



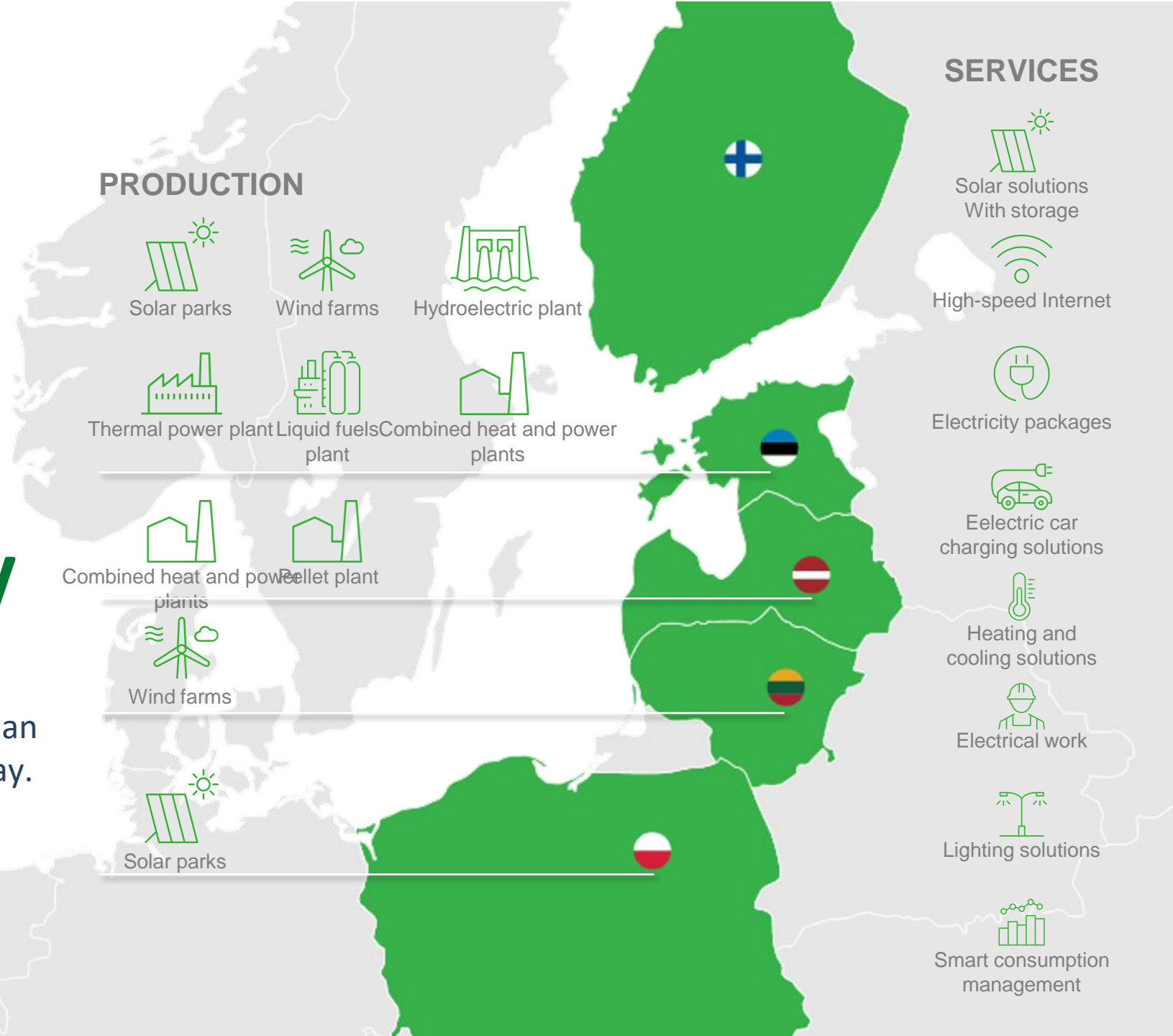
**EESTI ENERGIA  
STRATEGIC ACTION PLAN  
2022–2026**



Eesti Energia

# We are an international energy company

We provide beneficial and convenient energy solutions and produce energy in an increasingly environmentally friendly way.







**The 2050 carbon neutrality target is becoming a global ambition that requires a balance between security of supply, price and environmental impact**

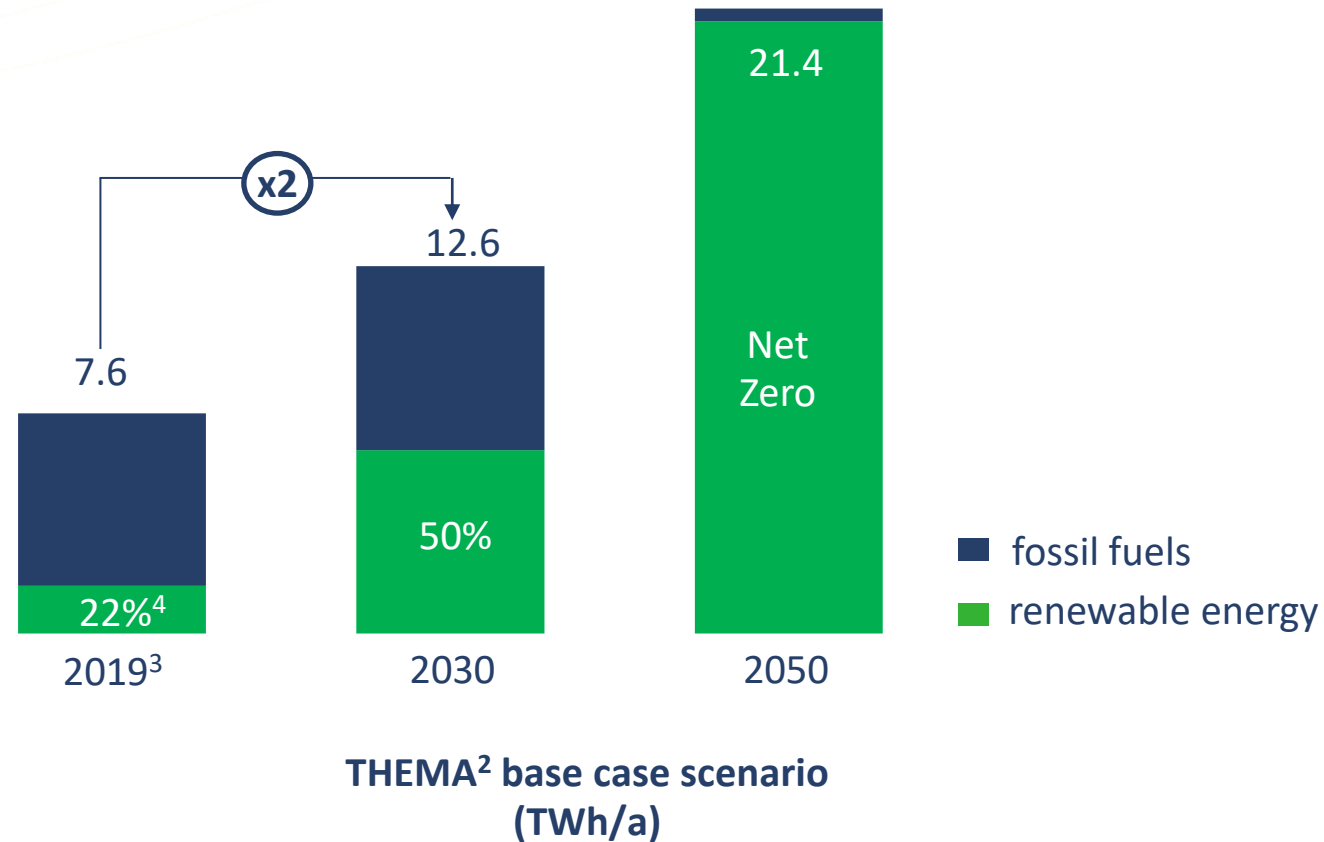




**Electrification based on renewable electricity is the fastest, cheapest and most environmentally friendly road to a carbon-neutral economic model**

# Electrification increases the demand for renewable electricity

Meeting the climate goals of the European Union and Estonia means that Estonia's electricity production will triple by 2050

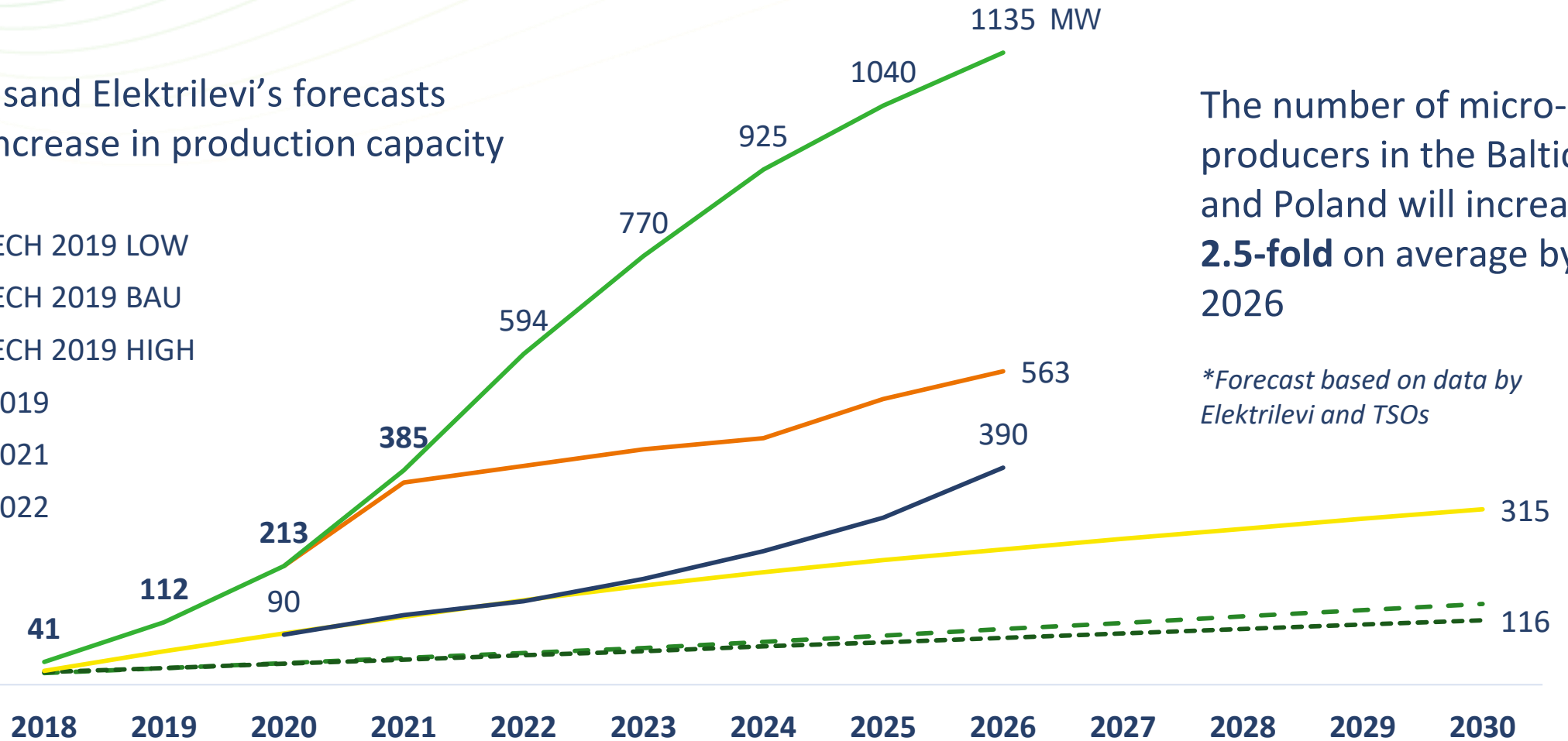


1 Bloomberg New Energy Finance. 2 THEMA (2021), "The value of hybrid offshore assets". Base case assumes the EU achieves the targets of the EU Green Deal and are consistent with the EU's 1.5TECH scenario and targets reflected therein. 3 Statistics Estonia. 4 Eurostat. Share of electricity from renewable sources (NRG\_IND\_REN\_ELC).

# The increase in the number of electricity producers in Estonia has been exceptionally fast and has exceeded all forecasts

TalTech's and Elektrilevi's forecasts about increase in production capacity

- TALTECH 2019 LOW
- TALTECH 2019 BAU
- TALTECH 2019 HIGH
- ELV 2019
- ELV 2021
- ELV 2022



The number of micro-producers in the Baltics and Poland will increase **2.5-fold** on average by 2026

*\*Forecast based on data by Elektrilevi and TSOs*



T E E K O N D  
N U L L I



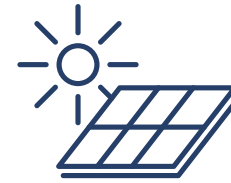
Eesti Energia



# 55%\* of CO<sub>2</sub> reduction and electrification depends on customers' choices

## Green Package

The number of users has grown to **72,000**.



## Solar solutions

We have built **1,100** solar power plants for customers in our home markets, and since 2021 we have been providing these with a storage option. We are buying green electricity from **6,400** customers in our home markets. In Estonia alone, **4,200** new producers were connected to Elektrilevi's network in 2021.

## Heating and cooling solutions

More than **400** customers.



## Charging solutions

We provide customers with technical support, charger management, monitoring and maintenance, following the installation of a charger. There are **1,700** active users of our charging services in our home markets. **90,000** charging cycles were made in the Enefit Volt network during the year.

*\*IEA World Energy Outlook 2021 rating  
The slide shows the number of users of our solutions as of the end of 2021*



# Eesti Energia's green revolution is based on three pillars

Eesti Energia's production to be transformed CO<sub>2</sub> neutral

Provision of comprehensive energy solutions that are **beneficial to customers and reduce the environmental footprint**



Building **solar parks, onshore and offshore wind farms** along with the development of storage systems



Termination of electricity production from oil shale and **transition from liquid fuels production to a chemical industry based on the circular economy**

Electrification based on renewable electricity – reducing customers' environmental footprint

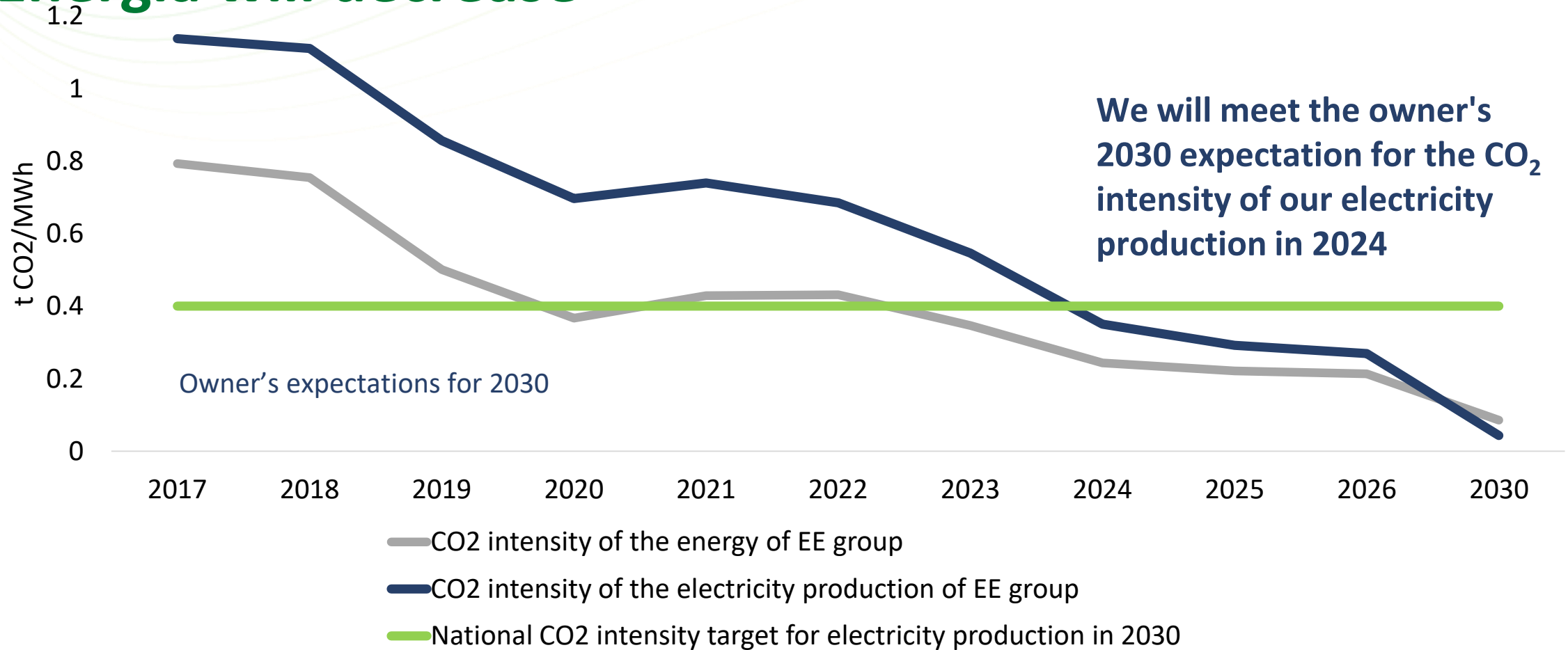
# Most important goals of the 2022–2026 strategy period

- 80% of our customers will use at least one green service or product
- The volume of renewable energy production assets will increase more than **4-fold** to 1,900 MW
- The CO<sub>2</sub> intensity of the group's energy production will decrease by **43%** from 0.37 t/MWh to 0.21 t/MWh
- We have a plan for achieving carbon-neutral energy production **by 2045**





# The CO2 intensity of the energy production of Eesti Energia will decrease



# Eesti Energia's strategy supports more sustainable energy systems in our home markets

- With our solutions, customers can consume and produce carbon-free electricity at a reasonable price
- Wind and solar parks increase local and affordable electricity generation
- We support system operators with our power plants in ensuring security of supply
- Electricity production will be carbon-free by 2035 and energy production by 2045

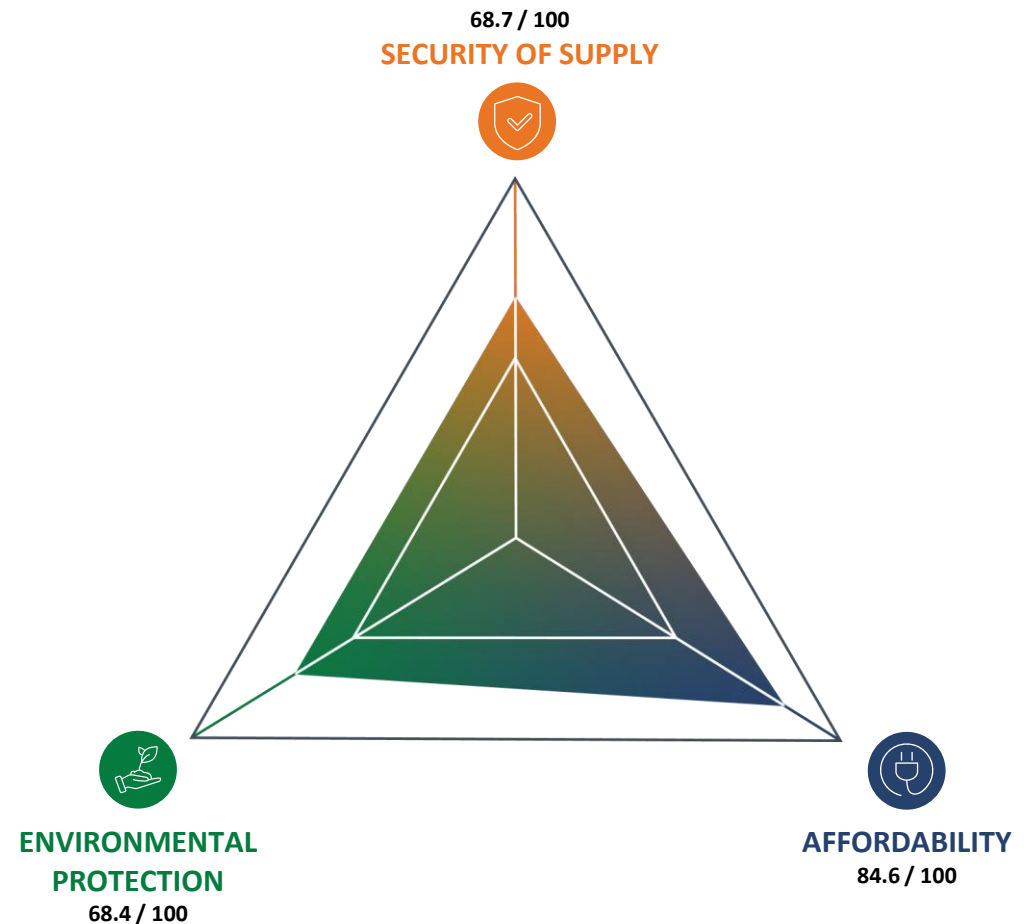


Image: Estonia's energy trilemma 2021  
World Energy Council



A conceptual image showing two hands in business suits shaking hands. The background features several white wind turbines against a bright blue sky with soft white clouds and a sun flare. The bottom of the image transitions into a green field.

**We provide content to our customers' green journey and help them implement it**

# The principles of an excellent customer experience



A single convenient sales and service "gate" for customers and a smooth service journey



Know your customers: a 360-degree view, an agreed sales process and supporting systems



We are **beneficial and accessible** to customers



Compilation of a **menu of services**, including the creation of a service package suitable for each customer

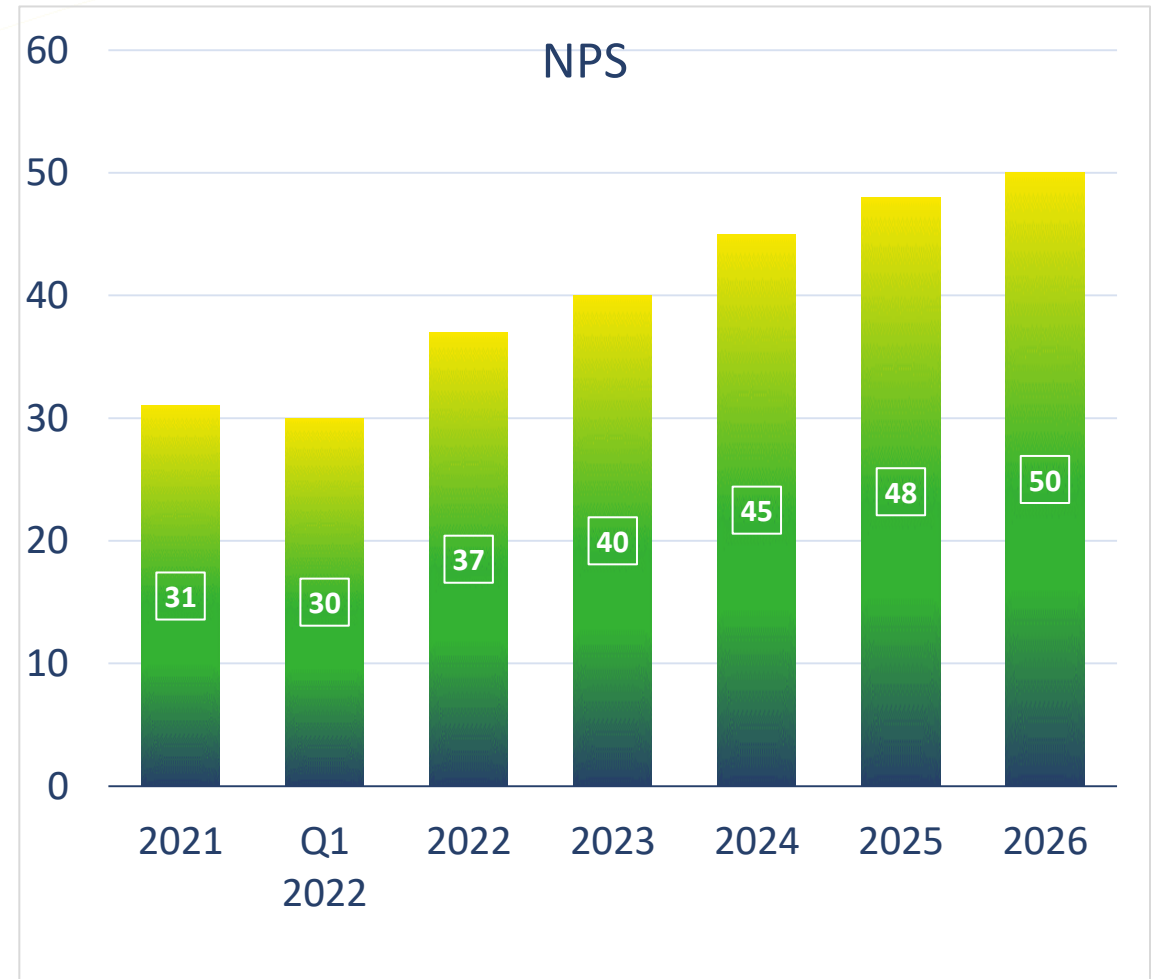


Sales of **environmentally friendly energy solutions** and a unified **brand** that supports it











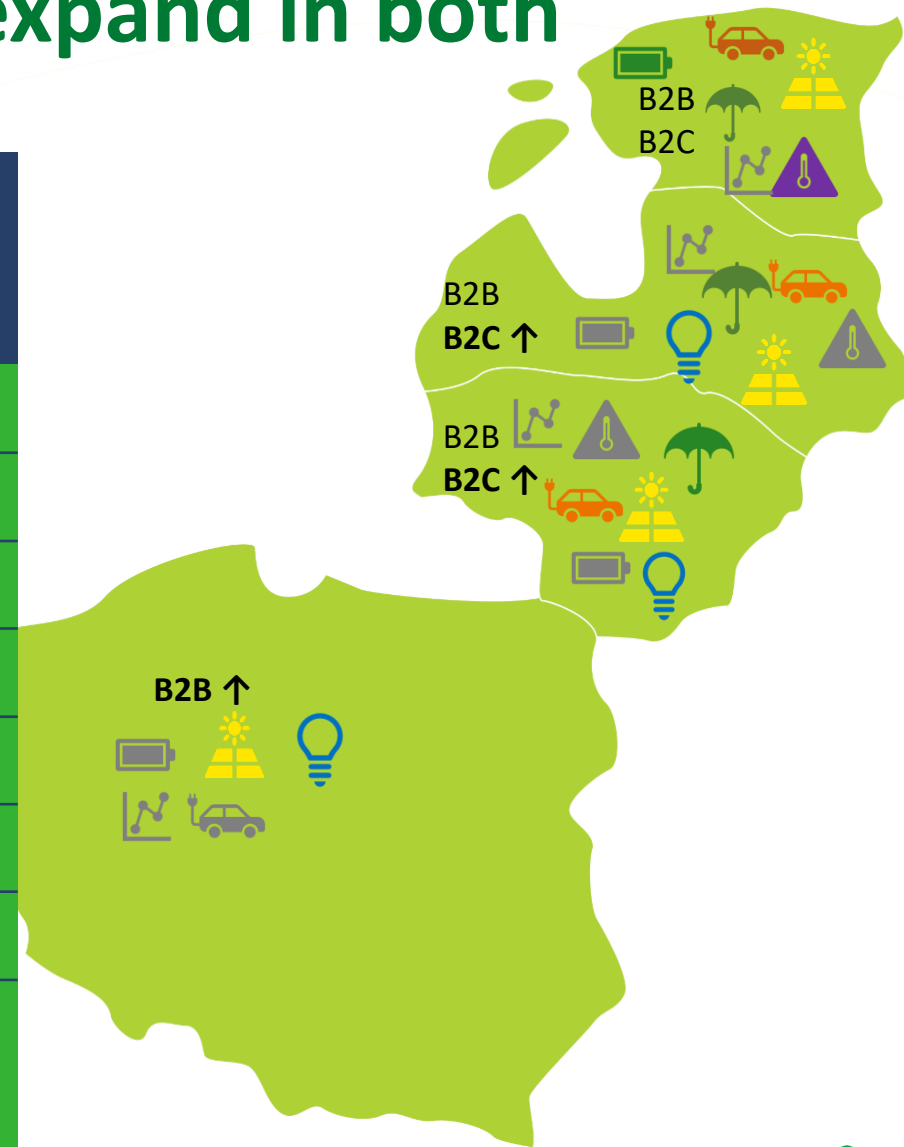
# We will guarantee the quality of service even during a rapid growth phase

- We were unable to keep the customer experience at the desired level in the second half of 2021 and the first months of 2022 in Estonia and Lithuania
- In Lithuania, we underestimated the need for customers to receive more support in connection with the market opening
- In Estonia, we did not react quickly enough to the changes taking place in the market to take the necessary measures to normalize the situation



# Value proposition for customers will expand in both selection and volume

	Portfolio 2022 (forecast)	Portfolio 2026 (strategy)
 Electricity (GWh)	7,086	13,151
 Gas (GWh)	1,878	2,834
 Solar solutions (MW)	35	108
Heating services (K)	2,030	5,165
 Storage (K)	214	1,585
 Lighting services (K)	86	620
 Electrical work (K)	2,400	5,000
 Electric car charging services (MWh)	2,008	12,371
 Flexibility services (MW)	118	169





# The quality of a unified implementation is ensured by the expansion of Enefit Connect to home markets

Enefit Connect, in terms of green revolution solutions for customers in home markets, will be the:

- technical advisor
- installer and manager
- after-sales service provider

This way we can provide a better customer experience and a unified handwriting to our customers, regardless of the location.

We will recruit 73 new employees in countries from Estonia to Poland during the strategy period.



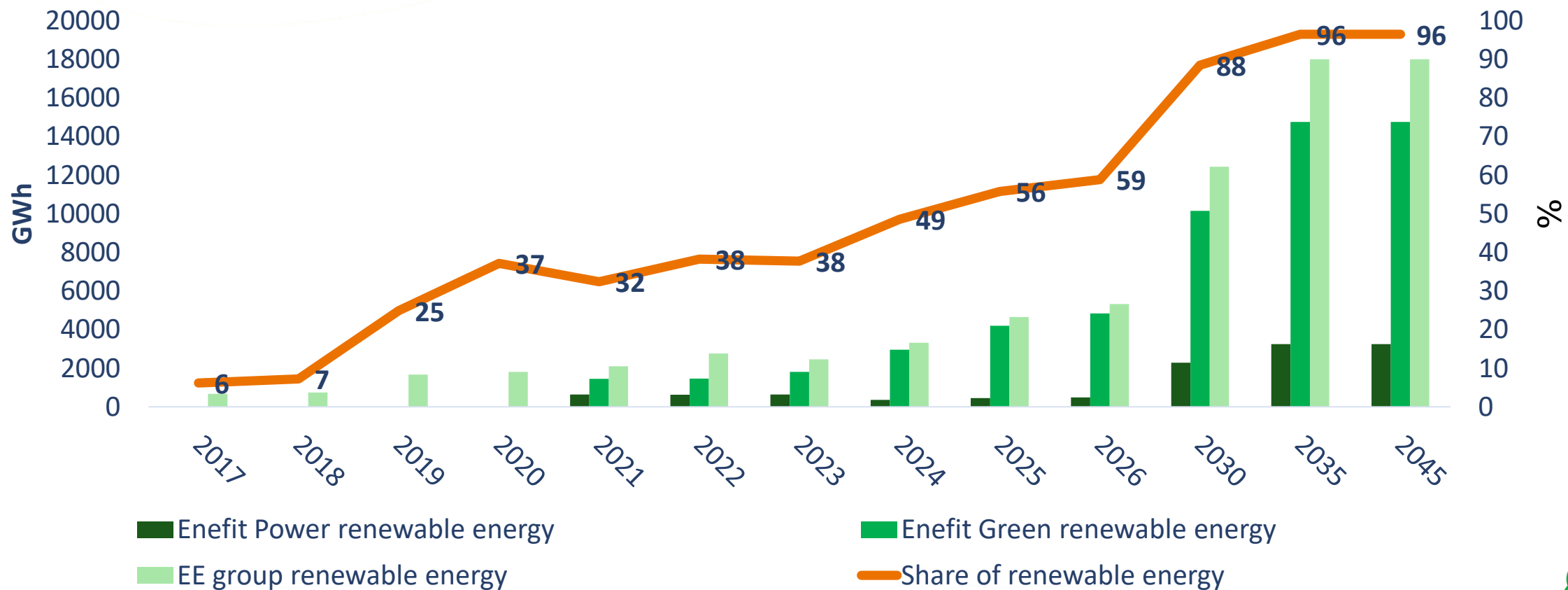


**We will build new wind and solar parks in countries from Finland to Poland and more than quadruple our renewable electricity production capacity by 2026**



# The share of renewable energy in total production will reach 59% by 2026

## Renewable energy in electricity and heat production



# Renewable electricity output will increase

## 2.3-fold

### Energy output 2022 forecast (GWh)

982 Wind

43 Solar

653 CHP  
(electricity)

706 CHP  
(thermal)

1 Other\*

### Energy output 2026 (GWh)

3,637 Wind

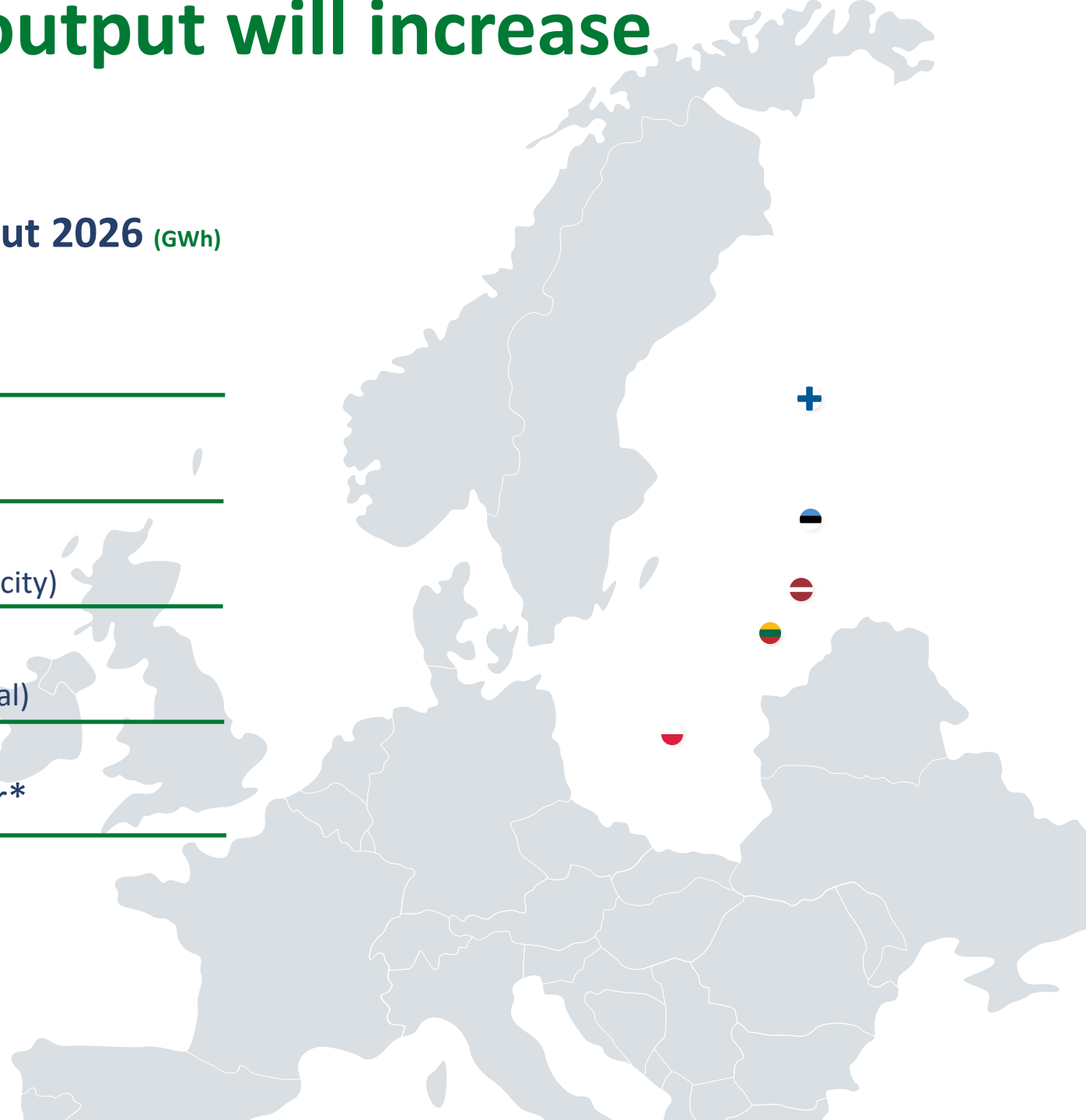
653 Solar

514 CHP  
(electricity)

770 CHP  
(thermal)

1 Other\*

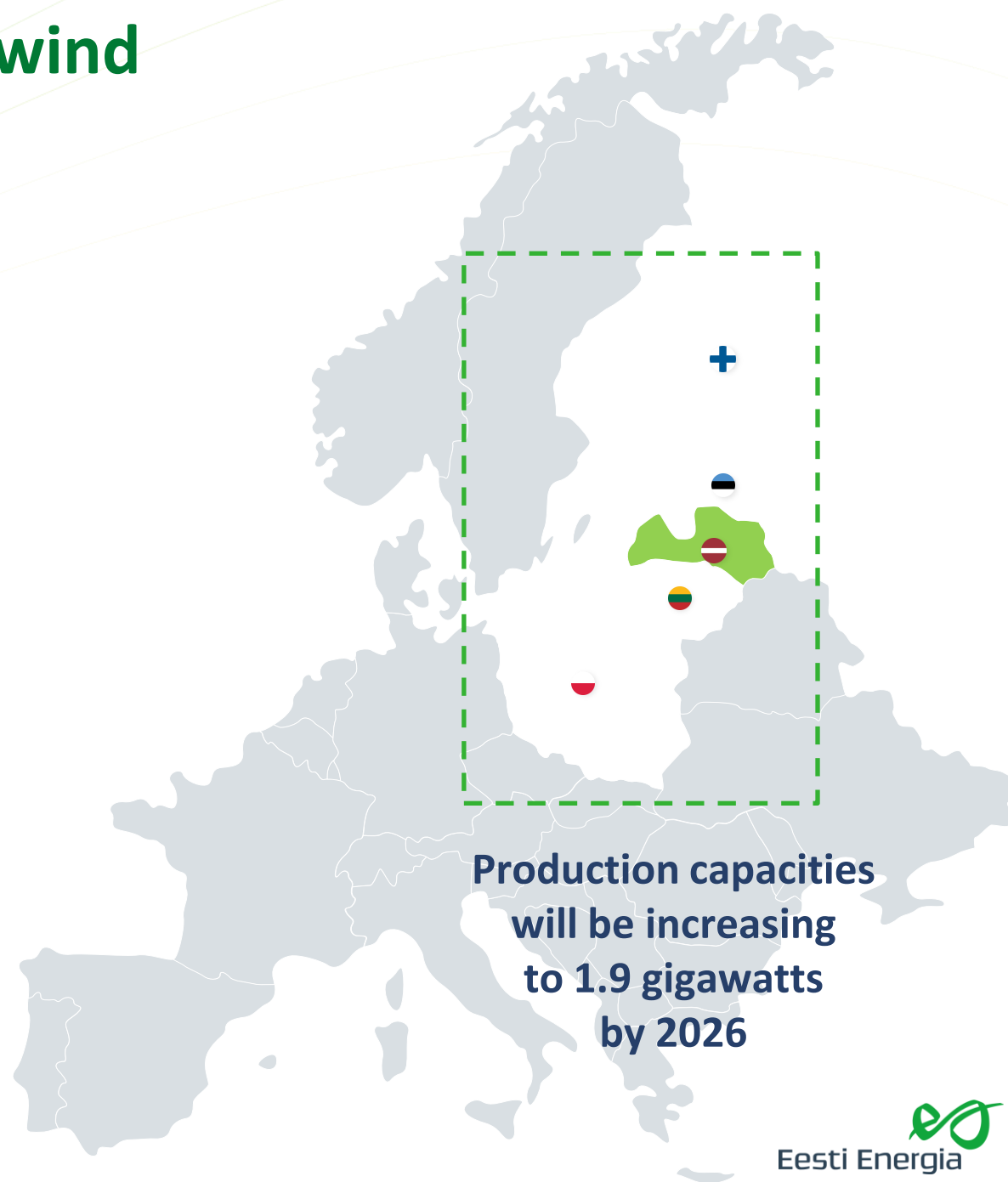
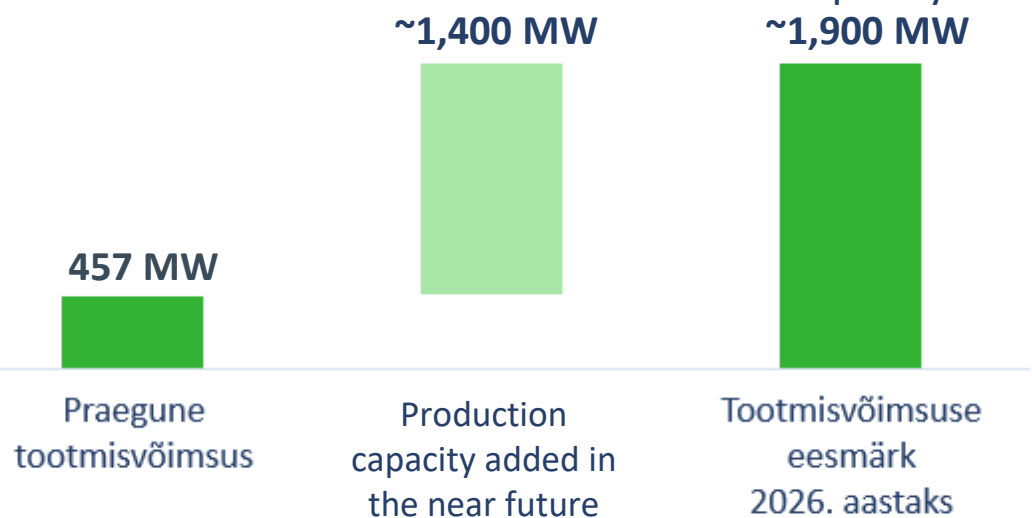
- *hydropower, Ruhnu's renewable energy solution*
- *includes renewable electricity produced by both Enefit Green and Enefit Power*





# Enefit Green will be building new wind and solar parks in countries from Finland to Poland

Over 2022–2026, we will presumably invest **EUR 1.5 billion**



# We will build new wind farms in partnership with customers

Customers gain long-term certainty about the price of electricity and renewable energy developers gain security of investment

More than  
**1,000**  
customers  
have chosen  
the solution in  
a volume

By 2026, we  
will be selling  
such contracts  
in the volume  
of  
**31 TWh**



The LCoE of offshore wind farms is declining by 30-50% in 2030-2050 to 30 EUR/MWh <sup>1</sup>

The efficiency will increase to 58% by 2030 <sup>2</sup>

The offshore wind farm in the Gulf of Riga would cover Estonian consumption approx. 50%

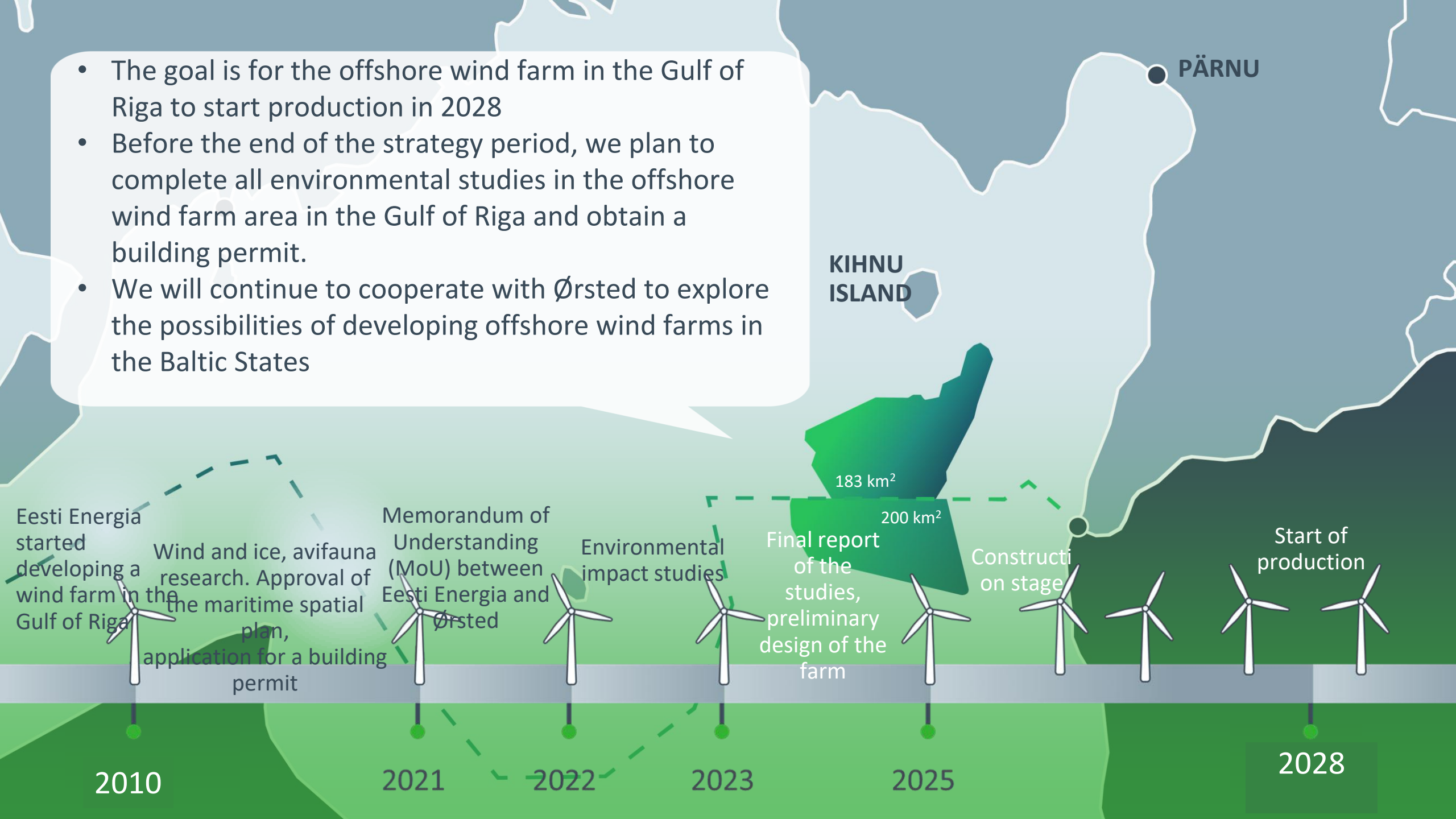
**The cost price of offshore wind farms (LCoE) will fall below the cost price of onshore wind farms in 10-20 years**

<sup>1</sup> International Energy Agency (IEA) <sup>2</sup> International Renewable Energy Agency (IRENA)





- The goal is for the offshore wind farm in the Gulf of Riga to start production in 2028
- Before the end of the strategy period, we plan to complete all environmental studies in the offshore wind farm area in the Gulf of Riga and obtain a building permit.
- We will continue to cooperate with Ørsted to explore the possibilities of developing offshore wind farms in the Baltic States



PÄRNU

KIHNU ISLAND

183 km<sup>2</sup>

200 km<sup>2</sup>

Eesti Energia started developing a wind farm in the Gulf of Riga

Wind and ice, avifauna research. Approval of the maritime spatial plan, application for a building permit

Memorandum of Understanding (MoU) between Eesti Energia and Ørsted

Environmental impact studies

Final report of the studies, preliminary design of the farm

Construction on stage

Start of production

2010

2021

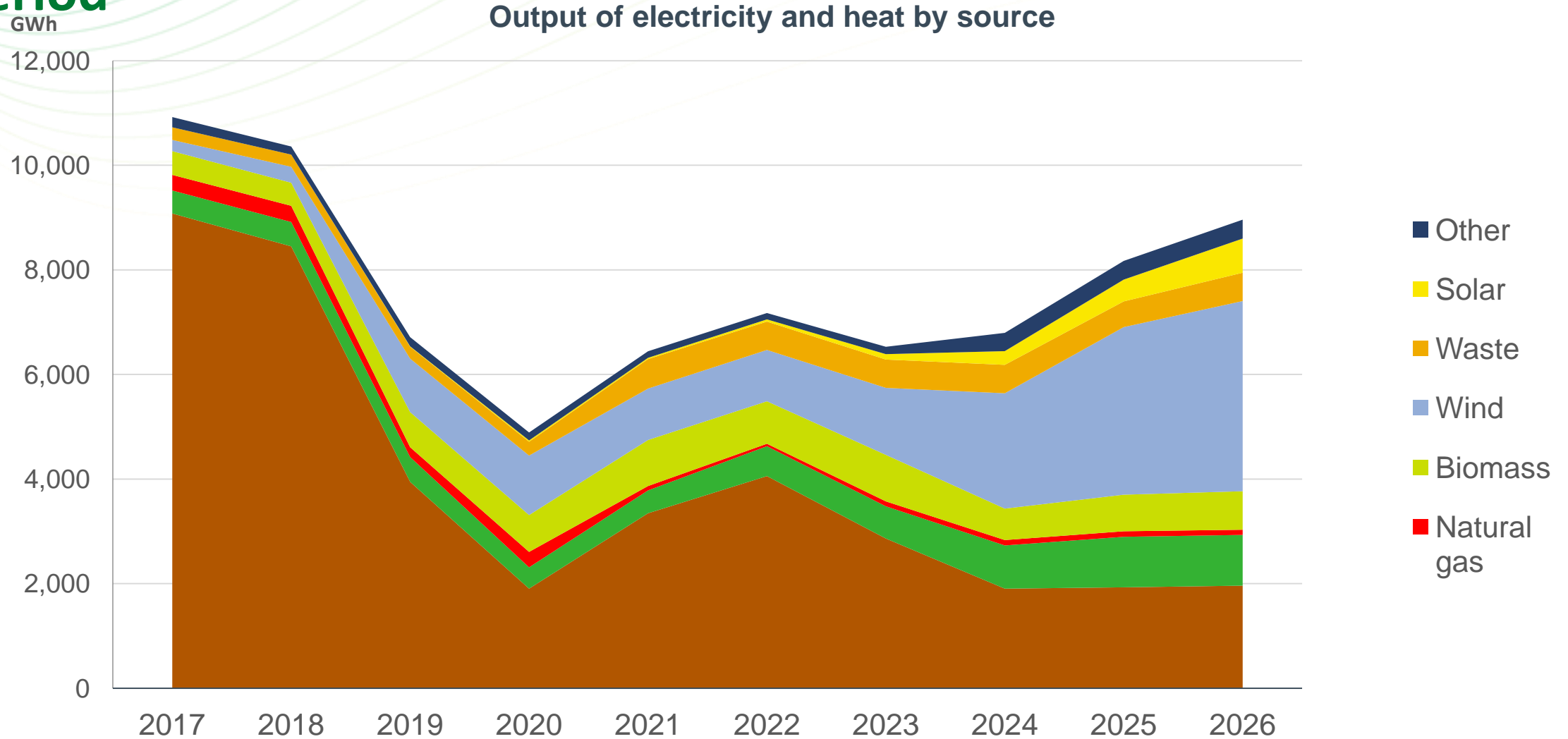
2022

2023

2025

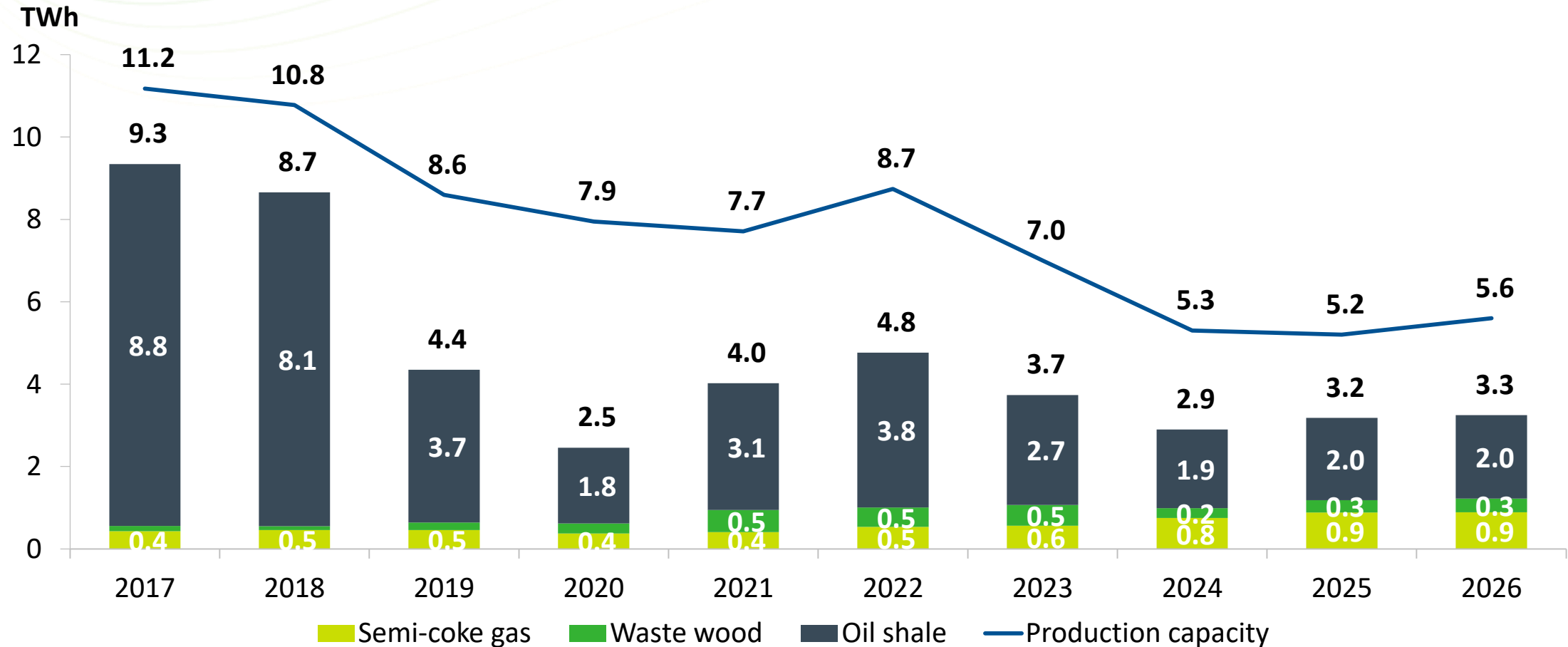
2028

# Wind energy output will increase the most during the strategy period



\* Does not include oil shale used in the production of liquid fuels

# Enefit Power ensures steerable electricity generation with circular economy solutions



*From 2024, dust incineration units have been excluded from the calculation of production capacity*





**Through the circular economy, we include other sectors to the green revolution; our production will be carbon-neutral by 2045**



# Eesti Energia's large-scale energy production offers circular economy solutions to other sectors



## Ash

The goal is to recycle **0.4 million tons**

Agriculture, building materials, road construction, production of aggregates



## Limestone

The goal is to recycle **100%** of the limestone generated

Road construction, Structures of PV and PSHEP for Estonia, production of aggregates



## Wood waste

The goal is to use **5.8 TWh**

Renewable electricity and heat production



## Waste plastics

The goal is to recycle up to **45,000 tons of waste per year**

Production of inputs for the chemical industry

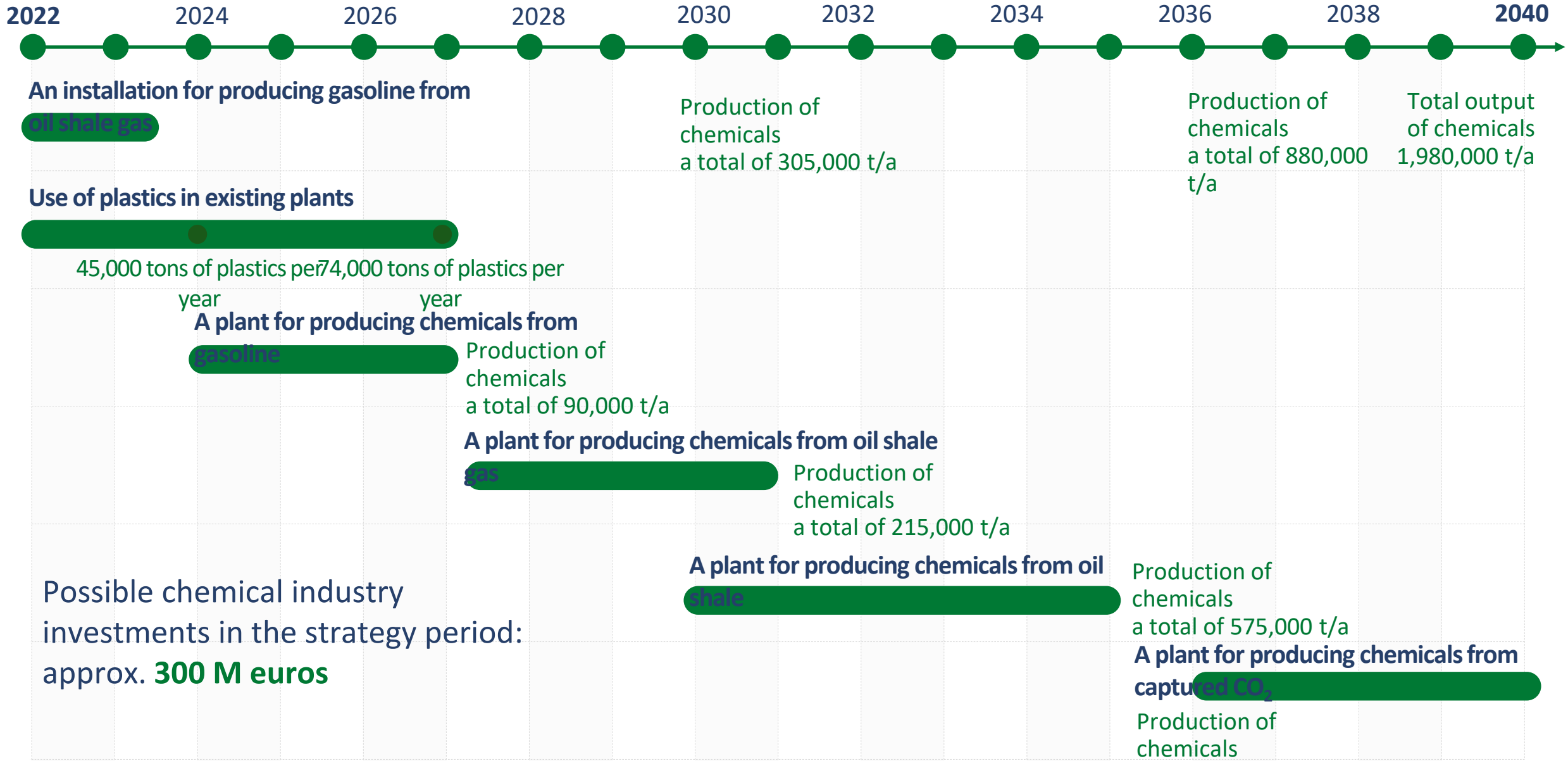


## Waste tyres

The goal is to replace up to **10%** of oil shale with tyre chips

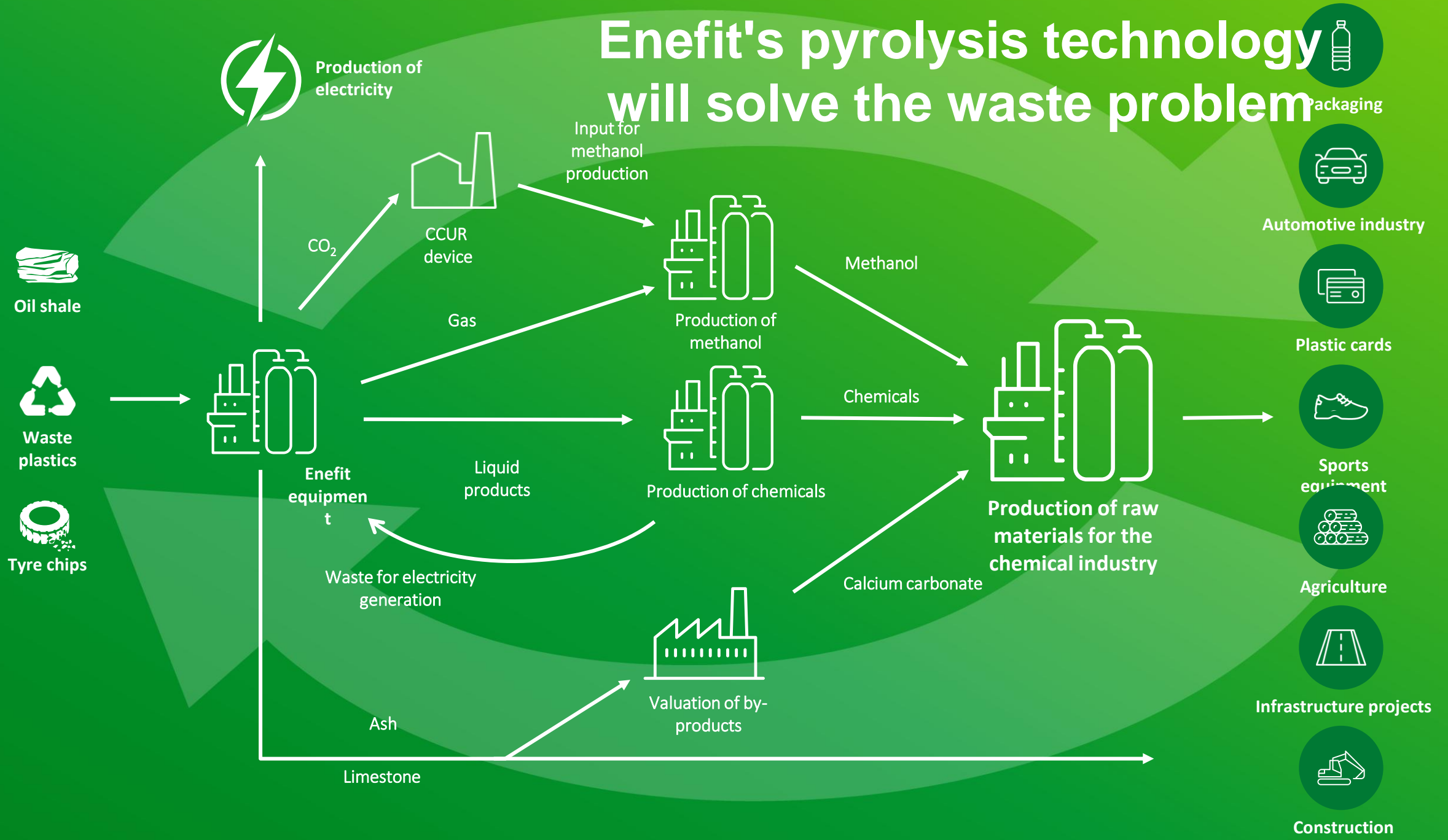
Production of inputs for the chemical industry

# Chemical industry roadmap: By 2026, we will have started producing chemicals





# Enefit's pyrolysis technology will solve the waste problem



# We will implement the strategy with the best partners, also growing through M&A

## With partners we will develop:

- Chemical industry
- Flexibility services
- Electromobility



## Through M&A we will grow:

- Renewable energy production
- Portfolio of electricity and gas customers
- Ability to offer new customer solutions



# Leveraging research and development investments with co-financing

- We will attract a minimum of **one million euros a year** of funds for early-stage innovation activities
- We will provide additional leverage for **at least three major strategic** initiatives
- We will submit co-financing applications for major strategic initiatives:
  - Development of smart energy solutions, including data science
  - Establishment of the offshore wind farm in the Gulf of Riga
  - Construction of a pumped-storage hydroelectric plant
  - Transformation of Balti Power Plant
  - Oil shale chemical industry
- We will apply for funding from, among others, European Union's Recovery and Resilience Facility (RRF), Just Transition Fund, Innovation Fund, connecting Europe Facility (CEF), and Horizon Europe.



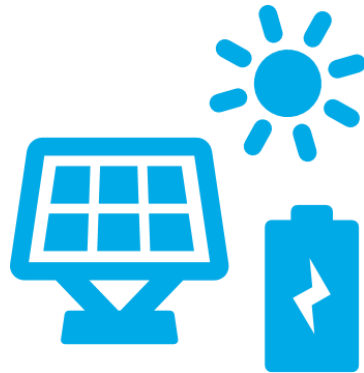


**We will develop a more reliable power network that can cope with growing electricity consumption and to which thousands of new electricity producers can connect**

# Electricity grid – The backbone of electrification



Offers by micro-producers in a 30-day time frame  
Within the three months of 2022, as many micro-producers were added to the network as in 2021 combined.



Smart solutions to enable micro-producers to connect.  
We will introduce reactive power control and storage devices.



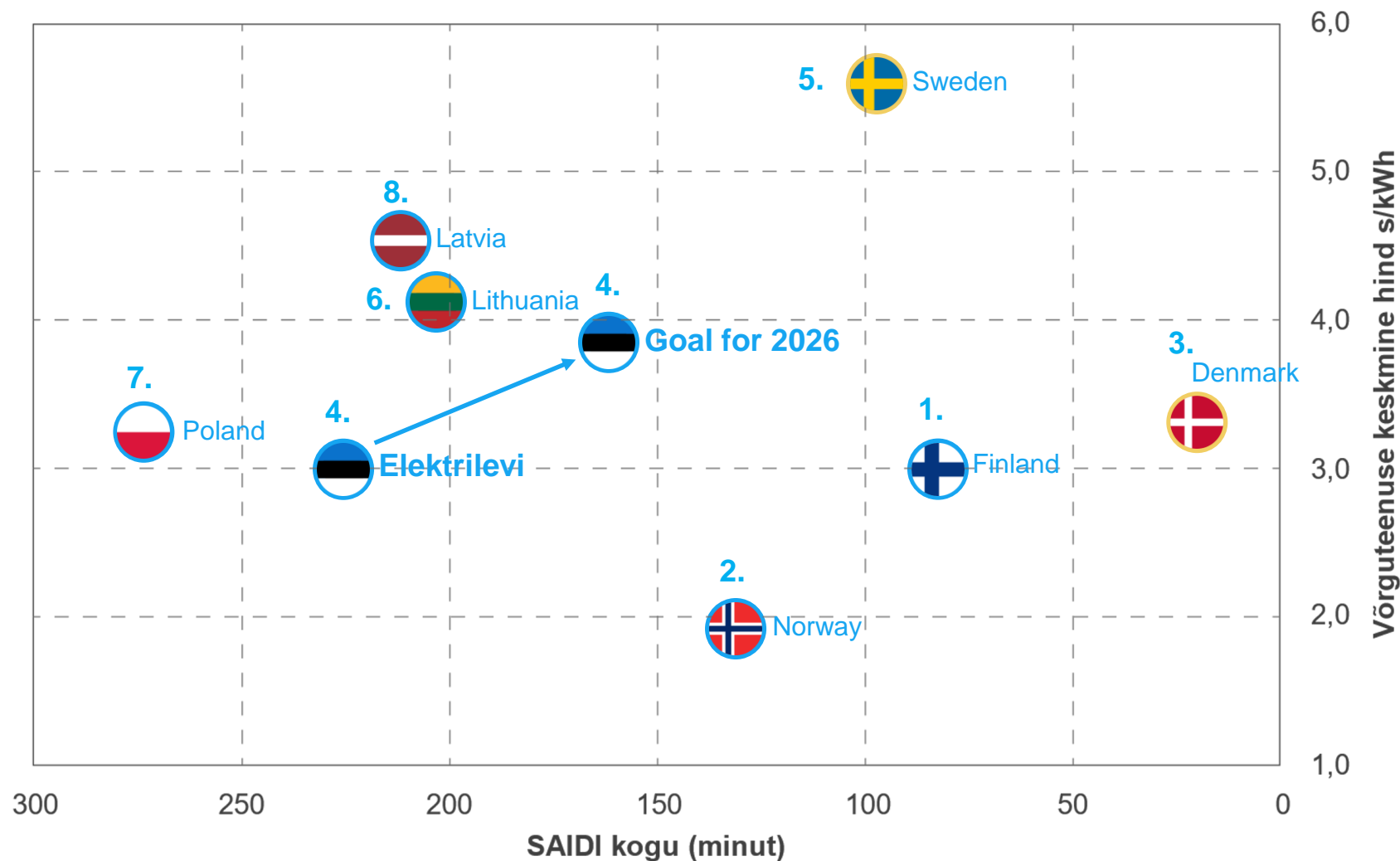
Power network reliability will improve by 30%  
2020 vs 2021 had 1,000 fewer failures (13 000->12 000).



Faster communication with customers and partners.  
We launched the MARU app that has already had more than 100,000 sessions.

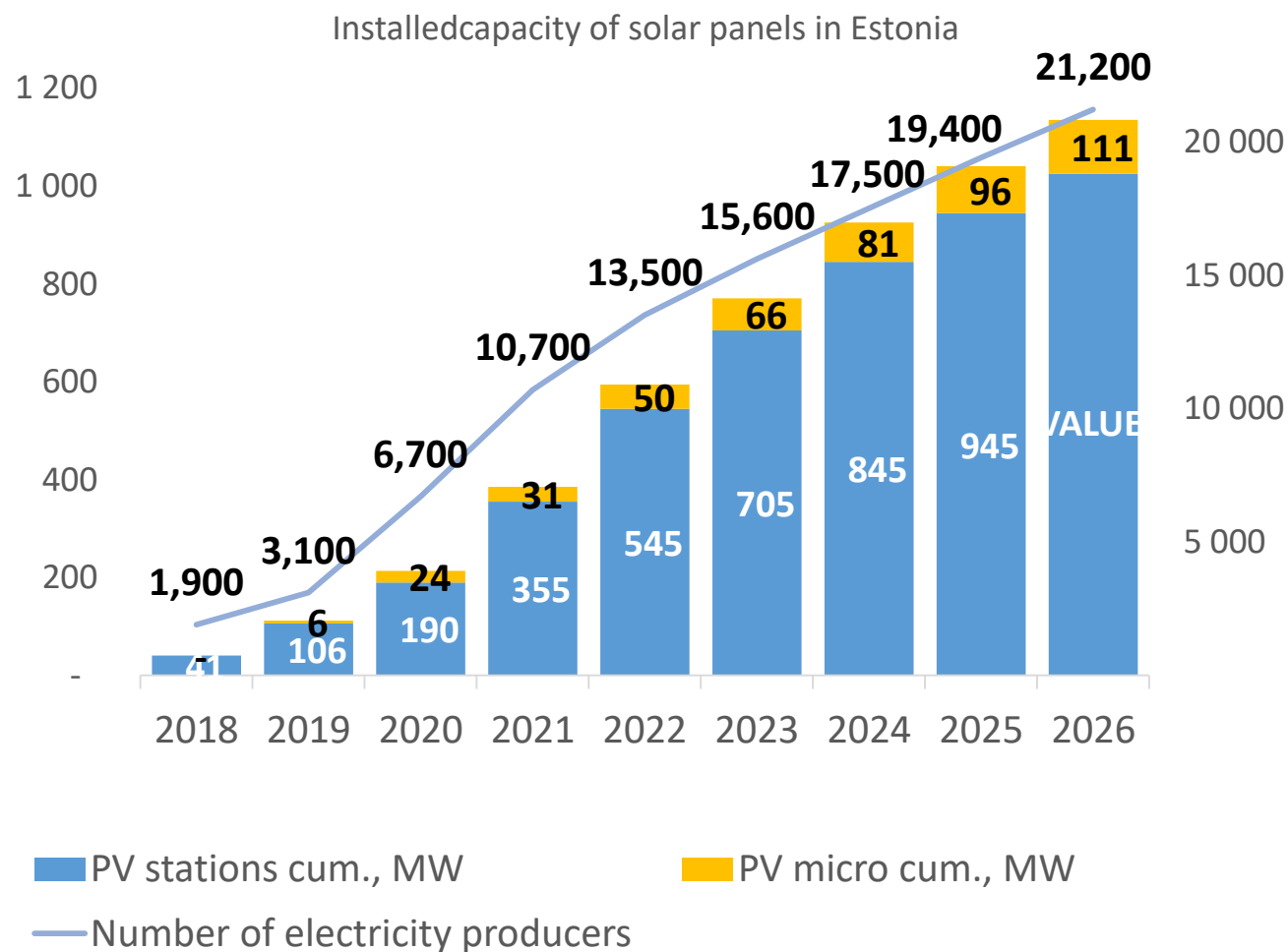


# Ensuring the competitiveness of our network services in the Baltic Sea region





# The number of electricity producers connecting to the network has risen sharply and will continue to grow during the strategy period

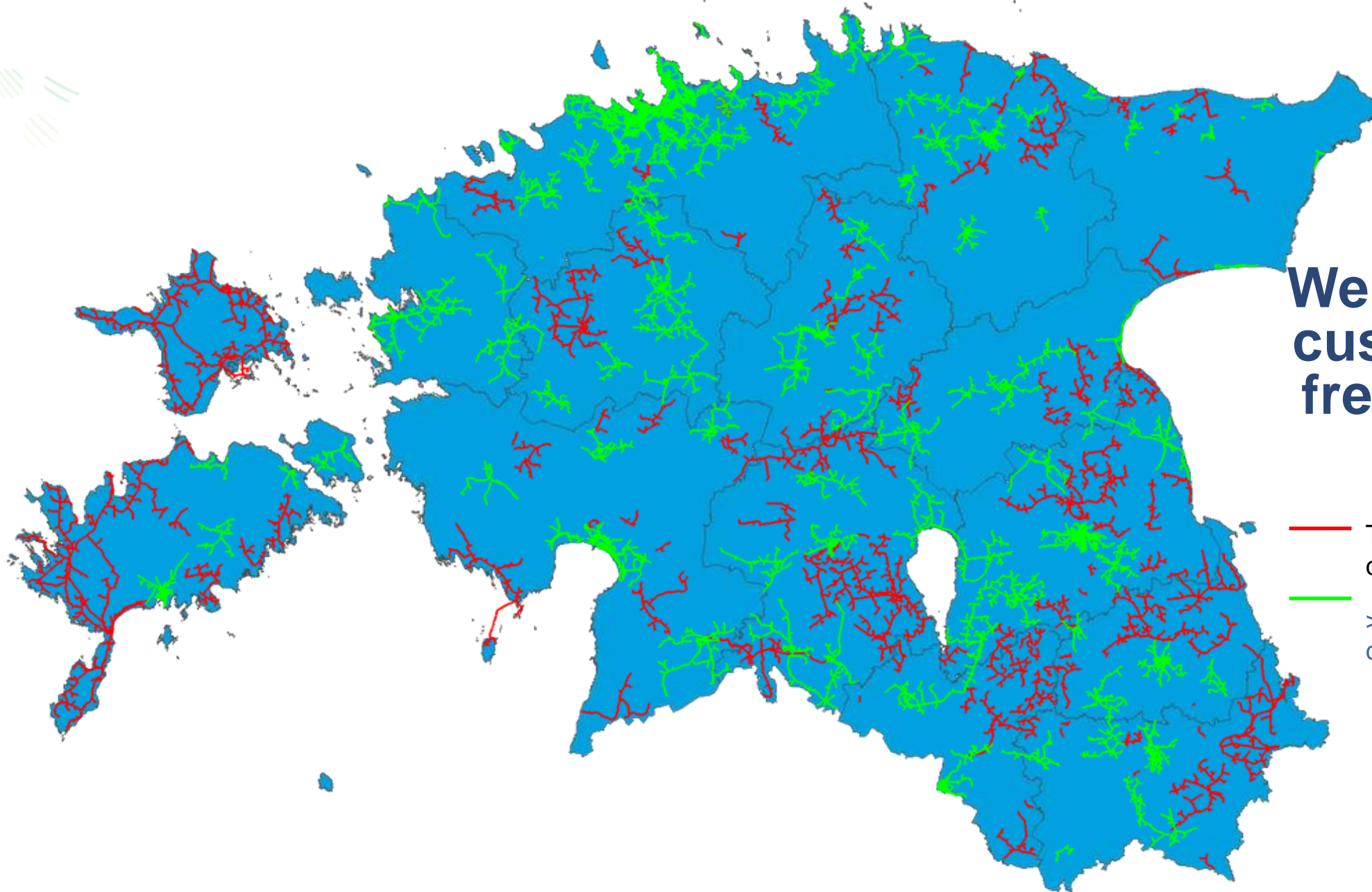


**There will be 60% more electricity producers in the grid in 2026 than in 2022**

**The connection of new producers will bring new challenges, including:**

- The current one-way traffic will be replaced by two-way traffic, meaning a more complex network management
- Electricity generated and consumed in the distribution network will reduce losses and the purchase of electricity from the transmission network
- In order to connect producers, we will need a government grant of 55 million euros, which would enable another 700 MW of producers to be connected to the network





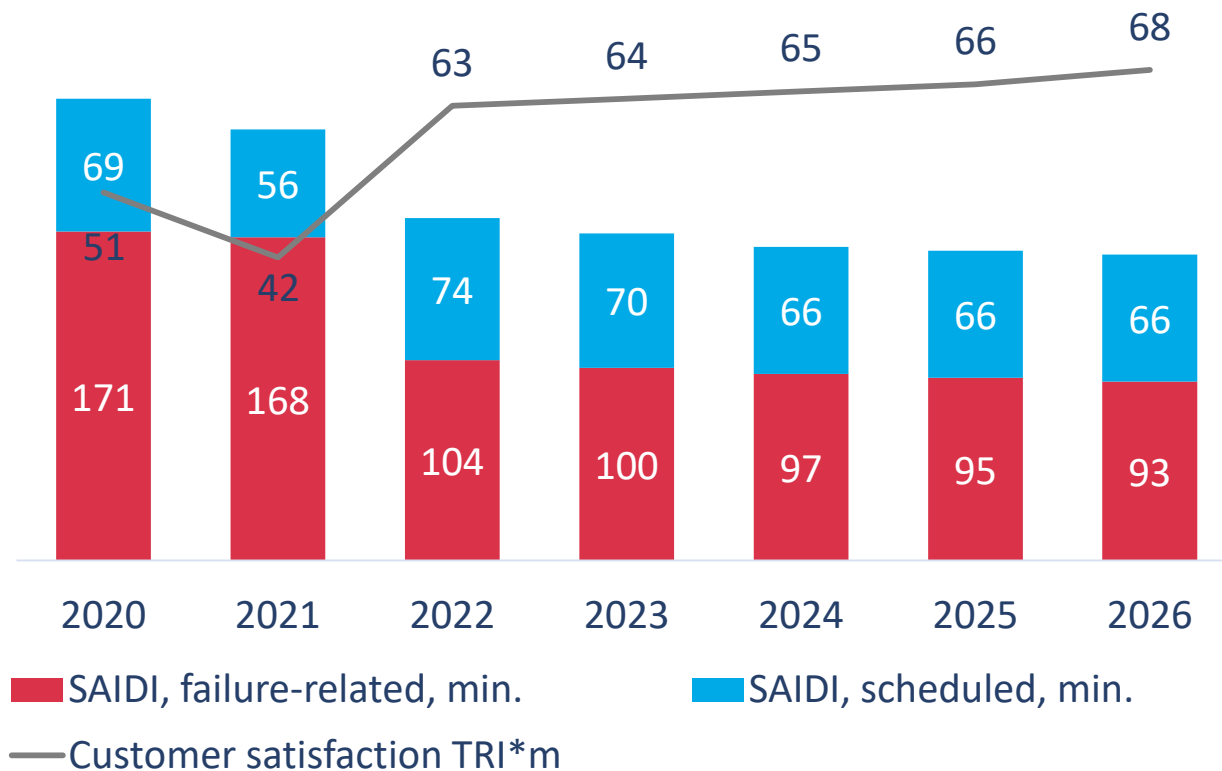
## We will direct customers to free capacity areas

- There is no spare capacity for production
- >200kW of spare capacity

The map does not take into account the capacity in the direction of the transmission network or pending or incoming connection requests.



# The duration of power outages will decrease by a total of 29% during the strategy period, customer satisfaction will increase by 60%



- We will increase the share of weatherproof electricity network from 71% to 80%.
- To cut down failures, we will continue to reduce low-voltage bare-wire overhead lines that account for 7% of the network but 35% of failures.
- To reduce the duration of interruptions, we will introduce a network management system that automatically detects the failure location; we will use generators.
- The MARU app has helped to improve customer communication during storms. It has been used more than 100,000 times in the first 6 months.
- In 2023, customers will receive a connection quote through a web application.







# The people of Eesti Energia



# Growing as an employer in all markets

## The biggest challenges for 2022–2026:

- Recruiting talent in all home markets
- Maintaining a strong organizational culture
- Ensuring high management quality

## To meet the challenges:

- We are investing in the development of future generations and future competencies; we are focusing on competencies related to new technologies and the chemical industry
- With three-level management, we will create a faster and more flexible organization
- We have the best talent in value-creating roles
- We are retaining today's and future employees – our value proposition is target group-based and competitive in all home markets

In 2022, the strategy is being implemented by 4,575 people, in 2026, there will already be 5,138 of us



+576 (4,765)



+46 (138)



+70 (120)



+74 (114)

Recruitment volumes during the strategy period and number of

