-	(0.6)
Exchange differences	0.1	-	-	-	-	-	0.1
Transfers	0.1	1.1	20.8	24.6	1.4	(48.0)	-
Total movements in Q2 2020 period	**0.2**	**(2.4)**	**5.1**	**(37.7)**	**1.4**	**32.8**	**(0.6)**
Property, plant and equipment as at 30.06.2021							
Cost	87.9	333.0	1,273.3	3,246.4	7.0	106.6	5,054.2
Accumulated depreciation	-	(129.0)	(541.8)	(1,456.0)	(5.3)	-	(2,132.1)
Net book amount	87.9	204.0	731.5	1,790.4	1.7	106.6	2,922.1
Total property, plant and equipment as at 30.06.2021	**87.9**	**204.0**	**731.5**	**1,790.4**	**1.7**	**106.7**	**2,922.1**

As at 30 June 2021, the Group had contractual liabilities relating to the acquisition of non-current assets totalling EUR 286.3 million (31 December 2020 EUR 47.1 million).

7. Derivative financial instruments

in million EUR	30.06.2021		31.12.2020	
	Assets	Liabilities	Assets	Liabilities
Forward- and future contracts for buying and selling electricity as cash flow hedges	58.5	8.2	7.3	0.3
Forward- and future contracts for buying and selling electricity as trading derivatives	26.2	2.2	11.8	2.0
Swap and future contracts for buying and selling gas cash flow hedges	6.1	-	2.4	-
Swap and future contracts for buying and selling gas as trading derivatives	49.3	48.6	8.4	8.2
Swap and forward contracts for selling fuel oil as cash flow hedges	0.1	55.8	25.4	1.5
Swap and forward contracts for selling fuel oil as trading derivatives	0.4	17.1	0.1	2.2
Other derivatives	-	0.3	-	0.5
Total derivative financial instruments including non-current portion:	**140.6**	**132.2**	**55.4**	**14.7**
Forward- and future contracts for buying and selling electricity as cash flow hedges	32.5	-	1.0	0.1
Forward contracts for buying and selling electricity as trading derivatives	24.2	0.1	10.9	0.3
Swap and future contracts for buying and selling gas as cash flow hedges	0.5	-	0.1	0.1
Swap and future contracts for buying and selling gas as trading derivatives	1.4	1.2	2.5	2.6
Swap and forward contracts for selling fuel oil as cash flow hedges	-	25.4	9.1	0.8
Swap and forward contracts for selling fuel oil as trading derivatives	-	6.6	0.1	0.5
Other derivatives	-	0.2	-	-
Total non-current portion	**58.6**	**33.5**	**23.7**	**4.4**
Total current portion	**82.0**	**98.7**	**31.7**	**10.3**

8. Share capital and dividends

As at 30 June 2021, Eesti Energia AS had 746 645 750 registered shares (31 December 2020: 746 645 750 registered shares). The nominal value of each share is 1 euro.

9. Earnings per share

Basic earnings per share are calculated by dividing profit attributable to the equity holder of the Parent Company by the weighted average number of ordinary shares outstanding. As there are no potential ordinary shares, diluted earnings per share equal to basic earnings per share all the periods.

	Q2 2021	Q2 2020	6m 2021	6m 2020	12m 2021/20	12m 2020/19
Profit attributable to the equity holders of the company (million EUR)	(9.9)	7.1	16.6	18.6	30.9	8.4
Weighted average number of shares (million)	746.6	746.6	746.6	746.6	746.6	746.6
Basic earnings per share (EUR)	(0.0)	0.01	0.02	0.03	0.04	0.01
Diluted earnings per share (EUR)	(0.0)	0.01	0.02	0.03	0.04	0.01

10. Borrowings at amortised cost

in million EUR	Short-term borrowings		Long-term borrowings				Total
	Bank loans	Lease liabilities	Bank loans	Bonds issued	Lease liabilities	Other loans	
Borrowings at amortised cost 31.12.2020	**305.5**	**0.2**	**229.4**	**474.3**	**2.0**	**3.0**	**1,014.4**
Movements in the reporting period							
Amortization of borrowing expenses	-	-	0.1	4.4	-	-	4.5
Borrowings received	10.0	-	-	-	-	-	10.0
Repayments of borrowings	(89.0)	(0.1)	-	-	-	-	(89.1)
Transfers	(131.0)	-	131.0	-	-	-	-
	-	-	0.1	-	-	-	0.1
Total movements in 6m 2021 period	**(210.0)**	**(0.1)**	**131.2**	**4.4**	**-**	**-**	**(74.5)**
Borrowings at amortised cost 30.06.2021	**95.5**	**0.1**	**360.6**	**478.7**	**2.0**	**3.0**	**939.9**

As at 30 June 2021 the Group had undrawn loan facilities of EUR 580.0 million (31 December 2020: EUR 520.0 million), consisting of liquidity loans of EUR 335.0 million (EUR 200 million from OP Corporate Bank, EUR 70 million from Swedbank and EUR 65 million from SEB) and long-term loans of EUR 245 million. There are EUR 120 million of undrawn liquidity loans with a maturity of September 2023, EUR 25 million with a maturity of May 2025 (undrawn EUR 15 million) and EUR 200 million with a maturity of September 2025 (undrawn EUR 200 million). Long-term loans comprised a loan of EUR 175.0 million raised from the EIB under an agreement signed in December 2019 and in addition EUR 70.0 million in June 2020, which at the date of release of this report has not been drawn down.

11. Cash generated from operations

in million EUR	Q2 2021	Q2 2020	6m 2021	6m 2020	12m 2021/20	12m 2020/19
Profit before tax	**(9.6)**	**6.3**	**16.8**	**4.1**	**32.6**	**10.5**
Adjustments						
Depreciation and impairment of property, plant and equipment	42.0	39.6	82.9	83.2	158.1	176.7
Amortisation and impairment of intangible assets	0.9	1.3	1.9	2.0	2.8	-
Deferred income from connection and other service fees	(2.6)	(2.4)	(5.1)	(4.7)	(10.0)	(9.3)
Gain on disposal of property, plant and equipment	(0.7)	-	(1.2)	(0.3)	(2.2)	(4.4)
Loss on disposal of associate	-	-	-	-	(0.7)	1.4
Amortisation of government grant received to purchase non-current assets	(0.2)	(0.2)	(0.4)	(0.4)	(0.8)	(0.7)
Profit/loss from associates using equity method	(0.8)	(1.3)	(2.0)	(1.4)	(2.5)	(0.3)
Unpaid/unsettled gain/loss on derivatives	14.5	27.6	20.1	(9.6)	39.9	23.3
Profit (loss) from other non-cash transactions	0.3	-	0.2	-	-	-
Interest expense on borrowings	6.5	7.8	12.9	15.6	27.9	31.9
Interest and other financial income	-	-	-	-	-	-
Adjusted net profit before tax	**50.3**	**78.7**	**126.1**	**88.5**	**245.1**	**229.1**
Net change in current assets relating to operating activities						
Change in receivables related to operating activities	30.7	26.0	13.2	36.0	(24.3)	(12.1)
Change in inventories	(15.3)	(12.0)	(6.6)	(19.7)	6.7	(14.9)
Net change in other current assets relating to operating activities	66.8	54.6	51.1	37.1	(2.7)	(13.5)
Total net change in current assets relating to operating activities	**82.2**	**68.6**	**57.7**	**53.4**	**(20.3)**	**(40.5)**
Net change in current liabilities relating to operating activities						
Change in provisions	(48.5)	(59.6)	8.2	(43.9)	56.9	(21.1)
Change in trade payables	(8.2)	(12.9)	(12.4)	(23.9)	3.8	(29.2)
Net change in liabilities relating to other operating activities	(78.7)	18.2	(60.8)	19.6	44.0	(15.4)
Total net change in liabilities relating to operating activities	**(135.4)**	**(54.3)**	**(65.0)**	**(48.2)**	**104.7**	**(65.7)**
Cash generated from operations	**(2.9)**	**93.0**	**118.8**	**93.7**	**329.5**	**122.8**

12. Provisions

in million EUR	Opening balance 31.12.2020	Recognition and reversal of provisions	Interest charge	Use	Closing balance 30.06.2021	Closing balance 30.06.2021
					Short term provision	Long term provision
Environmental protection provisions	20.3	-	0.2	(0.4)	2.3	17.8
Employee related provisions	6.2	-	-	(0.3)	1.3	4.6
Provision for dismantling cost of assets	5.7	-	0.2	-	-	5.9
Provision for greenhouse gas emissions	76.2	54.0	-	(75.0)	55.2	-
Provision for onerous contracts	0.1	-	-	-	0.1	-
Provision for obligations arising from treaties	28.2	-	-	(0.1)	0.1	28.0
Provision for renewable energy certificates	1.8	2.5	-	(0.9)	3.4	-
Total provisions	**138.6**	**56.5**	**0.4**	**(76.8)**	**62.4**	**56.4**

13. Related party transactions

The sole shareholder of Eesti Energia AS is the Republic of Estonia. In preparing the Group's financial statements, the related parties include associates, members of the management and supervisory boards of the parent company, and other companies over which these persons have significant influence. Related parties also include entities under the control or significant influence of the state.

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TRANSACTIONS WITH ASSOCIATES

in million EUR	6m 2021	6m 2020
Purchase of goods	0.1	5.8
Purchase of services	0.8	0.4
Purchase of property, plant and equipment and prepayments	-	0.1
Proceeds from sale of services	0.1	-
Loans granted	-	-

RECEIVABLES FROM ASSOCIATES AND PAYABLES TO ASSOCIATES

in million EUR	30.06.2021	30.06.2020
Receivables	11.2	11.8
incl long-term loan receivables	11.2	11.8
Allowance for doubtful loan receivables	(11.2)	(11.7)
Payables	0.7	0.6

Upon premature termination of the service contract with a member of the Management Board, the service contracts stipulate the payment of 3 months' remuneration as termination benefits. During the period 1 January - 30 June 2021 remuneration to management and supervisory boards amounted to EUR 1.5 million (1 January - 30 June 2020: EUR 1.6 million).

In purchasing and selling network services, the prices set by the Estonian Competition Authority are used. All other transactions are concluded using agreed prices.

The sales of electricity, network services and heat to the entities over which the state has control or significant influence have been taken place under normal business activity. The Group has performed in the reporting and comparative period purchase and sales transactions in the material amounts with Elering AS, which is fully state-owned enterprise.

TRANSACTIONS WITH ELERING AS

in million EUR	6m 2021	6m 2020
Purchase of services	40.3	38.2
Purchase of goods	6.6	7.9
Purchase of property, plant and equipment and prepayments	0.8	2.8
Sale of goods and services (incl. renewable energy grant)	21.0	23.9

RECEIVABLES FROM ELERING AS AND PAYABLES TO ELERING AS

in million EUR	30.06.2021	31.12.2020
Receivables	1.5	2.5
Payables	10.3	12.0

14. Events after the reporting date

On July 23, 2021 Eesti Energia AS's fully owned subsidiary Elektrilevi OÜ as the buyer, and Imatra FNW OY, fully owned by Imatran Seudun Sähkö Oy, as the seller closed the transaction regarding the acquisition of 100% shares in Imatra Elekter AS, a distribution network company operating in Estonia. The energy services unit of Imatra Elekter AS has been sold separately before the closing to a third party because Elektrilevi OÜ as a distribution network company does not offer energy service solutions to retail customers. The prerequisite for the closing of the acquisition was clearance by the Estonian Competition Authority which has been recieved. Upon closing, Elektrilevi AS, a wholly owned subsidiary of Eesti Energia AS, has paid the purchase consideration of 28.9 million euros to the seller and has been registered as the sole shareholder of Imatra Elekter AS in the share register. The share purchase agreement relating to the transaction was signed in March 2021.

Glossary

Circulating fluidised bed (CFB) technology – Circulating fluidised bed combustion technology whereby larger (unburnt) particles are returned to the furnace

Clean Dark Spread (CDS) – Eesti Energia's margin between the price of electricity (in NP Estonia) and oil shale costs and CO_2 costs (taking into account the price of CO_2 allowance futures maturing in December and the amount of CO_2 emitted in the generation of a MWh of electricity)

CO_2 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 (CO_2). The limit on the total number of emission allowances available gives them a monetary value

Controllable production assets – Production assets which operate on energy sources such as oil shale, oil shale gas, wood chips, peat and tyre chips

EBITDA – Earnings before interest, taxes, depreciation and amortisation

EBITDA margin – Earnings before interest, taxes, depreciation and amortisation divided by revenue

FFO – Funds from operations. Cash flow from operations, excluding changes in working capital

Financial leverage – Net debt divided by the sum of net debt and equity

Future – A contract between counterparties which obligates to buy or sell an underlying asset (e.g. a commodity) at a pre-agreed price

Green paper on industrial policy – A document prepared by the state and employers' associations which outlines the bottlenecks of industrial development and suggests solutions for their elimination and improving industrial development

Level of water reservoirs – The level of water in the reservoirs of hydro power plants as a percentage of the maximum possible level. Most of the Nordic countries' electricity production is based on hydro power whose output depends on the level of water reservoirs

Liquidity – Amount of liquid assets. Sum of cash and cash equivalents, short-term financial investments and deposits with a maturity of more than 3 months

Maintenance and repair expenditures – Expenditures incurred to maintain the existing production capacities

MWh – megawatt hour. 1 MWh is 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

Net debt – Debt obligations (amortised) 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. To a lesser extent, network losses are caused by power theft and incorrect measuring. The network operator has to compensate energy losses and for this a corresponding amount of electricity has to be purchased every hour

NP system price – The price on the Nord Pool power exchange that is calculated on the basis of all purchase and sale bids without taking into account transmission capacity limitations

OHSAS, ISO 14001 – International standards which deal with risk management in the area of occupational health and safety, the environment management system, and accident prevention

Oil shale resource charge – A charge to be paid to the state for the use of 1 tonne of oil shale located in the mineral deposit

Position hedged with forward transactions – The quantity of electricity and shale oil to be sold and emission allowances to be purchased in future periods whose average price is previously fixed

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 excluding assets under construction (allocated to specific products)

ROIC – Return on Invested Capital, calculated by dividing operating profit by average invested capital

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

Tax footprint – An indicator which reflects the contribution made to society through taxes

Variable profit – Profit after deducting variable costs from sales revenue