
Eesti Energia
Annual Report 2024

Contents

Operating Results in 2024

SALES REVENUE
1.8 billion €

EBITDA*
398 million €

INVESTMENTS
724 million €

AVERAGE NUMBER OF EMPLOYEES
4,908

ELECTRICITY PRODUCTION
3.8 TWh

SHALE OIL PRODUCTION
451 thousand tonnes

ELECTRICITY SALES
10.4 TWh

ELECTRICITY DISTRIBUTED
6.6 TWh

* Adjusted EBITDA 400 million euros. Adjusted profit – profit excluding the fair value adjustments of long-term PPAs.

Dear reader,

Eesti Energia was established in 1939 with the aim of supplying electricity to the whole of Estonia. By the end of 2024, we have significantly expanded our reach, both geographically and operationally. Our reach extends far beyond Estonia, including renewable energy generation from Finland to Poland. We are the electricity supplier of choice for more than 600,000 customers in the Baltic countries and Poland.

The Eesti Energia group facilitates the green transition and we make electricity production in the region more affordable and environmentally friendly. At the same time, we contribute to the security of electricity supply with our dispatchable power plants, provide high-quality electricity distribution service and develop chemical industry in Ida-Viru county. We provide people with useful energy solutions that reduce their carbon footprint, from green electricity and solar panels to storage solutions and EV chargers.

In 2024, solar and wind energy production in the Baltic Sea region increased significantly, contributing to the availability of clean energy. Our renewable energy projects, such as new wind farms and solar power plants, have helped reduce both our markets' dependence on fossil fuels and the carbon footprint of the region's electricity generation.

In 2024, we produced energy in a cleaner and more diverse way than ever before, using sources such as wind, solar and waste. Thanks to new generation capacity, we increased our renewable energy generation by 35% compared to 2023. As a result, for the first time, renewable energy accounted for more than half of our electricity generation, a full 56%. Supported by consistent investment in renewables, our installed renewable generation capacity exceeded 1,000 MW in 2024. The time is not far off when Eesti Energia's renewable generation capacity will exceed that of its conventional thermal power plants.

The growth of renewable energy generation will bring clean and competitively priced electricity to the region, but any electricity system needs dispatchable capacity to function. Dispatchable power plants help ensure grid stability and security of supply during the transition to renewables. This is why our dispatchable power plants also contribute to the region's electricity market. The year leading up to the synchronisation of the Baltic countries with the Continental European frequency area in February 2025 highlighted the critical importance of dispatchable power plants in our energy system.

However, keeping the old oil shale power plants running is a challenge. Designed to operate at a constant base load, oil shale plants cannot cope with an increasingly volatile electricity market. In addition, due to its high carbon emissions and the EU's emissions trading rules, oil shale power cannot compete with renewables and other lower-emitting generation. As a result, there will be fewer hours each year when our oil shale plants can sell their output on the market.

Nevertheless, oil shale power plants are still essential for security of supply in the region. Their future value lies in their ability to be used at times when other sources of electricity are scarce. Their declining competitiveness means that a new source of revenue must be found to maintain them. To this end, we took important steps in 2024 in partnership with the state, such as developing the amendments of the Electricity Market Act and establishing a separate company for standby power plants.

We are making the green transition in line with the climate targets of Estonia, our other core markets and the EU, and are committed to making our industry carbon neutral. Over the past 30 years, the energy sector has made the largest contribution to reducing Estonia's emissions. In 2024, we also met the owner's and public's expectation of increasingly carbon-free power generation – the CO_2 intensity of our electricity production has decreased every year. As we move towards renewable energy and low-emission dispatchable power plants in electricity generation, we are also transforming our liquid fuels production into a chemical industry. We took an important step in this direction in 2024 when we started the basic design of a multi-feed naphtha refinery. The new facility would enable us to refine part of the product currently marketed as a fuel into a valuable raw material for the materials industry.

Our journey towards a cleaner and more sustainable future is not just about reducing our own carbon footprint and increasing green energy production. We are also supporting our customers by providing useful energy solutions that reduce their ecological footprint, from green electricity and solar panels to integrated energy storage and EV charging solutions.

While the pace of solar panel installations has slowed somewhat compared to recent years, interest in energy storage has grown rapidly. By using batteries, our customers can make the most of the solar energy they generate, reduce their electricity bills and protect themselves against power cuts. Equally important is our Enefit battery management software, which optimises the use of batteries and solar energy for both homes and businesses, while helping to stabilise the grid and enabling customers to earn additional income from flexibility markets. In 2024, we launched the first large-scale storage solutions for corporate customers, which have delivered excellent results. This has further increased interest in large-scale energy storage.

Thanks to the rapid development of charging infrastructure, more and more people are choosing electric cars as their daily mode of transport. This is an important step towards a greener future. We are contributing to this through our public charging network as well as charging solutions for private homes, apartment blocks and offices. In 2024 alone, customers drove more than 13 million CO_2-free kilometres using energy charged from our public charging network.

In addition to the expansion in Estonia and Lithuania, we also opened public charging infrastructure in Latvia and Poland in 2024. By the end of the year, our charging network had grown to more than 300 locations, enabling more than 1,000 electric cars to be charged simultaneously. As a result, we have made the use of electric cars more convenient and accessible throughout the region from Estonia to the German border.

At Eesti Energia, our energy goes to people. We strive to make electricity production more affordable and environmentally friendly, and we understand that achieving competitive energy prices is crucial for ensuring sustainable economic growth and people's wellbeing. In 2024, we made significant progress in this direction. We will continue to work to provide affordable and sustainable energy for all our customers.

Andrus Durejko
Chairman of the Management Board of Eesti Energia

Key Figures and Ratios

		2024	2023
Total electricity sales	GWh	10,417	10,236
Electricity distributed	GWh	6,557	6,475
Shale oil sales	th t	435	468
Electricity production	GWh	3,791	3,614
Shale oil production	th t	451	475
Heat production	GWh	1,041	1,182
Average number of employees	No.	4,908	5,268
Sales revenues	m€	1,785.2	1,905.5
EBITDA	m€	398.2	436.7
Adjusted* EBITDA	m€	400.0	483.1
Net profit (loss)	m€	12.9	-422.1
Adjusted* net profit (loss)	m€	14.7	-375.7
incl impairment of fixed assets**	m€	-171.1	-632.3
Investments	m€	723.6	779.3
Cash flow from operating activities	m€	594.6	13.9
Non-current assets	m€	4,042	3,681
Equity	m€	2,383	2,060
Net debt	m€	1,201	1,495
Net debt / EBITDA	times	3.0	3.4
EBITDA margin	%	22.3	22.9

* Adjusted profit – profit excluding the fair value adjustments of long-term PPAs
** Net profit includes impairment losses on the assets of the oil shale mines and the shale oil plant of 164 million euros in 2024. The impairment of assets for oil shale power plants amounted to 628 million euros in 2023

Operating Environment

Operating Environment

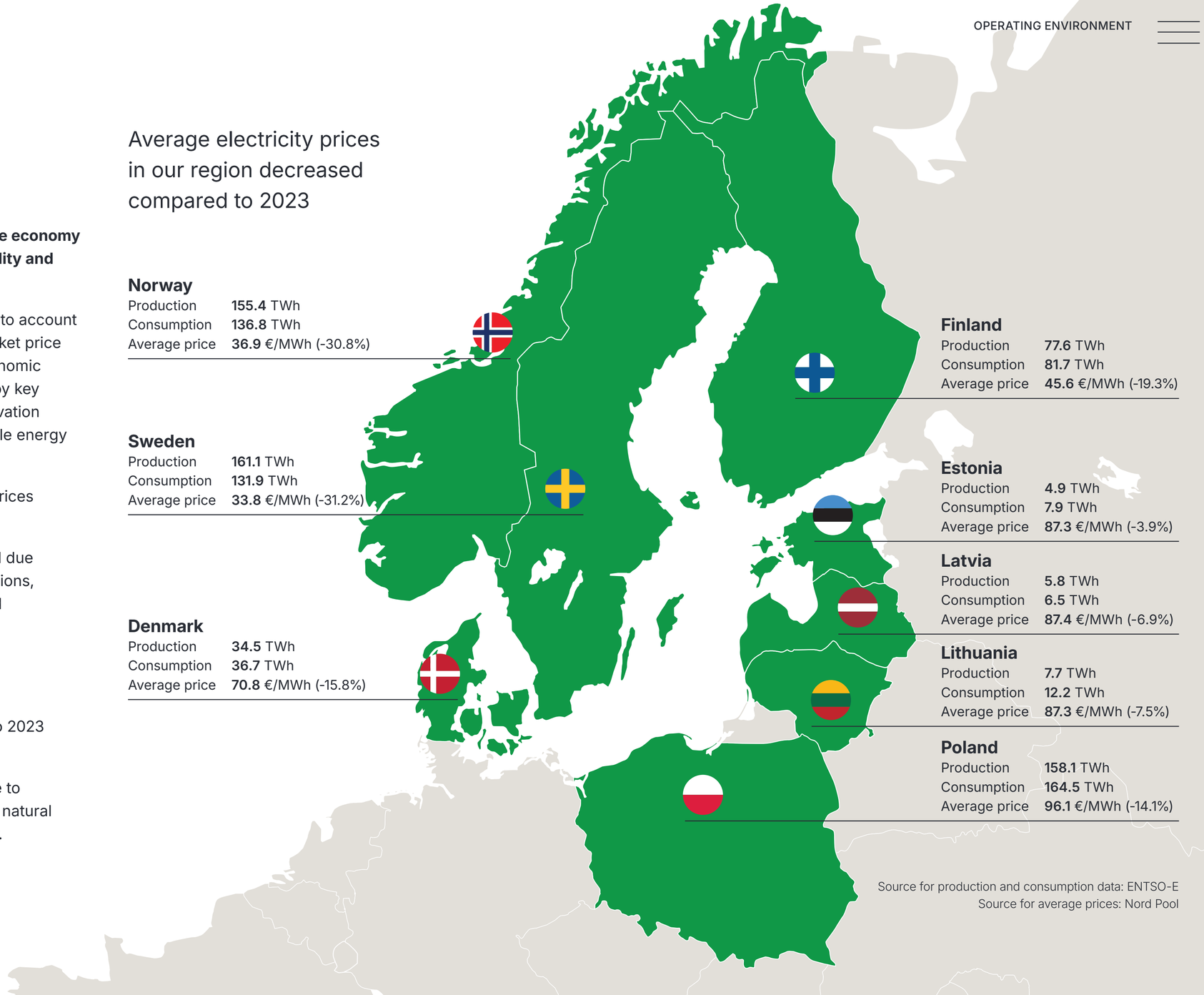
The energy sector has a major impact on the functioning of the economy and society, with operators in the sector ensuring the availability and security of energy supply for everyday life and business.

As an international energy company, Eesti Energia has to take into account many factors that affect its operating environment, such as market price fluctuations, regulations, weather conditions and the global economic and political situation. In addition, our activities are also driven by key energy trends: climate change expectations, technological innovation and breakthroughs, and the need to offer sustainable and flexible energy solutions to our customers.

Compared to the previous year, the following trends in market prices had a significant impact on our business in 2024:

- Electricity prices in the Baltic and Nordic countries decreased due to lower natural gas prices and favourable hydropower conditions, but variable weather with power plant outages and scheduled maintenance caused price volatility.
- Emission allowance prices fell by 22% over the year, hitting a two-year low in February.
- Global oil product prices showed a slight decline compared to 2023 due to the global economic slowdown and reduced demand.
- Gas prices fell to their lowest level in four years. This was due to changes in supply chains, falling demand, efficiently planned natural gas inventories in Europe and increased LNG supply capacity.

Average electricity prices in our region decreased compared to 2023



Norway
Production **155.4** TWh
Consumption **136.8** TWh
Average price **36.9** €/MWh (-30.8%)

Sweden
Production **161.1** TWh
Consumption **131.9** TWh
Average price **33.8** €/MWh (-31.2%)

Denmark
Production **34.5** TWh
Consumption **36.7** TWh
Average price **70.8** €/MWh (-15.8%)

Finland
Production **77.6** TWh
Consumption **81.7** TWh
Average price **45.6** €/MWh (-19.3%)

Estonia
Production **4.9** TWh
Consumption **7.9** TWh
Average price **87.3** €/MWh (-3.9%)

Latvia
Production **5.8** TWh
Consumption **6.5** TWh
Average price **87.4** €/MWh (-6.9%)

Lithuania
Production **7.7** TWh
Consumption **12.2** TWh
Average price **87.3** €/MWh (-7.5%)

Poland
Production **158.1** TWh
Consumption **164.5** TWh
Average price **96.1** €/MWh (-14.1%)

Source for production and consumption data: ENTSO-E
Source for average prices: Nord Pool

Estonia is a member of Nord Pool, a power exchange where power generators sell the electricity they produce on the exchange and power suppliers buy electricity from the exchange to sell to end consumers. We are most affected by electricity prices in Estonia, Latvia, Lithuania and Poland, where we both generate and sell electricity.

The electricity markets in Estonia and neighbouring countries are closely interconnected by transmission cables, which means that electricity production and prices are also affected by a number of factors outside our main markets, such as water levels in Norwegian hydropower reservoirs and wind conditions in the region. Potential disruptions to transmission cables have a strong impact on the balance between electricity supply and demand, causing price volatility.

ELECTRICITY PRICES IN THE BALTICS WERE DRIVEN BY HIGHER RENEWABLE GENERATION AND ESTLINK2 OUTAGE

In the first half of the year, electricity markets in Estonia and neighbouring countries were mainly influenced by weather conditions, maintenance work on generation capacities in the Nord Pool region and relatively low market prices for natural gas. In addition, electricity prices were strongly affected by the disruption of the power link between Finland and Estonia, when the EstLink2 undersea power cable was shut down due to a fault in early 2024. Its lengthy and complex repair took until September. The incident resulted in less Nordic electricity reaching Estonia than expected, which in turn affected energy market dynamics and price formation.

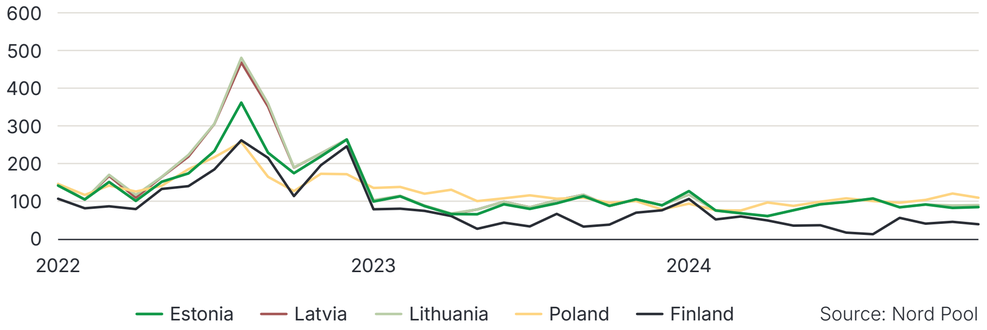
In the second half of 2024, the market began to stabilise, but electricity prices continued to be affected by weather conditions and the state of infrastructure. In the third quarter, peak-hour prices decreased compared to the previous year, supported by EstLink2 resuming operation and an increase in renewable generation capacity. In the fourth quarter, electricity prices in the Baltic and Nordic countries were volatile due to weather conditions, but low natural gas prices and renewable generation volumes supported a downtrend. The increase in renewable generation volumes was strongly supported by the gradual completion of the Baltic countries' most powerful renewable energy site at Sopi-Tootsi, where all 38 wind turbines in the wind farm were generating electricity by the end of 2024.

An improved hydro balance in the Nordic countries helped stabilise prices towards the end of the year. At the same time, a further disruption of EstLink2 at the end of 2024 brought forward price pressure. External and unforeseen factors are causing volatility in energy prices and are likely to continue to affect electricity prices in 2025.

The average electricity price in Estonia in 2024 was €87.3/MWh (-€3.5/MWh, -3.9%). The average daily electricity price was the highest on 5 January: €890.5/MWh (+€602.7/MWh compared to 2023) and the lowest on 20 October: €2.6/MWh (-€2.4/MWh compared to 2023).

Average market price of electricity in our core markets by quarter

€/MWh



Source: Nord Pool

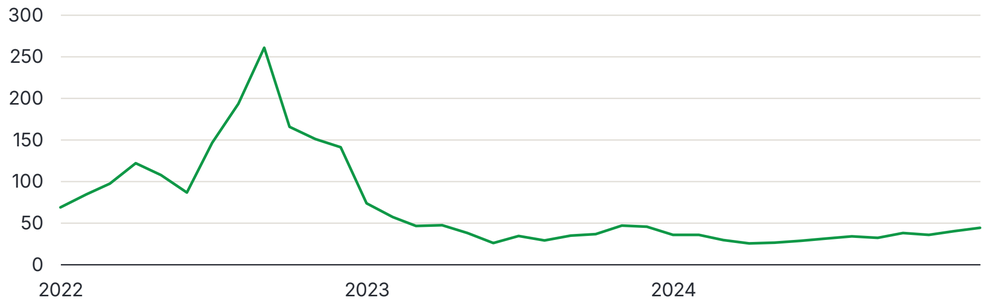
NATURAL GAS PRICE WAS STABLE

In 2024, the average price of traded natural gas was €33.8/MWh (-€6.3/MWh, -15.7% compared to 2023) and the European gas market was relatively stable compared to previous years. The first half of the year was characterised by lower prices and more stable supply than in 2023. The period was relatively favourable for the European natural gas market, thanks to high inventories, favourable weather conditions and low demand, as well as higher LNG supplies. Natural gas prices fell in the first quarter, mainly due to the increase in LNG production and the absence of supply disruptions. The heating season was one of the warmest on record, which reduced demand for gas. In the second quarter, the average price of natural gas was €29.2/MWh, the lowest for any quarter in 2024. This was expected as the price of natural gas is cyclical and spring is usually the low point of the cycle.

In the second half of the year, the gas price fluctuated somewhat, mainly driven by weather conditions, demand and geopolitical factors. In the third quarter, prices were slightly higher than in the same period last year, as global LNG supply was reduced due to planned maintenance at LNG plants in Norway and emergency maintenance at facilities in Australia and Malaysia. In addition, prices were influenced by increased LNG demand in the Asian market, geopolitical tensions in the Middle East and the seasonal change in weather conditions in the fourth quarter. While European gas storage facilities had reached 95% of their capacity in preparation for the winter, a cold spell in Europe led to a faster-than-expected drawdown, with storage levels around 10% lower than in the same period last year. Lower than expected renewable energy production and increased demand for LNG in Asia also had a negative impact on gas inventories.

Natural gas price

€/MWh



Source: Intercontinental Exchange

CO_2 EMISSION ALLOWANCE PRICES DECLINED COMPARED TO LAST YEAR

The EU Emissions Trading System aims to reduce CO_2 emissions in Europe by encouraging energy producers to use less polluting raw materials and to invest in more efficient production technologies.

The price of CO_2 emission allowances has a strong impact on the cost of producing electricity from direct combustion of oil shale, especially at our older and more CO_2-intensive generating facilities.

The average price of CO_2 emission allowances in the first half of 2024 was €65.5/t, 26.7% (-€23.9/t) lower than in the first half of 2023. In the first quarter, the price even fell to its lowest level in the last two years due to a weaker economic situation in several countries and additional allowances sold by the European Commission.

In the second half of 2024, the price of CO_2 emission allowances fluctuated but remained relatively stable. The average price was €67.4/t, 16.9% (-€13.8/t) lower than in the same period of 2023.

In the second half of the year, CO_2 emission allowance prices were mainly affected by weaker demand and the resulting reduction in the volume of allowances traded. Other factors included warmer-than-normal weather and growth in renewable energy production, which reduced the need for fossil fuel consumption and therefore for emission allowances.

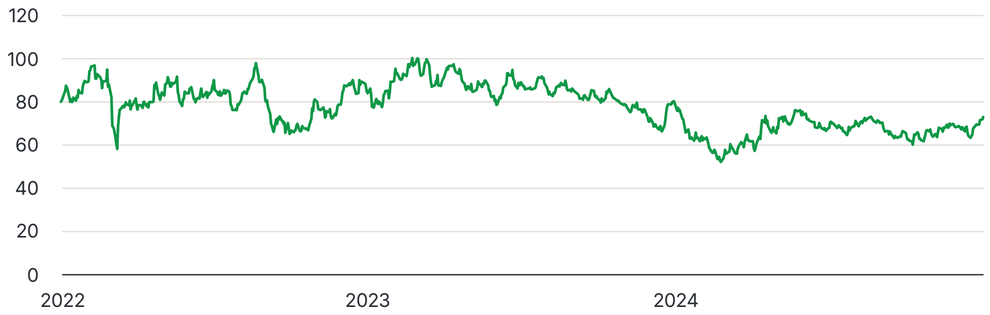
The average price of CO_2 allowances in 2024 was €66.6/t, 22.0% (-€18.7/t) lower than in 2023.

The Clean Dark Spread, an important indicator for power generation, reflects the estimated profit margin of an electricity producer which remains after deducting fuel and CO_2 emission costs from the average market price of electricity.

Eesti Energia's Clean Dark Spread in 2024 was -€7.5/MWh (+€18.2/MWh compared to 2023). This means that the cost of CO_2 and oil shale exceeded the market price of electricity, making the production of electricity from oil shale unprofitable.

CO_2 emission allowance prices

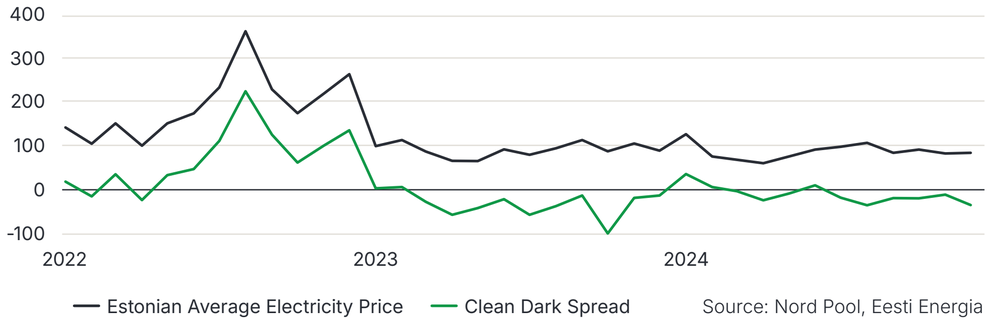
€/t



Source: Intercontinental Exchange

Eesti Energia Clean Dark Spreads' relation to Estonian electricity price

€/MWh



Source: Nord Pool, Eesti Energia

GLOBAL OIL PRODUCT PRICES REMAINED AT THE SAME LEVEL AS IN THE PREVIOUS YEAR: FUEL OIL PRICES WERE RELATIVELY STABLE, WHILE BRENT CRUDE OIL PRICES DECREASED SLIGHTLY

A widely traded oil product that is closest in nature to our shale oil is 1% sulphur fuel oil, whose price depends mainly on the price of Brent crude oil. The prices of crude oil and fuel oil influence the sales price of shale oil sold by Eesti Energia.

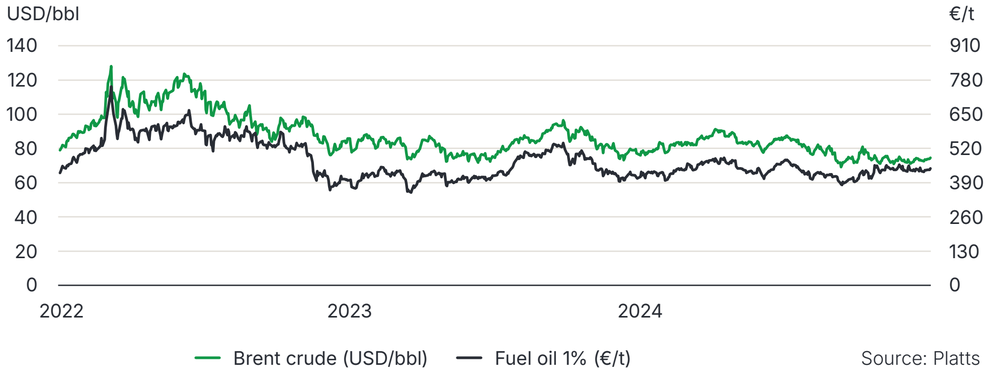
In the first half of 2024, the average price of Brent crude oil was USD 83.4/bbl, 4.0% higher (+USD 3.2/bbl) than in the same period of 2023. In the first half of the year, oil product prices were influenced by geopolitical conflicts, OPEC+ production cuts and better than expected economic conditions in the US and China.

In the second half of the year, liquid fuel prices fell, with Brent crude averaging USD 76.2/bbl, which is 9.5% lower (-USD 8.0/bbl) than in the second half of 2023. Despite OPEC+ production cuts and geopolitical tensions, prices declined due to a decrease in global demand. The main pressure on prices in the second half of the year came from weaker demand from China, one of the largest importers of oil products. China's economic situation also affects the level of global oil demand and therefore price movements.

The average price of Brent crude oil in 2024 was USD 79.8/bbl, 2.8% lower (-USD 2.3/bbl) than in 2023. The average price of 1% sulphur fuel oil was €436.6/t in 2024, at the same level as in 2023 (-0.01%, -€0.02/t).

Liquid fuels prices

USD/bbl, €/t



Source: Platts

Average price		2024	2023	2022
Brent crude	USD/bbl	79.8	82.2	98.9
Fuel oil 1%	€/t	436.6	436.6	542.0
Euro exchange rate	EUR/USD	1.08	1.08	1.05

INCREASING IMPACT OF REGULATION ON OUR BUSINESS

The competitiveness of oil shale power plants, which have ensured Estonia's security of supply for decades, has been exhausted due to their high CO_2 emissions. As Estonia still needs the support of oil shale power plants to ensure security of supply, a long-term solution for the maintenance of these plants needs to be found and agreements are being prepared. At the end of 2024, the Estonian government approved amendments to the Electricity Market Act that will enable transmission system operator Elering to procure isolated operation reserve service. According to the explanatory memorandum to the proposed amendments, the service should be available by the beginning of 2026 at the latest.

Another draft law with a significant impact on the electricity sector aims to free up dormant capacity by eliminating phantom connections. This would allow new generation capacity to be developed more quickly and at lower cost. If implemented, the proposed reform would impose heavy fines on 'idle' connection capacity or, alternatively, direct generators to close such capacity. According to the current draft, phantom connection capacity will also include the connection capacity of standby power plants, which are rarely used but are necessary to ensure the security of electricity supply.

Decoupling from the Russian grid will open up a completely new market in 2025, the market for frequency reserves. The procurement of this new service will entail costs that need to be recovered. However, the cost allocation proposals do not take into account the risks for balancing service providers and the impact on the cross-border competitiveness of Estonian electricity producers. A final solution has not yet been found.

Looking ahead, the sustainability of the current electricity market model is becoming increasingly questionable. The construction of new renewable generation capacity, the output of which is dependent on the weather, has exponentially increased the number of negative price hours in the Baltic countries. This is slowly and steadily reducing the sustainability of the dispatchable generation capacity needed for the electricity system. In neighbouring Finland, which had the highest number of negative price hours in Europe in 2024 (over 700), the issue has been under discussion for some time. There is therefore reason to believe that Finland will propose the introduction of a capacity mechanism to ensure the sustainability of dispatchable capacities as early as 2025.

The suspected sabotage incident with the EstLink2 subsea interconnector at the end of 2024 has clearly shown that the country's security of supply cannot rely solely on cross-border transmission capacities. There is no alternative to developing domestic power generation. In this situation, it is worth analysing what measures are needed to attract and maintain dispatchable capacities in the electricity system.

Electricity suppliers will be affected by the obligation imposed by an EU Directive from January 2025 to implement appropriate hedging strategies to ensure the economic viability of fixed-price supply contracts regardless of changes in market prices. Such an expectation of electricity suppliers is justified. At the same time, Lithuania has developed a policy according to which an electricity supplier cannot charge the customer for early termination of a fixed-price supply contract. Price-fixing is not free for electricity suppliers, and if the customer terminates the contract early, the supplier has to bear the cost. Litigation on this issue, which is crucial to electricity suppliers, continued throughout 2024 and will continue in 2025. A negative outcome could end the offering of fixed-price electricity contracts in Lithuania.

Main Events for the Group in 2024

Power Generation

DISPATCHABLE POWER GENERATION

The dispatchable power plants operated by the Group's subsidiary Enefit Power account for 85% of Estonia's dispatchable generation capacity. Although their competitiveness remained low in 2024, they play a vital role in ensuring security of power supply.

Eesti Energia's dispatchable generation capacities help ensure security of electricity supply

In an environment of low prices, the older carbon-intensive generating units had limited access to the market and were mostly kept on standby to help maintain security of supply.

In 2024, our dispatchable generating units in the Narva region produced 1.91 TWh of electricity, 16.1% (0.36 TWh) less than in 2023. 0.73 TWh (approximately 38%) of this was produced from alternative fuels.

The availability of the Auvere power plant was high in 2024 (89%), meeting the Group's expectations. This was achieved through upgrades and quality maintenance: four heat exchangers, which had been affecting availability for years, were replaced.

At the end of the year, Eesti Energia's net dispatchable electricity generation capacity was 1,165 MW. The figure comprises the facilities of Enefit Power: the 866 MW Eesti power plant, the 192 MW Balti power plant, the 272 MW Auvere power plant and the 20 MW Enefit-280 plant. In addition, the Group's subsidiary Enefit Green owns the Iru cogeneration plant with a capacity of 17 MW.

The capacity offered by Eesti Energia is sufficient to cover a significant part of Estonia's electricity consumption, even during maintenance or failure of some generating units.

Desynchronisation from the Russian electricity system

In February 2025, Estonia, along with Latvia and Lithuania, decoupled from the Russian electricity system and connected to the Continental European grid. After that, the Baltic countries have to ensure the stability of their electricity system themselves.

This created a need for flexible, fast-response reserves that can be activated in real time using digital solutions. The transition to renewable energy also increases the demand for frequency restoration reserves.

Eesti Energia played a key role in the desynchronisation of the Baltic electricity system from the Russian grid. We provided the necessary system services with our dispatchable oil shale-fired power plants, wind farms and battery storage solutions.

The Narva power plants operated by Enefit Power were at the forefront of the desynchronisation, as their generation capacity represents 85% of the total dispatchable power generation capacity in Estonia. In the future, we plan to support the Baltic electricity system with modern dispatchable generation facilities.

Eesti Energia is the largest provider of the manual frequency restoration reserve service in Estonia. The Group's power plants are able to meet the requirements of the European frequency control platform for both the manual frequency restoration reserve (mFRR) and the automatic frequency restoration reserve (aFRR) service. Eesti Energia has been providing the mFRR service to the transmission system operator Elering since the creation of the common Baltic mFRR market in 2018.

In October 2024, Eesti Energia started to provide the mFRR service to the MARI (Manually Activated Reserves Initiative) energy market platform. To this end, we passed the qualification process for the Enefit Power and Enefit Green production facilities to be declared compliant with the new mFRR requirements and were the first in Estonia and Lithuania to start providing the mFRR service with wind farms. This groundbreaking step will help ensure the functioning of the Baltic power system after the decoupling from BRELL. BRELL is an integrated power system of alternating current lines that used to connect neighbouring countries: Belarus, Russia, Estonia, Latvia and Lithuania.

In 2024, we interfaced an additional 455 MW of assets with the virtual power plant platform, which now has a total capacity of 2.1 GW, to provide system services. This included increasing the capacity of dispatchable assets by 290 MW to 0.7 GW.

Qualified capacities (MW) for the frequency restoration reserve market

as at 31 December 2024

Production unit	mFRR up regulation	mFRR down regulation	FRR up regulation	aFRR down regulation
Auvere power plant	50	50	25	25
Balti power plant, generating unit 11			15	15
Eesti power plant, generating unit 8	25	25	15	15
Eesti power plant, generating unit 5	25	25		
EG Tolpanvaara wind farm		55		55
EG Akmenė wind farm		50		
EG Silute wind farm		50		
EG Šilalė II wind farm		30		
EG Narva wind farm		30		
EG Pakri wind farm		14		9
EG Virtsu wind farms (II and III)		10		7
EG Esivere wind farm		6		4
Estonia mine pumping station	1	1		
Total	**101**	**346**	**55**	**130**

RENEWABLE ENERGY PRODUCTION AND DEVELOPMENT

Installed generation capacity exceeds 1,000 MW

The Group's subsidiary Enefit Green focused on completing ongoing construction works and ensuring the profitable and stable operation of new facilities in order to secure long-term development of the company, increase the availability of renewable energy and improve energy security in the markets where it operates.

In recent years, Enefit Green has been in an active construction phase, building wind and solar farms in Finland, the Baltic countries and Poland. By the end of 2024, the company's installed generation capacity surpassed 1,000 MW. This is an important milestone for the team, partners and consumers.

New renewable power plants of 196 MW in Finland, Lithuania and Poland

Construction was completed in several wind farms in 2024: the Tolpanvaara wind farm (72 MW) in Finland, the Šilalė (43 MW) and Akmenė (75 MW) wind farms in Lithuania, the Dębnik solar farm (6 MW) in Poland, and the Kabala (0.2 MW) and Mõisavalla (0.2 MW) solar farms in Estonia.

Construction of the Tolpanvaara wind farm in northern Finland was completed in April. It is Enefit Green's only wind farm in Finland and also the company's northernmost wind farm. Its total annual renewable energy production capacity is around 250 GWh.

In Lithuania, the Šilalė and Akmenė wind farms were completed. This was an important milestone, as the investment decisions for these farms marked the start of Enefit Green's growth cycle in 2021. Together, the two wind farms generate around 420 GWh of electricity per year.

The Dębnik solar power plant, located in Poland, came online in February 2024. It has more than 9,000 bifacial solar panels producing around 6.3 GWh of electricity per year.

In addition to these larger projects, the Kabala and Mõisavalla solar farms in Järva county, Estonia, started producing electricity in spring. These solar power plants were built for Eesti Energia's customers under long-term lease agreements .

Large-scale onshore and offshore renewable energy production is key to meeting renewable energy targets.

Completion of large renewable power plants

At the end of 2024, Enefit Green was building three wind farms with a total capacity of 422 MW (one in Estonia and two in Lithuania) and three solar farms with a total capacity of 91 MW (one in Estonia and two in Latvia).

In Estonia, construction continued on Sopi-Tootsi, the most powerful renewable energy production site in the Baltics. The turbine installation in the wind farm (255 MW) began in April and was completed in September. The first three turbines started generating electricity in mid-August and by November all 38 wind turbines were online.

Construction of the Sopi solar farm (74 MW) near the Sopi-Tootsi wind farm continued. Partial power generation started in October and full power generation in mid-December. Together, the wind farm and the solar farm are expected to generate 750 GWh of green electricity per year, enough to cover almost one tenth of Estonia's current electricity consumption.

In Lithuania, construction continued on the Kelmė I (80 MW) and Kelmė II (87 MW) wind farms. At Kelmė I, the erection of all 14 wind turbines was completed in July and the first electricity was fed into the grid in December. The wind farm will produce approximately 266 GWh of electricity per year.

At Kelmė II, access roads, foundations and the electrical systems were built. The 14 turbines will generate around 315 GWh of electricity per year.

In Latvia, Enefit Green continued to build its first solar farms. The combined annual capacity of the Austrumi and Dzērvesi solar power plants (17 MW) is around 18 GWh.

Offshore wind

The simultaneous development of onshore and offshore wind power generation is crucial. This approach will bring more clean and competitively priced electricity to the market, helping Estonia achieve its renewable energy targets.

Enefit Green is developing two offshore wind farms in Estonia: the Liivi offshore wind farm of up to 1,000 MW and the Loode-Eesti (North-West Estonia) offshore wind farm of up to 1,000 MW. The development of the Liivi offshore wind farm is the most advanced offshore wind farm in Estonia.

The environmental impact assessment (EIA) report for the Liivi offshore wind farm was completed in December and submitted to the Consumer Protection and Technical Regulatory Authority for public review. The EIA results were presented to local authorities and communities at meetings held in spring and autumn. The Liivi offshore wind farm is expected to comprise up to 84 wind turbines with a total capacity of 1,000 MW and to produce up to 4 TWh of electricity annually.

The offshore wind farm will accelerate the transition to climate-friendly, low-emission energy production, ensure affordable energy prices and reduce Estonia's dependence on electricity imports. On the other hand, the investment is large and requires the establishment of price security mechanisms. The construction of such an offshore wind farm cannot be financed on a market basis alone.

Distribution Network

RECORD YEAR FOR DISTRIBUTED GENERATION

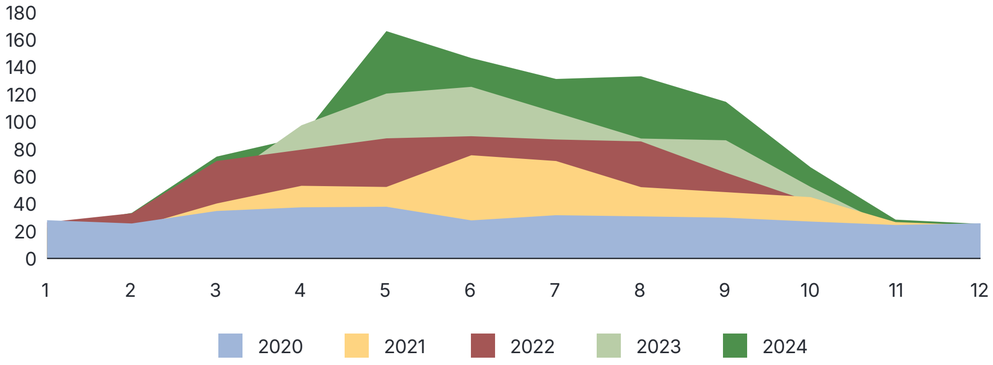
In 2024, distribution network operator Elektrilevi invested 137.8 million euros in grid connections and improving the reliability of the distribution network. By the end of the year, more than 22,400 electricity generators with a combined capacity of 947 MW had been connected to the grid.

During the year, 1,547 new generators with a total capacity of 117 MW were connected to Elektrilevi's network, an all-time record.

Of the new entrants, 1,328 were micro-generators, i.e. power plants with a capacity of up to 15 kW, typically built in homes. In total, there were 13,150 micro-generators with a total capacity of 136.7 MW in Elektrilevi's network at the end of 2024.

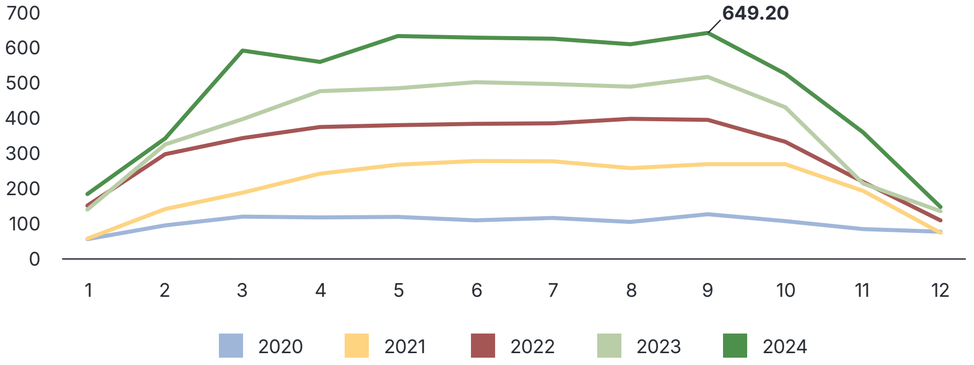
Electricity generated to Elektrilevis' grid by generators in 2020-2024

GWh/month



Maximum power generated in Elektrilevi's grid

MW/month



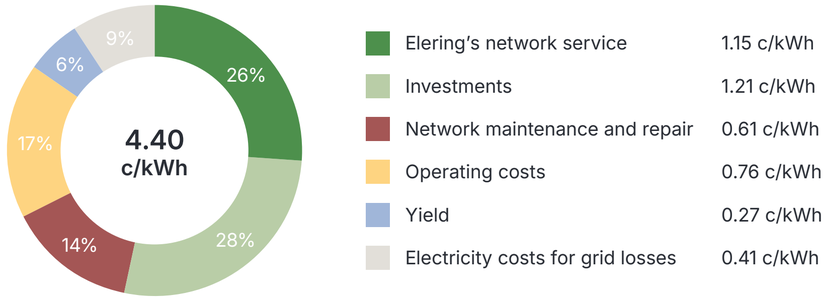
STABLE ELECTRICITY CONNECTIONS AND SECURITY OF SUPPLY REQUIRES INCREASED INVESTMENT AND MAINTENANCE COSTS

Following a decision by the Estonian Competition Authority, Elektrilevi's network charges increased by 7.1% on average from 1 October 2024 and the average tariff is now 4.40 cents per kWh.

The increase is attributable to growth in the investment and maintenance required to ensure stable network connections and security of supply for customers, as well as high inflation, which has driven up labour and material costs.

Distribution of Elektrilevi's network fee from the 2024 price change

c/kWh



Elering's network service	1.15 c/kWh
Investments	1.21 c/kWh
Network maintenance and repair	0.61 c/kWh
Operating costs	0.76 c/kWh
Yield	0.27 c/kWh
Electricity costs for grid losses	0.41 c/kWh

ELEKTRILEVI'S NETWORK CONTROL CENTRE – SECURING POWER SUPPLY FOR OVER 80 YEARS

1 October 2024 marked 80 years since the establishment of Estonia's first electricity network control centre, originally known as the dispatch service, in 1944. The control centre plays a critical role both during crises and on a daily basis, as the reliability of our electricity supply depends on its staff.

For years, Estonia had several control centres, which were eventually consolidated into two: one for the transmission network and the other for the distribution network.

Since 2019, the distribution network has been managed from a single control centre. The role of the control centre has remained the same: to keep the electricity system operational and to deliver electricity to all households across Estonia.

ELEKTRILEVI'S NEW SUBSTATION MUSEUM OPENS ITS DOORS

In May, the Weizenberg Substation Museum in Kadriorg was officially opened as part of the 100th anniversary of Estonia's national electricity network. The Weizenberg substation was built in 1938, when the electrification of Tallinn was in full swing and there were about 150 substations in total.

The museum displays a collection of medium and low voltage switchgear and transformers from the period, as well as stands that reflect the history of the introduction of electricity in Estonia and Tallinn until the Second World War. The exhibits include fascinating electrical equipment, measuring instruments and other items from the period.

Large-scale Industry

Eesti Energia's large-scale industry has evolved into a diversified value chain that includes, first and foremost, the provision of nationally critical security of electricity supply, as well as the production of liquid fuels and, in the future, chemicals for the global market.

PRODUCTION OF LIQUID FUELS

High liquid fuel production confirms viability of Enefit-technology

In 2024, we produced 448,000 tonnes of liquid fuels, 5% below the record level of the previous year. The large amount of fuel produced reflects that the upgrades made and the technology used at the plant are efficient and sustainable. The Enefit technology is suitable for the development of a chemical industry based on alternative raw materials.

Construction of a new Enefit plant and development of a chemical industry in Ida-Viru county continues

The Group continues to build the new Enefit 280-2 plant. Equipment installation is expected to be completed in early 2025. This will be followed by a cold start, during which the equipment will be checked but not yet switched on. Once the cold start has been successfully completed, it will be safe to proceed with the actual or hot start.

Following the start-up, a multi-stage testing and adjustment process will begin. After its successful completion, the plant will reach its full capacity.

At the end of 2024, 30% of the plant's systems were ready for a hot start, with the remaining 70% still needing some tuning.

New life for production areas: an adventure park built on the spoil tip of the Estonia mine opened for visitors

An adventure park built on the spoil tip of the Estonia mine in Alutaguse municipality was opened in 2024. Visitors can ascend the hill via a long serpentine path, participate in various activities at the top and watch unique cross-country races. An exciting event held in the park last year was the Ida-Viru county open championship in cross-country running.

Eesti Energia began depositing waste rock from the Estonia mine for a future racetrack 14 years ago. A few years ago, both the racetrack and the barriers for spectator safety were completed, as well as the serpentine paths and road for access to the park on foot and by car. The municipality of Alutaguse granted building rights on the hill to Estonia Elamuspark, a newly established non-profit organisation.

Reserve power plants and liquid fuel production to be separated

In December, the general meeting of Eesti Energia approved the resolution of the company's supervisory board to divide (split up) the Group's subsidiary, Enefit Power. According to the resolution, Eesti Energia will establish a separate company for the operation of the reserve power plants that ensure the security of supply in Estonia to make the management of the reserve capacities, which can seldom compete on the market, clearer and more transparent.

The change will also enable our large-scale industry business line, which has high growth potential in both the global and domestic markets, to continue the development of a chemical industry so that it would be attractive to both investors and future employees.

The assets and processes related to the production of liquid fuels, the development of the chemical industry and the extraction of oil shale will remain in the existing company.

ENEFIT SOLUTIONS SUPPORTS THE GREEN TRANSITION OF ESTONIAN INDUSTRIAL COMPANIES WITH MODERN TECHNOLOGY

Enefit Solutions, a provider of technology solutions to the energy and industrial sectors, expanded its service offering with new projects related to hydrogen and storage solutions, while continuing to contribute to the development of the Enefit chemical industry.

In 2024, the company made progress in hydrogen production and storage. At the end of the year, Eesti Energia and Enefit Solutions signed a contract for the design and construction of a prototype hydrogen storage system.

Enefit Solutions participated in tenders for electrolysers, charging stations and fuel cells, submitting competitive bids in both Estonia and Finland. The company also successfully applied to the Estonian Business and Innovation Agency for support for a hydrogen technology development project. The project will run for two years and will result in the development of a 10 kW composite solid oxide co-electrolysis cell prototype.

The company contributes to Estonia's security of supply in a number of ways. In the first quarter, it completed the installation of electrical and mechanical equipment for transmission system operator Elering's synchronous compensators, which played an important role in maintaining frequency stability during synchronisation with the Continental European power grid. A subsidiary of Enefit Solutions provides Enefit Power with maintenance and repair services for the reserve power plants.

Another milestone was the construction of a battery storage system at the Auvere power plant, for which Enefit Solutions is carrying out the design, installation and connection work. The storage solution will enable the plant to provide frequency reserve services when connected to the Continental Europe Synchronous Area.

Enefit Solutions is also involved in the construction of the Enefit 280-2 liquid fuel plant. In 2024, the company carried out start-up work on the fuel supply system, electrical work in the turbine and condensation unit, and successfully completed the construction of technological sewerage systems for the northern gantry . The provision of industrial power supply projects has become a growing external service segment for the company.

The company is strongly focused on expanding its customer base beyond the Group, both in its core markets and globally.

REDUCTION OF INDUSTRIAL EMISSIONS

Special audit and violations of emission standards

In November 2024, Eesti Energia published the final report of a special audit, commissioned by the Ministry of Finance and prepared by the law firm Sorainen and Grant Thornton Baltic, which referred to environmental violations by the Group.

The violations included exceedances of pollutant emission limit values, including NMVOC emission, H_2S, CO, NOx and C_6H_6 emission, and NH_3 and COS emission limit values at the Enefit-140 oil plant. In addition, continued exceedances of pollutant emission limit values were identified at the power plants of Enefit Power. The report also highlighted weaknesses in the continuous monitoring systems of the power plants and the Enefit-140 oil plant.

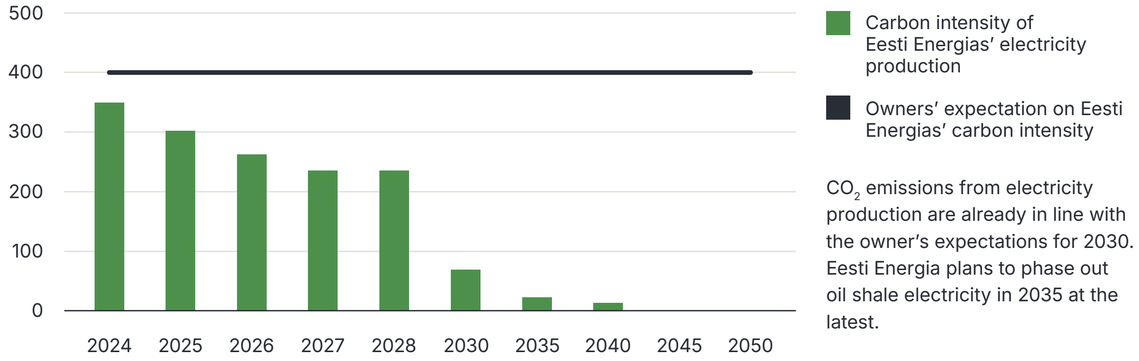
The Group's management has made environmental topics a priority and this is also reflected in Eesti Energia's values. Efforts to solve the problems identified during the special audit had already started before the audit began. Most of the environmental issues highlighted in the report were resolved by the end of 2024, but some activities are still ongoing. The issues related to Enefit-140 and the old oil shale power plants are being actively addressed.

Control of emissions has been tightened

- In 2024, industrial emissions were brought under tighter control. In the area of liquid fuel production, volatile organic compounds were added to the nine main parameters already being measured at the continuous monitoring station of Enefit Power. Most of the measuring equipment used for continuous monitoring was calibrated in 2024.
- The indicators are also monitored more frequently by an independent accredited laboratory. While previously nine indicators were monitored on a quarterly basis, since 2024 ten indicators have been measured and analysed on a monthly basis.
- In December 2024, the Environmental Board provided clarification on the emission standards for old power plants.

Carbon intensity of electricity generation

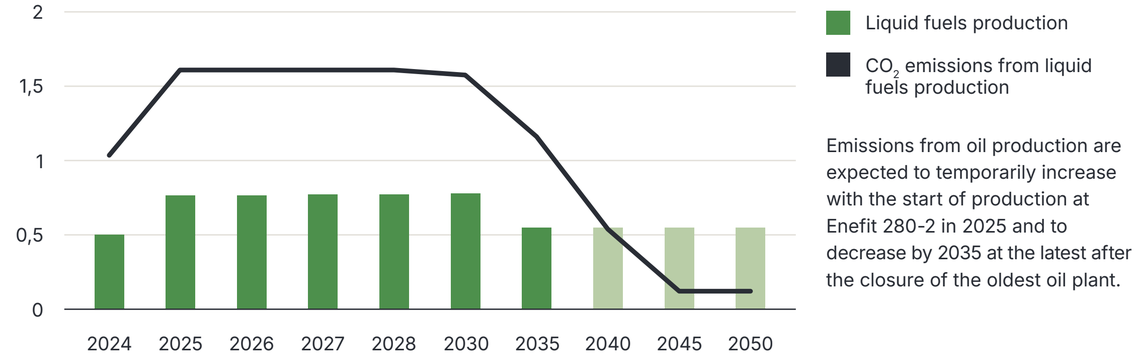
kg of CO_2/MWh



CO_2 emissions from electricity production are already in line with the owner's expectations for 2030. Eesti Energia plans to phase out oil shale electricity in 2035 at the latest.

CO_2 emissions of Eesti Energias' liquid fuels productions

million tonnes



Emissions from oil production are expected to temporarily increase with the start of production at Enefit 280-2 in 2025 and to decrease by 2035 at the latest after the closure of the oldest oil plant.

Old oil shale-fired plants need a solution that is best for Estonia

- A solution needs to be found for Enefit Power's older oil shale power plants that will allow them to be used to provide much-needed back-up capacity for the country, while at the same time ensuring that they meet environmental requirements.
- Base load power plants, designed for continuous operation, are not well suited to today's fluctuating electricity market as they lack the flexibility to respond to rapid price changes.
- Enefit Power monitors the environmental emissions of its power plants and implements additional measures to ensure compliance with applicable environmental standards.

We are addressing the issues related to the Enefit-140 oil plant

- Emissions from the Enefit 140 oil plant have been under scrutiny since September 2023. We have already made rapid changes to achieve environmental compliance. In 2024, we continued to analyse the best possible long-term solutions for the state, the environment, Enefit Power and the chemical industry under development and submitted relevant action plans to the Environmental Board.

Customer Solutions

Enefit AS has been managing Eesti Energia's international retail business from Estonia to Poland since the beginning of 2024. Customers now recognise us by the same name and brand in all four markets.

ENEFIT AND OUR MARKETS

The world of energy is evolving rapidly, and Enefit is keeping pace: we have long been much more than just an electricity supplier. In addition to electricity and gas packages, we also offer solar energy and storage solutions, a public charging network for electric cars and smart charging solutions for homes, insurance for household appliances, ultra-fast internet and television network, electrical works and street lighting.

2024 brought significant achievements in a number of business lines, confirming our commitment to meeting customer needs.

Every customer counts

One in 84 people in the Baltic countries and Poland is connected to Enefit. This is the community that has developed around us: more than 562,000 household and business customers trust Enefit as their energy partner.

We value each customer and strive to communicate with them through the channels they prefer. With this in mind, we have opened Enefit offices in Tallinn and Tartu, where we advise customers on electricity and gas contracts, billing and integrated energy saving solutions.

Our EV charging network in Estonia, Latvia, Lithuania and Poland grows to a landmark 1,000+ connectors

2024 was another busy year in the development of our electric vehicle (EV) charging network. We opened public charging stations in Latvia and Poland, making it easier for customers to charge their EVs from Estonia to the German border. We also increased the number of charging devices in Lithuania and Estonia, and replaced many charging stations in Estonia with new and faster ones. At the end of the year, a major share of the ELMO charging stations with the CHAdeMO connectors, which had been in use since the arrival of electric cars in Estonia in 2012, were decommissioned. The last old charging stations will be decommissioned in 2025.

Overall, the number of the Enefit Volt charging stations in all our markets more than doubled by the end of the year, reaching 575 charging devices and 1,150 connectors in more than 300 locations. In 2024, customers drove more than 13 million CO_2-free kilometres with a charge from these stations. The Enefit Volt network always uses 100% renewable energy for charging, so our network saved nature from over 1,600,000 kg of CO_2 emissions.

The largest development projects included opening new charging stations in Estonia in cooperation with the Rimi and Selver supermarket chains, installing additional fast chargers in the Ülemiste Centre and Viru Centre shopping malls in Tallinn, and starting working with Eesti Terviserajad, a foundation that promotes recreational trails.

We installed 65 charging stations in Latvia. Our main partners were the retail chain Top! and the Verde office complex in Riga.

In Lithuania, we expanded the network to include more than 200 connectors in over 90 locations. This included launching powerful (320 kW) charging stations in Klaipėda and Vilnius and partnering with the Norfa retail chain.

In Poland, we took over the Tauron EV charging network and launched public EV charging in Bielsko-Biała and Zabrze.

Choosing an electric car as a daily mode of transport is becoming more and more natural thanks to the installation of additional charging stations in the car parks of shopping centres and super-markets. In Estonia, we signed a landmark cooperation agreement with Capfield to build a total of 18 new ultra-fast (320 kW) public EV charging stations in shopping centre car parks in Tallinn and Pärnu.

For ease of use, we introduced a single payment method in all markets: it is now possible to pay for the charge immediately after the end of the charging session. All Enefit Volt chargers can be easily found through a single app, regardless of the country.

Residents of apartment buildings are finding it increasingly convenient to charge their EVs at home. We are working with property developers and housing associations to install personal charge points for electric cars, with an Enefit Volt EV charger for each parking space. An example of this collaboration is the Rannakalda development in Tallinn.

Enefit helps the public sector make the green transition efficiently

In 2024, Enefit expanded its range of services for companies and organisations in the public sector, including local authorities. We offer them innovative and useful energy solutions that help increase financial savings and reduce the environmental footprint. One of the objectives is to integrate Enefit's products with Estonian and EU support measures to ensure the highest possible support rate for local authorities and companies.

We offer public sector entities solar power generation and storage solutions, electric vehicle charging solutions, electricity packages, telecommunications services, street lighting and assistance with Energy Performance Certificates.

Example

Enefit installed modern, energy-efficient street lighting in the municipality of Kehtna and the town of Kallaste. Our service provides both financial savings and environmental sustainability for the local authorities – in addition to the street lighting upgrade, it includes a renewable energy package for the next ten years. For example, in the rural municipality of Kehtna, nearly 300 tonnes of CO_2 emissions per year will no longer be released into the environment.

Example

Enefit installed a 160 kW ultra-fast EV charger in the village of Liiva on the island of Muhu, which charges the battery of an electric car for 100 km of driving in less than 10 minutes. Customers have embraced the charger, using it 900 times in half a year. This has made the Muhu charger one of the six most used chargers in the Enefit Volt network in Estonia.

Enefit's operator-neutral internet and TV network reaches one in ten households in Estonia

Enefit is building a new generation fibre-optic network that will make ultra-fast internet and TV service available to nearly 80,000 households. In 2024, the network was extended and made ready for connection to more than 5,000 addresses. The network is being built with the support of public funding and additional investment, as well as in partnership with property developers.

The network is operator neutral. This means that every household or business can choose the telecoms and internet service provider that best suits their needs and budget. By the end of 2024, nearly 30,000 customers had connected to the high-speed internet network.

We understand that it is not easy for everyone to do cabling work in their garden or home. That is why customers who are connected to our network can now order cable installation from Enefit. We offer underground and overhead cable installation, including running the cable through the outside wall and into the house, as well as cable repair work.

In the coming years, Enefit will continue to extend the communications network to new addresses with the help of national support measures and additional investments.

Enefit sells Finnish customer portfolio to Oomi

Enefit sold its Finnish customer portfolio to Oomi, one of Finland's largest energy companies, in order to focus more on the Baltic countries and Poland, where we see more growth potential.

In addition to Estonia, Enefit will continue to sell energy and provide energy services in its other markets: Latvia, Lithuania and Poland.

New innovative electricity package

We were the first in Estonia to offer a product that allows customers to enjoy the benefits of both a fixed-price and a spot-priced electricity package . The 'season-proof' Seasonal Secure electricity package makes life easier for customers who want to use spot-price electricity in the summer but prefer a fixed-price contract in the winter. The new and simpler solution eliminates the need to constantly analyse the need to change packages. The contract also includes insurance for electrical household appliances.

CUSTOMER SATISFACTION

In 2024, customers across all our markets contacted us almost 760,700 times, with the highest number of enquiries relating to electricity contracts and bills. Overall, 36% of customers changed their electricity package using our online service (43% in Estonia).

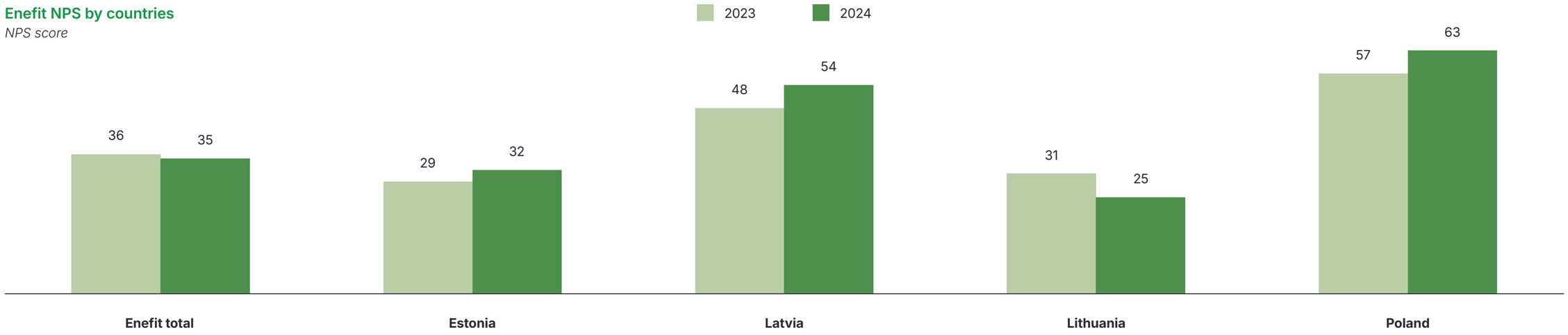
Enefit's websites for all markets were redesigned and updated.

We also updated our customer information systems and processes in Estonia, Latvia and Lithuania to better record customer interactions. We now have a better overview of why customers contact us and how satisfied they are with the service they receive. If feedback indicates that the customer did not receive a good enough solution, we can respond more quickly and call them back to provide clarity and offer more appropriate solutions.

Compared to 2023, customer satisfaction with our customer service increased in Estonia, Latvia and Poland. The decline in customer satisfaction in Lithuania was attributed to a controversial political decision that prohibited electricity traders in Lithuania from charging customers for early termination of fixed-price sales contracts, along with the subsequent actions taken.

Enefit NPS by countries

NPS score



The overall Net Promoter Score (NPS) for our customers remained similar to 2023. In Estonia, Latvia and Poland, NPS and customer satisfaction with Enefit increased.

Preparing for New Growth

We are developing areas that will support our core business in the future and create future-proof added value for our customers and owners.

NEW ENERGY PRODUCTION CAPACITIES AND THE AUVERE BATTERY STORAGE FACILITY

Preparations for the construction of a fast response dispatchable peak load power plant

The Group continued to analyse the construction of gas-fired power plants. Modern gas-fired power plants can use hydrogen as a fuel in addition to natural gas. As rapidly dispatchable capacities, they can provide the peak power, stability and frequency services required by the electricity system.

At the end of 2023, Eesti Energia started preparations for the construction of a hydrogen-ready thermal power plant in Estonia, which will be connected to a future hydrogen pipeline running through Estonia. The planned plant would help smooth out peak electricity prices and reduce the average market price of electricity for Estonian consumers. It would also be possible to use its waste heat in the heating network.

Preliminary studies to clarify the planning details continued through 2024.

Construction of the Auvere battery storage facility

In 2024, we started the construction of a large-scale battery storage facility at the Auvere industrial complex in Ida-Viru county. This system, which can be used to participate in the power exchange and other energy markets, will contribute to the security of electricity supply.

The more non-dispatchable renewable generation capacity is introduced into the electricity market, the greater the demand for storage capacity within the electricity system. This demand will further increase in connection with the transition to a 15-minute balancing period and the desynchronisation of the Baltic power system from the Russian grid.

Batteries can respond very quickly to changes in the electricity system. Therefore, they can help keep our electricity system operational and ensure the provision of system services after separation from the Russian electricity system in 2025.

In addition, batteries help balance the load on the electricity network, reducing the need for additional investment in infrastructure. As a result, batteries indirectly contribute to slowing down the rise in network charges.

The Auvere battery storage facility went operational in early 2025 , at the same time as the Baltic countries were disconnected from the Russian electricity grid. The total investment in the new 26.5 MW (53.1 MWh) storage facility will be €19.8 million. This is a pilot project to test the suitability of the solution for Estonia and our other markets.

Storage solutions and flexibility services for customers

The Baltic energy market has developed rapidly in recent years, particularly in the areas of solar energy and storage solutions. As a result, the Group's subsidiary Enefit has made the development of such solutions a strategic priority.

In addition to solar and wind farms, an increasing number of integrated storage solutions are expected to be implemented. These will help stabilise the grid and optimise the profitability of production. Desynchronisation from the Russian electricity system further increased the importance of batteries in the Estonian energy system, both in terms of providing flexibility services and energy security.

Enefit's home battery storage solutions have already proven their worth. By using batteries, customers can make the most of the solar energy they generate, reduce their electricity bills and protect themselves against power outages. In 2024, batteries accounted for 30% of all residential solar solutions sold in all our markets and as much as 80% in Estonia. As a result, Enefit now offers comprehensive solutions that include batteries and smart energy management software.

One of Enefit's key success stories in 2024 was the launch of large-scale battery storage service. It is already clear that Enefit's value proposition in this area is one of the strongest in our markets and has therefore attracted the attention of many customers. We are the only company in the Baltics to offer a full service solution covering the entire lifecycle of the battery – from design and provision of high quality battery farms to, most importantly, battery management.

Enefit's intelligent battery management software is a fully automated solution that enables our customers to achieve even greater savings and unlock additional revenue opportunities in the flexibility markets. Demand for large-scale storage solutions has grown rapidly and we expect this segment to deliver strong results in 2025.

Enefit's extensive experience in energy trading enables us to offer the best comprehensive solar and storage solutions to help customers manage their assets in the most optimal and profitable way.

Hydrogen solutions

We are exploring the prospects of starting green hydrogen production, as Enefit Green, the Group's renewable energy company, is one of the largest renewable energy producers in the region. Eesti Energia is participating in a hydrogen pilot project in the transport sector. In the future, hydrogen will also play a key role in the development of our chemical industry. In addition, we are analysing the possibilities of using hydrogen in energy production and different energy solutions that we can offer to our customers.

In 2024, we continued to implement hydrogen-related development ideas. In 2023, we received funding from the Environmental Investment Centre for a pilot project to develop a complete green hydrogen supply chain. The project involves the construction of a green hydrogen production plant by Enefit Green by 2026. The main consumers of the produced hydrogen are expected to be the vehicles of Alexela and Eesti Energia.

We started to design and procure equipment for a prototype hydrogen-based energy solution for customers. The system involves the production of hydrogen from renewable electricity, its storage in solid form, and the generation of heat and electricity using a fuel cell. The entire process is controlled by an intelligent algorithm that works based on signals from the electricity market.

In 2024, we also secured co-funding through the applied research programme to test the use of ammonia as a zero-carbon fuel in thermal power plants. As a next step, we plan to carry out tests on test equipment.

At Enefit Power, work continued on the design of a plant to produce chemicals from shale oil gasoline. If all goes to plan, the new plant will come online in 2030 and consume around 10,000 tonnes of hydrogen per year. In the longer term, we also aim to convert the heavier fractions of shale oil and the CO_2 generated by pyrolysis into feedstocks for the chemical industry.

The projected hydrogen consumption volume of the Eesti Energia group requires the construction of a hydrogen pipeline connection in Ida-Viru county. This should be taken into account by infrastructure planners.

In addition, Enefit Green received an Interreg grant in 2024 to explore the capture of CO_2 and its use in the manufacture of products (e.g. future marine fuels) through hydrogen synthesis.

Enefit Solutions, the Group's asset management and metalworking company, has also begun to develop expertise in hydrogen-related design, assembly, installation and maintenance. The company is actively pursuing business opportunities in this expanding sector.

Development of the chemical industry

Eesti Energia's vision of the chemical industry includes:

- the future of carbon as a recoverable and circular raw material for the chemical sector;
- increasing the use of circular raw materials in Enefit's plants;
- minimising the carbon footprint of every investment decision;
- using new technologies to refine liquid fuels into intermediates for the plastics industry; and
- dispatchable power generation based on hydrogen and biomass and reuse of waste rock and retort gas.

In 2024, Eesti Energia took the next big step in realising its vision of the chemical industry by commissioning the principal design for the multi-feed naphtha refinery to be built in Auvere from internationally recognised companies Technip Energies and Honeywell.

The planned plant will allow Eesti Energia to refine all the lighter pyrolysis oil it produces, which is currently marketed as gasoline, into chemical feedstock. In this way, the carbon will be locked into the product without being released into the atmosphere when the product is consumed. The production of chemicals will allow us to refine the product currently marketed as fuel into a valuable feedstock for the materials industry. The proposed plant will also create an opportunity to develop hydrogen production in Estonia, as hydrogen is an essential raw material in the refining of oil into chemicals

The cost and key parameters of the plant will be specified during the design phase, which is scheduled to be completed in 2025. The investment decision is expected in 2026. If the decision is positive, the plant should start production in early 2030.

At the same time, Eesti Energia will continue its other development projects related to the chemical industry, including the capture of carbon dioxide and its conversion into feedstock for the chemical industry.

Value-based Culture and Engaged Employees

Corporate culture starts with people and agreed values

Our goal is for every employee to have a personal story about Eesti Energia that he or she can relate to, live and share.

In 2024, we updated the Group's values, which now better reflect that we care, we are responsible and we create value for our customers. We reinforced the new values through team workshops and trained ambassadors to help our employees connect with the new values in a meaningful way.

Eesti Energia's values are easy to identify with because they give us a competitive edge in a rapidly changing world. They help us stay competitive, work together, take responsibility, and give and receive feedback. We also maintain a healthy work-life balance.

A daily sense of accomplishment and achievement makes us happier at work, and this kind of working environment attracts other talented people to join us.

We have implemented a responsible recruitment process – our candidate net promoter score (cNPS) is 80 points.

EMPLOYEE ENGAGEMENT ABOVE THE ESTONIAN AVERAGE

Kantar Emor conducted an annual survey to measure the composite employee engagement index, which is calculated on the basis of overall satisfaction, the net promoter score, rejoining, motivation and company performance. Eesti Energia's score for 2024 was 72 points (2023: 75; 2022: 74). Although our employee engagement has declined, it remains above the Estonian average (68 points).

The response rate to the annual employee engagement survey was 92%, reflecting our employees' willingness to share their views and express their opinions. Positive aspects highlighted by respondents included good working conditions, management support, equal treatment and clear goals. Areas for improvement identified in the responses included change management, clarification of the green transition, information exchange between units and the use of resources.

A SOUND MIND IN A SOUND BODY

We support the health of our employees by offering various opportunities to extend their healthy life years.

Nearly 85% of our employees opted for employer-provided health insurance. This enables them to access paid medical services (e.g. dental care, psychological counselling, medical examinations, specialist visits) considerably faster and at a lower cost.

We continued to organise the Energiasport series of sporting events. Throughout the year, the teams from our companies and units competed in different fields. Thanks to our strong team spirit, we secured second place in the series of sports events for the most athletic companies in Estonia, organised by Firmasport.

Our Health Forum focused on maintaining mental health. Experts gave valuable advice on managing stress and explained how personal relationships can affect work.

INVESTING IN THE NEXT GENERATION OF ENGINEERS AND ENERGY PROFESSIONALS

We support development and research areas that increase young people's interest in engineering and sciences.

In 2024, Eesti Energia awarded scholarships to 51 vocational school and university students and hosted 139 interns. The Estonian Employers' Confederation awarded our IT intern, Yuliia Siuri, the title of Best International Student Intern.

We continued to support the Lae End (Charge Yourself) education programme for the third year. In 2024, it was successfully completed by 20 chemistry and physics teachers from all over Estonia. We also supported Positron, a power and electricity festival for young people, the Energy Discovery Centre and the TV science show Rakett 69.

We partnered with Solaride to support the development of the next generation of solar electric cars and strengthened our cooperation with TTK University of Applied Sciences and Tallinn University of Technology. In cooperation with the Association of Local Authorities of Ida-Viru County, we awarded scholarships from the Energy Fund for Young Talent to 36 young people.

Around 3,000 visitors took part in tours of our production facilities.

INSPIRING WORKING ENVIRONMENT CREATES A THRIVING WORKPLACE

We opened our new office in Tartu in the Green Park area of Tähtvere. This is a fast-growing business district, driven by a nature-loving and environmentally responsible mindset that is closely aligned with our principles.

We renovated our office space at the Eesti power plant in Auvere, transforming closed offices into a bright, open workspace with ergonomic workstations and modernising the washing and changing facilities.

We also supported lifelong learning through the Enefit Academy, a learning environment designed exclusively for our employees.

At the end of each calendar year, we recognise achievements and employees of the year. Top performers and exceptional achievements are celebrated at the Enefit Gala, a festive event that brings together all Enefit employees.

Streamlining the IT organisation

In autumn 2024, Eesti Energia initiated significant changes in its 320-strong IT organisation to allocate resources more efficiently, identify synergies and improve collaboration, and better meet business needs. These changes will continue in 2025.

The Group has five subsidiaries and over the years has developed a number of separate IT systems on a project basis to meet the needs of each subsidiary. This has resulted in a large number of similar solutions. The Group currently has 476 applications for approximately 5,000 employees, or approximately one application for every 10 employees. This fragmentation has led to duplication, inefficiency and the development of similar bespoke solutions.

Safety Culture

In collaboration with VTT Technical Research Centre of Finland, we conducted a safety culture survey focusing on large-scale industry in 2024. Our objective is to improve the safety of production processes, minimise the risk of accidents at work for our colleagues and provide guidelines for the further development of the safety culture.

Therefore, the Group's management board decided to establish a Group-wide safety committee to coordinate the safety culture. The committee is chaired by a member of the Eesti Energia management board and includes the safety managers of all Group companies.

The safety committee's responsibilities include the preparation and implementation of an action plan to develop a safety culture that is based on our values and integrated with the Group's strategic objectives.

ACCIDENTS AT WORK IN 2024

During 2024, there were a total of three accidents resulting in no loss of working time, twelve accidents resulting in loss of working time and one fatality in the Group. The tragic accident occurred on 25 September at the Narva quarry site when an Enefit Solutions employee was working on a dumper truck in the quarry's repair workshop.

Research and Development

Eesti Energia's research and development activities in 2024 focused on supporting the implementation of the Group's business strategy, which is to provide customers with environmentally friendly, convenient and useful energy solutions. During the year, the Group invested € 9.6 million in research and development.

We sought innovative solutions to reduce the environmental footprint of energy production, build a circular chemical industry, develop higher value products and provide more useful services to our customers.

We also continued with the design of the first phase of the chemical industry to be built on the industrial site of Enefit Power in Auvere. As part of the same project, we carried out applied research on the light fraction of the Enefit pyrolysis process to explore the use of shale oil gasoline to produce chemical feedstocks that meet international quality standards. The aim of the research was to identify effective ways to recycle the resulting gas mixture and the catalyst used in the production process.

Eesti Energia's strategic objective is to increase the use of recycled raw materials that can be added to oil shale. Therefore, preparations for industrial trials of pyrolysis of plastic waste continued. A preliminary analysis of biomass pyrolysis was also initiated due to potential regulatory risks.

The pan-European INCIT-EV project, funded by the European Union's Horizon 2020 research and innovation programme, was successfully completed in 2024. With the support of the project, the Group's subsidiary Enefit, which is involved in electricity sales, installed two fast chargers for electric cars for testing in Harju county. The chargers differed from conventional chargers due to their reactive power compensation capacity. The aim of the project was to determine whether reactive power from the chargers could be used to balance the grid. This would allow grid operators to save on additional investment in grid reinforcement.

As the popularity of electric cars has grown significantly worldwide, concerns have been raised in countries with higher penetration rates about the ability of operators to maintain grid stability. Enefit, in collaboration with data science company STACC, has developed an innovative forecasting model for the mFRR market. It analyses real-time electricity consumption over the next four hours and is a measure to help ensure grid stability with the growing number of electric cars and chargers.

In one of the most outstanding research and development projects of 2024, Eesti Energia, in cooperation with data scientists, sought solutions to develop a forecasting model that would improve the accuracy of consumption forecasts for households and companies that produce electricity. Machine learning and data science are developing rapidly. Therefore, Eesti Energia decided to launch a competition on the global data science community platform Kaggle instead of among traditional development companies. With a realistic problem statement, the competition attracted the attention of data scientists around the world and grew into the world's largest energy-related hackathon, with 2,700 teams participating.

In 2024, companies of the Eesti Energia Group participated in 20 funding rounds, in order to increase the maturity of the technologies developed in Eesti Energia's strategic fields of activity. In total, the Group raised € 1.86 million in additional funding for research and € 33 million for investments in new technologies, such as energy storage and hydrogen. Funding was provided by support measures in Estonia and Lithuania as well as by support measures across Europe.

STRENGTHENING PARTNERSHIPS WITH GREEN TECH COMPANIES

In 2024, we set up a cooperation and investment unit focused on innovation, which has created promising opportunities for companies developing green technologies and the investment funds that fund them in Europe.

This way, we can engage more strategically with the industry's innovation drivers across Europe and act as a strategic partner to accelerate the development and commercialisation of new technologies in a cost-effective and low-risk manner. All in all, this helps us achieve our two main goals of reducing our environmental footprint and providing the best energy solutions for our customers.


Transparent Management
Decisions

The sole owner of Eesti Energia is the Republic of Estonia. The owner is represented at the general meeting by the Minister of Finance.

The Republic of Estonia has an ownership interest in Eesti Energia in order to ensure energy supply that generates income* for the owner and supports the sustainability of the economy in line with the European Union's long-term energy and climate policy objectives.

GOVERNANCE PRINCIPLES

The objective of Eesti Energia's supervisory board and management board is to develop and manage Eesti Energia in such a way that we set a positive example for other companies in terms of clear strategy, good corporate governance, operational efficiency, financial performance and cooperation with stakeholders.

The management board and the supervisory board manage Eesti Energia in accordance with the owner's expectations, the Group's strategy, vision and values, and applicable laws and regulations.

We have adopted key performance indicators for our strategic goals, which we use to set clear targets and measure their achievement. They also allow us to assess whether we are on track to meet our goals. The Group's strategic goals are set for a five-year period and updated annually.

To achieve the strategic goals, managers engage and empower employees in line with our values and Group-wide leadership principles. We use internal communication channels to keep employees informed about the organisation's goals and the progress made in achieving them. We make sure that our people have a safe working environment and a high work ethic. We pay our employees a competitive salary and recognise and reward them.

The Group's management board and supervisory board are accountable to the owner for meeting expectations and goals.

We strive to be transparent in our operations, disclosure of information and relationships with the owner, customers, suppliers and other stakeholders. Eesti Energia presents and comments on its financial results four times a year and makes the presentations available on its website.

CODE OF ETHICS

Eesti Energia has adopted a Code of Ethics, which states, among other things, that our organisational culture does not tolerate discrimination, harassment, bullying, abuse or any other inappropriate behaviour. All employees must be treated fairly and equally, regardless of their ethnicity, age, race, gender, language, origin, skin colour, religion, disability, sexual orientation, or political or other beliefs.

Eesti Energia has not found it necessary to adopt a separate diversity policy in addition to the principles outlined in the Code of Ethics. When selecting our employees and managers, we are always guided by the best interests of Eesti Energia. Our personnel selection process is gender-neutral, non-discriminatory and based on the person's education, skills, experience and, where applicable, legal requirements.

Leaders are key to shaping an ethical culture, as they set the example and encourage employees to adhere to high ethical standards. The company has also established an ethics committee, which plays an important role in shaping the company's culture.

ORGANISATIONAL STRUCTURE AND GOVERNING BODIES

For effective management, it is essential that the Group has a clear and logical structure, that we are aligned with the organisation's goals and needs, and that we take account of changes in the business environment.

The governing bodies of the Group's parent company, Eesti Energia, are the general meeting, the supervisory board and the management board.

* The sole owner expects the company to be profitable and to provide stable dividend income. The expected dividend is 50-100% of the consolidated net profit attributable to the owner of the parent company, averaged over a five-year period

GENERAL MEETING

Eesti Energia's highest governing body is the general meeting of shareholders, which, among other things, decides on:

- the determination of the owner's expectations, including the strategic and financial goals and targets;
- the appointment and removal of the members of the supervisory board, including the chairman;
- major investments;
- the appointment of the auditor;
- the approval of the annual report;
- the establishment and acquisition of new subsidiaries.

The annual general meeting is held once a year, within six months after the end of the Group's financial year, at a time and place determined by the management board.

SUPERVISORY BOARD

The supervisory board is a governing body with the following main responsibilities:

- approving and overseeing the implementation of the Group's strategy;
- making major strategic decisions;
- overseeing the activities of the management board.

The supervisory board reports to the owner on the results of its oversight activities.

Eesti Energia's supervisory board consists of seven members, who have been appointed by the decision of the Minister of Finance, the representative of the owner, taking into account the proposals made by the nomination committee for members of the supervisory boards of companies in which the state is a shareholder.

The supervisory board is headed by a chairman. The requirements and expectations for the members of the supervisory board are set out in the Commercial Code and the State Assets Act of the Republic of Estonia. The supervisory board is also guided by Eesti Energia's articles of association and the rules of procedure of the supervisory board.

SUPERVISORY BOARD MEMBERS' ATTENDANCE AT MEETINGS AND REMUNERATION

	Meeting attendance 2024	Total remuneration 2024 (€)	Total remuneration 2023 (€)
Anne Mere	13	24,000	24,000
Allan Niidu	13	12,000	12,000
Andres Liinat	13	12,000	12,000
Einari Kisel	13	12,000	12,000
Kaur Kajak	13	12,000	9,000
Kristi Klaas	13	11,318	0
Luukas Kristjan Ilves	0	681	12,000
Meelis Einstein	13	12,000	12,000

Anne Mere continued as chairman and Meelis Einstein, Kaur Kajak, Einari Kisel, Andres Liinat and Allan Niidu as members of the supervisory board. On 23 January 2024, the general meeting removed Luukas Kristjan Ilves from office and appointed Kristi Klaas as a new member of the supervisory board with a term of office ending on 23 January 2027.

The remuneration of the members of the supervisory board is regulated by the State Assets Act, according to which the amount of the remuneration and the payment procedure are at the discretion of the owner. Based on the proposal of the nomination committee for members of the supervisory boards of companies in which the state is a shareholder, the owner has determined that the chairman of the supervisory board and each member of the supervisory board should receive remuneration of €2,000 and €1,000 per month, respectively. The members of the supervisory board are not entitled to termination benefits or additional remuneration. The supervisory board normally meets once a month, with the exception of July. The supervisory board held 13 meetings in 2024.

In addition to attending the meetings of the supervisory board, the members of the supervisory board actively support the activities of Eesti Energia. They visit Eesti Energia's companies and business units to gain insights and meet the owner's representatives, business partners and stakeholder groups where this is important for Eesti Energia.

In 2024, the supervisory board's legal adviser was Sven Papp, an attorney with the law firm Ellex Raidla.

SUPERVISORY BOARDS OF SUBSIDIARIES AND ASSOCIATES

The terms of office and responsibilities of the members of the supervisory boards of Eesti Energia's subsidiaries and associates are defined in their articles of association. As a rule, the supervisory boards consist of members of Eesti Energia's management board and strategic management team.

At least half of the members of the supervisory board of our renewable energy company Enefit Green must be independent as defined in the Corporate Governance Recommendations promulgated by the Estonian Financial Supervision and Resolution Authority. If the supervisory board has an uneven number of members, the number of independent members may be one less than the number of dependent members.

Due to the large number of its customers, our distribution network operator Elektrilevi has an additional obligation to ensure full independence of the members of its management board and supervisory board. A member of Elektrilevi's governing body or management cannot be a member of the governing body or management of another Group company. As an exception, the members of the governing bodies of Elektrilevi and its subsidiary Imatra Elekter may overlap if this does not pose a risk to the independence of the network operator. Proposals for members of Elektrilevi's supervisory board are made by the nomination committee for the members of the supervisory boards of companies in which the state is a shareholder.

Meetings of the supervisory boards of subsidiaries and associates are held as required and in compliance with legal requirements. Meetings are convened in accordance with the Group's internal regulations, the articles of association of the subsidiary or associate, the law and agreements with co-owners.

SUPERVISORY BOARD

as at 31 December 2024

ANNE MERE
Chairman

Beginning of term of office: 12 May 2022
Chairman since: 12 May 2022
End of term of office: 11 May 2025

ALLAN NIIDU
Member

Beginning of term of office: 20 December 2022
End of term of office: 19 December 2025

ANDRES LIINAT
Member

Beginning of term of office: 12 May 2017
End of term of office: 11 May 2025

EINARI KISEL
Member

Beginning of term of office: 12 May 2017
End of term of office: 11 May 2025

KAUR KAJAK
Member

Beginning of term of office 3 April 2023
End of term of office: 2 April 2026

KRISTI KLAAS
Member

Beginning of term of office: 23 January 2024
End of term of office: 23 January 2027

MEELIS EINSTEIN
Member

Beginning of term of office: 12 May 2020
End of term of office: 11 May 2025

MANAGEMENT BOARD

The day-to-day management of the Group is the responsibility of Eesti Energia's management board, which manages the company in accordance with the instructions and guidance of the supervisory board, the owner's expectations and the Group's strategy that has been approved by the supervisory board. The chairman of the management board is appointed by the supervisory board. The members of the management board are appointed by the supervisory board, taking into account the proposals of the chairman of the management board regarding the composition of the management board.

Andrus Durejko continued as chairman and Kristjan Kuhi, Marlen Tamm and Kelli Toss-Kaasik as members of the management board. In 2024, the composition of the management board changed as follows: Raine Pajo was removed from office on 31 March and Andres Vainola on 5 July. Raido Ivalo joined the management board on 1 April and Lauri Karp on 7 September.

The remuneration of the members of Eesti Energia's management board is regulated by the State Assets Act. The amount of the remuneration is at the discretion of the supervisory board, which takes into account the proposals of the remuneration committee set up under the supervisory board. The members of the management board are remunerated for the performance of their duties as members of the management board. Their remuneration is set out in their service contracts, which may be amended by mutual agreement. A member of the management board may receive additional remuneration.

Lauri Karp's monthly service fee for the performance of his duties as a member of the management board is specified in the service contract signed between him and Enefit Power and he does not receive any additional remuneration for the performance of his duties as a member of the management board of Eesti Energia. The same applied to the former member of the management board Andres Vainola, who was also the chairman of the management board Enefit Power.

The total amount of additional remuneration paid to a member of the management board of Eesti Energia during a financial year may not exceed four times the average monthly remuneration received by the member of the management board in the previous financial year. The granting of additional remuneration must be justified and consistent with the Group's performance, value creation and market position. Termination benefits may only be paid when the supervisory board removes a member of the management board on its own initiative before the end of the member's term of office and the amount may not exceed the management board member's remuneration for three months.

The management board normally meets once a week. If necessary, meetings are held by electronic vote without convening a meeting.

REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD

	Total remuneration 2024 (€)	Total remuneration 2023 (€)
Andrus Durejko	232,289	153,000
Andres Vainola	114,091	165,547
Kelli Toss-Kaasik	174,720	117,000
Kristjan Kuhi	174,720	117,000
Lauri Karp	58,895	0
Marlen Tamm	174,720	117,000
Raido Ivalo	117,000	0
Raine Pajo	92,464	203,816

MANAGEMENT BOARD

as at 31 December 2024

ANDRUS DUREJKO
Chairman

Beginning of term of office: 1 April 2023
End of term of office: 31 March 2026

PREVIOUS CAREER

- Ericsson Estonia: Chairman of the Board; Program Director in the Nordic and Baltic Countries; Head of Digital Services in Sweden, Finland and the Baltics; Director of Technology; Project Manager
- Chairman of the Board, CEO at Ericsson Latvia
- Director of Technology at Reveko Telekom
- Project Manager at Baltcom

EDUCATION

- Estonian Business School MBA
- Estonian University of Life Sciences, Electroenergetics, Master's studies

KELLI TOSS-KAASIK
Member, Chairman of the Management Board of Enefit AS

Beginning of term of office: 1 April 2023
End of term of office: 31 March 2026

PREVIOUS CAREER

- Eesti Energia: Head of Customer Experience; Leading HR Partner; Training and Development Manager
- Eesti Post: Development Department's Training Coordinator

EDUCATION

- Tallinn University, Master of Education
- Tallinn University of Pedagogy, Bachelor of Andragogy

KRISTJAN KUHI
Member, Development Manager for Energy Solutions

Beginning of term of office: 1 April 2023
End of term of office: 31 March 2026

PREVIOUS CAREER

- Ericsson: Industry expert, Utilities and IoT, GF Technology and Emerging Business; Consultant, Global Utilities Team, CGIS; Solution architect, Northern Europe/Central Asia
- Blockchain Expert, Faculty of Engineering, Institute of Electrical Power and Mechatronics at Tallinn University of Technology
- Development Manager and Chief Architect at Wepower
- IT architecture consultant, systems and software development management services, startup mentor

EDUCATION

- Tallinn University of Technology, Faculty of Engineering, Institute of Mechanics and Industrial Engineering, PhD
- Tallinn University of Technology, Faculty of Information Technology, BSc

LAURI KARP
Member, Chairman of the Management Board of Enefit Power

Beginning of term of office: 7 Sept. 2024
End of term of office: 7 Sept. 2027

PREVIOUS CAREER

- Silmet Grupp: Member of the Board of Directors
- Molycorp Silmet: Member of the Board of Directors
- KFPD GmbH: Director
- State Salzburg Austria: Member of Advisory Board
- Springer AG Management Consultants: Senior Consultant Derivatives
- Swedbank: Head of Banking Division
- Deutsche Bank: Sovereign Debt Restructuring

EDUCATION

- Heidelberg University, Master of Arts - MA, Economics, Monetary Policy and FinancialMarkets
- University of Tartu, Microdegree, Renewable Energy and Hydrogen Economy

MARLEN TAMM
Member, CFO

Beginning of term of office: 1 April 2023
End of term of office: 31 March 2026

PREVIOUS CAREER

- Eesti Energia: Head of Management Accounting; Head of Group Controlling; Head of Financial Controllers in Management Accounting; Leading Financial Controller
- Swedbank: Head of the Financial Unit at Swedbank IT in the Baltics; Controller of Services at Swedbank IT; accountant

EDUCATION

- Estonian Business School, Economics/ Business Administration, Master of Science, cum laude
- Tallinn University of Technology, Economics/Business administration, Bachelor's degree

RAIDO IVALO
Member in the field of business IT

Beginning of term of office: 1 April 2024
End of term of office: 1 April 2027

PREVIOUS CAREER

- Twilio Estonia: Engineering Manager
- Ericsson Eesti: Head of IoT Technical Operations, Head of ADM and MSIT Finland and Baltics, Head of Emergency handling RECA
- ERC Europe in Budapest: Acting Head of ERC Europe

EDUCATION

- Tallinn University of Technology, MBA in International Business Administration
- Tallinn University of Technology, M.Sc. Telecommunication

DIFFERENCES APPLYING TO THE MANAGEMENT OF THE DISTRIBUTION NETWORK OPERATORS ELEKTRILEVI OÜ AND IMATRA ELEKTER AS

According to the Electricity Market Act and the common rules for the internal electricity market, the distribution network operators Elektrilevi and its subsidiary Imatra Elekter must, among other things, ensure that all market participants are treated equally and that the network operator's information is protected. In accordance with the law and best practice, we have introduced differences in the management of Elektrilevi and Imatra Elekter to ensure their independence in making investment decisions, carrying out procurements and maintaining the confidentiality of information relating to market participants and contracts with customers.

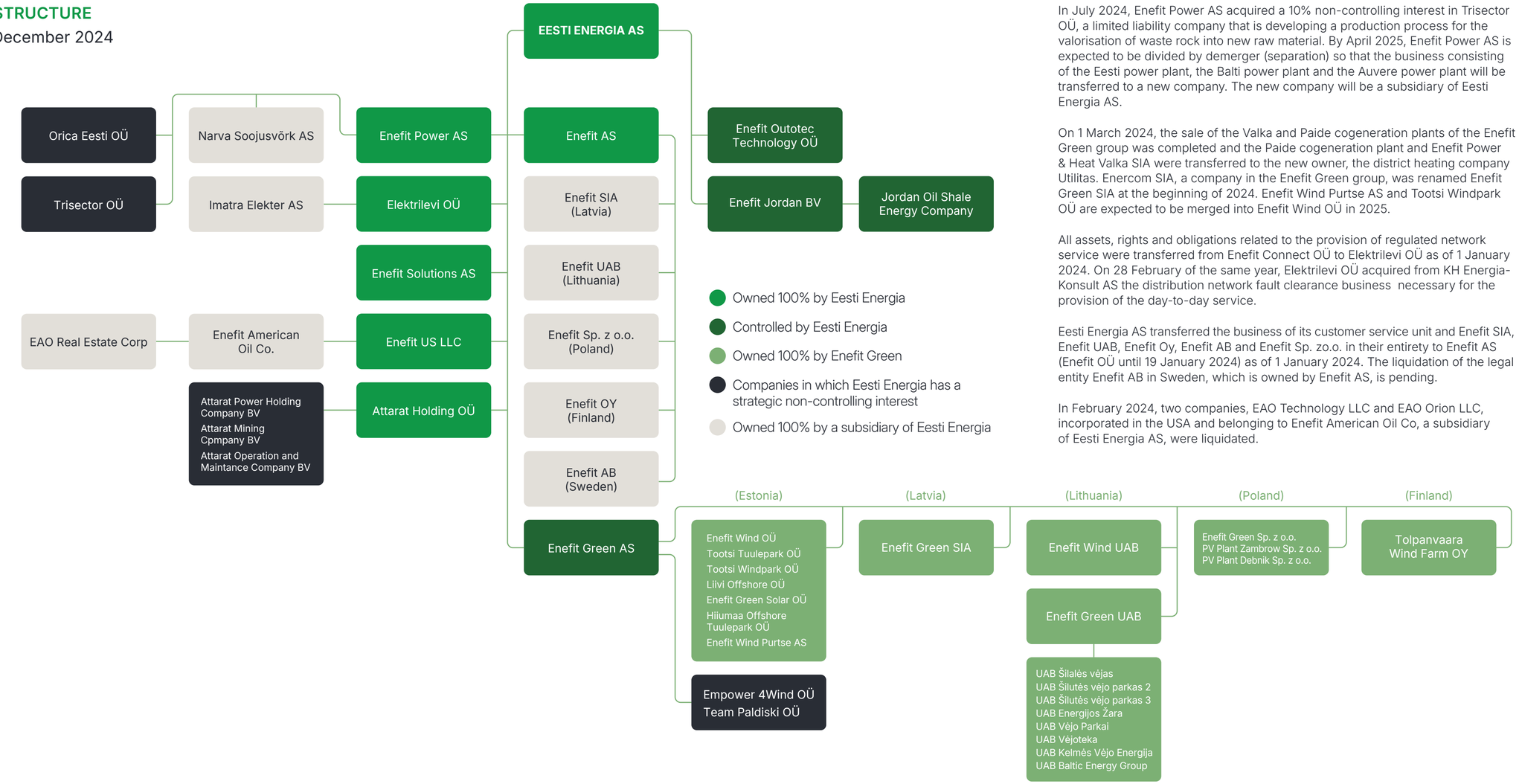
DIFFERENCES APPLYING TO THE MANAGEMENT OF THE LISTED COMPANY ENEFIT GREEN AS

The day-to-day management of our renewable energy company Enefit Green, whose shares are listed on the stock exchange, is the responsibility of Enefit Green's management board, which manages the company in line with the Group's strategy that has been approved by the supervisory board.

At least half of the members of the supervisory board must be independent as defined in the Corporate Governance Recommendations. If the supervisory board has an uneven number of members, the number of independent members may be one less than the number of dependent members.

GROUP STRUCTURE

as at 31 December 2024



In July 2024, Enefit Power AS acquired a 10% non-controlling interest in Trisector OÜ, a limited liability company that is developing a production process for the valorisation of waste rock into new raw material. By April 2025, Enefit Power AS is expected to be divided by demerger (separation) so that the business consisting of the Eesti power plant, the Balti power plant and the Auvere power plant will be transferred to a new company. The new company will be a subsidiary of Eesti Energia AS.

On 1 March 2024, the sale of the Valka and Paide cogeneration plants of the Enefit Green group was completed and the Paide cogeneration plant and Enefit Power & Heat Valka SIA were transferred to the new owner, the district heating company Utilitas. Enercom SIA, a company in the Enefit Green group, was renamed Enefit Green SIA at the beginning of 2024. Enefit Wind Purtse AS and Tootsi Windpark OÜ are expected to be merged into Enefit Wind OÜ in 2025.

All assets, rights and obligations related to the provision of regulated network service were transferred from Enefit Connect OÜ to Elektrilevi OÜ as of 1 January 2024. On 28 February of the same year, Elektrilevi OÜ acquired from KH Energia-Konsult AS the distribution network fault clearance business necessary for the provision of the day-to-day service.

Eesti Energia AS transferred the business of its customer service unit and Enefit SIA, Enefit UAB, Enefit Oy, Enefit AB and Enefit Sp. zo.o. in their entirety to Enefit AS (Enefit OÜ until 19 January 2024) as of 1 January 2024. The liquidation of the legal entity Enefit AB in Sweden, which is owned by Enefit AS, is pending.

In February 2024, two companies, EAO Technology LLC and EAO Orion LLC, incorporated in the USA and belonging to Enefit American Oil Co, a subsidiary of Eesti Energia AS, were liquidated.

THE GROUP'S PROCUREMENT ACTIVITIES AND RELATIONSHIPS WITH PARTNERS

The Group's management board approved the Code of Ethics for Partners in 2022. A separate Code of Ethics for the Enefit Green group was approved in 2024. The purpose of these documents is to inform our partners of the ethical requirements that are a prerequisite for working with us.

In adopting the Group's ethical requirements, we were guided by the principles that our partners play an important role in ensuring Eesti Energia's sustainability and that the Eesti Energia group has a higher than average duty of care due to its impact on society. We expect our partners to adhere to the principles set out in the Code and to comply fully with all applicable laws and regulations. Based on internationally recognised standards for promoting social and environmental responsibility, the Code goes beyond legal compliance. The topics covered in the Code are consistent with the ten principles of the UN Global Compact.

The procurement procedures of the Eesti Energia group are set out in detailed uniform procurement rules that apply to all Estonian Group companies. The rules clearly define the decision-making powers of the different levels of management. The powers of budget managers and members of the management and management and supervisory boards are defined separately.

The limits of powers vary slightly depending on the type of decision (approval of a transaction, acceptance of source documents, initiation of a procurement, etc.) or area (e.g. Elektrilevi is subject to special requirements under the Electricity Market Act).

Procurement procedures for Group companies registered outside Estonia are set out in a separate document.

REPORTING PRINCIPLES

Timely and reliable information is key to quality management decisions. We have established reporting processes to monitor our key performance indicators and other important metrics on a weekly, monthly, quarterly and annual basis. Once a month, we compare our results against the budget and the latest forecast. We update our action plan for the remainder of the year on a quarterly basis, adjusting our business as necessary to reflect current market conditions. We update the Group's five-year strategic action plan once a year.

We have approved principles for the Group's key performance indicators to ensure that the activities of all levels of management are aligned with the Group's main goals. We share information on an ongoing basis to implement more effective performance measures.

The Group's management accounting tool is Tableau, a business intelligence and analytics software. Modern management information dashboards allow us to obtain feedback on our results quickly, conveniently and interactively, and to make better and faster management decisions.

In addition to various reports submitted to Statistics Estonia, we publish annual and quarterly reports. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards. The annual report is audited and subsequently approved by the Group's supervisory board. The annual report, together with the report of the supervisory board, is submitted to the general meeting for final approval.

Quarterly and annual results are presented at a press conference and a detailed overview of the results is also made available to employees.

AUDIT COMMITTEE AND EXTERNAL AUDITOR

The audit committee is a body established by the Group's supervisory board. It is responsible for advising the supervisory board on matters relating to accounting, external audit, risk management, internal control and internal audit, supervision and budgeting, and legal and regulatory compliance.

The committee consists of three or four members. At least half of the members are appointed from among the members of the supervisory board. The members of the audit committee are appointed by the supervisory board for a term of three years. A member of the committee may be removed from office early by decision of the supervisory board. The members of the committee elect one of their number as chairman of the committee. The chairman is responsible for coordinating the work of the committee.

The audit committee meets at least once every two months according to an agreed schedule. The audit committee submits its report to the supervisory board once a year, before the supervisory board approves the Group's annual report.

Eesti Energia's financial statements are audited in accordance with International Standards on Auditing. According to Eesti Energia's articles of association, the auditor of the financial statements is appointed by the general meeting.

The general meeting has appointed audit firm PricewaterhouseCoopers (PwC) as the auditor of the financial statements for 2024. The person authorised to sign the auditor's report depends on the country of incorporation of the Group company. The auditor responsible for the audit of the consolidated financial statements is certified public accountant Jüri Koltsov. In 2024, the total cost of financial audit services provided by PricewaterhouseCoopers was 504 thousand euros (422 thousand euros in 2023).

Risk Management

Ultimate responsibility for the Group's risk management lies with the Group's management board. Oversight of the risk management activities and processes to ensure that they function properly is the responsibility of the Group's supervisory board, audit committee and internal audit department.

The purpose of our risk management activities is to:

- support the development and implementation of the strategy;
- contribute to the achievement of the Group's financial and operational objectives;
- identify potential opportunities;
- prevent undesirable events.

The implementation of the processes to manage the risks that are inherent in our operations and affect our performance is the responsibility of the managers of the Group companies and units.

The Group's risk appetite is defined in its strategy and expressed in its budget. The Group's risk tolerance is defined by Group-wide policies, thresholds and limits, as well as by legal and regulatory requirements and permits. We have established risk management mandates, limits and thresholds, for example for the management of financial risks (including price risk related to production assets, counterparty credit risk and liquidity risk) and environmental risks.

Eesti Energia's Internal Audit Department passed an external quality assessment in the second quarter of 2024 for the highest rating of "overall compliance". The quality assessment was conducted by Grant Thornton Baltic OÜ, which confirmed the results of the self-assessment of the Internal Audit Department and agreed that the Internal Audit Department is in general compliance with the mandatory components of the International Standards on Auditing and complies with the Auditors Activities Act.

RISK MANAGEMENT FRAMEWORK AND ORGANISATION

Our risk management framework consists of the risk management principles and policies approved by the Group's supervisory board, which describe the risk management process, the roles and responsibilities of those involved, and the principles and policies for managing the principal risks that may affect the achievement of the Group's objectives. In developing our risk management principles and policies, we are guided by international standards and best practice. We have put in place risk management measures designed to prevent risks from materialising, which are updated to reflect changes in the Group's strategy, activities and organisational structure.

The risks associated with and affecting our activities are identified and assessed, and losses are prevented through the Group's governance and control processes.

RISK MANAGEMENT PROCESS

1. **Setting objectives**
   Risk management is the process of identifying and analysing risks that are material to the achievement of the Group's objectives, and defining and implementing the measures necessary to mitigate or hedge such risks.

2. **Risk identification**
   Risk identification is driven by the Group's objectives. The results of the Group's activities can be threatened by internal and external factors, as well as at the level of individual companies, units or activities.

   The purpose of risk identification and assessment is to draw up a list of the main risks that may impede, deteriorate or delay the activities of the company or unit and thereby affect the achievement of the Group's objectives. It is equally important to identify the risks arising from failure to take advantage of opportunities.

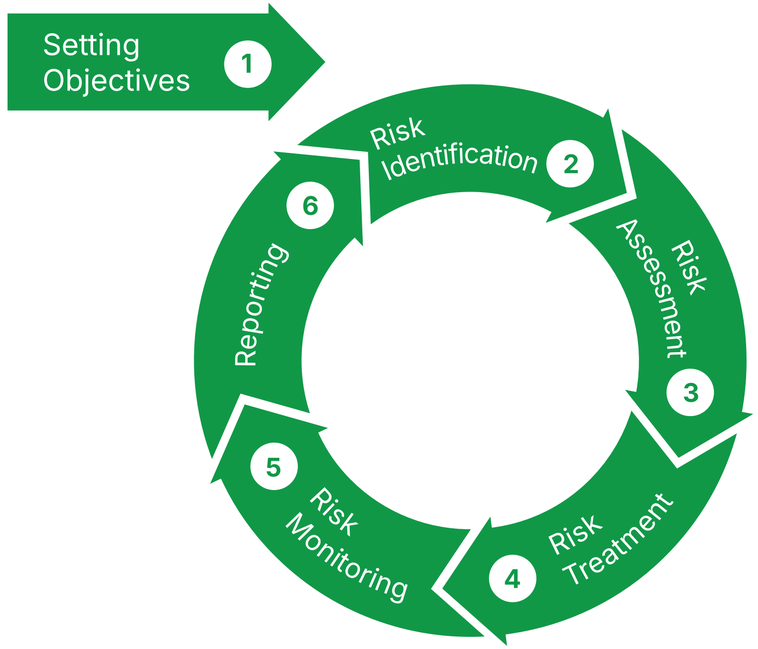
3. **Risk assessment**
   Following the identification and assessment of risks, measures will be implemented, where appropriate, to reduce the likelihood of the risk occurring and/or the potential magnitude of the loss. The choices may include:

4. **Risk treatment and response**
   Riskide tuvastamise ja hindamise järel rakendatakse vajaduse korral meetmeid riski esinemise tõenäosuse ja/või kahju võimaliku suuruse vähendamiseks. Valikud võivad sisaldada:

   a) risk mitigation or hedging;
   b) risk avoidance, i.e. deciding not to undertake or continue the activity associated with the risk;
   c) elimination of the source of the risk;
   d) sharing the risk with other parties (insurance);
   e) accepting the risk with a reasoned decision.

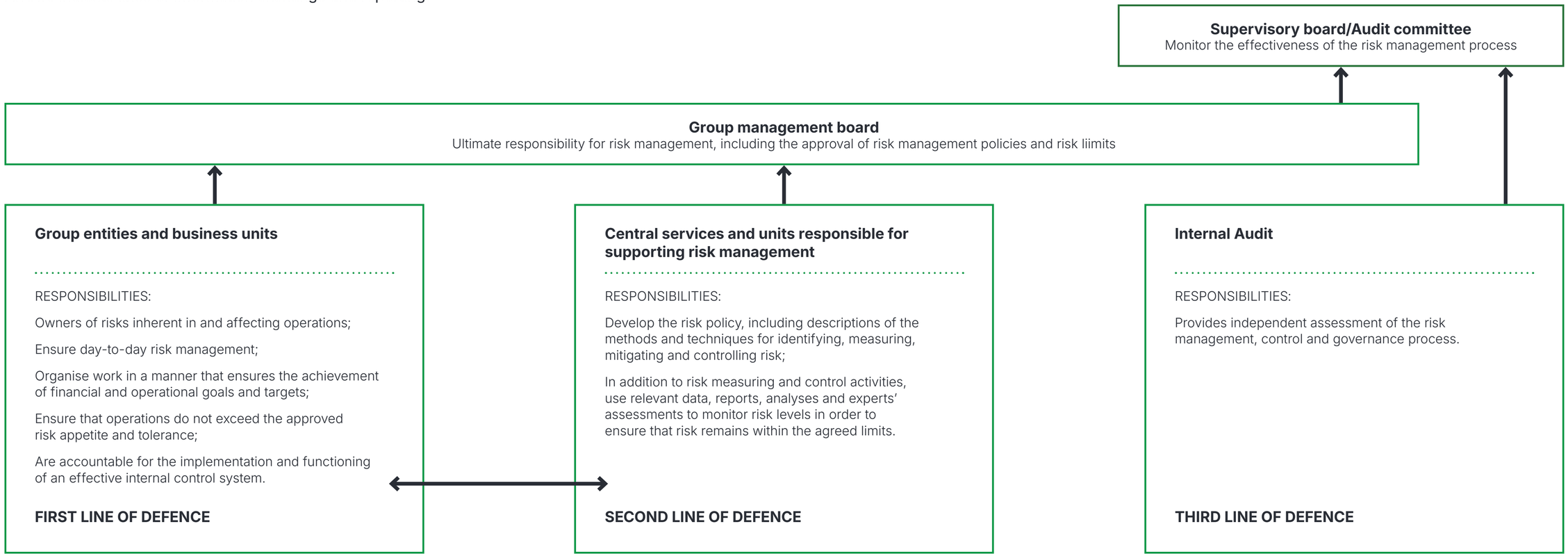
5. **Risk monitoring**
   Adherence to the agreed measures is monitored in order to assess their continued effectiveness and, where necessary, to make changes or implement new measures.

6. **Reporting**
   Sufficiently detailed and frequent reporting is required to monitor risks and their magnitude as well as the effectiveness of the measures taken, and to take risks into account in the assessment of strategic and operational objectives .



RISK MANAGEMENT SYSTEM

Arrows indicate lines of information exchange and reporting.



RISK PROFILE

Our risk profile describes the risks that have the greatest impact on our business and operations, such as strategic risk, financial risk (including market, credit, liquidity, interest rate and currency risk), technological and technical risk, legal risk, compliance risk, environmental risk, occupational health and safety risk, security and fire risk, tax risk, regulatory risk, third party risk, information technology (IT) risk, fraud risk, human resources risk, reputational risk and personal data protection (GDPR) risk.

Assessing and updating the risk profile is part of our daily management activities. We assess the risks associated with both existing activities and those under development.

PRINCIPAL RISKS AND THEIR MITIGATION

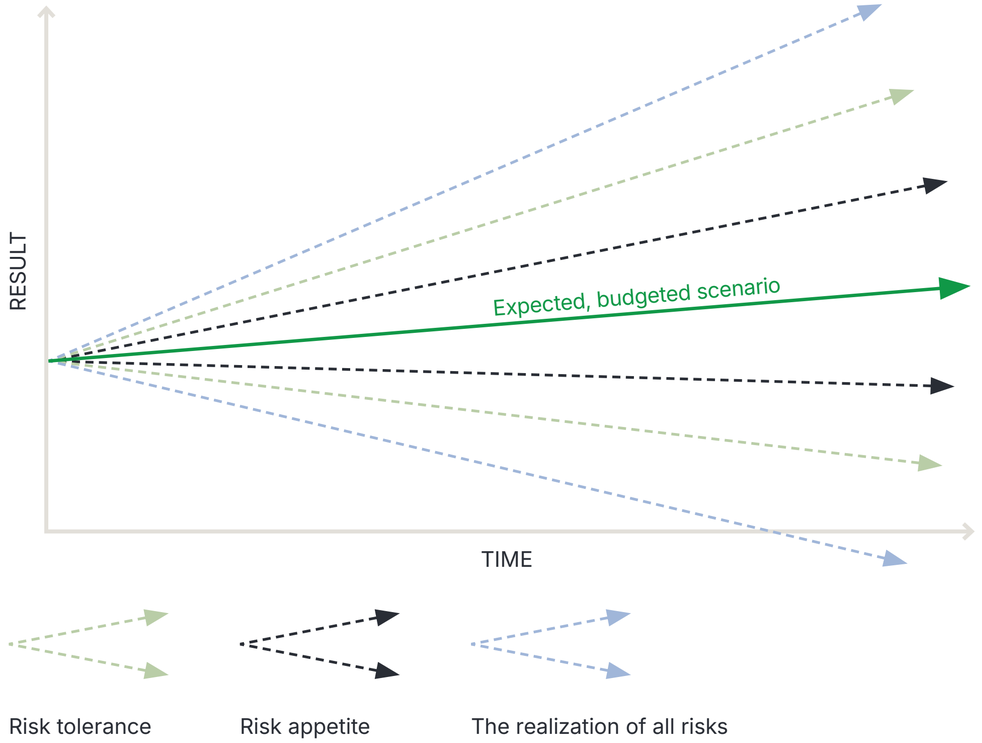
Risks that have a significant impact on the achievement of our objectives include liquidity risk and market risk, which are part of financial risk, legal risk, environmental risk, IT risk, technological and technical risk and operational risk. We pay close attention to ensuring the continuity of essential services and business-critical operations, data protection and occupational safety.

FINANCIAL RISKS

Liquidity risk is the risk that the Group or any of its subsidiaries will not have sufficient cash and other sources of liquidity to meet its obligations or to implement its strategy. Liquidity risk is mitigated by maintaining sufficient funds in our bank accounts and, where necessary, by raising debt in the market. To raise capital, we have already secured loans which have not been fully drawn.

Market risk is the risk that changes in the market (demand, the prices of products and services) will expose the Group to changes in the value of its assets or liabilities or the amount of income earned on its assets and services. The volatility of energy prices can reduce our ability to sell the electricity and oil we produce and affect the income from long-term power purchase agreements. The most significant market risk is price risk, which is the risk of changes in the prices of electricity, liquid fuels and emission allowances. We use derivative financial instruments to mitigate and hedge market risk.

RISK APPETITE



LEGAL RISK

The Group's operation is strongly influenced by treaties, conventions and regulations adopted in the markets in which we operate, in the European Union and internationally. Legal risk, which arises from political decisions, regulators' activities in the interpretation of regulations and similar sources, influences our day-to-day business operations. We manage legal risk by monitoring the trends and developments in the legal environment, actively participating in public discussions and the development of new legislation, and ensuring that our activities comply with laws and regulations.

ENVIRONMENTAL RISK

Our strategic goal is to limit our environmental footprint and to be a leader in the green transition. Environmental risk arises when the Group's action or inaction causes environmental damage that is not in line with agreed objectives.

We prevent environmental damage in energy production by optimising the use of existing facilities, implementing new technological solutions and increasing efficiency through the application of circular economy principles. To control, manage and reduce our environmental impact, we have implemented an environmental management system that meets the requirements of ISO 14001 and the EU Eco-Management and Audit Scheme (EMAS), and we comply with the requirements of applicable environmental legislation and the environmental permits issued to us under such legislation.

IT SECURITY RISK

IT security risk is the risk that a Group company will not be able to achieve its business objectives due to deficiencies in its IT solutions. The main IT security risks are the failure of IT systems and the loss of data (including customer data) or data confidentiality.

We manage this risk by conducting and updating risk analyses for all material and business-critical operations and by raising employee awareness of information and cyber security risks through training and seminars.

TECHNOLOGICAL AND TECHNICAL RISK

We define technological and technical risk as the risk that technological solutions will fail to meet strategic expectations, or that a failure of control, management or security systems, or an attack designed to prevent systems from functioning and disrupt services, will result in a service or production interruption, a major incident or a significant loss (including environmental damage).

To manage the risk, we collaborate with research institutions and technology developers, have implemented the ISO 55001 standard for asset management and additional cyber security solutions and, following any significant event, conduct a root cause analysis and develop measures to reduce the likelihood of similar events and their negative impact. We regularly analyse business continuity risks to ensure the continuity of our services.

OPERATIONAL RISKS

Operational risk arises from inadequate or ineffective processes, people, equipment, systems or external events. Operational risks are managed by applying policies, standards, management principles and performance indicators. The impact of some operational risks is mitigated by purchasing insurance cover.

We pay great attention to reducing occupational health and safety (working environment) risks. All our production companies have implemented an occupational health and safety management system. We believe it is important to involve employees in identifying working environment risks and improving safety culture. In addition to safety instruction provided as part of initial and ongoing training, we organise separate safety training courses and days. Our aim is to work without accidents and occupational diseases.

An external assessment of the safety culture of the Group's production companies was carried out in 2024 in order to obtain an objective overview of the state of our safety culture and opportunities for improvement. In addition, Eesti Energia's management board established a Group-level safety committee to develop the safety culture and support the implementation of its principles by conducting or coordinating Group-wide activities.

Due to the size and scale of the Group's operations, we pay considerable attention to fraud risk management. We mitigate the risk of fraud occurring and the resulting losses by increasing the proportion and effectiveness of preventive measures, while maintaining day-to-day fraud detection and response capabilities.

To better manage the risk of fraud, the Group has established a dedicated fraud risk management unit, adopted a code of ethics and established fraud risk management principles that comply with international standards. We also operate a hotline that meets the requirements of the EU Whistleblower Directive, run various information and training programmes (e.g. annual e-courses on the Code of Ethics and anti-corruption training) and cooperate with domestic and foreign law enforcement agencies and professional organisations.

We have implemented a system for the declaration of economic interests, which requires employees who may be exposed to conflicts of interest in the performance of their duties to declare their economic interests and to confirm their independence through regular self-assessment.

RISK REPORTING

The Group's risk reporting and information sharing processes ensure that risk-related information reaches all relevant stakeholders. We measure the success of our risk management processes and activities and the achievement of our risk management objectives using key performance indicators and other metrics, and validate this by assessing the maturity of risk management.

Risks that have a significant impact on the achievement of the Group's objectives and targets are regularly reported to the Group's management teams, management board, audit committee and supervisory board. Management and other relevant parties are promptly informed of any significant events as well as potential and actual changes in the Group's risk profile.

Financial Results

Revenue and EBITDA

In 2024, Eesti Energia generated revenue of €1,785.2 million, 6% (-€120.3 million) less than a year earlier.

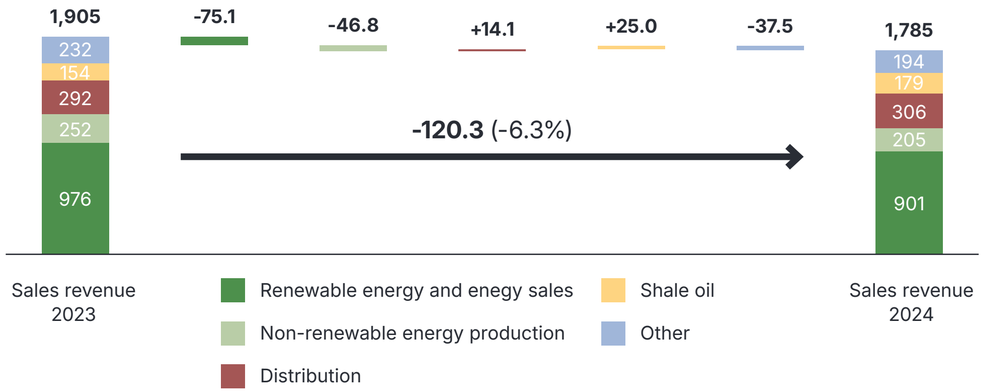
Revenue from renewable energy and electricity sales decreased by 8% (-€75.1 million) due to lower energy prices, while revenue from non-renewable electricity production decreased by 19% (-€46.8 million) due to lower output from the oil shale power plants. Electricity distribution revenue increased by 5% (+€14.1 million), supported by higher average network charges and a larger sales volume. Revenue from shale oil grew by 16% (+€25.0 million). While shale oil sales volume decreased compared to 2023, the average sales price increased, mainly due to a better result from derivative transactions. Revenue from other products and services decreased by 16% (-€37.5 million), mainly due to the Group's exit from the pellet production business and lower revenue from solar services.

The Group's EBITDA was €398.2 million, 9% (-€38.5 million) lower than in 2023. The figure includes the positive impact of changes in the value of long-term power purchase agreements (PPAs) of -€1.8 million (2023: negative impact of €46.3 million). Adjusted EBITDA (excluding the effect of PPAs) for 2024 was €400.0 million (-€83.1 million, 17%) EBITDA from renewable energy and electricity sales increased, driven by a higher electricity generation volume and gain on derivative transactions. EBITDA from non-renewable electricity production decreased significantly due to lower gain from realised derivative transactions. Distribution EBITDA remained stable compared to the previous year and shale oil EBITDA increased, driven by a higher margin, a better result on derivative transactions and a one-off gain from the use of an additional amount of CO_2 emission allowances received free of charge. EBITDA from other products and services increased by €6 million compared to a year earlier.

The Group ended the year with a net profit of €12.9 million (+€434.9 million). Adjusted net profit was €14.7 million (+€390.4 million). Net profit includes impairment losses on the assets of the oil shale mines and the shale oil plant, with an impact of €163.6 million.

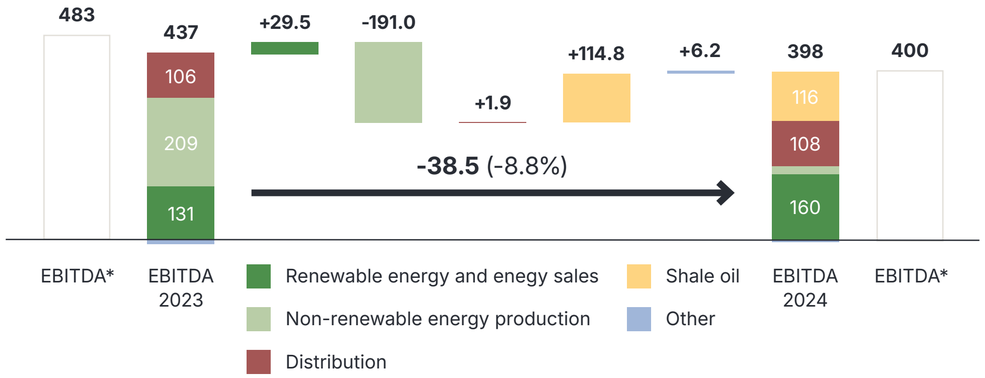
Group's sales revenue breakdown and change

m€



Group's EBITDA breakdown and change

m€

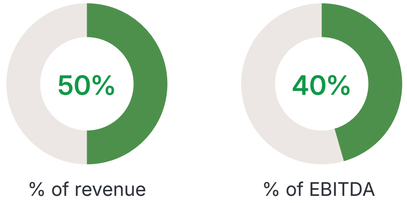


* Adjusted EBITDA excludes the impact of fluctuations in the fair values of long-term power purchase agreements (PPAs)

Renewable Energy and Electricity Sales

The renewable energy and electricity sales segment reflects the results of renewable electricity generation, electricity sales and energy trading.

Share of renewable energy and electricity sales in Group's sales revenue and EBITDA



% of revenue

% of EBITDA

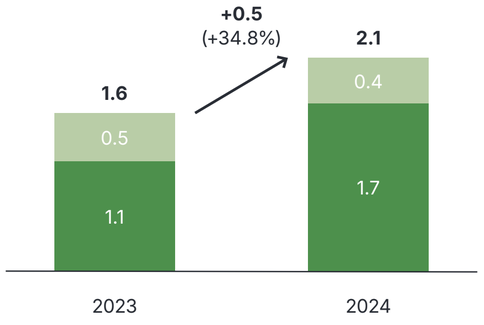
REVENUE

While the electricity sales price decreased, the electricity sales volume increased slightly compared to 2023. The segment's revenue for the year decreased by 8% (-€75.1 million) to €901.3 million.

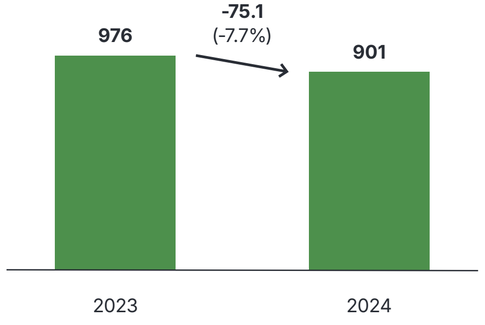
RENEWABLE ENERGY PRODUCTION VOLUME

The Group's renewable energy generation increased by 550 GWh (+35%) compared to 2023, reaching 2,129 GWh of which 1,681 GWh was wind power. Wind power production at the Group's wind farms increased by 578 GWh (+52%) compared to a year earlier, supported by additional output from Sopi-Tootsi in Estonia (+200 GWh), Akmenė in Lithuania (+146 GWh) and Tolpanvaara in Finland (168 GWh). The Tolpanvaara wind farm was completed in April 2024. The construction of the Akmenė, Šilalė II and Sopi-Tootsi wind farms was also completed in 2024, but their pre-completion grid testing is still ongoing. The construction of the Kelmė wind farms is scheduled to be completed in 2025. Electricity produced from other renewable sources, mainly biomass, amounted to 448 GWh.

Production
TWh



Sales revenue
m€



SALES VOLUME AND EESTI ENERGIA'S MARKET SHARE

Retail sales of electricity decreased by 247 GWh (-2%) to 9,838 GWh in 2024. Retail sales by market were as follows: Estonia 3,420 GWh (-468 GWh), Latvia 1,624 GWh (+36 GWh), Lithuania 2,708 GWh (+388 GWh), Poland 2,050 GWh (-184 GWh) and Finland 37 GWh (-20 GWh). Wholesale sales increased by 428 GWh (+285%) to 579 GWh.

In terms of customers' electricity consumption volume, Eesti Energia's market share in Estonia was 47% in 2024, 7 percentage points lower than the year before (54%). The decrease in market share is attributable to the fact that Eesti Energia ceased providing general service from June 2024 as well as stiff competition between suppliers. Our market shares in Latvia and Lithuania were 27% and 23%, respectively. Although in 2024 we lost 2 percentage points of market share in Latvia, we gained 9 percentage points in Lithuania.

KEY INDICATORS FOR RENEWABLE ENERGY AND ELECTRICITY SALES

		2024	2023
EBITDA from renewable energy and electricity sales	€/MWh	18.3	15.9
Adjusted EBITDA from renewable energy and electricity sales	€/MWh	18.5	21.6

EBITDA FROM RENEWABLE ENERGY AND ELECTRICITY SALES

EBITDA from renewable energy and electricity sales amounted to €160.3 million in 2024 (+23%, +€29.5 million). The figure includes the impacts of changes in the value of long-term PPAs of -€1.8 million (2023: -€46.3 million). Adjusted EBITDA (excluding those impacts) for 2024 was €162.1 million (-8%, -€15.0 million).

A lower margin reduced EBITDA by €44.2 million (-€5.0/MWh) compared to 2023. While average income decreased by €15.8/MWh, average variable costs decreased by €10.8/MWh.

A higher sales volume improved EBITDA by €17.4 million. Although the retail sales volume declined, the volume of electricity sold on the power exchange increased, driven by growth in renewable energy generation.

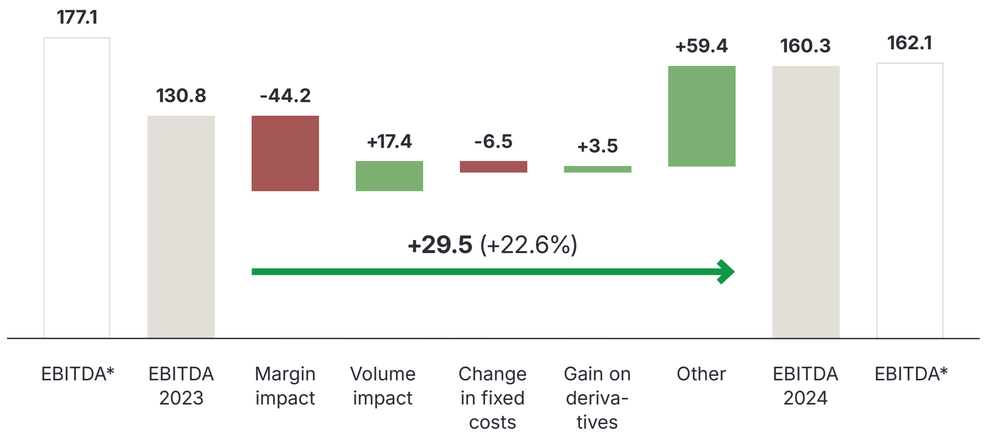
The impact of the increase in fixed costs on EBITDA was -€6.5 million compared to the previous year. The figure reflects, among other items, an increase in the repair and maintenance costs of renewable energy production assets of €1.1 million and an increase in land costs associated with wind farms of €1.1 million, mainly due to the addition of new production assets. Payroll expenses increased by €1.2 million.

Realised gain on derivative transactions improved EBITDA by €3.5 million (a realised loss of €0.2 million in 2023 and a realised gain of €3.3 million in 2024).

Other impacts of +€59.4 mainly reflect changes in the values of derivative transactions, of which +€44.6 million was related to long-term PPAs.

Renewable energy and electricity sales EBITDA development

m€

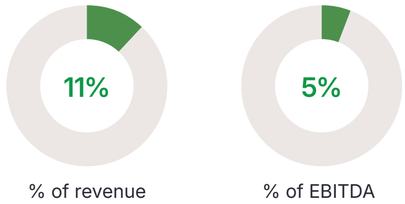


* Adjusted EBITDA excludes the impact of fluctuations in the fair values of long-term power purchase agreements (PPAs)

Non-renewable Electricity Production

The non-renewable electricity production segment reflects the results of electricity generation from oil shale and other non-renewable sources.

Share of non-renewable electricity production in the Group's revenue and EBITDA



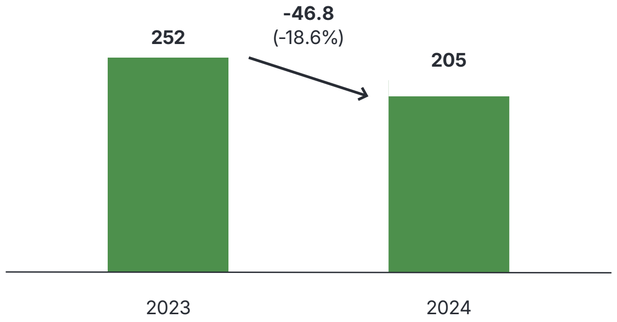
REVENUE

The segment's revenue decreased by 19% to €205.2 million (-€46.8 million) in 2024. This was mainly due to lower output from the oil shale power plants.

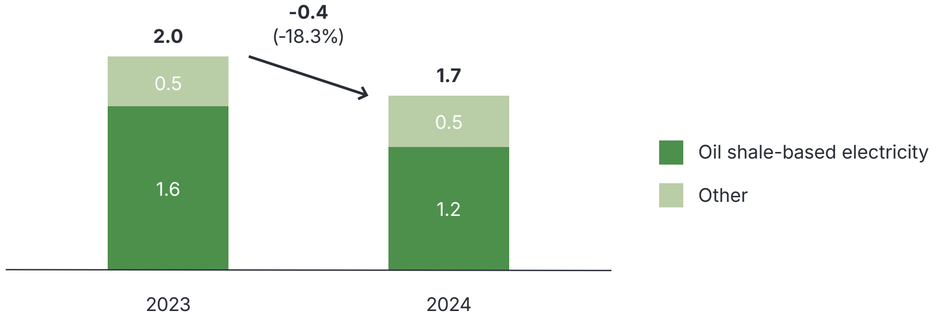
NON-RENEWABLE ELECTRICITY PRODUCTION VOLUME

We produced 1,661 GWh of non-renewable electricity in 2024, 18% (-373 GWh) less than in 2023. Although the increase in renewable electricity generation in the Baltic region has reduced the need for electricity produced by fossil fuel power plants, these plants still play an important role in ensuring the availability of dispatchable electricity in the region. Non-renewable electricity generation decreased because declining electricity prices reduced the competitiveness of oil shale electricity, particularly in the case of our older generating units whose production costs are higher. We were able to increase the availability of the Auvere power plant significantly, taking it to 89% of the planned working time (+23 pp compared to 2023). The improvement was supported by the upgrades and the replacement of heat exchangers carried out in 2023.

Sales revenue
m€



Production
TWh



KEY INDICATORS FOR NON-RENEWABLE ELECTRICITY PRODUCTION

		2024	2023
EBITDA from non-renewable electricity production	€/MWh	10.8	102.8

EBITDA FROM NON-RENEWABLE ELECTRICITY PRODUCTION

Non-renewable electricity production delivered EBITDA of €18.0 million in 2024 (-91%, -€191.0 million compared to 2023). The margin for non-renewable electricity production improved but the item with the strongest impact was a fall in the gain on realised derivative transactions, which was exceptionally high in 2023 due to forward sales concluded at high prices during the energy crisis.

A higher margin increased EBITDA by €51.2 million (+€30.6/MWh) compared to 2023. A major share of the increase (+€27 €/MWh) was due to lower CO_2 emission costs. In 2023, there was no margin (excluding the impact of derivative transactions), which is why the impact of a decrease in volume was -€0.0 million.

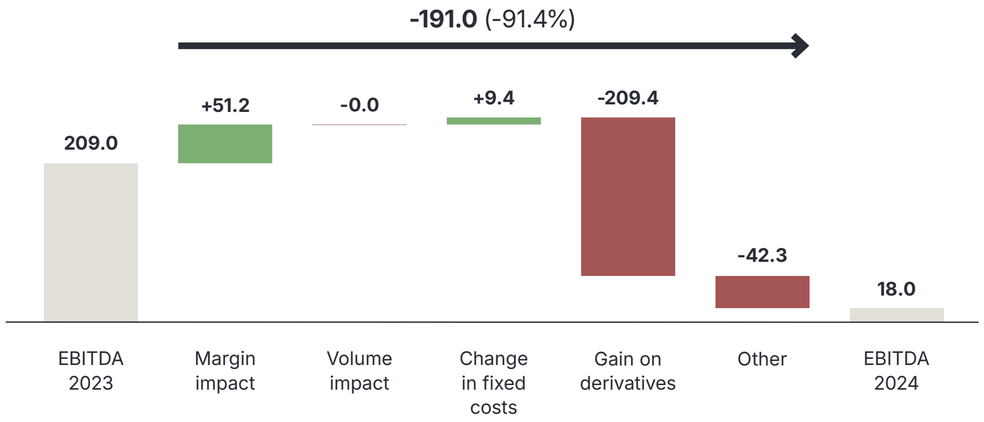
The decrease in fixed costs improved EBITDA by €9.4 million. Repair and maintenance costs decreased by €5.1 million and payroll expenses by €3.7 million.

Realised gain on derivative transactions decreased significantly, reducing EBITDA by €209.4 million (realised gain in 2023 was €232.0 million compared with €22.6 million in 2024).

Other impacts of -€42.3 million mainly include the year-over-year change in the value of unrealised derivative transactions (the figure for 2023 also included the impact of revaluations related to universal service of +€46.2 million).

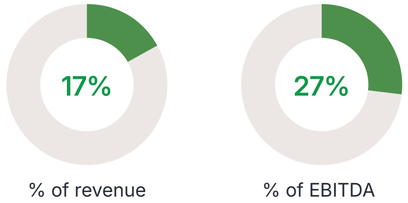
Non-renewable energy production EBITDA development

m€



Distribution

Share of distribution in the Group's revenue and EBITDA



DISTRIBUTION REVENUE, SALES VOLUME AND PRICE

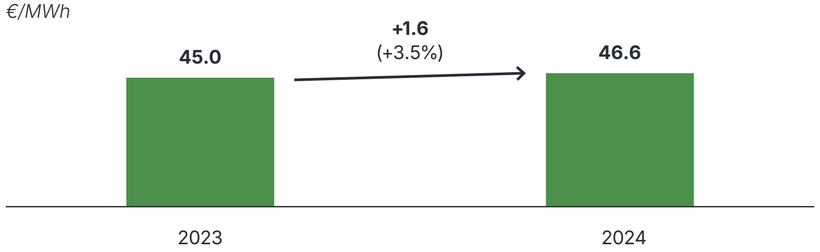
In 2024, electricity distribution revenue grew by 4.8% to €305.7 million (+€14.1 million) and sales volume increased by 1.3% to 6,557 GWh (+82.2 GWh). Sales volume remained at the same level due to the economic environment. As the expected economic recovery did not materialise, the consumption of the distribution service provided by Elektrilevi increased by 0.9% for household customers and by 1.1% for corporate customers.

The average price of the distribution service was €46.6/MWh (+3.5%) in 2024. The average sales price increased by €1.6/MWh due to an increase in network charges.

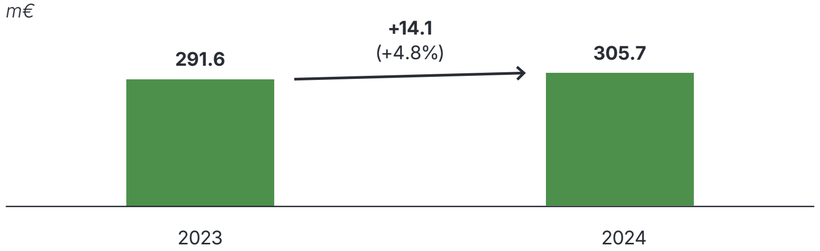
DISTRIBUTION LOSSES

Distribution losses were 312.6 GWh (4.28%) in 2024. The amount of distribution losses increased by 3.3 GWh, but the rate of distribution losses decreased by 0.1 percentage points. Distribution losses increased due to the increase in power generation, which increased energy flows in Elektrilevi's network, including the amount of electricity passed on to the transmission network.

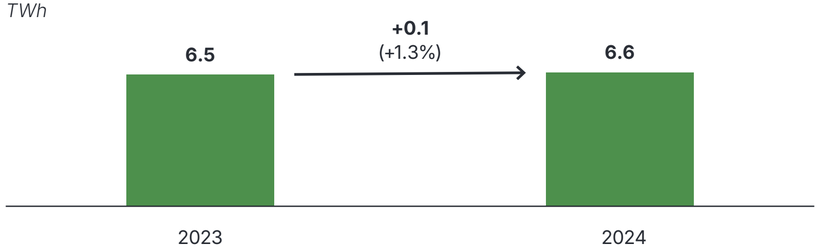
Average sales price
€/MWh



Distribution sales revenue
m€



Distribution volume
TWh



SUPPLY INTERRUPTIONS

The average duration of unplanned supply interruptions in 2024 was 142.2 minutes (2023: 451.7 minutes) due to weather conditions during the period. The average duration of planned supply interruptions was 86.0 minutes (2023: 75.9 minutes). The duration of planned supply interruptions depends on the extent of planned network maintenance and renewal.

KEY INDICATORS FOR DISTRIBUTION

		2024	2023
Distribution losses	GWh	312.6	309.3
SAIDI (unplanned)	index	142.2	451.7
SAIDI (planned)	index	86.0	75.9

Power outages can be reduced by replacing bare conductors with weatherproof cables. At the end of 2024, 96.5% of our low voltage distribution network and 46.7% of our medium voltage distribution network was weatherproof (at the end of 2023: 95.7% and 44.9%, respectively).

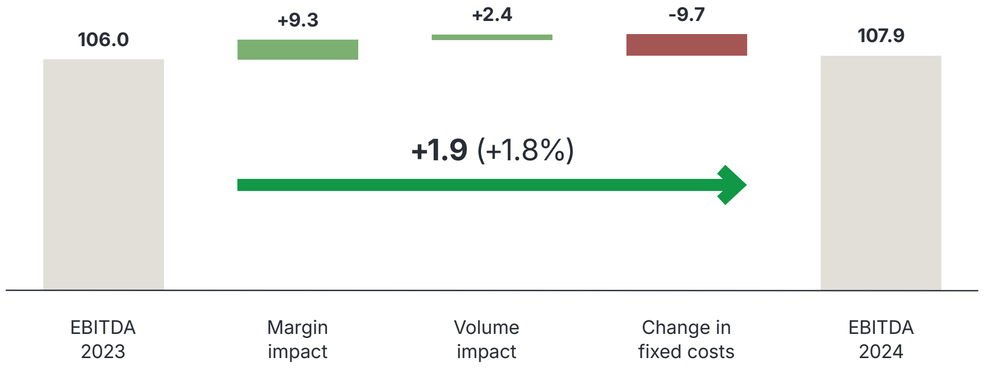
DISTRIBUTION EBITDA

Distribution EBITDA for 2024 was €107.9 million (+2%, +€1.9 million). A higher margin increased distribution EBITDA by €9.3 million compared with a year earlier. Average sales revenue grew by €1.6/MWh, while average variable costs remained at the level of the previous year. Distribution sales volume grew by 1% or 82 GWh, increasing EBITDA by €2.4 million compared to 2023.

A significant increase in fixed costs reduced EBITDA by €9.7 million. We have increased focus on improving network quality, which has also increased network maintenance and repair costs.

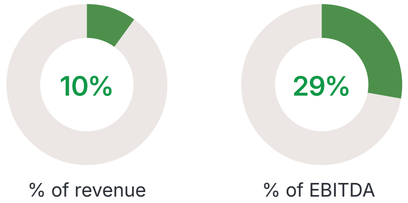
Distribution EBITDA development

m€



Shale Oil

Share of shale oil in the Group's revenue and EBITDA



SHALE OIL REVENUE AND SALES VOLUME

We sold 435 thousand tonnes of shale oil in 2024, which generated revenue of €178.6 million. Shale oil revenue grew by 16.3% (+€25.0 million), but sales volume decreased by 7.1% (-33.0 thousand tonnes) compared to 2023, mainly due to a decrease in production volume.

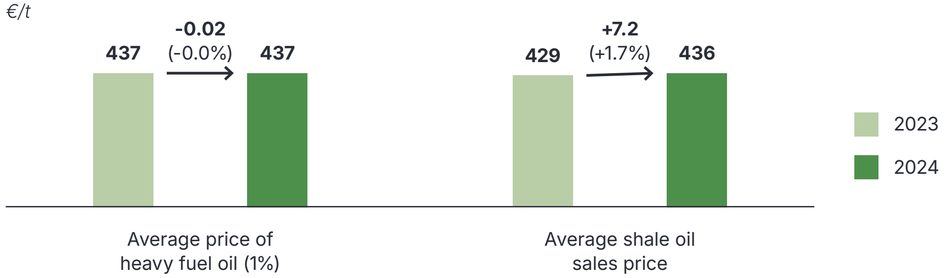
SHALE OIL PRICE

The average sales price of shale oil (excluding derivative transactions) increased by 1.7% to €436.0/t (+€7.2/t).

Derivative transactions in the period resulted in a loss of €25.5/t. Compared to 2023, the loss decreased by €75.1/t (2023: a loss of €100.7/t). Including the impact of derivative transactions, the average sales price of shale oil was €410.5/t in 2024 (+25.1%, +€82.4/t compared to 2023).

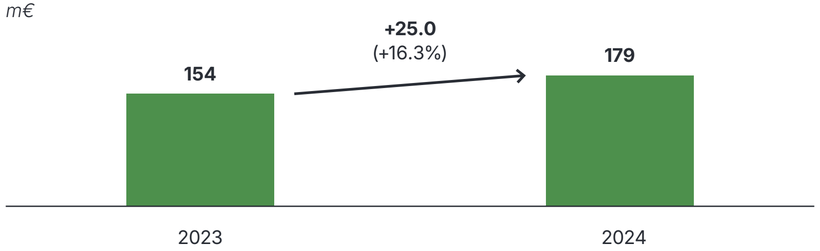
Average shale oil sales price

€/t



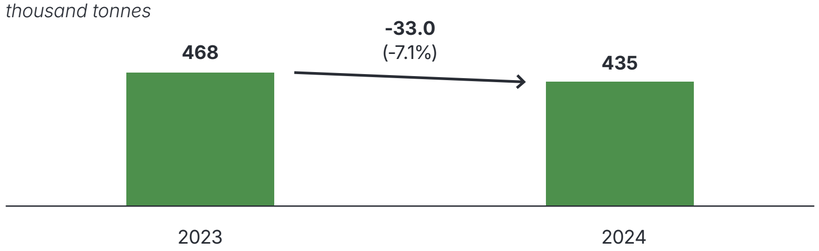
Shale oil sales revenue

m€



Shale oil sales volume

thousand tonnes



SHALE OIL PRODUCTION VOLUME

We produced 451 thousand tonnes of shale oil in 2024, 4.9% (-23.1 thousand tonnes) less than a year earlier. The decline is attributable to our older plant, Enefit-140, where we used oil shale with a lower calorific value to avoid exceeding the emission limits. In addition, the availability of Enefit-140 was lower and its major overhaul took a month longer than in 2023. The output of our newer plant, Enefit-280, increased by 8% compared to 2023.

KEY INDICATORS FOR SHALE OIL

		2024	2023
Shale oil EBITDA	€/t	265.6	1.7

SHALE OIL EBITDA

Shale oil EBITDA for 2024 amounted to €115.6 million (+€114.8 million), of which more than a half resulted from one-off items.

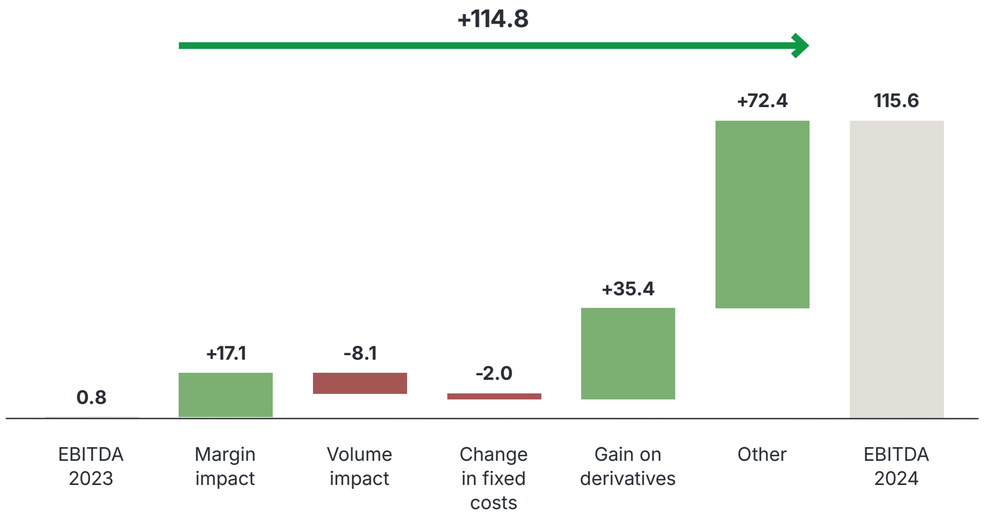
A higher margin increased shale oil EBITDA by €17.1 million (+€39/t). The average sales price increased by €7/t, while average variable costs decreased by €32/t. The decrease in production costs was mainly due to lower CO_2 emission costs. Shale oil sales volume decreased by 33.0 thousand tonnes (-7%) to 435.0 thousand tonnes. The impact of a lower sales volume was -€8.1 million.

A better result on realised derivative transactions improved EBITDA by €35.4 million compared to 2023. Fixed costs increased slightly, reducing EBITDA by €2.0 million year over year.

Other impacts on EBITDA totalled +€72.4 million, including the one-off impact of the use of an additional amount of CO_2 emission allowances allocated to the Group free of charge, which was recognised in the second quarter in the amount of €64.8 million. The figure also includes the change in the value of unrealised derivative transactions and the recognition of environmental protection provisions.

Shale Oil EBITDA development

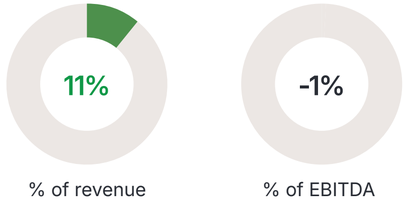
m€



Other Products and Services

The other products and services segment includes the sale of natural gas, heat, industrial equipment and ancillary services. Our main ancillary services are flexibility services, solar solutions and charging services. The effects of one-off transactions and part of the Group's central development expenses and fixed costs are also reported in this segment.

Share of other products and services in Group's sales revenue and EBITDA



% of revenue

% of EBITDA

REVENUE FROM THE SALE OF OTHER PRODUCTS AND SERVICES

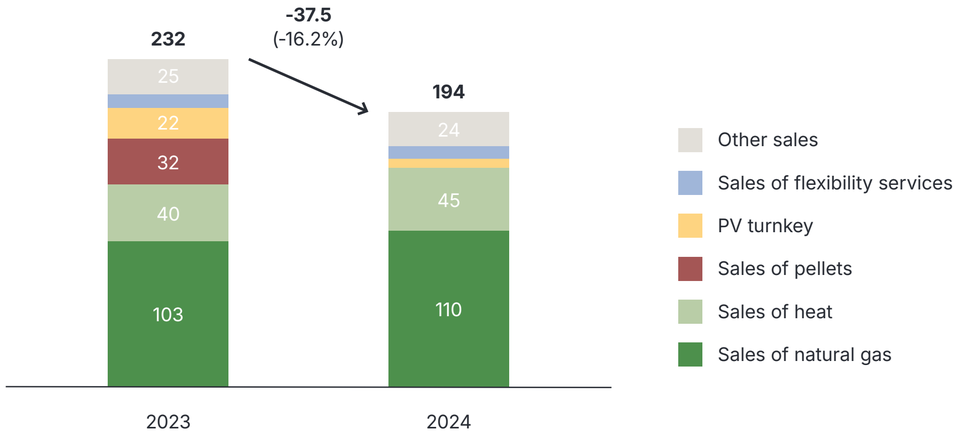
Revenue from the sale of other products and services amounted to €194.4 million in 2024, 16% (-€37.5 million) less than a year earlier.

The decrease is mainly due to two product groups. In 2023, pellet sales generated revenue of €32.3 million, but in 2024 the Group did not earn such revenue because it had exited from the pellet business. Revenue from solar services decreased by €15.4 million compared to 2023, mainly due to the decline in the sale of turnkey solar solutions.

Revenues from the sale of natural gas and heat grew by €7.4 million and €4.4 million, respectively.

Sales revenue from other products and services

m€



EBITDA FROM OTHER PRODUCTS AND SERVICES

EBITDA from other products and services improved by €6.2 million to -€3.6 million in 2024.

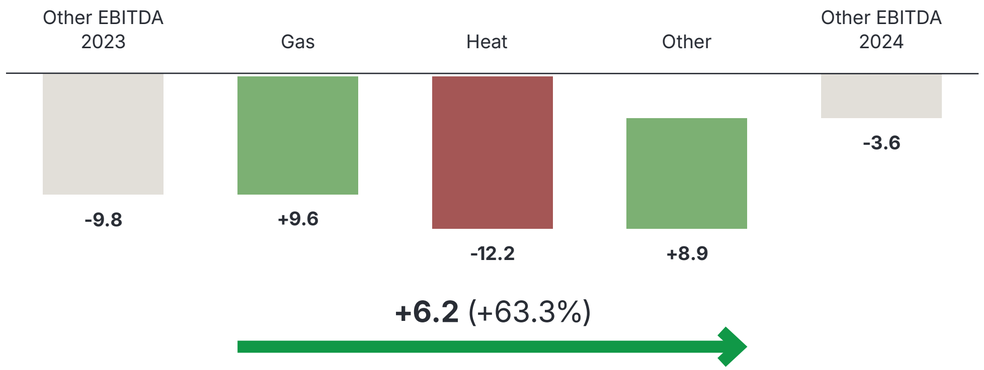
Natural gas EBITDA increased by €9.6 million compared to 2023, supported by a higher margin and a larger sales volume.

Heat EBITDA decreased by €12.2 million compared to 2023, mainly due to higher fuel costs – the volume of heat produced from oil shale and biomass decreased, while the volume of heat produced from natural gas nearly doubled in 2024.

The combined effect of other impacts on EBITDA was +€8.9 million, including a one-off insurance indemnity of €7.5 million received by Enefit Power.

Other EBITDA development

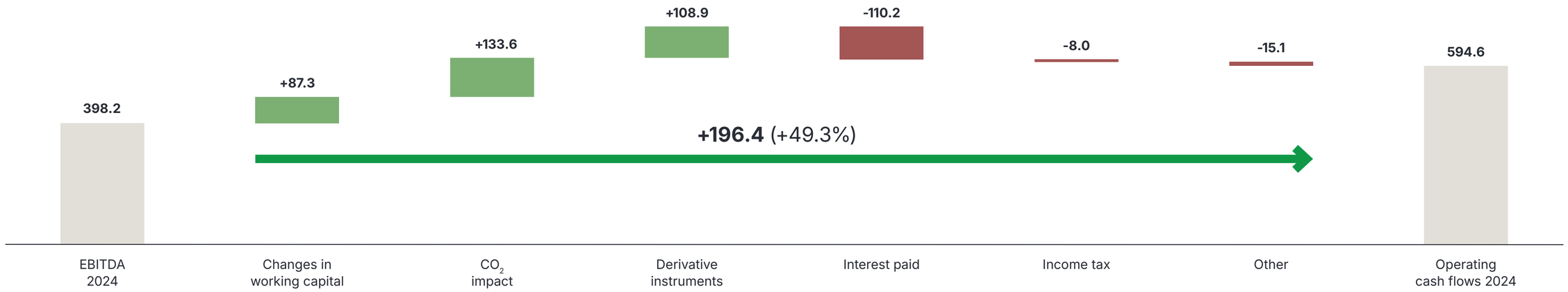
m€



Cash Flows

EBITDA to operating cash flows development

m€



The Group's net operating cash flow for 2024 was €594.6 million, €196.4 million (49.3%) higher than EBITDA, which amounted to €398.2 million.

Changes in working capital increased net operating cash flow by €87.3 million relative to EBITDA. The change in current receivables had an impact of +€42.3 million on working capital, as the amount of receivables decreased due to the decline in electricity prices. The change in current liabilities had an impact of +€33.6 million. The change in inventories had an impact of -€24.0 million due to an increase in oil shale and shale oil inventories. Other changes in working capital had an impact of +€35.3 million, consisting mainly of the impacts of recoverable VAT (€18.4 million) and other current receivables (€7.5 million).

Settlements related to CO_2 emission allowances increased operating cash flow by €133.6 million compared to EBITDA. The largest items were an emission allowance swap transaction with an impact of +€77.6 million and the recognition of provisions for CO_2 emission allowances with an impact of +€60.4 million.

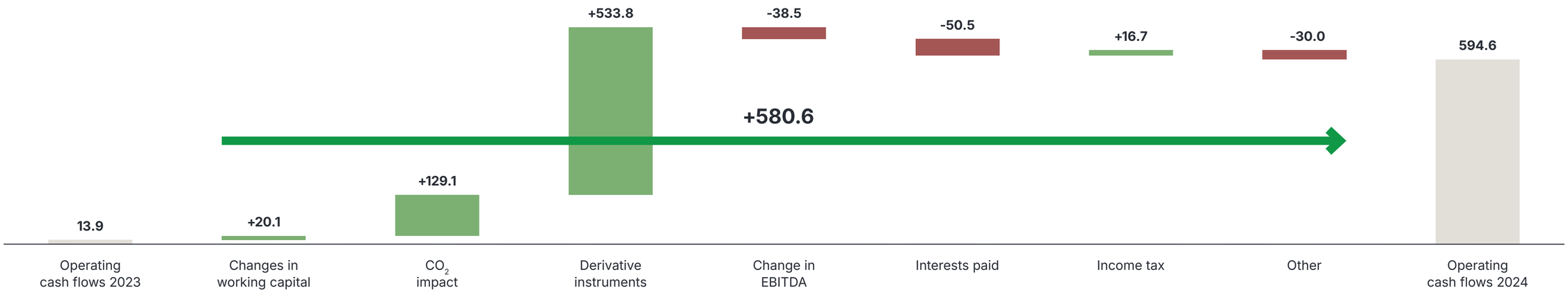
The impact of derivative financial instruments (excluding CO_2 instruments) was +€108.9 million. The figure includes the impacts of electricity derivatives of +€118.9 million, shale oil derivatives of -€3.0 million and natural gas and other derivatives of -€7.0 million. The result from derivative transactions was mainly influenced by a decrease in collateral fee liabilities.

Interest paid on borrowings reduced operating cash flow by €110.2 million. Income tax paid in 2024 amounted to €8.0 million.

Other impacts totalled -€15.1 million, consisting mainly of the impact of the amortisation of connection fees of -€18.6 million.

Operating cash flow changes

m€



Operating cash flow increased by €580.6 million compared to 2023.

Changes in working capital increased net operating cash flow by €20.1 million compared to 2023. The figure includes the effects of changes in current receivables of -€23.2 million, in current liabilities of -€5.8 million, in inventories of -€3.9 million and in other items of +€53.1 million. The positive effect of changes in other current assets was mainly due to recoverable VAT and other current receivables.

Settlements related to CO_2 emission allowances had an impact of +€129.1 million, consisting mainly of the impact of an emission allowance swap transaction in 2024 and the decrease in the need for CO_2 emission allowances compared to 2023.

The impact of derivative financial instruments (excluding CO_2 instruments) was +€533.8 million. The figure includes the impacts of electricity derivatives of +€511.4 million, shale oil derivatives of +€31.9 million and other derivatives of -€9.5 million. The result from derivative transactions was mainly influenced by a decrease in collateral fee liabilities resulting from the transfer of transactions with electricity derivatives from the exchange to the OTC market and the replacement of cash collateral by bank guarantees.

Income tax paid in 2024 was €16.7 million lower than in 2023, while interest paid on borrowings was €50.5 million higher than in 2023 due to an increase in borrowings.

Other impacts on operating cash flow totalled -€30.0 million.

Investment

In 2024, we invested €723.6 million (-7.1%, -€55.7 million). Investments in renewable energy were the largest in Eesti Energia's history due to the rapid development of renewable energy.

RENEWABLE ENERGY

We invested €389.6 million through our subsidiary Enefit Green to increase our renewable energy capacity. Investments in wind farms in Estonia amounted to €204.3 million, of which €200.9 million was invested in the Sopi-Tootsi wind farm. Investments in Lithuanian wind farms totalled €112.6 million, of which €102.7 million was invested in the Kelmė wind farms and €9.2 million in the Akmenė and Šilalė II wind farms. Investments in the Tolpanvaara wind farm in Finland amounted to €3.6 million. In 2024, we completed the Tolpanvaara wind farm and the construction phase of the Šilalė and Akmenė wind farms.

We also invested in the development of solar farms in Estonia and Latvia. In Estonia, we invested €28.4 million in the Sopi solar farm. The Sopi solar farm, located in Põhja-Pärnumaa, close to the Sopi-Tootsi wind farm in the largest renewable energy site in the Baltic countries, started generating electricity at the end of 2024. In November 2023, Enefit Green started the construction of two solar farms in the Adazi and Carnikava regions in the western part of Latvia in which we invested €6.8 million in 2024. The farms, which are our first solar power plants in Latvia, are expected to start supplying electricity to the grid in the first quarter of 2025.

DISTRIBUTION SERVICE

Investments made in 2024 to maintain and continuously improve the quality of the electricity distribution service totalled €137.8 million (2023: €168.5 million), including investments of €73.7 million in network connections.

Elektrilevi built 348 new substations and 1,168 km of power lines (2023: 422 new substations and 1,343 km of power lines). At the end of 2024, 96.5% of Elektrilevi's low voltage distribution network was weatherproof (end of 2023: 95.7%). During the year, the weatherproof network increased by 923 km and the bare conductor network decreased by 662 km. At the end of 2024, 75.4% of Elektrilevi's total low and medium voltage distribution network was weatherproof

At the end of 2024, 95.2% of Imatra Elekter's low voltage distribution network was weatherproof (end of 2023: 94.4%) and 68.0% of its total low and medium voltage distribution network was weatherproof.

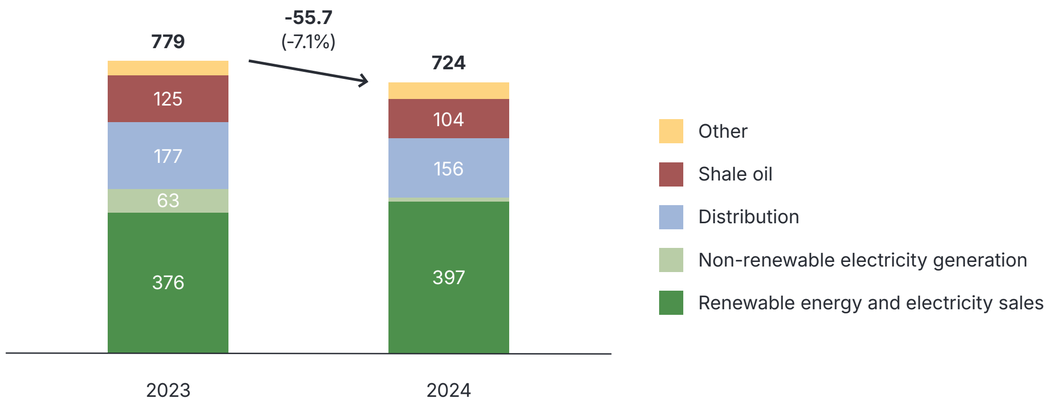
LARGE-SCALE INDUSTRY

We invested €78.4 million in the construction of a new shale oil plant, which is scheduled for completion in 2025 and is expected to increase our annual shale oil production to 700,000 tonnes. The new plant will be the cornerstone of our future chemical industry.

We also invested €19.1 million in new industrial equipment and €3.5 million in upgrading the offices of the Eesti power plant at our Auvere production complex in order to improve the working and leisure conditions of our employees and to enhance the work culture.

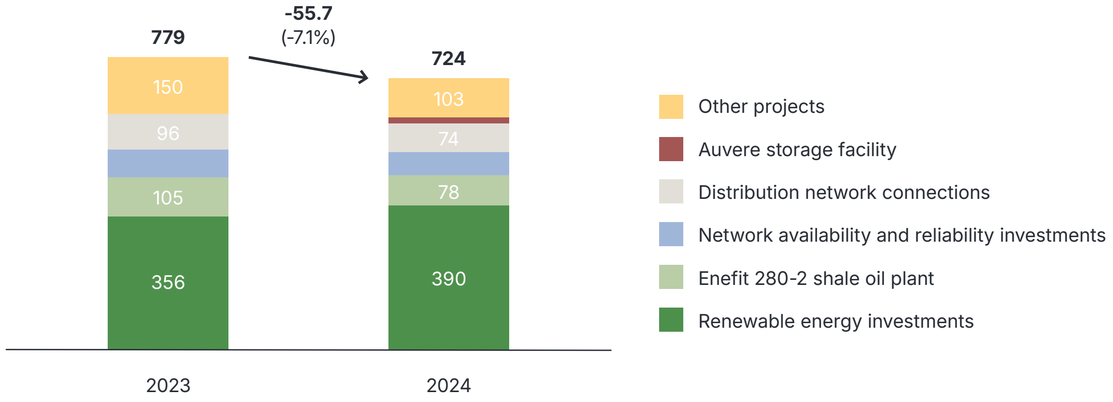
Investment breakdown by segments

m€



Capex breakdown by projects

m€



Financing

Energy development is capital intensive. Our own available resources are not sufficient to build new production facilities or to undertake significant business expansion. We therefore borrow from the market to finance major development projects.

Financing decisions are made in accordance with the Group's financing policy, which defines our financing principles, the permitted debt ratio and the sources of debt financing. According to the policy, Eesti Energia's objective is to keep the ratio of net debt to EBITDA below 3.5 in the long term (the ceiling may be exceeded in the short term in the case of major investments or acquisitions).

Our main sources of debt capital are bonds, investment loans from the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD), the Nordic Investment Bank (NIB) and commercial banks. We also use revolving credit and guarantee facilities from regional banks.

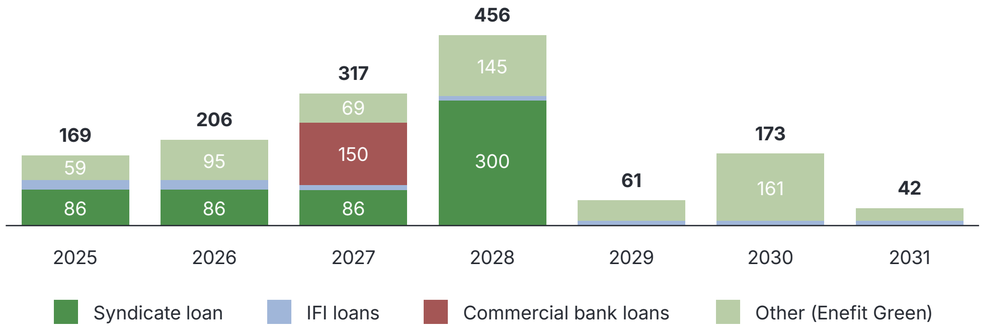
BORROWINGS

The Group's borrowings at the end of 2024 amounted to €1.7 billion (end of 2023: €1.7 billion).

Borrowings at 31 December 2024 consisted of a syndicated loan of €557 million and loans from the EIB of €333 million, NIB of €166 million, EBRD of €6 million (24 million Polish zloty) and commercial banks of €583 million (including revolving credit facilities of €0 million) (all nominal amounts). At the end of the year, the Group's loans included loans of €720 million taken by the subsidiary Enefit Green (including the EBRD loan of €6 million). Loans taken by the parent company comprised loans from commercial banks of €707 million, consisting of the syndicated loan of €557 million, a loan of €150 million from Swedbank and a loan of €218 million from the EIB.

Debt maturity

m€



In 2024, the parent of the Group signed an amendment to the loan agreement with Swedbank to refinance a loan of €150 million taken in 2018. As a result of the refinancing, the loan will mature in 2027. Enefit Green signed new loan agreements of €120 million (an investment loan of €100 million maturing in January 2032 from the EBRD and a revolving credit facility of €20 million maturing in September 2027 from OP Corporate Bank). In addition, an investment loan from Swedbank was increased to €100 million.

In 2024, the Group's parent company made scheduled loan repayments of €67.1 million, including repayments of €24.2 million to the EIB and €42.9 million under the syndicated loan agreement. Enefit Green made scheduled loan repayments of €28.5 million to the local commercial banks Swedbank and SEB, the NIB, OP Corporate Bank and the EBRD.

HYBRID CAPITAL

The parent company raised €400 million of additional capital by issuing green hybrid bonds on the London Stock Exchange to support its business and strengthen its financial position. The funds raised will be mainly invested in current and planned projects that support the development of renewable energy. The hybrid bonds are classified as equity instruments.

LIQUID FUNDS

At the end of 2024, the Group's liquid assets amounted to €469 million (cash and cash equivalents). In addition, at the reporting date the Group had undrawn loans of €485 million, of which €270 million was attributable to the parent company and €215 million to the subsidiary Enefit Green.

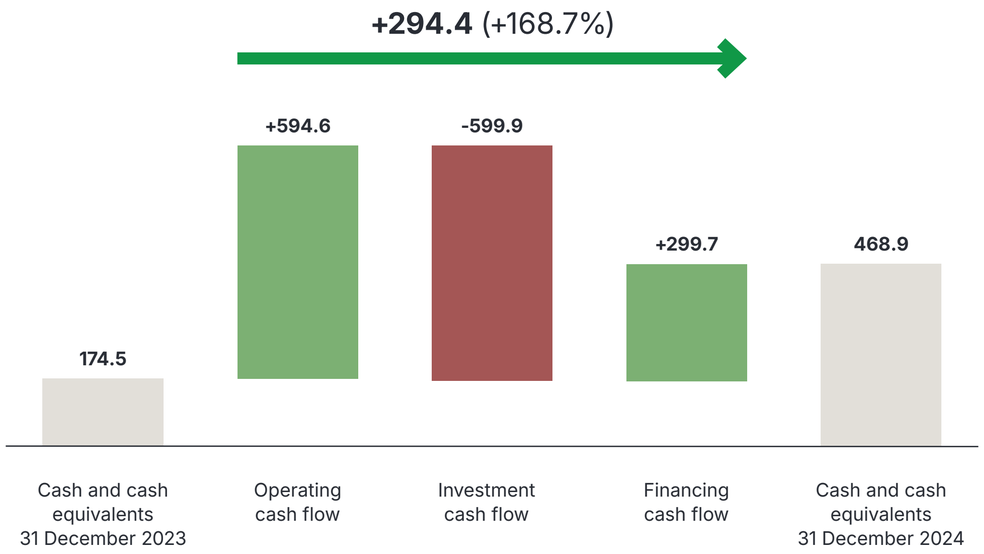
At the reporting date, the Group had revolving credit facilities of €320 million (€170 million from OP Corporate Bank, €80 million from SEB and €70 million from Swedbank), all of which were undrawn. The revolving credit consists of €270 million raised by the parent company and €50 million raised by the subsidiary Enefit Green.

The parent company's revolving credit facilities mature as follows: €200 million in September 2025 and €70 million in August 2026. Enefit Green's revolving credit facilities mature as follows: €20 million in both September 2026 and September 2027 (both amounts undrawn at the reporting date) and €10 million in August 2027 (€10 million undrawn at the reporting date).

The Group's undrawn long-term investment loans at the end of 2024 totalled €165 million, all of which was attributable to Enefit Green. The figure comprises a loan of €100 million taken from the EBRD in 2024 and a loan of €65 million taken from the EIB in 2023.

Liquidity development in 2024

m€



INTEREST RATES

The weighted average interest rate of Eesti Energia's borrowings at the end of 2024 was 5.26% (end of 2023: 5.76%). In addition, Eesti Energia has issued hybrid bonds with a fixed annual coupon of 7.875%.

At the end of 2024, the Group had fixed-rate borrowings of €167 million and floating-rate borrowings of €1.5 billion (end of 2023: fixed-rate borrowings of €195 million and floating-rate borrowings of €1.5 billion). Of the total debt, 99.7% was denominated in euros. One loan of €6 million (from the EBRD) was denominated in Polish zloty.

EQUITY AND FINANCIAL RATIOS

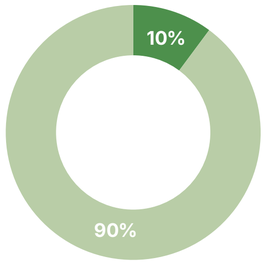
The Group's equity stood at €2.4 billion at the end of 2024. Eesti Energia's sole shareholder is the Republic of Estonia. In 2024, the Group paid the shareholder a dividend of €72 million. The Group's net debt was €1.2 billion at the end of 2024 (end of 2023: €1.5 billion). The net debt to EBITDA ratio at the reporting date was 3.0 (end of 2023: 3.4). The current net debt to EBITDA ratio is below the target ceiling of 3.5 set by the Group's financing policy. The loan agreements require Eesti Energia to comply with certain financial covenants. At the reporting date, the Group was in compliance with all contractual covenants.

CREDIT RATINGS

The rating agency S&P updated its credit analysis of Eesti Energia in January 2024. The rating remained at the investment grade level (BBB-), but the outlook was revised to negative. Moody's updated its credit analysis of Eesti Energia in June 2024. The rating remained at the investment grade level (Baa3, outlook stable). The objective of Eesti Energia's financing policy is to maintain investment grade ratings from international rating agencies. In March 2025, S&P conducted its annual financial review and affirmed the credit rating at BB+ with a stable outlook.

Loans by interest rates

%

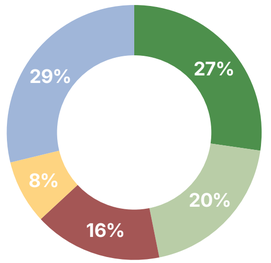


Fixed

Variable

Debt capital provider

%



Syndicate loan

Hybrid bond

IFI

NIB

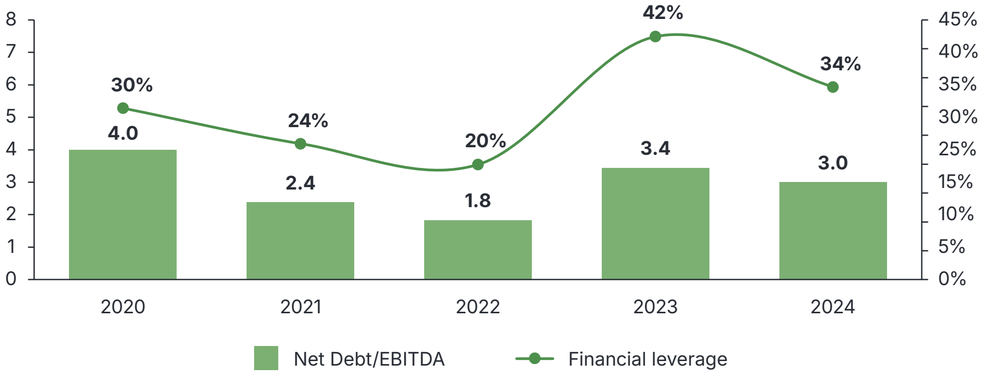
Other bank loans

Net Debt/EBITDA

times

Financial leverage

%



Outlook for 2025

Outlook for 2025

In 2025, the Baltic energy sector will face a number of important developments and challenges that will affect the security of supply, energy prices and the transition to a climate-neutral energy system. Eesti Energia is moving forward with a balanced approach – we are investing in increasing the share of green energy in the region, while ensuring security of supply and a strong electricity network.

The outlook for Eesti Energia's financial performance in 2025 will continue to be affected by developments in the energy markets, possible regulatory changes, the economic environment in Estonia and internationally, and geopolitical events. Electricity prices in the region have been highly volatile and difficult to predict, and this trend will continue in 2025 – the desynchronisation from the Russian frequency area in early 2025 added further uncertainty. On the positive side for the economic environment, we expect interest rates to continue to decline and economic growth to slowly recover.

In 2025, we expect revenue to increase slightly compared to 2024, mainly due to the completion of new renewable generation capacity. We expect EBITDA (excluding one-off items) to remain similar to 2024. While the new renewable generation units will increase the Group's profitability, the competitiveness of oil shale power plants will remain an issue. Oil shale power plants provide dispatchable generation capacity that is much needed by the electricity market, but at current electricity price levels they are no longer competitive – we are waiting for a solution from the pending draft Estonian Electricity Market Act, which would help ensure the maintenance of oil shale power plants through the island mode reserve measure.

In 2025, we will continue to focus on improving the customer experience and providing flexibility services to enable customers to optimise their energy costs. In addition, the desynchronisation from the Russian frequency area will open up new markets for flexibility services as the energy system becomes more self-sufficient and the need to balance the grid and ensure security of supply increases.

After record investments in 2023 and 2024, we plan to reduce the pace of new investments in 2025. The focus will be on completing ongoing renewables developments and completing the construction of a new shale oil plant. We will also continue to make significant investments in the distribution network to improve network availability and ensure system reliability.

Sustainability Report

General Information

Eesti Energia's sustainability report is part of the Group's annual report for 2024. It is based on the Group's strategic sustainability objectives, the material impacts of its operations, the interests of its stakeholders and the UN Sustainable Development Goals.

The report includes the consolidated results of the Group and its subsidiaries, unless otherwise indicated. The data cover the year 2024. The baseline year for the assessment of the sustainability indicators is 2022, except for the CO_2 intensity of energy production, for which the baseline year is 2020.

This sustainability report is unaudited and is based on Group data. In line with the current status of the Corporate Sustainability Reporting Directive, we will publish a consolidated sustainability report in accordance with the European Sustainability Reporting Standards as part of our annual report from the next financial year, 2025. We are continuously monitoring the implications of the Omnibus package and other relevant sustainability reporting legislation and will use these as a basis for our reporting in future years.

The selection of the Group's sustainability focus areas is guided by the Group's strategy and strategic goals for 2024-2028, the implementation of which is led by the Group's management board, strategic management team and the heads of Group companies and business units. Each strategic goal is the responsibility of a designated person, and shared goals and targets are agreed at the level of the strategic management team. Achievement of targets related to sustainability priorities is monitored at the level of the management board and segment.

Sustainability Management in the Group

Each Group company and unit is responsible for managing the sustainability aspects of its core business activities. The management board has established a sustainability steering group to coordinate and share sustainability information between Group companies and central units. It supports the management board in applying sustainability principles and best practices to the Group's strategy, policies and processes, so that the Group's continued development and value creation also create value for society and contribute to its sustainable development goals.

In practice, sustainability management means continuously raising the awareness of employees at all levels of management of key sustainability-related trends, impacts, risks and opportunities, and raising the awareness of stakeholders of what is expected of them. In this way, we support the maintenance and development of the Group's long-term capacity to create value in areas with potential.

The steering group meets regularly and includes representatives from all segments and central units that make a significant contribution to sustainability. Both the management board and the supervisory board review sustainability activities twice a year.

In managing sustainability and fulfilling our due diligence obligations, we follow the requirements of the European Union's Corporate Sustainability Reporting Directive and other best practices that reflect both the specific nature of our business and international frameworks. These include, for example, the implementation of a code of ethics, best practices for the prevention of child labour and for the equal treatment of minorities, both within the company and with contractors, a health and safety management system, an accident reporting, recording and investigation policy, and requirements relating to the protection of human rights. In addition, the Group contributes to the UN Sustainable Development Goals through a range of strategic and day-to-day activities.

Preparations for reporting under the Corporate Sustainability Reporting Directive include improving internal controls and data management processes to ensure the accuracy and completeness of sustainability data, and working with stakeholders to include their input in shaping the Group's activities. Work is also underway to collect sustainability data from supply chain partners and to establish due diligence processes to better manage sustainability risks and opportunities arising from the sustainability supply chain.

Stakeholder Engagement

The Group actively engages with internal and external stakeholders to better understand their expectations, both in day-to-day operations and in strategy development. Stakeholders include customers, investors, employees, suppliers, affected communities, regulators, industry associations, local authorities and non-governmental and employee organisations. The Group engages with them on an ongoing basis, as required by the core business, but also with a specific focus on sustainability issues at least once a year. We use a variety of stakeholder engagement channels, including surveys, meetings, debates and digital data collection. We tailor the channel to the stakeholder group.

Feedback from customers helps guide the Group's development activities, while feedback from suppliers improves transparency and ethical practices in the value chain and helps manage risk. Supplier feedback also provides market insight and helps meet requirements, creating a basis for joint initiatives and strengthening collaboration on sustainability issues.

Stakeholder expectations on sustainability are reported to the supervisory board and management board twice a year. We also involve stakeholders in the double materiality assessment of sustainability issues to identify associated impacts, risks and opportunities. In preparation for reporting under the Corporate Sustainability Reporting Directive from 2025, we will improve our stakeholder engagement processes and data collection in line with the European Sustainability Reporting Standards.

EESTI ENERGIA'S STRATEGIC SUSTAINABILITY PRIORITIES

Sustainability theme	Focus area	Target for 2026	Result for 2023	Result for 2024	Contribution to the UN Sustainable Development Goals
Mitigating global warming and reducing the negative environmental footprint of energy production	Helping our customers reduce their environmental footprint	80% of our customers will use at least one green product or service.[1]	33%	37%	7 AFFORDABLE AND CLEAN ENERGY; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
	Increasing our renewable energy production capacity	The capacity of our renewable energy production assets will grow to 1,200 MW[2]	515 MW	715 MW	11 SUSTAINABLE CITIES AND COMMUNITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	Reducing the CO_2 intensity of Eesti Energia's energy production operations	The CO_2 intensity of the Group's energy production operations will decrease by 43%, from 0.37 t/MWh to 0.21 t/MWh	0.34 tCO_2e/MWh	0.28 tCO_2e/MWh	13 CLIMATE ACTION
People-first green transition	Ensuring a safe working environment	The lost time injury frequency rate (LTIFR) will be ≤ 1.0	1.62	1.98	3 GOOD HEALTH AND WELL-BEING; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES
	Being an organisation that values its people	Eesti Energia's management quality will be ≥ 86[3]	81	77	
Transparent and ethical governance	Operating in a transparent and ethical manner	The percentage of employees who have experienced unethical behaviour within the Group will be ≤ 5%[4]	18%	15%	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

[1] Percentage of customers using at least one green product, such as a green energy contract or solution offered by the Group.
[2] Target updated during the previous year.
[3] Measured on the basis of Eesti Energia's annual employee engagement and management quality survey. We focus on management quality as it has a strong impact on employee engagement.
[4] Employees provide feedback on a 5-point scale in the employee engagement and management quality survey. Employees indicate the types of unethical behaviour they have encountered during the year. Based on feedback from the survey, departmental action plans are developed and the ethics committee provides guidance in critical areas.

Environment

KEY EVENTS IN 2024

- The Environmental Board granted the Enefit 280-2 plant of Enefit Power AS an integrated environmental permit for the production of shale oil for a period of 10 years.
- The Group's environmental report for 2023 was published on the Enefit website. The report presents the company's environmental impacts, actions and objectives related to environmental protection and sustainable development policies.
- A government-commissioned special audit identified environmental shortcomings in meeting the limit values for emissions to air and in the operation of the continuous monitoring system. The Group is addressing the shortcomings and developing solutions for reducing emissions and implementing action plans.
- Our Jõhvi and Tartu offices were awarded Green Office certificates, confirming their reduced environmental impact. In 2025, we will renew the Green Office certificates for our offices in Pärnu and Kohtla-Järve and apply for certification for our training centre at Kiili.
- Sopi-Tootsi, the highest capacity renewable energy site in the Baltics, with a projected annual output of around one tenth of Estonia's electricity consumption, started generating electricity in 2024. The production unit is unique in that it was built on a former peat extraction site that has been heavily impacted by human activity. The reuse of former industrial sites helps avoid building in natural areas and supports biodiversity conservation objectives.
- The integrated environmental permit issued to the Eesti power plant of Enefit Power AS was amended and pulverised fuel combustion units 3, 4 and 6 of the Eesti power plant were switched to part-time operation (up to 1,500 hours per year).
- Based on the application of Enefit Power AS, the Environmental Board initiated an environmental impact assessment of the company's light fraction pyrolysis oil refinery. This is an important first step in the company's chemical transformation development process.

ENVIRONMENTAL POLICY

The environmental awareness of all employees is key to making environmentally sound decisions. Our environmental policy is one of the cornerstones of our organisation's sustainability and a strategic roadmap for our decisions throughout the value chain. Therefore, since 2023 all our employees have been required to complete an environmental e-course to help them understand the environmental impact of both the Group and the individual.

The Group's environmental policy sets out the principles for waste, water, energy and recycling. An energy audit has been carried out at the Group in accordance with the Energy Efficiency Directives of the European Parliament and the Council. The audit complied with the energy audit requirements under the Energy Sector Organisation Act (Regulation No 76 of the Minister of Economic Affairs and Infrastructure of 26 December 2016 'Minimum requirements for energy audits').

The Group's climate and environmental impacts are addressed at the level of both the supervisory board and the management board. The Supervisory Board approves the strategy, monitors the fulfilment of the owner's expectations and strategic performance indicators, and initiates, reviews and closes strategic projects. The role of the management board is to update the strategy, define and monitor the achievement strategic performance indicators, prepare specific investment decisions and review underlying projects.

The Group's environmental policy is set out in its environmental report for 2023.

ENVIRONMENTAL MANAGEMENT

The implementation of an environmental management system helps ensure the success of environmental activities and the prevention or reduction of environmental impacts. To manage and improve the environmental performance of our subsidiaries, we apply certified environmental management systems that comply with the international standard ISO 14001 and the Eco-Management and Audit Scheme (EMAS). To reduce the environmental impact of office activities and create a healthy working environment, we consistently apply the Green Office principles in our offices.

The Group's subsidiaries hold the following environmental management system certificates:

- Enefit Power AS: ISO 14001:2015 (valid until 13 January 2026)
- Enefit Solutions AS: ISO 14001:2015 (valid until 30 September 2025)
- Enefit Connect OÜ: ISO 14001:2015 (valid until 12 October 2026)
- Enefit Green AS: ISO 14001:2015 (valid until 9 September 2027)
- Enefit Green AS: Iru power plant's certificate of registration under EMAS (valid until 15 November 2027)

The following offices of the Group have been certified as a Green Office:

- Head office (Lelle 22, Tallinn)
- Veskiposti office (Veskiposti 2, Tallinn)
- Auvere office (Auvere, Ida-Viru county)
- Jõhvi office (Malmi 8, Jõhvi)
- Kohtla-Järve office (Hobuseraua 19, Kohtla-Järve)
- Pärnu office (Energia 4, Pärnu)
- Rapla office (Paju 3, Rapla)
- Tartu office (Roheline 18, Tartu)
- Riga office (Roberta Hirša 1, Riga, Latvia)

The Group has almost 30 offices (including individual workplaces) in Estonia, as well as offices abroad in Riga, Vilnius and Warsaw.

The Group's goal is to upgrade at least one office per year to Green Office standards. In 2024, the Green Office principles were implemented in our offices in Jõhvi and Tartu, and in 2025 we will focus on improving the sustainability of the training centre at Kiili.

Our environmental management system is based on our key environmental principles, the environmental aspects and risks we have identified and the associated environmental impacts. The environmental management system ensures the systematic identification of environmental impacts and the setting of environmental objectives to mitigate them.

The main responsibility for the operation and improvement of the environmental management system lies with the management of Group companies and the heads of structural units.

The documentation of the environmental management system is prepared by the Group companies in collaboration with the environmental department, unit managers and members of the environmental working group.

We conduct regular internal and external audits to review the performance of the environmental management system. To ensure the continued suitability, adequacy and effectiveness of the environmental management system, senior management evaluates the performance of the system on an annual basis.

ENERGY

Eesti Energia is an international energy group that provides people with sustainable energy solutions and produces energy in an increasingly environmentally friendly way. In addition to oil shale, electricity is produced from sun, wind, water, retort gas, mixed municipal waste and biomass.

Sustainable customer solutions		**2022**	**2023**	**2024**
Total number of renewable power purchase agreements	no.	198,965	252,832	250,262
Number of micro-generators connected to Elektrilevi's distribution network	no.	15,562	20,925	22,472
Share of weatherproof network	%	73.7	74.5	75.7
Flexibility assets connected to the virtual power plant	MW	539	1,714	2,152
of which production assets				
Total portfolio	MW	**529**	**1,706**	**2,144**
Assets of Eesti Energia	MW	290	1,288	1,534
of which consumption assets				
Total portfolio	MW	**10**	**8**	**8**
Assets of Eesti Energia	MW	6	5	5
The Group's research and development (R&D) expenditure	€m	11.9	12.8	9.6

The Group's energy production and sales		**2022**	**2023**	**2024**
Electricity production	GWh	6,260	3,614	3,791
of which renewable electricity	GWh	*1,451*	*1,580*	*2,129*
Share of renewable electricity production	%	23	44	56
Heat production	GWh	1,186	1,182	1,041
of which from biomass	%	*6.5*	*7.2*	*8.2*
Electricity sales	GWh	10,537	11,734	10,417
of which renewable electricity sales	%	*23*	*21*	*35*
Gas sales	GWh	2,223	1,518	2,121
Heat sales	GWh	817	843	763

The Group's energy consumption		**2022**	**2023**	**2024**
Electricity consumption	GWh	545	642	583
of which losses	GWh	*272*	*296*	*299*
Gas consumption	GWh	24	176	324
Liquid fuel consumption	GWh	149	90	92
Biomass consumption	GWh	1,253	1,168	1,164
Mixed municipal waste consumption	thousand t	216	249	226

WATER USE

Water consumption has a significant environmental impact affecting many natural and economic processes. The majority of the Group's water consumption comes from cooling water required to operate power plants. Water is also pumped from mines and quarries to keep them dry. Used water is returned to natural water bodies.

The use of water resources is regulated by the Water Act and its implementing regulations. A production unit that uses water must have an environmental permit and pay environmental charges for the water resources it uses.

The Group's water consumption		2022	2023	2024
Cooling water	million m^3	738	521	396
Pumped mining/quarry water	million m^3	126	118	108
Domestic water consumption in the Group's offices	m^3	6,111	6,243	6,997

EMISSIONS AND WASTE GENERATION

Emissions to air and water

The Group is committed to the responsible use of natural resources and the continuous reduction of emissions. By 2045, all of the Group's energy production will be carbon neutral. This means that the Group will achieve net zero greenhouse gas emissions and that the impact of greenhouse gas emissions from production will be offset by at least an equivalent amount of greenhouse gas removals from the atmosphere. To this end, the Group has developed an action plan for the transition to carbon neutrality.

The path to climate neutrality is divided into five phases. Interim emissions targets have been set for each phase, along with key development directions or activities to achieve them.

In 2024, the Group's carbon emissions totalled 2.9 million tonnes of CO_2 equivalent, while its overall carbon footprint (scopes 1, 2, and 3) was 5.1 million tonnes of CO_2e. Due to the calculation methodology, the figures for 2024 are preliminary. The 2024 emissions claculations will be independently verified by an external party during 2025 and therefore may be revised before the publication of the next annual report.

Emissions to air are among the largest environmental impacts of power plants and the chemical industry. A wide range of measures has been implemented to mitigate these impacts and efforts continue to develop further solutions to reduce emissions to air.

Estimates of the quantities of pollutants emitted to air are either derived by calculation or based on the concentration of pollutants measured by continuous monitoring.

Compared to 2023, the Group's emissions to air have decreased, as the Eesti power plant was switched to part-time operation in 2024 and generating unit 11 of the Balti power plant was taken out of service from April to December.

Emissions to water also have a significant environmental impact as they affect water quality in water bodies. The quantities of pollutants discharged into water are determined by direct measurement.

Emissions		**2022**	**2023**[1]	**2024**[2]
Scope 1 (Direct)	thousand t CO_2e	6,907	3,669	2,929
Scope 2 (Energy indirect)	thousand t CO_2e	228	359	360
Scope 3 (Other indirect)	thousand t CO_2e	1,375	1,818	1,842
SOx	thousand t	6.4	2.5	1.4
NOx	thousand t	3.9	2.7	1.8
Dust emissions	thousand t	1.8	1.5	0.8
Water pollutants				
Suspended matter	thousand t	0.6	0.6	0.4
Sulphates	thousand t	65.0	59.8	48.3

[1] The 2023 figures for scopes 1, 2 and 3 have been updated based on the information verified by Nomine Consult OÜ.
[2] The 2024 emissions calculations will be independently verified by an external party during 2025 and therefore may be revised before the publication of the next annual report.

Waste

The main waste from the production of electricity, heat and liquid fuels consists of various types of ash, which may be non-hazardous or hazardous. Mining and quarrying operations produce waste rock as a by-product.

The Group has waste storage sites for ash and waste rock, construction and demolition waste generated by its operations and other waste. The remaining waste is transferred to companies that have the necessary environmental permits.

In line with the principles of the circular economy, we continuously develop the recycling of waste. Part of the oil shale ash is recycled and used as fertiliser in agriculture and as an additional component in construction. Waste rock is reused in the production of crushed stone and as construction material in development projects. For example, waste rock and crushed stone were used in the construction of the Narva magnet factory in 2023 and in the construction of Rail Baltica in 2024.

Waste generation		**2022**	**2023**	**2024**
Oil shale fly and bottom ash	million t	4.4	2.8	2.4
of which recycled	million t	*0.1*	*0.1*	*0.04*
Waste rock	million t	3.0	3.3	1.8
of which reused	million t	*3.9*	*3.3*	*1.5*

Environmental Monitoring

The Group's production units hold environmental permits and radiation practice licences for their day-to-day operations. These require the Group to prevent environmental pollution, monitor the environment and implement measures to prevent production and workplace accidents.

We measure, monitor and evaluate the indicators of our environmental activities through continuous as well as monthly, quarterly or annual monitoring. By analysing the monitoring results, we gain insights which we use to make changes to the Group's activities or implement entirely new technologies to reduce the environmental impact of our operations.

We submit all reports on the use of the environment required by the environmental permits of our Estonian units via the Environmental Decisions Information System (KOTKAS) of the Environmental Board.

The Environmental Board conducts environmental inspections at the companies every one to three years. At the end of 2024, the Group had no officially recorded environmental violations.

As a result of the inspection of the Eesti power plant in 2024, the Environmental Board initiated misdemeanour proceedings for failure to take measurements and for exceeding emission limits. Following the amendment of the Eesti power plant's permit in the same year, the Environmental Board removed the requirement to ensure desulphurisation levels and replaced it with a requirement to monitor sulphur concentrations. A small number of laboratory measurements were not carried out during the year due to the short operating periods of the generating units and equipment failures.

As a result of the inspections of the chemical industry in 2024, the Environmental Board initiated three misdemeanour proceedings: one for breaching the conditions of the integrated environmental permit, another for the handling of phenol water and exceeding the limits for emissions to air at Enefit 140, and the third for failing to meet the deadline for submitting the QAL2 report for Enefit 140.

BIODIVERSITY

Every activity has some impact on the surrounding environment. To minimise the impact, the Group conducts thorough environmental impact assessments at the planning stage of a project and ensures that the proposed mitigation or compensation measures are implemented once the project is complete. Examples include installing bird detection systems on wind turbines or creating green corridors through solar farms.

In addition, we systematically monitor water and air quality, noise levels and biodiversity, and take additional action where necessary.

We also consider it important to restore affected areas by cleaning up construction sites, restoring land damaged by mining and rehabilitating the ash fields of power plants. We monitor the gradual return of nature and adjust our restoration efforts as needed.

At every stage, the Group works with experts to ensure that the best science is used.

ENVIRONMENTAL CHARGES

The Group pays resource charges for the use of oil shale, surface water and groundwater resources (including water pumped from mines and quarries and cooling water). In line with the polluter pays principle, the Group also pays pollution charges for emissions to air and water, and for waste disposal.

Part of the environmental charges collected by the state is allocated to local authorities affected by the use of the environment. The Group thus contributes indirectly to the development of local life. Another part of the charges is used by the government to invest in environmental protection.

Environmental charges		**2022**	**2023**	**2024**
Resource charges	€m	55.9	29.2	22.6
Pollution charges	€m	17.3	11.5	11.6
Total	**€m**	**73.2**	**40.7**	**34.2**

People

Employee headcount by age group		**2022**	**2023**	**2024**
Up to 30				
Female	no.	218	198	165
Male	no.	524	432	372
Female	%	29	31	31
Male	%	71	69	69
31-50				
Female	no.	663	711	713
Male	no.	2,089	2,051	1,844
Female	%	24	26	28
Male	%	76	74	72
51 and above				
Female	no.	399	383	367
Male	no.	1,468	1,478	1,466
Female	%	21	21	20
Male	%	79	79	80
Total		**5,361**	**5,253**	**4,927**
Female	*no.*	*1,280*	*1,292*	*1,245*
Male	*no.*	*4,081*	*3,961*	*3,682*
Female	%	24	25	25
Male	%	76	75	75

Type of employment contract		**2022**	**2023**	**2024**
Permanent				
Female	no.	1,224	1,247	1,205
Male	no.	3,945	3,871	3,602
Temporary				
Female	no.	56	45	40
Male	no.	136	90	80
Average length of service	years	11.39	11.55	11.92
Part-time employees	no.	81	88	83
Female	*no.*	*33*	*39*	*44*
Male	*no.*	*48*	*49*	*39*

Employees by category		2022	2023	2024
Managers		**398**	**486**	**493**
Female	*no.*	*89*	*142*	*142*
Male	*no.*	*309*	*344*	*351*
Specialists		**2,461**	**2,505**	**2,427**
Female	*no.*	*951*	*936*	*898*
Male	*no.*	*1,510*	*1,569*	*1,529*
Skilled workers		**2,474**	**2,233**	**1,974**
Female	*no.*	*229*	*207*	*195*
Male	*no.*	*2,245*	*2,026*	*1,779*
Interns and trainees		**27**	**34**	**32**
Female	*no.*	*11*	*7*	*10*
Male	*no.*	*16*	*27*	*22*
Trustees		**1**	**1**	**1**
Female	*no.*	*0*	*0*	*0*
Male	*no.*	*1*	*1*	*1*
Agency workers		**0**	**0**	**0**
Female	*no.*	*0*	*0*	*0*
Male	*no.*	*0*	*0*	*0*
Total	**no.**	**5,361**	**5,259**	**4,927**

Employees by country		2022	2023	2024
Estonia		**5,075**	**4,908**	**4,635**
Female	*no.*	*1,135*	*1,126*	*1,090*
Male	*no.*	*3,940*	*3,782*	*3,545*
Lithuania		**105**	**113**	**113**
Female	*no.*	*62*	*63*	*60*
Male	*no.*	*43*	*50*	*53*
Latvia		**123**	**144**	**88**
Female	*no.*	*54*	*69*	*54*
Male	*no.*	*69*	*75*	*34*
Poland		**54**	**85**	**87**
Female	*no.*	*28*	*33*	*39*
Male	*no.*	*26*	*52*	*48*
Germany		**2**	**1**	**1**
Female	*no.*	*0*	*0*	*1*
Male	*no.*	*2*	*1*	*0*
Finland		**1**	**1**	**2**
Female	*no.*	*1*	*1*	*1*
Male	*no.*	*0*	*0*	*1*
USA		**1**	**1**	**1**
Female	*no.*	*0*	*0*	*0*
Male	*no.*	*1*	*1*	*1*
Total		**5,361**	**5,253**	**4,927**
Female	*no.*	*1,280*	*1,292*	*1,245*
Male	*no.*	*4,081*	*3,961*	*3,682*

Employees by Group company		2022	2023	2024
Enefit Green		**183**	**199**	**133**
Female	*no.*	*29*	*39*	*30*
Male	*no.*	*154*	*160*	*103*
Enefit Power		**1,975**	**1,812**	**1,714**
Female	*no.*	*290*	*256*	*255*
Male	*no.*	*1,685*	*1,556*	*1,459*
Enefit Solutions		**1,034**	**955**	**869**
Female	*no.*	*48*	*51*	*52*
Male	*no.*	*986*	*904*	*817*
Elektrilevi		**52**	**76**	**884**
Female	*no.*	*16*	*22*	*256*
Male	*no.*	*36*	*54*	*628*
Support and core functions		**865**	**906**	**799**
Female	*no.*	*386*	*414*	*365*
Male	*no.*	*479*	*492*	*434*
Enefit[1]		**-**	**-**	**528**
Female	*no.*	-	-	*287*
Male	*no.*	-	-	*241*
Enefit Connect[2]		**805**	**806**	**-**
Female	*no.*	*202*	*195*	-
Male	*no.*	*603*	*611*	-
Customer Services		**447**	**499**	**-**
Female	*no.*	*309*	*315*	-
Male	*no.*	*138*	*184*	-
Total	**no.**	**5,361**	**5,253**	**4,927**

Employee turnover in the Group		2022	2023	2024
Total average number of employees		**4,835**	**5,268**	**4,908**
Female	*no.*	*1,117*	*1,219*	*1,180*
Male	*no.*	*3,718*	*4,049*	*3,728*
All employees who left		**785**	**1017**	**935**
Female	*no.*	*196*	*245*	*238*
Male	*no.*	*589*	*772*	*697*
Total turnover rate		**16**	**19**	**19**
Female	*%*	*18*	*20*	*20*
Male	*%*	*16*	*19*	*19*
Employees who left voluntarily		**404**	**375**	**346**
Female	*no.*	*127*	*126*	*102*
Male	*no.*	*277*	*249*	*244*
Voluntary turnover rate		**8**	**7**	**7**
Female	*%*	*11*	*10*	*9*
Male	*%*	*7*	*6*	*7*

[1] As part of the group's structural changes, Customer Services employees moved under the Enefit name in 2024.
[2] As part of the group's structural changes, Enefit Connect employees moved under the Elektrilevi name from 2024.

Employee turnover in the Group by employee category		2022	2023	2024
Managers				
Average number of employees	no.	403	403	488
All employees who left	no.	51	72	89
Employees who left voluntarily	no.	31	20	37
Total turnover rate	%	13	18	18
Voluntary turnover rate	%	8	5	8
Specialists				
Average number of employees	no.	2,210	2,476	2,375
All employees who left	no.	335	365	445
Employees who left voluntarily	no.	231	227	222
Total turnover rate	%	15	15	19
Voluntary turnover rate	%	10	9	9
Skilled workers				
Average number of employees	no.	2,194	2,358	2,018
All employees who left	no.	319	499	334
Employees who left voluntarily	no.	140	126	82
Total turnover rate	%	15	21	17
Voluntary turnover rate	%	6	5	4

New employees by employee category		2022	2023	2024
Managers		**24**	**45**	**63**
Female	*no.*	*9*	*13*	*14*
Male	*no.*	*15*	*32*	*49*
Specialists		**626**	**487**	**367**
Female	*no.*	*280*	*205*	*135*
Male	*no.*	*346*	*282*	*232*
Skilled workers		**808**	**250**	**116**
Female	*no.*	*59*	*11*	*11*
Male	*no.*	*746*	*239*	*105*
Interns and trainees		**115**	**109**	**108**
Female	*no.*	*37*	*28*	*32*
Male	*no.*	*78*	*81*	*76*
Agency workers		**0**	**0**	**0**
Female	*no.*	*0*	*0*	*0*
Male	*no.*	*0*	*0*	*0*
Total		**1,573**	**891**	**654**
Female	*no.*	*385*	*257*	*192*
Male	*no.*	*1,188*	*634*	*462*

Senior management by gender		**2022**	**2023**	**2024**
Total	**no.**	**68**	**40**	**35**
Proportion of female employees	*%*	*20.59*	*13.00*	*14.00*
J1		**12**	**-**	**-**
Female	*no.*	*3*	*-*	*-*
Male	*no.*	*9*	*-*	*-*
J2		**56**	**-**	**-**
Female	*no.*	*11*	*-*	*-*
Male	*no.*	*45*	*-*	*-*
L3		**-**	**40**	**35**
Female	*no.*	*-*	*5*	*5*
Male	*no.*	*-*	*35*	*30*

Members of the supervisory board				
Supervisory board of Eesti Energia		**7**	**7**	**7**
Female	*no.*	*1*	*2*	*2*
Male	*no.*	*6*	*5*	*5*
Supervisory board of Elektrilevi		**4**	**4**	**4**
Female	*no.*	*1*	*1*	*1*
Male	*no.*	*3*	*3*	*3*
Supervisory board of Enefit Green		**5**	**5**	**5**
Female	*no.*	*1*	*2*	*2*
Male	*no.*	*4*	*3*	*3*

Employees on parental leave at the Group		**2022**	**2023**	**2024**
Total		**99**	**109**	**104**
Female	*no.*	*87*	*93*	*94*
Male	*no.*	*12*	*16*	*10*

Engineers and ICT job family by gender		**2022**	**2023**	**2024**
Total		**1,149**	**1,249**	**1,182**
Female	*no. (%)*	*236 (21)*	*281 (22)*	*273 (23)*
Male	*no. (%)*	*913 (79)*	*968 (78)*	*909 (77)*

Average monthly gross salary		2022	2023	2024
All employees	€	2,293	2,577	2,516
Interns and trainees	€	697	821	731
Skilled workers	€	1,705	1,854	1,761
Specialists	€	2,498	2,861	2,727
Managers	€	4,474	5,188	4,707
Total annual remuneration fund	**€m**	**125**	**150**	**147**

Average monthly gross salary by employee category and gender		2022	2023	2024
All employee categories				
Female	€	*1,732*	*2,483*	*2,408*
Male	€	*1,870*	*2,606*	*2,550*
Managers				
Female	€	*4,004*	*4,899*	*4,256*
Male	€	*3,971*	*5,282*	*4,888*
Specialists				
Female	€	*1,767*	*2,464*	*2,348*
Male	€	*2,275*	*3,088*	*2,936*
Skilled workers				
Female	€	*1,143*	*1,471*	*1,387*
Male	€	*1,452*	*1,891*	*1,800*

Ratio of the annual gross median remuneration* of female and male employees	2022	2023	2024
All employees	0.9 : 1	1.02 : 1	0.94 : 1
Skilled workers	0.8 : 1	0.84 : 1	0.77 : 1
Specialists	0.78 : 1	0.78 : 1	0.8 : 1
Managers	0.93 : 1	0.92 : 1	0.87 : 1
Annual remuneration of the highest-paid employee compared to the annual median remuneration of all employees	6.1 : 1	5.7 : 1	5.41 : 1

* Median pay for male employees = 1 compared to the median pay for female employees.

Occupational health and safety		**2022**	**2023**	**2024**
Share of employees enrolled in the health insurance programme	%	45	69	78
Share of employees with sports club membership	%	28	32	36
Total accidents at work[1]	no.	27	22	23
Fatal accidents at work	*no.*	*2*	*0*	*1*
Serious accidents at work	*no.*	*4*	-	-
Minor accidents at work	*no.*	*21*	-	-
Accidents at work with partners	no.	11	5	22
Lost time injury frequency rate[2]	LTIFR	2.55	1.62	1.98

[1] After the amendment to the law, occupational accidents will no longer be divided into serious and minor accidents from 2023.
[2] An index measuring the safety of the organization's working environment (Lost time injury frequency per million working hours), which reflects the frequency of occupational accidents with lost working time per 1 million working hours during the reporting period. Includes occupational accidents, due to which the employee is away from work for more than 24 hours. Working hours are understood as the working hours of all employees worked during a certain period since the beginning of the calendar year.

Other relevant employee-related indicators		**2022**	**2023**	**2024**
Engagement index	TRI*M index	74	75	72
Management quality index	index	80	81	77
Performance interviews conducted	no.	2,370	2,512	2,371
Covered by a collective agreement	%	36	53	47
Share of employees who participated in at least one training course offered by the Group	%	66	74	99

Governance

Ensuring ethical behaviour		**2022**	**2023**	**2024**
Share of employees who have completed the Code of Ethics e-course	%	90.9	95.7	84.4
Share of public procurement tenders where the partner has signed the ethical requirements document	%	≥99	≥99	≥99
Share of tenders with less than three bidders	%	15.96	14.0	14.4
Number of messages received by the Group's whistleblowing channels	no.	47	38	32
Employees who participated in the engagement survey that included ethics-related questions	%	90	91	92
Employees who have encountered unethical (including disrespectful) behaviour during the past year	%	18	18	15
Number of reported personal data breaches	no.	0	8	22

Other topics related to governance		**2022**	**2023**	**2024**
The Group's total tax footprint	€m	124.5	98.8	92.5
Payroll taxes	€m	40.4	48.0	46.8
Excise duties	€m	11.0	10.1	11.6
Cooperation projects with communities related to renewable energy developments	€000	280	231	256

Consolidated Financial Statements

Consolidated Income Statement

	1 JANUARY - 31 DECEMBER		Note
in million EUR	**2024**	**2023**	
Revenue	1,785.2	1,905.5	26
Other operating income	107.5	259.9	27
Change in inventories of finished goods and work in progress	14.5	31.8	11
Raw materials and consumables used	(1,180.8)	(1,275.3)	28
Payroll expenses	(197.1)	(202.5)	29
Depreciation, amortisation and impairment	(328.5)	(818.2)	6, 7, 8
Other operating expenses	(131.1)	(282.7)	30
OPERATING PROFIT/(LOSS)	**69.7**	**(381.5)**	
Finance income	15.4	15.4	31
Finance costs	(48.4)	(45.0)	31
Net finance costs	**(33.0)**	**(29.6)**	**31**
Profit from associates under the equity method	1.9	0.2	9
PROFIT/(LOSS) BEFORE TAX	**38.6**	**(410.9)**	
Corporate income tax expense	(25.7)	(11.2)	32
PROFIT/(LOSS) FOR THE YEAR	**12.9**	**(422.1)**	
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO:			
Equity holder of the parent	(4.3)	(435.3)	
Non-controlling interest	17.2	13.2	10
Basic earnings per share (euros)	(0.01)	(0.58)	37
Diluted earnings per share (euros)	(0.01)	(0.58)	37

The notes on pages 111-189 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

	1 JANUARY - 31 DECEMBER		Note
in million EUR	**2024**	**2023**	
PROFIT/(LOSS) FOR THE YEAR	**12.9**	**(422.1)**	
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Revaluation of hedging instruments net of reclassifications to profit or loss	4.0	(557.5)	21
of which share of non-controlling interest	-	(0.6)	10, 21
Impact of comprehensive income/(loss) of associates	(0.9)	(0.4)	9, 21
Currency translation differences on the translation of foreign operations	2.0	1.6	21
of which share of non-controlling interest	(0.1)	0.3	
Other comprehensive income/(loss) for the year	**5.1**	**(556.3)**	
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR PROFIT ATTRIBUTABLE TO:	**18.0**	**(978.4)**	
Equity holder of the parent	0.9	(991.3)	
Non-controlling interest	17.1	12.9	

The notes on pages 111-189 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

	31 DECEMBER		Note
in million EUR	**2024**	**2023**	
ASSETS			
Non-current assets			
Property, plant and equipment	3,563.8	3,152.0	6
Right-of-use assets	27.9	17.0	8
Intangible assets	93.5	82.8	7
Prepayments for non-current assets	61.1	84.5	6
Deferred tax assets	4.2	4.5	
Derivative financial instruments	213.3	257.8	13, 15, 16
Investments in associates	74.9	78.3	9
Other shares and holdings	0.3	-	
Non-current receivables	3.3	3.6	14
Total non-current assets	**4,042.3**	**3,680.5**	
Current assets			
Inventories	172.0	158.7	11
Greenhouse gas allowances and certificates of origin	74.5	216.5	17
Trade and other receivables	282.2	516.9	14
Derivative financial instruments	90.0	59.7	13, 15, 16
Cash and cash equivalents	468.9	174.5	13, 15, 18
	1,087.6	**1,126.3**	
Assets classified as held for sale	-	16.1	12
Total current assets	**1,087.6**	**1,142.4**	
Total assets	**5,129.9**	**4,822.9**	
EQUITY			
Total equity and reserves attributable to equity holder of the parent			
Share capital	746.6	746.6	19
Share premium	259.8	259.8	
Statutory reserve capital	75.0	75.0	19

	31 DECEMBER		Note
in million EUR	**2024**	**2023**	
Hybrid bonds	398.5	-	19
Other reserves	160.2	155.0	21
Retained earnings	565.5	656.5	19
Total equity and reserves attributable to equity holder of the parent	**2,205.6**	**1,892.9**	
Non-controlling interest	**177.8**	**167.2**	10,21
Total equity	**2,383.4**	**2,060.1**	
LIABILITIES			
Non-current liabilities			
Borrowings	1,498.7	1,226.1	13, 22
Deferred tax liabilities	28.0	13.7	32
Other payables	8.0	5.3	23
Derivative financial instruments	4.4	16.6	13, 15
Contract liabilities and government grants	467.9	396.7	24
Provisions	39.0	30.5	25
Total non-current liabilities	**2,046.0**	**1,688.9**	
Current liabilities			
Borrowings	197.0	468.0	13, 22
Liquidity swap	79.8	-	23
Trade and other payables	267.5	319.9	23
Derivative financial instruments	22.6	67.8	13
Contract liabilities and government grants	2.0	2.1	24
Provisions	131.6	211.1	25
	700.5	**1,068.9**	
Liabilities directly associated with assets classified as held for sale	-	5.0	12
Total current liabilities	**700.5**	**1,073.9**	
Total liabilities	**2,746.5**	**2,762.8**	
Total liabilities and equity	**5,129.9**	**4,822.9**	

The notes on pages 111-189 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	1 JANUARY - 31 DECEMBER		Note
in million EUR	**2024**	**2023**	
Cash flows from operating activities			
Cash generated from operations	703.7	87.5	34
Interest and loan fees paid	(110.2)	(59.8)	31
Interest received	9.1	10.9	31
Corporate income tax paid	(8.0)	(24.7)	32
Net cash generated from operating activities	**594.6**	**13.9**	
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	(661.6)	(690.6)	6, 7, 23
Proceeds from grants of property, plant and equipment	38.6	12.0	
Proceeds from sale of property, plant and equipment	1.3	0.6	6, 26
Dividends received from associates	4.5	1.6	33, 9
Contribution to the share capital of associates	-	(3.3)	33, 9
Loans granted	(0.1)	(0.1)	33
Repayment of loans granted	0.3	0.1	
Proceeds from sale of shares of subsidiary, net of cash disposed	17.4	30.5	36
Proceeds from sale of shares of associates	(0.3)	-	
Net cash used in investing activities	**(599.9)**	**(649.2)**	

	1 JANUARY - 31 DECEMBER		Note
in million EUR	**2024**	**2023**	
Cash flows from financing activities			
Loans received	385.0	1,423.0	22
Issued bonds (net of bond issuance costs)	391.7	-	
Redemption of bonds	-	(500.0)	22
Repayments of bank loans	(400.5)	(313.5)	22
Principal elements of lease liabilities	(2.1)	(1.4)	22
Proceeds from realisation of interest rate swaps	4.3	2.7	
Dividends paid	(78.7)	(81.5)	32
Net cash generated from financing activities	**299.7**	**529.3**	
Net cash flows	**294.4**	**(106.0)**	
Cash and cash equivalents at the beginning of the period	174.5	280.5	13, 16, 18
Cash and cash equivalents at the end of the period	468.9	174.5	13, 16, 18
Net change in cash and cash equivalents	**294.4**	**(106.0)**	

The notes on pages 111-189 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes In Equity

ATTRIBUTABLE TO EQUITY HOLDER OF THE COMPANY

in million EUR	Share capital	Share premium	Statutory reserve capital	Hybrid bonds	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity	Note
Equity as at 31 December 2022	**746.6**	**259.8**	**75.0**	**-**	**711.0**	**1,160.7**	**2,953.1**	**166.9**	**3,120.0**	
(Loss)/profit for the year	-	-	-	-	-	(435.3)	(435.3)	13.2	(422.1)	
Other comprehensive loss for the year	-	-	-	-	(556.0)	-	(556.0)	(0.3)	(556.3)	10, 21
Total comprehensive (loss)/income for the year	**-**	**-**	**-**	**-**	**(556.0)**	**(435.3)**	**(991.3)**	**12.9**	**(978.4)**	
Dividends paid	-	-	-	-	-	(68.9)	(68.9)	(12.6)	(81.5)	32
Total distributions to owners of the company, recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**(68.9)**	**(68.9)**	**(12.6)**	**(81,5)**	
Equity as at 31 December 2023	**746.6**	**259.8**	**75.0**	**-**	**155.0**	**656.5**	**1,892.9**	**167.2**	**2,060.1**	
(Loss)/profit for the year	-	-	-	-	-	(4.3)	(4.3)	17.2	12.9	
Other comprehensive income/(loss) for the year	-	-	-	-	5.2	-	5.2	(0.1)	5.1	10, 21
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**-**	**5.2**	**(4.3)**	**0.9**	**17.1**	**18.0**	
Hybrid bonds	-	-	-	391.7	-	-	391.7	-	391.7	19
Coupons on bonds	-	-	-	6.8	-	(14.7)	(7.9)	-	(7.9)	19
Dividends paid	-	-	-	-	-	(72.0)	(72.0)	(6.5)	(78.5)	32
Total distributions to owners of the company, recognised directly in equity	**-**	**-**	**-**	**398.5**	**-**	**(86.7)**	**311.8**	**(6.5)**	**305.3**	
Equity as at 31 December 2024	**746.6**	**259.8**	**75.0**	**398.5**	**160.2**	**565.5**	**2,205.6**	**177.8**	**2,383.4**	

Additional information about equity is disclosed in Note 19.

The notes on pages 111-189 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. GENERAL INFORMATION

The consolidated financial statements of Eesti Energia Group for the year ended 31 December 2024 include the financial information of Eesti Energia AS (parent company, legal form: limited company) and its subsidiaries (the Group) and the Group's interests in associates..

Eesti Energia is an international energy company that operates in the electricity and gas markets of the Baltic countries, Finland and Poland and in the international liquid fuels market. The Group is engaged in mining oil shale, producing power, heat and oil, developing oil shale refining know-how and technologies as well as providing services and products to customers. The company's objective is to add value to Estonia's primary natural resource in the most efficient manner possible and to reduce the ecological footprint of the oil shale energy sector. Besides oil shale, electricity is also generated from sun, wind, water, mixed municipal waste and biomass.
The Group operates under the Enefit trademark. The Group has investments in associates which operate in Jordan.

The registered address of the parent company is
Lelle 22, Tallinn 11318, Republic of Estonia.

The sole shareholder of Eesti Energia AS is the Republic of Estonia.

These consolidated financial statements of the Group were authorised for issue by the Management Board on 31 March 2025. Under the Commercial Code of the Republic of Estonia, the annual report must additionally be approved by the Supervisory Board of the parent company and approved by the General Meeting of Shareholders.

1.1 Key events in 2024

Main changes in market inputs

The Group's results are strongly influenced by the prices of electricity, natural gas, oil products and emission allowances, as well as by the level of environmental charges. Market prices affect both the Group's revenue and energy purchase costs, which are recognised in profit or loss, and trade receivables, which are recognised in the statement of financial position. In the first half of the year, electricity markets in Estonia and neighbouring countries were mainly influenced by weather conditions, maintenance work on generation capacities in the Nord Pool region and relatively low market prices for natural gas. In addition, electricity prices were strongly affected by the disruption of the power link between Finland and Estonia, when the EstLink2 undersea power cable was shut down due to a fault in early 2024. Its lengthy and complex repair took until September. The incident resulted in less Nordic electricity reaching Estonia than expected which in turn affected energy market dynamics and price formation. More detailed explanations of market price changes are provided in the operating environment chapter of the management report. In the second half of 2024, the market began to stabilise, but electricity prices continued to be affected by weather conditions and the state of infrastructure. In the third quarter, peak-hour prices decreased compared to the previous year, supported by EstLink2 resuming operation and an increase in renewable generation capacity. In the fourth quarter, electricity prices in the Baltic and Nordic countries were volatile due to weather conditions, but low natural gas prices and renewable generation volumes supported a downtrend. The increase in renewable generation volumes was strongly supported by the gradual completion of the Baltic countries' most powerful renewable energy site at Sopi-Tootsi, where all 38 wind turbines in the wind farm were generating electricity by the end of 2024. Improved hydro balance levels in the Nordic countries at the end of the year also helped to stabilize prices. At the same time, another

outage of EstLink2 at the end of 2024 brought forward-looking price pressure. External and unexpected factors cause volatility in energy prices and will likely continue to affect electricity prices in 2025.

Market prices of electricity affect the Group's electricity sales revenue and electricity purchase costs. The average market price in 2024 in Estonia was 87.3 €/MWh (-3.5€/MWh, 3,9% lower than in 2023).

Average electricity prices in other domestic markets (Latvia, Lithuania, Poland, Finland) also decreased compared to 2023. The impact of negative market price movements was partially offset by financial trades conducted on exchanges and with OTC (over the counter) counterparties.

See Notes 26 and 28 for further details on the Group's electricity revenue and purchase costs and Notes 3.1.1.2.1, 13 and 21 for details on the electricity related derivative transactions of the Group.

Market prices of natural gas affect the Group's natural gas sales revenue and natural gas purchase costs. In 2024, the European natural gas market was relatively stable. The average price of natural gas was 33.8 €/MWh, 15.7% lower than in 2023 (-6.3 €/MWh).

The first half of the year was characterised by lower prices and more stable supply than in 2023. The period was relatively favourable for the European natural gas market, thanks to high inventories, favourable weather conditions and low demand, as well as higher LNG supplies. In the second half of the year, there was some fluctuation in the price of natural gas, which was mainly influenced by weather conditions, demand and geopolitical factors.

The impact of negative market price movements is offset by derivative contracts related to natural gas purchases.

See Notes 26 and 28 for information on the Group's natural gas revenue and purchase costs and Notes 3.1.1.2.1, 13 and 21 for details on the gas related derivative transactions of the Group.

The price of CO_2 emission allowances has a significant impact on the cost of electricity produced by direct burning of oil shale, particularly at the Group's older production facilities, which have a higher carbon intensity. A decrease in the production of electricity by direct burning of oil shale affects the balances of emission allowances (Note 17) and the provision for emission allowances in the statement of financial position (Note 25). The average price of CO_2 emission allowances in 2024 was 66.6 €/t. (-18.7 €/t, 22% lower than in 2023).

Global oil product prices affect the sales revenues of the liquid fuels segment. In 2024 global oil product prices remained at the same level as in the previous year: fuel oil prices were relatively stable, while brent crude oil prices decreased slightly.

A widely traded oil product that is closest in nature to our shale oil is 1% sulphur fuel oil, whose price depends mainly on the price of Brent crude oil. T The average price of Brent crude oil in 2024 was USD 79.8/bbl, 2.8% lower (-USD 2.3/bbl) than in 2023. The average price of 1% sulphur fuel oil was €436.6/t in 2024, at the same level as in 2023 (-0.01%, -€0.02/t).

The impact of market prices on shale oil revenue was partially offset by financial trades conducted on exchanges and with OTC counterparties.

Information on shale oil sales revenue is provided in Note 25 and information on shale oil related derivatives can be found from Notes 3.1.1.2.1, 15 and 21.

Electricity distribution is a regulated service and therefore the price of the service has to be approved by the Estonian Competition Authority. The average price of the distribution service was 46.6 €/MWh in 2024 (45.0 €/MWh in 2023). The average price of the distribution service increased in 2024 +1,6 €/MWh due to changes in network service tariffs, as market prices for electricity were higher and this directly affected the cost of purchased electricity to cover distribution losses, which are an important component of the network service price. With the higher price of the distribution services in 2024 and the accompanying sales revenue, Group earned back the input costs of electricity purchase not reflected in the electricity distribution services in 2023. Electricity distribution revenue is disclosed in Note 26.

From the market changes described above the decrease of electricity prices was the most impactful as this was a significant impairment indicator for oil-shale based electricity power plants. Detailed information on impairment indicators, tests performed, and the results of these tests can be found in Note 6.

Regulatory changes

On 16 April 2024, the Estonian parliament, the Riigikogu, adopted amendments (Draft Act 351 SE) to the Electricity Market Act and other acts, which abolished the entire universal service regulation applied to the electricity production of Enefit Power AS and the electricity sales of Enefit AS in the Eesti Energia AS Group as of 1 July 2024. As a result of the adoption of the amendments, the price control exercised by the Competition Authority under the universal service regulation over the electricity production of Enefit Power AS and the electricity sales of Enefit AS ceased to exist.

On 12 June 2024, the Riigikogu adopted amendments (Draft Act 356 SE) to the Energy Sector Organisation Act and other acts, which, among other things, amended the Electricity Market Act by suspending the payment of renewable energy and efficient cogeneration support to installations generating electricity from waste (i.e. the Iru waste-to-energy plant) as of 1 January 2025. According to the adopted amendments, the unpaid support for 2025 will be paid ex-post in the second half of 2026, provided that Estonia meets its municipal waste recycling target in 2025. The amendments have a direct impact on the payment of support to the Iru waste-to-energy plant. On 7 January 2025, the Chancellor of Justice declared the amendments unconstitutional and instructed the Riigikogu to amend the Act so that the amendments would only apply to support granted in the future.

On 18 December 2024, the Riigikogu adopted amendments (Draft Act 435 UA) to the Earth's Crust Act, which temporarily suspend the environmental permit procedures for oil shale mining. According to the amendments, the procedures for granting or amending permits for oil shale mining, including applications for the extension of mining areas, will be suspended until 1 January 2026. The President of the Republic decided not to promulgate the law on 31 December 2024, citing its incompatibility with the Constitution and its disproportionality to the freedom of enterprise.

On 18 November 2024, the Riigikogu initiated amendments (Draft Act 541 SE) to the implementation of the Building Code and Planning Act, which aim to promote the use of renewable energy through various measures.

On 16 December 2024, the Riigikogu initiated amendments (Draft Act 555 SE) to the Electricity Market Act in order to create a regulation for the service of securing the island mode capacity, which will make it possible to maintain the required amount of electricity generation capacity from 1 January 2026 at the latest, in order to ensure the stability of the Estonian electricity system. The regulation is essential to cover the costs of maintaining the generation capacity, which is mainly based on oil shale and has become uncompetitive on the electricity market, but which provides the necessary reserves for the electricity system. In addition, the amendments will eliminate the double taxation of electricity storage, improve the regulation of aggregation and demand side response, which will increase the flexibility of consumption, introduce a mechanism for financing the costs of acquiring balancing capacity and introduce the principle of net metering during the trading period for the purpose of billing consumers. On 16 December 2024, the Riigikogu initiated amendments (Draft Act 556 SE) to the Electricity Market Act, which, on the one hand, will abolish the application of the fee for an unused generator connection to the reserve capacity required by Elering, but, on the other hand, will shorten the calculation period of the fee from two years to one, which will increase the risk level of investments in electricity generation in Estonia. The latter change would be clearly unreasonable and contrary to Estonia's interests, which is why Eesti Energia has approached the Economic Affairs Committee with proposals to amend the Draft Act.

Key developments regarding investments

We invested EUR 723.6 million in 2024 (2023: -7,1%, EUR -55.7 million). Investments made in 2024 were the largest in Eesti Energia's history due to the rapid development of renewable power generation capacity.

Renewable energy

We invested through our Enefit Green subsidiaries EUR 389.6 million in increasing our renewable energy production capacity. Investments in our Estonian wind farms amounted to EUR 204.3 million, of which EUR 200.9 million was invested in the Sopi-Tootsi wind farm. Investments in our Lithuanian wind farms included EUR 112.6 million including investments EUR 102.7 million for the Kelme and EUR 9.2 million for the Akmene and Šilale II wind farms. We also invested EUR 3.6 million in our Tolpanvaara wind farm in Finland. In 2024, the Tolpanvaara wind farm and the construction phase of the Šilale and Akmene wind farms were completed.

Additionally, we invested in the development of solar farms in Estonia and Latvia. In Estonia, investments EUR 28.4 million were made in the Sopi solar farms. The Sopi solar farm, located in the northern part of Pärnu county near the Sopi-Tootsi wind farm, the largest renewable energy production area in the Baltics. Sopi solar farm started production in the end of 2024. In November 2023, Enefit Green began construction of two solar parks in the Adaži and Carnikava regions of western Latvia, in which we invested EUR 6.8 million in 2024. These are the company's first solar parks in Latvia, and the first production from the parks is planned for the first quarter of 2025.

Network services

Investments made to maintain and continuously improve the quality of the electricity distribution service totalled EUR 137.8 million (2023: EUR 168.5 million), including investments of EUR 73.7 million (2023: EUR 95.8 million) in network connections.

In 2024, the group (subsidiaries Elektrilevi OÜ and Imatra Elekter AS) built 348 new substations and 1,168 km of power lines (in 2023, 433 new substations and 1,384 km of power lines were built).Overall, the weatherproof network increased by 923 km during the year (2023: 1,075 km), while the overhead bare conductor network decreased by 662 km (2023: 753 km).As of the end of 2024, 96.5% of Elektrilevi's low-voltage network was weatherproof (2023: 95.7%), and 75.4% of Elektrilevi's entire low- and medium-voltage network was weatherproof (2023: 74.1%).

As of the end of 2024, 95.2% of Imatra Elekter's low-voltage network was weatherproof (2023: 94.4%). The entire low- and medium-voltage network of Imatra Elekter was 68.0% weatherproof at the end of 2024 (2023: 66.3%).

Large-scale energy production

We invested EUR 78.4 million in the development of the chemical Industry. The plant is scheduled for completion in 2025 and will increase our annual output of liquid fuels to 700,000 tonnes. The liquid fuels plant is the cornerstone of the future development of the chemical industry.

In addition, we invested EUR 19.1 million in the acquisition of industrial equipment. We also renovated the office building of the Estonian Power Plant located in the Auvere production complex for EUR 3.5 million to improve the working and living conditions of employees and promote work culture.

Further information about the investments is disclosed in Note 6.

Other changes

Impairment loss recognised

The impairment tests performed in 2024 indicated the need to recognise an impairment loss for two cash-generating units of Enefit Power: the new Enefit 280-2 oil plant under construction, mainly due to the volatility of market prices for liquid fuels, delays in the completion of the plant and the shortening of its useful life (it is expected that the integrated environmental permit will be issued for a fixed term), and the mining assets, due to the decrease in oil shale consumption as a result of the decrease in the production of oil shale electricity. The impairment loss recognised in 2024 amounted to EUR 163.5 million. See Note 6 for further details.

Hybrid bond

The parent company raised EUR 400 million of additional capital by issuing green hybrid bonds on the London Stock Exchange to support its business and strengthen its financial position. The funds raised will be invested in current and planned projects that support the development of renewable energy.

Sale of subsidiaries

In the first quarter of 2024, the Group completed the sale of its biomass cogeneration plants in Valka (the subsidiary Enefit Power & Heat Valka) and Paide (a separate business unit that was part of the parent company of the Enefit Green Group). The contractual value of the transaction was EUR 15.9 million and the final sales price was EUR 16.4 million. At 31 December 2023, the assets and liabilities related to the transaction were classified as a disposal group as the transaction was awaiting the approval of the Estonian Competition Authority and the Consumer Protection and Technical Regulatory Authority.

2. MATERIAL ACCOUNTING POLICIES

The material accounting policies used in the preparation of these consolidated financial statements are set out below. Starting from 2024 accounting polices describe mainly company-specific and material accounting principles.

2.1 Basis of preparation

The consolidated financial statements of the Group 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.

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets and liabilities (including derivative financial instruments) that are measured at fair value through profit or loss.

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain accounting estimates. It also requires management to exercise judgement in applying accounting policies. The areas involving a higher degree of judgement and where accounting assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.2 Changes in accounting policy and disclosures

(a) Adoption of New or Revised Standards and Interpretations

The following new or revised standards and interpretations became effective for the Group from 1 January 2024:

Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These narrow scope amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. The right to defer only exists if the entity complies with any relevant conditions as of the end of the reporting period. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument. According to the Group's assessment, the application of the amendments will not have a material impact on its financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements

In response to concerns of the users of financial statements about inadequate or misleading disclosure of financing arrangements, in May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require disclosure about entity's supplier finance arrangements (SFAs). These amendments require the disclosures of the entity's supplier finance arrangements that would enable the users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The purpose of the additional disclosure requirements is to enhance the transparency of the supplier finance arrangements. The amendments do not affect recognition or measurement principles but only disclosure requirements.

According to the Group's assessment, the application of the amendments will not have a material impact on its financial statements.

(b) New standards and interpretations not yet adopted

Certain new or revised standards and interpretations have been issued that are mandatory for the Group in annual periods beginning on or after 1 January 2025, and which the Group has not early adopted.

„Presentation and Disclosure in Financial Statements"- IFRS 18

Effective for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The major changes in the requirements are summarised below.

A more structured statement of profit or loss

IFRS 18 introduces newly defined 'operating profit' and 'profit or loss before financing and income tax' subtotals and a requirement for all income and expenses to be allocated between three new distinct categories based on an entity's main business activities: operating, investing and financing.

Under IFRS 18, entities are no longer permitted to disclose operating expenses only in the notes. An entity presents operating expenses in a way that provides the 'most useful structured summary' of its expenses by either:

- nature;
- function; or
- using a mixed presentation.

If any operating expenses are presented by function, then new disclosures apply.

MPMs – Disclosed and subject to audit

IFRS 18 also requires some 'non-GAAP' measures to be reported in the financial statements. It introduces a narrow definition for Management-defined Performance Measures (MPMs), requiring them to be:

- a subtotal of income and expenses;
- used in public communications outside the financial statements; and
- reflective of management's view of financial performance.

For each MPM presented, entities need to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.

Greater disaggregation of information

To provide investors with better insight into financial performance, the new standard includes enhanced guidance on how entities group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.

Entities are discouraged from labelling items as 'other' and are required to disclose more information if they continue to do so.

Other changes applicable to the primary financial statements

IFRS 18 sets operating profit as a starting point for the indirect method of presenting cash flows from operating activities and eliminates the option for classifying interest and dividend cash flows as operating activities in the cash flow statement (this differs for entities with specified main business activities). It also requires goodwill to be presented as a separate line item on the face of the balance sheet.

Transition

In its annual financial statements prepared for the period in which the new standard is first applied, an entity shall disclose, for the comparative period immediately preceding that period, a reconciliation for each line item in the statement of profit or loss between:

- the restated amounts presented applying IFRS 18; and
- the amounts previously presented applying IAS 1.

The group plans to apply the new standard from 1 January 2027.

Kontserni hinnangul võib uus standard esmakordsel rakendamisel avaldada tema The group expects that the new standard, when initially applied, may have a material impact on its financial statements. The group is in the process of assessing the potential impact on its financial statements resulting from the application of IFRS 18.

"Amendments to the Classification and Measurement of Financial Instruments" (Amendments to IFRS 9 and IFRS 7)

Effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

On 30 May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:

(a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;

(b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;

(c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environmental, social and governance (ESG) targets); and

(d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The group expects that the amendments, when initially applied, will not have a material impact on its financial statements.

IFRS 19 "Subsidiaries without Public Accountability: Disclosures"

Effective for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

The IASB has issued a new IFRS Accounting Standard for subsidiaries. IFRS 19 permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries' financial statements while maintaining the usefulness of the information for users of their financial statements. Subsidiaries using IFRS Accounting Standards for their own financial statements provide disclosures that maybe disproportionate to the information needs of their users.

IFRS 19 will resolve these challenges by:

(a) enabling subsidiaries to keep only one set of accounting records – to meet the needs of both their parent company and the users of their financial statements;

(b) reducing disclosure requirements – IFRS 19 permits reduced disclosure better suited to the needs of the users of their financial statements.

The group expects that the new standard, when initially applied, will not have a material impact on its financial statements.

"Lack of Exchangeability" (Amendments to IAS 21)

Effective for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

In August 2023, the IASB issued amendments to IAS 21 to help entities assess exchangeability between two currencies and determine the spot exchange rate, when exchangeability is lacking. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose.

The amendments to IAS 21 do not provide detailed requirements on how to estimate the spot exchange rate. Instead, they set out a framework under which an entity can determine the spot exchange rate at the measurement date. When applying the new requirements, it is not permitted to restate comparative information. It is required to translate the affected amounts at estimated spot exchange rates at the date of initial application, with an adjustment to retained earnings or to the reserve for cumulative translation differences.

The group expects that the amendments, when initially applied, will not have a material impact on its financial statements.

"Contracts Referencing Nature-dependent Electricity" (Amendments to IFRS 9 and IFRS 7)

Effective for annual reporting periods beginning on or after 1 January 2026.

The IASB has issued amendments to help companies better report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs). Current accounting requirements may not adequately capture how these contracts affect a company's performance. To allow companies to better reflect these contracts in the financial statements, the IASB has made targeted amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures.

The amendments include:

(a) clarifying the application of the 'own-use' requirements;

(b) relaxing certain hedge accounting requirements if these contracts are used as hedging instruments; and

(c) adding new disclosure requirements to enable investors to understand the effect of these contracts on financial performance and cash flows.

The group expects that the amendments, when initially applied, may have a material impact on its financial statements. The group is in the process of assessing the potential impact on its financial statements resulting from the application of the amendments to IFRS 9 and IFRS 7.

"Annual Improvements to IFRS Accounting Standards" – Volume 11

Effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

IFRS 1 was amended to clarify that a hedge should be discontinued upon transition to IFRS Accounting Standards if it does not meet the 'qualifying criteria', rather than 'conditions' for hedge accounting, in order to resolve a potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9.

IFRS 7 requires disclosures about a gain or loss on derecognition relating to financial assets in which the entity has a continuing involvement, including whether fair value measurements included 'significant unobservable inputs. This new phrase replaced reference to 'significant inputs that were not based on observable market data'. The amendment makes the wording consistent with IFRS 13. In addition, certain IFRS 7 implementation guidance examples were clarified and text added to clarify that the examples do not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7.

IFRS 16 was amended to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply IFRS 9 guidance to recognise any resulting gain or loss in profit or loss. This clarification applies to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies that amendment.

In order to resolve an inconsistency between IFRS 9 and IFRS 15, trade receivables are now required to be initially recognised at 'the amount determined by applying IFRS 15' instead of at 'their transaction price (as defined in IFRS 15)'.

IFRS 10 was amended to use less conclusive language when an entity is a 'de-facto agent' and to clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de-facto agent.

IAS 7 was corrected to delete references to 'cost method' that was removed from IFRS Accounting Standards in May 2008 when the IASB issued the amendment 'Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'.

The group expects that the improvements, when initially applied, will not have a material impact on its financial statements

2.3 Emission allowances and green certificates

Emission allowances

The European Union Emissions Trading System (EU ETS) was created in 2005 as a tool for reducing greenhouse gas emissions, particularly carbon dioxide, in a cost-effective way. Based on Directive 2003/87/EC and its amending directives, emission allowances are bought and sold on designated exchanges. Since its inception, the EU ETS has had four phases: 2005-2007, 2008-2012, 2013-2020 and 2021-2025.

In the first phase (2005-2007), only European Union Allowances (EUAs) were traded. In the second phase (2008-2012), the EU ETS was opened to international trading in Certified Emission Reduction Units (CERs) and Emission Reduction Units (ERUs).

From the third phase (2013-2020) onwards, there is no free or subsidised allocation of emission allowances for the power generation sector. For other sectors, there is a transition period during which free allowances can be allocated to producers, but the amount of free allowances is gradually decreasing. Among other sectors, free allowances are allocated to the refining sector (including shale oil production), the production of measurable heat (including district heating) and the combustion of waste gases for electricity generation. Among the activities carried out by the Group, free allowances are allocated to the production of shale oil (as part of the refinery sector) to avoid carbon leakage and to the production of measurable heat (including district heating for the city of Narva). The Iru power plant operated by the Group has been allocated free allowances for 316 tonnes of CO_2 emissions for heat production in 2024.

In the fourth trading period (2021–2025), the free allocation system will focus on sectors at the highest risk of relocating their production outside of the EU. These sectors will receive 100% of their allocation free of charge. For less exposed sectors, free allocation will be phased out after 2026, from a maximum of 30% to zero at the end of the trading period (2030).

Greenhouse gas emission allowances controlled by the Group are accounted for as current intangible assets. Greenhouse gas emission allowances received from the state free of charge are measured at zero cost. Purchased allowances are measured at cost or using the revaluation method, if the Group has acquired more greenhouse gas emission allowances than it is expected to need and has a plan to sell the allowances. The Group has two separate portfolios for emission allowances – trading and own use portfolios. Same principles apply to these two separate portfolios as for guarantees of origin portfolios. See further details from the paragraph ("Green certificates – guarantees of origin") below.

As carbon dioxide is emitted, an obligation arises to deliver the corresponding quantity of emission allowances (EUAs, CERs, ERUs) to the authorities (the state). An expense and a liability are recognised when the emission allowances received free of charge do not cover the obligation to the authorities. The liability is measured in the amount that is expected to be required to settle the obligation. See Note 35 for the estimated amount of free allowances allocated to the Group in 2025 and Note 16 for the amount of free allowances allocated to the Group in 2023 and 2024.

The provision for greenhouse gas emission allowances is set up at the average price of the greenhouse gas emission allowances (including allowances that has been allocated to the Group free of charge) that are owned by the Group. When the Group surrenders the greenhouse gas emission allowances to the state for the greenhouse gases emitted, both the provision and the intangible assets are reduced by equal quantities and amounts.

Green certificates – guarantees of origin

A guarantee of origin (GoO) is an electronic document acquired by the consumer, which certifies that the electricity has been produced from renewable sources (green energy) or in an efficient cogeneration process. One GoO (green certificate) is issued for every 1 MWh of electricity produced. A GoO is valid for 12 months after the issue of the document.

The purchase and sale of GoOs is the responsibility of the energy trading unit of the Eesti Energia Group. Customer service units order GoOs to be able to prove the origin of green energy to customers.

The Group produces green energy, acquires GoOs from the market and also sells GoOs to third parties.

Every country has its own registry for GoOs where the GoO needs to be cancelled (used). Estonia, Latvia, Lithuania, Finland and Sweden are members of the Association of Issuing Bodies (AIB), which is an organisation for countries whose purpose is to develop and use the European Energy Certificate System. Poland has its own national registry. GoOs can be transferred between the registries of the countries that are members of the AIB.

GoO are cancelled using the FIFO (first-in, first-out) formula, which means that the GoOs that have been purchased earlier are cancelled earlier in order to prevent their expiry.

The Group uses derivative instruments to mitigate the price risk of future transactions involving GoOs because there are quantitative accounting differences between purchases and sales.

Transactions with certificates are divided into two separate portfolios:

a) trading portfolio: derivatives to purchase and sell the certificates are concluded for trading purposes, fair value changes of derivatives held for trading purposes are recognised in profit or loss within other operating income or other operating expenses on a monthly basis (see also Note 2.13) and

b) 'own use' portfolio: contractual obligations to deliver "green" energy that meet the own use criterion, since they were entered into and continue to be held for the purpose of the receipt of a non-financial item (green certificates etc.) in accordance with the Group's expected purchase requirements. At the settlement date, the entity physically settles the contracts by taking delivery of the commodity.

2.4 Consolidation

(a) Subsidiaries

A subsidiary is any entity of which the Group has control. The Group controls an entity when it has exposure, or rights, to variable returns from its involvement with the entity and the ability to use its power over the entity to affect the amount of those returns. Subsidiaries are fully consolidated from the date the Group gains control to the date the Group loses control over them.

The Group accounts for business combinations by applying the acquisition method. For each business combination, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

In preparing consolidated financial statements, the financial statements of the parent and its subsidiaries are consolidated on a line-by-line basis. In the preparation of consolidated financial statements, intragroup transactions, balances and unrealised gains are eliminated. Unrealised losses are also eliminated. Where necessary, amounts reported by subsidiaries are adjusted to ensure conformity with the Group's accounting policies.

In the parent's separate financial statements, investments in subsidiaries are accounted for at cost less any accumulated impairment losses.

Acquisitions of assets (and liabilities) that do not meet the definition of a business are recognised at cost on the acquisition date. Any excess consideration transferred over the fair value of the net assets acquired is allocated to the identifiable assets based on their relative fair values.

(b) Disposal of subsidiaries

When the Group loses control of a subsidiary, any investment retained in the entity is remeasured to its fair value at the date when control is lost and the change in the carrying amount is recognised in the income statement. The fair value is the initial carrying amount of the investment retained that is subsequently accounted for as an associate, a joint venture, or a financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for on the same basis as if the Group had directly disposed of the related assets and liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the income statement.

(c) Associates

Associates are all entities over which the Group has significant influence but not control. This generally means holding 20% to 50% of the voting power. Investments in associates are accounted for using the equity method and are initially recognised at cost. The carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only the proportion of the amounts previously recognised in other comprehensive income is reclassified to the income statement if that gain or loss would be required to be reclassified to the income statement on the disposal of the related assets or liabilities. The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in the associates' other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses of an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise any further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group assesses at each reporting date whether there is any objective evidence that an investment in an associate is impaired. If there is, the Group calculates the amount of the impairment loss as the difference between the recoverable amount and the carrying amount of the investment and recognises the amount within profit from associates under the equity method.in the income statement. Where necessary, the accounting policies of associates are adjusted to ensure consistency with the policies adopted by the Group.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each Group's entity are recorded in the currency of the primary economic environment in which the entity operates (the functional currency). The Group has subsidiaries in Poland whose functional currency is the Polish zloty (PLN) and in the United States of America whose functional current is the US dollar (USD). The consolidated financial statements are presented in euros (EUR), which is the functional currency of the parent company and presentation currency of the Group. The figures in the consolidated financial statements have been rounded to the nearest million, unless stated otherwise.

b) Transactions and balances

Monetary assets and liabilities denominated in a foreign currency are translated using the closing official exchange rate of the European Central Bank or, if the European Central Bank does not quote the particular currency, the official exchange rate of the central bank of the country issuing the foreign currency is used. Foreign exchange gains and losses arising on translation are recognised in the income statement, except for gain and loss from the revaluation of cash flow hedging instruments recognised effective hedges, which is recognised in other comprehensive income. Exchange gains and losses on borrowings and cash and cash equivalents are presented as finance income and costs; other exchange gains and losses are presented as other operating income and expenses.

(c) Group companies

The results and financial position of the subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate of the European Central Bank at the reporting date;
- income and expenses are translated using the average exchange rates of the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

The closing rates used for translating assets and liabilities were as follows: 31 December 2024: EUR/PLN 4.2750 and EUR/USD 1.0389; 31 December 2023: EUR/PLN 4.3395 and EUR/USD 1.1050. Income and expenses were translated as follows 2024: EUR/PLN 4.3058 and EUR/USD 1.0824; 2023: EUR/PLN 4.5420 and EUR/USD 1.0813.

Goodwill and fair value adjustments arising on the acquisition of a foreign subsidiary are treated as assets and liabilities of the foreign subsidiary and are translated at the exchange rate at the reporting date. Exchange differences are recognised in other comprehensive income.

2.6 Classification of assets and liabilities as current or non-current

The Group presents assets and liabilities as current and non-current in its statement of financial position. An asset is classified as current when it is expected to be realised in the next financial year or in the Group's normal operating cycle. All other assets are classified as non-current.

A liability is classified as current when:

- it is expected to be settled within the entity's normal operating cycle;
- the liability is due to be settled within twelve months after the reporting period; or
- the entity does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The Group's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and, must exist at the end of the reporting period. The Group's right to defer settlement of a liability arising from a loan arrangement for at least twelve months after the reporting period may be subject to the Group complying with conditions specified in that loan arrangement.

If the right to defer settlement is subject to the Group complying with specified conditions, the right exists at the end of the reporting period only if the Group complies with those conditions at the end of the reporting period. The Group must comply with the conditions at the end of the reporting period even if the lender does not test compliance until a later date. If the Group has the right at the end of the reporting period, to roll over an obligation for at least twelve months after the reporting period under an existing loan facility, it classifies the obligation as non current, even if it would otherwise be due within a shorter period. If the Group has no such right, it does not consider the potential to refinance the obligation and classifies the obligation as current.

2.7 Property, plant and equipment

Property, plant and equipment (PPE) are tangible items that are used in the Group's operating activities and have an expected useful life of over one year. Items of property, plant and equipment are presented in the statement of financial position at historical cost less any accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of an item. The cost of a purchased item of property, plant and equipment comprises the purchase rice, transportation and installation costs, and other costs directly attributable to the acquisition or implementation of the asset. The cost of a self-constructed item of property, plant and equipment includes the cost of materials, services and labour incurred in its construction and implementation.

If an item of property, plant and equipment consists of components with significantly different useful lives, these components are accounted for as separate items of property, plant and equipment.

When the construction of an item of property, plant and equipment lasts for a substantial period of time and is being funded by a loan or any other debt instrument, the related borrowing costs (interests) are capitalised as part of the cost of the item being constructed. Borrowing costs are capitalised if the borrowing costs and expenditures for the asset have been incurred and

the construction of the asset has commenced. Capitalisation of borrowing costs ceases when the construction of the asset is complete or when its construction has been suspended for an extended period of time. Items of property, plant and equipment have been assigned the following useful lives:

Buildings	30–50 years
Facilities, including	
electricity lines	12.5–50 years
other facilities	10–60 years
Machinery and equipment, including	
transmission equipment	5–45 years
power plant equipment	7–32 years
other machinery and equipment	3–30 years
Other items of property, plant and equipment	3–10 years

Information about average remaining useful lives assigned to items of property, plant and equipment is disclosed in Note 4.

The depreciation rate, depreciation method and residual value of an asset are reviewed at each reporting date during the annual stocktaking, when subsequent expenditures are recognised and in the case of any significant changes in development plans. When the estimated useful life of an asset differs significantly from the previous estimate, it is treated as a change in the accounting estimate, and the remaining useful life of the asset is changed, as a result of which the depreciation charge of the following periods also changes.

When the recoverable amount of an item of property, plant and equipment (i.e. the higher of its fair value less costs of disposal and its value in use) decreases below its carrying amount, the item is written down to its recoverable amount (Note 2.9).

If parts of an asset have different useful lives, the parts are capitalised and depreciated as separate assets.

2.8 Intangible assets

Intangible assets are recognised in the statement of financial position only if the following conditions are met:

- the asset is controlled by the Group;
- it is probable that the expected future economic benefits attributable to the asset will flow to the Group;
- the cost of the asset can be measured reliably.

Intangible assets (except for goodwill) are amortised over their estimated useful lives using the straight-line method.

Intangible assets (except for goodwill) are tested for impairment when there is any indication of impairment, similarly to items of property, plant and equipment. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually by comparing their carrying amount with their recoverable amount.

(a) Goodwill

Goodwill acquired in a business combination is not subject to amortisation. Instead, for the purpose of impairment testing, goodwill is allocated to cash-generating units, and an impairment test is performed at the end of each reporting period (or more frequently if an event or change in circumstances indicates it is necessary). The allocation is made to those cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose. Goodwill is allocated to a cash generating unit or a group of units that is not larger than an operating segment. Goodwill is written down to its recoverable amount when the latter is less than it’s carrying amount. Impairment losses on goodwill are not subsequently reversed. Goodwill is reported in the statement of financial position at the carrying amount (cost less any impairment losses) (Note 2.9). When determining a gain or loss on the disposal of a subsidiary, the carrying amount of goodwill relating to the entity sold is regarded as part of the carrying amount of the subsidiary.

(b) Contractual rights

Contractual rights acquired in a business combination are recognised at fair value on acquisition and are subsequently carried at cost less any accumulated amortisation. Contractual rights include also mining rights.

Contractual rights are amortised over the expected duration of the contractual right using the straight-line method. Further details on contractual rights are disclosed in Note 6.

(c) Software

Costs associated with the day-to-day maintenance of computer software are recognised as an expense as incurred. Acquired computer software which is not an integral part of the related hardware is recognised as an intangible asset. Development costs that are directly attributable to the design and testing of identifiable software controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software and use it;
- management intends to complete the software and use it;
- there is an ability to use the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources for completing the development and using the software are available;
- the expenditure attributable to the software during its development can be reliably measured.

Capitalised software development costs include payroll expenses and other expenses directly attributable to the development. Development expenditures that do not meet the above criteria are recognised as an expense as incurred. Development costs initially recognised as an expense are not recognised as an asset in a subsequent period. Computer software development costs are amortised over their estimated useful lives (not exceeding 15 years) using the straight-line method.

(d) Greenhouse gas allowances

Greenhouse gas allowances are permits that allow the owner to emit a certain amount of carbon dioxide or other greenhouse gases. One credit permits the emission of one ton of carbon dioxide or the equivalent in other greenhouse gases. All greenhouse gas allowances are accounted under current assets. See further details in Note 2.3.

2.9 Impairment of non-financial assets

Assets that have indefinite useful lives except for land (for example goodwill) and intangible assets not yet ready for use are not subject to amortisation but are tested annually for impairment. Assets that are subject to amortisation or depreciation and land are assessed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised at the amount by which the asset's carrying amount exceeds its recoverable amount.

If the fair value of the asset less costs to sell cannot be determined reliably, the recoverable amount of the asset is its value in use. The value in use is calculated by discounting the expected future cash flows generated by the asset to their present value.

At the end of each reporting period, the Group assesses whether there is any indication that an impairment loss recognised in a prior period for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated. Based on the results of the estimation, the impairment loss may be reversed in part or in full. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Detailed information about impairment tests performed in 2024 is disclosed in Notes 6 and 7.

2.10 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and the sale of the assets is considered highly probable. These assets are carried at the lower of their carrying amount and fair value less costs to sell.

2.11 Financial assets

2.11.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

2.11.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.11.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the income statement.

2.11.4 Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

All of the Group's debt instruments have been classified into the amortised cost measurement category.

2.11.5 Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

Any gain or loss arising on derecognition is recognised directly in the income statement and presented in other income/(expenses). Foreign exchange gains and losses and impairment losses are presented as separate line items in the income statement.

2.11.6 Equity instruments

The Group has no investments in equity instruments, except for investments in associates.

2.11.7 Derivative financial instruments

Derivative financial instruments are carried at their fair value. All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivative instruments that are not used in hedge accounting are included in the profit or loss for the year. The Group also applies hedge accounting. Accounting principles for hedge accounting are disclosed in Note 2.13.

Under the amendments to the Electricity Market Act, from 1 October 2022 Eesti Energia has had the obligation to sell electricity to all electricity suppliers for the provision of the universal service. As part of this law, Eesti Energia was required to compensate to other electricity resellers/suppliers the price difference between the universal service price (regulatory cap) and the spot electricity price. As a consequence, Eesti Energia entered into bilateral agreements with each reseller, which have a form of a derivative contract, which is measured at fair value through profit or loss (for further information, see Note 2.13(b)). In April 2024, the Riigikogu adopted amendment 351 SE of the Electricity Market Act and other laws, which terminated all regulation of universal service as of July 1, 2024.

2.11.8 Impairment

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions, and forecasts of future conditions.

For trade receivables without a significant financing component the Group applies a simplified approach permitted by IFRS 9 and measures the allowance for impairment losses at expected lifetime credit losses from initial recognition of the receivables. The Group uses a provision matrix in which allowance for impairment losses is calculated for trade receivables falling into different ageing or overdue periods.

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.13 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method for recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if it is, the nature of the item being hedged. The Group uses cash flow hedging instruments in order to hedge the risk of changes of the prices of natural gas, shale oil, electricity and interest rate cash flows.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, and also its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents whether there is economic relationship between the derivatives that are used in hedging transactions and the changes in the cash flows of the hedged items. At inception of the hedge, the Group documents sources of hedge ineffectiveness. Hedge ineffectiveness is quantified in each reporting period and recognised in the income statement.

The fair values of derivative financial instruments used for hedging purposes are disclosed in Note 14. Movements on the hedge reserve in other comprehensive income are disclosed in Note 21. The full fair value of hedging derivatives is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

(a) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement as a net amount within other operating income or other operating expenses.

Amounts accumulated in equity are reclassified to the income statement in the periods when the hedged item affects profit or loss (for instance, when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is reclassified to the income statement when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is reclassified in profit and loss as other operating income or operating expenses.

(b) Interest rate swaps

The interest rate swaps are common financial instrument used to exposure to fluctuation in interest rates. An economic relationship exists between the hedging instruments (interest rate swaps) and the hedged items (loan agreements). The Group tests hedge effectiveness by using the hypothetical derivative method and compares the changes in the fair value of interest rate swaps with the changes in the fair value of loan agreements.

Potential sources of hedge ineffectiveness is a change in the credit risk of the Group or the counterparty of the interest rate swap. The impact of credit risk may cause an imbalance in the economic relationship between the hedged item and the hedging instrument. According to the assessment of the Group's management, it is highly unlikely that changes in credit risk would cause significant hedge ineffectiveness.

Fair value is calculated using a third-party model which is confirmed by the transaction partner. On the basis of the Group's internal calculations, the fair value of interest rate swaps is determined as the present value of the expected future cash flows based on the Euribor forward curves derived from observable market data. The fair value measurement takes into account the credit risk of the Group and the counterparty, which is calculated on the basis of credit spreads derived from credit default swaps or bond prices. The fair value of interest rate swaps qualifies as a level 2 measurement in the fair value hierarchy. Interest rate swaps could affect profit or loss or other comprehensive income in financial statements.

(c) Derivatives measured at fair value through profit or loss

Derivatives which are not designated as hedging instruments, including the universal service, are carried at fair value through profit or loss. The gains and losses arising from changes in the fair value of such derivatives are included within other operating income or other operating expenses in the income statement.

(d) Power purchase agreements

The Group has signed long-term physically settled power purchase agreements with energy producers, handling the volume and balancing risk and selling the power to the exchange or to its own retail customers. In some periods the PPA volumes are higher than retail selling for flexibility and some excess for security of the operations. The contracts are not considered to meet the requirements to be classified as contracts held for normal purchase or sale (own use). The Group accounts for the contracts as derivatives measured at fair value through profit or loss (under Other operating income or Other operating expenses) in accordance with IFRS 9. At the settlement date, the Group physically settles the contracts by taking delivery of the power and selling the power either on the exchange or to its own retail customers.

The Group has signed long-term financially settled power purchase agreements with energy producers. At the settlement date the derivative is settled based on the difference between a fixed price and the agreed upon underlying market rate. The Group accounts for the contracts as derivatives measured at fair value through profit or loss (recognised under Other operating income or Other operating expenses) in accordance with IFRS 9. If particular agreements have been designated an qualify as cash flow hedges, they are accounted for under Raw materials and consumables used. Additional information is disclosed in Note 3.

(e) Contracts for purchase of goods for own use

Contracts that are entered into and continue to be held for the purpose of the receipt of the underlying commodity in accordance with the Group's expected purchase requirements are accounted for as regular purchases of underlying commodities. For example, any futures contracts for buying greenhouse gas emissions allowances that are necessary for the Group's electricity production purposes are not recognised as derivatives in the statement of financial position; the emissions allowances purchased are recognised as intangible assets when settlement of future contract occurs, and emissions allowances are transferred to the Group. Any payments made to the counterparty before the settlement date are recognised as prepayments for intangible assets.

If the terms of the contracts permit either party to settle it net in cash or another financial instrument or the commodity (mainly CO_2 transactions and guarantee of origin certificates), that is the subject of the contracts is readily convertible to cash, the contracts are evaluated to determine if they qualify for own use treatment. Contracts that do not qualify for own use treatment, are accounted for as derivatives as described above.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise balances on current accounts, cash in transit and short-term highly liquid investments with banks.

2.15 Trade receivables

Trade receivables are amounts due from customers for energy sold or services performed in the ordinary course of business.

2.16 Inventories

Inventories are stated in the statement of financial position at the lower of cost or net realisable value.

The cost of inventories is assigned using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, and other direct and indirect costs (based on normal operating capacity of the production facilities).

2.17 Share capital and statutory reserve capital

Ordinary shares are classified as equity. No preference shares have been issued. Unavoidable costs directly attributable to the issue of new ordinary shares are recognised in equity as a deduction from the proceeds.

The parent has recognised a statutory capital reserve (a legal reserve) in accordance with the requirements of the Estonian Commercial Code. Every financial year at least 5% of net profit has to be transferred to the capital reserve until the reserve amounts to at least 10% of share capital. The capital reserve may be used to cover losses and to increase share capital. The capital reserve may not be used to make distributions to shareholders.

2.18 Hybrid bond

The hybrid bonds are perpetual (with no redemption date), classified as equity instruments and their interest payments (coupon) can be deferred in whole or in part at the discretion of the issuer. The hybrid bonds are recognised in equity at the amount of the proceeds received, net of directly attributable transaction costs. They are not subsequently remeasured through profit or loss or other comprehensive income. Interest paid on the hybrid bonds is recognised as a distribution from equity. Interest paid is included within cash flows from financing activities in the statement of cash flows.

2.19 Trade payables

Trade payables are amounts due to suppliers for goods or services purchased in the ordinary course of business. Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

2.20 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the term of the borrowing using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred and treated as a transaction cost when the draw-down occurs.

Borrowings are recognised as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the end of reporting period.

2.21 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

The capitalised borrowing costs are recognised in the statement of cash flows within interest and loan fees paid.

2.22 Liquidity swap

Liquidity swaps are classified as other liabilities when the contract does not meet the accounting and measurement requirements for derivative financial instruments and the purpose of the transaction is not hedging the risk of fluctuations in market value. The initial value of a liquidity swap is determined at the date of the transaction when the swap is measured at fair value. Subsequent remeasurement depends on whether the cash flows or contract terms change. The changes in the fair value of a liquidity swap are recognised in profit or loss.

2.23 Taxation

(a) Corporate income tax on dividends in Estonia

Under the Income Tax Act, the annual profit earned by entities is not taxed in Estonia. Corporate income tax is paid on dividends, fringe benefits, gifts, donations, costs of entertaining guests, non-business-related disbursements and transfer price adjustments.

The tax rate for profit distributions is 22% (calculated as 22/80 of the net distribution). Under certain circumstances, dividends received can be redistributed without additional income tax expense. The tax exemption applies if the company redistributing the dividends received had at the time of receipt at least a 10% interest in the company from which the dividend was received. The lower income tax rate of 14% for regular dividend distributions (14/86 of the net distribution) has been abolished from 1 January 2025. Dividends taxed at a lower rate received before the above date can be redistributed in accordance with a transitional provision. Current corporate income tax payable on a dividend's distribution is recognised as an expense and a liability in the amount of the tax effect of the dividends declared. Deferred tax is provided on the post-acquisition retained earnings and other post-acquisition movements in the reserves of subsidiaries, except to the extent that the Group controls the subsidiary's dividend policy, and it is probable that the temporary difference will not reverse through dividends or otherwise in the foreseeable future. As the Group controls the dividend policy of its subsidiaries, it is able to control the timing of the reversal of the temporary differences associated with its investments in subsidiaries. The maximum income tax liability which would accompany the distribution of Company's retained earnings is disclosed in the notes to the financial statement (see Note 19).

From 1 January 2026, resident companies will be subject to a 2% national security tax on their pre-tax profit for the financial year. In the case of consolidated financial statements, the tax will be applied to the parent company's unconsolidated profit before tax.

(b) Other taxes in Estonia

The following taxes had an effect on the Group's expenses:

Tax	Tax rate
Social security tax	33% of the payroll paid to employees and of fringe benefits
Unemployment insurance tax	0.8% of the payroll paid to employees
Fringe benefit income tax	22%, calculated as 22/80 of net fringe benefits provided to employees
Pollution charges	Paid for contamination of the air, water, ground water, soil and waste storage, and based on tonnage and type of waste. Pollution charge rates per tonne for emission of pollutants into the ambient air is EUR 8.47–1,405.80 (except mercaptans, which is EUR 33,374.25), for emission of pollutants into water bodies or groundwater is EUR 7.44–27,975, and for waste disposal is EUR 0.63–35.81 per tonne
Fee for extraction right for oil shale	EUR 0.275–13 per tonne of oil shale extracted
Water utilisation charges	EUR 1.55-191.7 per 1000 m^3 of pond or ground water used (2023-2024: EUR 1.70-180.55 per 1000 m^3 of pond or ground water used)
Land tax	0.1–1.0% on taxable value of land per annum
Tax on heavy trucks	EUR 3.50–232.60 per truck per quarter
Excise tax on electricity	EUR 0.5–1.45 (from 1 May 2024 to 30 April 2025) per MWh of electricity (before 30 April 2024 EUR 0.5- 1.0)
Excise tax on natural gas	EUR 41.88–58.34 per 1000 m^3 of natural gas (from 1 May 2024 to 30 April 2025). EUR 40–55.79 per 1000 m^3 of natural gas (from 1 May 2020 to 30 April 2024)
Excise tax on shale oil	EUR 57–447 per 1000 kg of shale oil (from 1 May 2024 to 30 April 2025 EUR 57–563 per 1000 kg of shale oil (from 1 May 2020 to 30 April 2024)
Excise tax on oil shale	EUR 0.93 per gigajoule (from 1 May 2024 to 30 April 2025) EUR 0.93 per gigajoule (from 1 May 2020 to 30 April 2024)
Corporate income tax on non-business expenses	2%, calculated as 22/78 of non-business expenses from 1 January 2025. 20%, calculated as 20/80 of non-business expenses until 31 December 2024

(c) Income tax rates in foreign countries in which the Group operates

Latvia	Income earned by resident legal persons is taxed at a rate of 20/80 upon distribution
Lithuania	Income earned by resident legal persons is taxed at an income tax rate of 15%
Germany	Income earned by resident legal persons is taxed at an income tax rate of 24.6-36.1% (corporate tax, trade tax and solidarity surcharge combined)
the USA	Income earned by resident legal persons is taxed at an income tax rate of 21%
Jordan	Income earned by resident legal persons is taxed at an income tax rate of 20%. Jordan Oil Shale Energy is fully exempted from income tax according to the contracts concluded with the Hashemite Kingdom of Jordan
the Netherlands	Income earned by resident legal persons is taxed at an income tax rate of 25.8%. Lower 19% income tax is applicable to revenue less than 200 000 EUR
Poland	Income earned by resident legal persons is taxed at an income tax rate of 19%
Finland	Income earned by resident legal persons is taxed at an income tax rate of 20%

(d) Deferred income tax

Deferred income tax is recognised in foreign subsidiaries, except for Latvia, for temporary differences arising between the tax bases and carrying amounts of assets and liabilities. Deferred income tax assets and liabilities are recognised under the liability method. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset and liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Pursuant to the laws of the Republic of Estonia and Latvia, an entity's profit of the accounting year is not taxable in Estonia and Latvia. The obligation to pay company income tax arises upon distribution of profit and it is recognised as an expense (in profit or loss for the period) when dividends are declared. Due to the nature of the taxation system, no deferred income tax assets

or liabilities arise in entities registered in Estonia nor Latvia, except for possible deferred income tax liabilities related to the Group's investments in subsidiaries.

Deferred income tax liability arises for the Group in countries where the entity's reporting year profit is taxable. For the Group, deferred income tax liability also arises in respect to investments in an Estonian and Latvian subsidiary and associate undertaking, except for if the Group is able to control the timing of the reversal of the taxable temporary differences and it is probable that the reversal will not occur in the foreseeable future. Examples of taxable temporary reversal are the payment of dividends, the sale or liquidation of an investment, and other transactions.

The Group has control over the dividend policy of subsidiaries and is able to control the timing of the reversal of the temporary differences in respect to the relevant investment. If the parent company has decided not to distribute the subsidiary's profit in the foreseeable future, it does not recognise the deferred income tax liability. If the parent company assesses that the dividend will be paid in the foreseeable future, the deferred income tax liability is measured to the extent of the planned dividend payments exceeding the annual distributable profits earned.

The Group measures deferred income tax liability and assets using the tax rates valid at the reporting date that are expected to apply to the taxable temporary differences of the period in which the temporary differences are expected to reverse.

2.24 Employee benefits

Short-term employee benefits

Short-term employee benefits include wages and salaries as well as social security contributions and benefits relating to temporary suspension of the employment contract (holiday pay and similar payments) where the suspension of the contract occurs within 12 months after the end of the period in which the employee rendered the employee service, and other benefits payable after the end of the period in which the employee rendered the employee service.

If an employee has provided services in the reporting period in return for which benefits are expected to be paid, the Group recognises a liability (accrued expense) for the expected amount of the benefit after deducting any amount already paid.

2.25 Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably. A provision is measured at the present value of the expenditures expected to be required to settle the obligation using an interest rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are recognised based on management's estimates. If required, independent experts may be involved. Provisions are not recognised for future operating losses.

Provisions are reviewed at the end of each reporting period and adjusted to reflect current best estimates.

(a) Environmental protection provisions

Environmental protection provisions are recognised to cover environmental damages that have occurred before the end of the reporting period when required by law or when the Group's past environmental policies have demonstrated that the Group has a constructive present obligation to liquidate the environmental damage. Experts' opinions and prior experience in performing environmental work are used to estimate the provisions.

(b) Provision for the dismantling cost of assets

The provisions for the dismantling of assets are recognised to cover the estimated costs relating to the future dismantling of assets if the dismantling of assets is required by law or if the Group's past practice has demonstrated that the Group has a present constructive obligation to incur these costs. The present value of the dismantling costs of assets is included within the cost of property, plant and equipment.

(c) Provisions for greenhouse gas emissions

The accounting policy for the provision is disclosed in Note 2.3.

2.26 Contingent liabilities

Where it is not probable that an outflow of resources will be required to settle an obligation, or where the amount of an obligation cannot be measured with sufficient reliability, but the obligation may transform into a liability in certain circumstances, the obligation is disclosed in the notes to the financial statements as contingent liabilities.

2.27 Revenue recognition

Revenue is income arising in the course of the Group's ordinary activities. Revenue is measured in the amount of transaction price. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange of transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a good or service to a customer. Revenue is shown net of value-added tax and different types of excise duty applicable to the Group (see Note 2.23).

(a) Sale of goods - wholesale

The Group manufactures and sells shale oil and shale in the wholesale market. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

No element of financing is deemed present as the sales are made with a credit term of up to 90 days, which is consistent with the market practice.

A receivable is recognised when the goods have been delivered as this is the point in time where the right to consideration becomes unconditional because only the passage of time is required before the payment is due.

If the Group provides any additional services to a customer after control of the goods has transferred to the customer, rendering of the service is treated as a separate performance obligation and relevant revenue is recognised over the period in which the service is provided.

(b) Sale of services – electricity, gas, heat and waste reception services

The Group provides electricity, gas and heat sale and waste reception services in accordance with the relevant contracts. Selling prices, possible price regulation and contractual volumes of services are fixed in contracts. Revenue from the sale of electricity, gas and heat energy is based on units delivered because the customer receives and consumes the benefits simultaneously. Revenue from the reception of waste is recognised based on units received. Relevant invoices are issued monthly. As permitted by IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

If the contract includes variable consideration, it is recognised as revenue only to the extent that it is highly probable that there will be no significant reversal of such consideration.

(c) Connection fees

When connecting to the electricity network, the customers must pay a connection fee based on the actual costs of infrastructure to be built in order to connect them to the network. The Management Board has concluded that the connection fees do not constitute a separate performance obligation from the ongoing provision of network transmission services, and therefore the revenue from connection fees is deferred and recognised as revenue over the estimated average useful lives of the assets providing the service, being 32 years. Connection fees received from customers are carried in the statement of financial position as contract liabilities within non-current liabilities.

(d) Financing component

The Group does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Consequently, the Group does not adjust any of the transaction prices for the time value of money.

2.28 Government grants

A government grant is recognised at fair value, when there is reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. Grants related to income are recognised as income over the periods necessary to match them with the costs which they are intended to compensate.

Grants related to assets are accounted for using the gross method whereby the asset acquired with a grant is recognised at cost. The amount received as a government grant is recognised as deferred income related to the government grant. Related assets are depreciated, and the grant liability is recognised as income over the estimated useful life of the asset.

Support for electricity produced from renewable sources

In line with section 59 of the Estonian Electricity Market Act, the Group receives support (government grant related to income) of 5.37 cents per kilowatt hour of electricity produced from a renewable energy source with a generating installation whose net capacity does not exceed 125 MW.

The Group receives the grant monthly in accordance with the volume of electricity produced from a renewable energy source. The grant is not intended to compensate any specific costs but is a government measure to support and increase the transition to renewable energy in Estonia. The grant is accounted for using the gross method and reported within other operating income as a renewable energy grant.

2.29 Leases

(a) The Group as the lessee

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Contracts may contain both lease and non-lease components. The Group's leases are mostly contracts including the rights to use land which do not contain non-lease components.

2.29.1 Initial measurement

At the commencement date, the Group recognises a right-of-use asset and a lease liability.

Right-of-use assets are presented on a separate line in the statement of financial position.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date.

The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses an alternative borrowing rate, which is the interest rate that the Group would have to pay in a similar economic environment to obtain a loan for a similar period and with similar collateral to acquire an asset similar to the right-of-use asset.

2.29.2 Subsequent measurement

After the commencement date, the Group measures the right-of-use asset applying a cost model. To apply the cost model, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life

of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

If there are changes in lease payments, it may be necessary to remeasure the lease liability. The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Future potential increases in variable cash flows based on an index are not included in the lease liability. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset using the original discount rate for remeasurement.

The Group remeasures the lease liability to reflect those revised lease payments only when there is a change in the cash flows (i.e. when the adjustment to the lease payments takes effect). The Group determines the revised lease payments for the remainder of the lease term based on the revised contractual payments. The Group uses an unchanged discount rate, unless the change in lease payments results from a change in floating interest rates.

The Group has elected not to apply the requirements of IFRS 16 to short-term leases and leases for which the underlying asset is of low value. Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less.

(b) The Group as a lessor

Assets leased out under operating leases are accounted for using the same accounting policies that are applied to items of property, plant and equipment. Lease income from operating leases is recognised as income on a straight-line basis over the lease term.

2.30 Dividend distribution

Dividends are recognised when they are declared as a reduction of retained earnings and a liability to the shareholder.

2.31 Related party transactions

For the purposes of these consolidated financial statements, the related parties include the associates of the Group, the members of the Supervisory and Management Boards of Eesti Energia AS and other individuals and entities which can control or significantly influence the Group's financial and operating decisions. As the shares of Eesti Energia AS belong 100% to the Republic of Estonia, the related parties also include entities under the control or significant influence of the state.

The Group has applied the exemption from disclosure of individually insignificant transactions and balances with the state and parties that are related to the entity because the state has control, joint control or significant influence over a such party.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risks

The Group's activities are exposed to various financial risks: market risk (including currency risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

The purpose of financial risk management is to mitigate financial risks and minimise the volatility of financial results. The Risk and Internal Audit Department under the Chairman of the Management Board and the Audit Committee are engaged in risk management and responsible for the development, implementation and maintenance of the Group's risk management system. The Group's financial risks are managed in accordance with the principles established by the Management Board at the Group level. The Group's liquidity, interest rate and currency risks are managed in the Finance Department of the parent company.

Given the impact of financial risks on the Group's overall operations, a Treasury and Financial Risk Management Department and a Financial Risk Committee, headed by the Treasury and Financial Risk Manager, have been established to manage the financial risk management process on a day-to-day basis.

3.1.1 Market risks

3.1.1.1 Currency risk

Currency risk is the risk that the fair value of financial instruments or cash flows will fluctuate in the future due to exchange rate changes. The financial assets and liabilities denominated in euros are considered to be free of currency risk when the entity has euro as the functional currency. All non-current borrowings and electricity export contracts are also concluded in euros to avoid currency risk.

The Group has a bank loan in PLN with a balance of EUR 5.6 million (in PLN 23.9 million) at 31 December 2023 (EUR 6.3 million (in PLN 27.5 million) , the identified currency risk was immaterial as at 31 December 2024 and 31 December 2023.

The Group has no other material financial assets or liabilities open to currency risk.

3.1.1.2 Price risk

Price risk is the risk that the fair value and cash flows of financial instruments will fluctuate in the future for reasons other than changes in the market prices resulting from interest rate risk or foreign exchange risk. The sale of goods produced, and services provided by the Group under free market conditions, the purchase of resources used in production, and financial assets and liabilities measured at fair value through profit or loss are impacted by price risk.

3.1.1.2.1 The price risk of commodities

The primary commodity price risks are the price risks associated with the sale of shale oil, the purchase and sale of electricity and natural gas, and the purchase of greenhouse gas emission allowances. The Group uses various derivative instruments to mitigate those price risks.

Derivatives used to hedge the risks associated with the purchase of electricity

The Group sells electricity to its customers in the retail market. Part of the customers have agreements with fixed rates. To hedge the volatility risk in electricity prices, the Group uses derivatives (futures, forward contracts and long-term power purchase agreements), which are entered into for the purchase of electricity at each hour of trading. Transactions designed to hedge the volatility risk in electricity prices are designated as hedging instruments in cash flow hedges. The underlying hedged item is the risk components of highly probable forecast electricity purchase transactions: TGE Polish base and peak load prices (Polish market) and the Nord Pool system price, and the difference between the system price and the Finnish area price i.e. the price spread (markets other than Poland). Long-term cash-settled power purchase agreements hedge the exposure to the Nord Pool Lithuanian price area. The volumes of derivative instruments entered into to hedge the purchase price risk is driven by the volumes of forecast fixed-price sales transactions. The hedge ratio of the hedging relationships is one to one.

Summary of hedging instruments used:

	31 DECEMBER			
	2024		2023	
	Maturity within 12 months	Maturity longer than 12 months	Maturity within 12 months	Maturity longer than 12 months
Hedged volume. Nord Pool system price component (TWh)	1.2	0.9	2.2	1.4
Hedged volume, Finnish area price component (TWh)	1.1	0.9	2.2	1.3
Hedged volume, TGE Polish baseload price risk component (TWh)	0.9	0.2	0.6	0.2
Hedged volume, Lithuanian area price risk components (long-term PPAs) (TWh)	0.7	3.7	0.4	4.2
Weighted average underlying price, Nord Pool system price component (EUR/MWh)	40.7	51.2	44.7	50.0
Weighted average underlying price, Finnish area price component (EUR/MWh)	1.7	3.0	1.8	2.3
Weighted average underlying price, TGE Polish baseload price risk component (EUR/MWh)	115.9	105.9	162.9	157.9

Long-term power purchase agreements (PPAs) are not traded in an active market, for details on the determination of their fair value refer below to subsection 3.3 of the financial risk management note. The Group does not disclose the price for long-term power purchase agreements as it may damage its competitive position in the market.

Derivatives used to hedge the risks associated with the purchase of natural gas

The Group sells natural gas to its customers in the retail market. Part of the customers have agreements with fixed rates. The Group uses derivatives (futures and forwards) to hedge the volatility risk in natural gas prices in the Polish market, which are entered into for the purchase of a specific amount of gas in each month. Transactions designed to hedge the volatility risk in gas prices are designated as hedging instruments in cash flow hedges. The underlying hedged item is the risk component of highly probable forecast gas purchase transactions: the purchase price of natural gas on the Polish power exchange TGE. The volume of derivative instruments entered into to hedge the price risk associated with the natural gas purchases in Poland depends on the natural gas sales volumes which are determined by volumes required by customers under long-term fixed-price agreements. Consistent with the Group's hedging strategy, derivative contracts are concluded for the next three years and allowed net open position is 5% of the volumes of highly probable forecast purchase transactions. The hedge ratio of the hedging relationships is one to one.

Summary of hedging instruments used:

	31 DECEMBER	
	2024	2023
Maturity date	2025-2027	2024-2025
Hedged volume, TGE Polish gas price risk component (TWh)	0.6	0.7
Weighted average underlying price (EUR/MWh)	43.9	62.4

Derivatives used to hedge the risks associated with the sale of natural gas

The Group sells gas to its customers in the retail market. Part of the customers have agreements with variable rates. The Group uses derivatives (futures and forwards) to hedge the volatility risk in natural gas prices in the Baltic market. These instruments have been designated as hedging instruments in cash flow hedges.

To hedge the price risk associated with natural gas obtained from Inčukalns at a fixed rate and sold to customers in the Baltic countries under long-term floating-price agreements, the Group enters into derivative transactions to convert the fixed price of gas obtained from Inčukalns into a floating price. The underlying hedged item is highly probable forecast gas purchase transactions (purchase to warehouse for fixed price) that are priced against the TTF ICE Endex Futures which are determined by the volumes required by floating-price customers. The hedge ratio of the hedging relationships is one to one.

Summary of hedging instruments used:

	31 DECEMBER	
	2024	**2023**
Maturity date	-	2024
Hedged volume, TTF ICE Endex Future (TWh)	-	0.08
Weighted average underlying price (EUR/MWh)	-	51.2

Derivatives used to hedge the risks associated with the sale of shale oil and shale oil gasoline

The Group has shale oil production facilities in Estonia, and it sells the produced shale oil and shale oil gasoline in the global energy markets. The Group uses derivatives (futures and swaps) to hedge the volatility risk in the prices of shale oil and shale gasoline (for shale gasoline from 1 January 2021). In these transactions, the counterparty undertakes to pay the difference between a fixed price and the market price in a given period of time. According to the Group's hedging policy, the purpose of hedging is to ensure a predefined amount of profit after variable expenses. Contracts are concluded for the sale of specific amounts of shale oil and shale oil gasoline in future periods, and they are designated as hedging instruments in cash flow hedges. The underlying hedged item is the risk component of highly probable forecast shale oil sales transactions: heavy fuel oil with 1% sulphur content or its separately identifiable subcomponents. For shale oil gasoline, the underlying hedged item is the risk component of highly probable forecast shale gasoline sale transactions: Naphtha Cargoes CIF NWE, or its separately identifiable subcomponents. The volume of derivative transactions entered into to hedge the price risk of the sale of shale oil and shale oil gasoline depends on long-term sales contracts signed for future periods and the production plan. Consistent with the Group's hedging strategy, derivative contracts are concluded for the next two years to the extent of up to 80% of the volumes of highly probable forecast sales transactions. The percentage of hedged sales volumes is higher for the years closer to the reporting date, due to the liquidity of the derivatives and the Group's hedging strategy. The hedge ratio of the hedging relationships is one to one.

Summary of hedging instruments used:

Shale oil:	31 DECEMBER	
	2024	**2023**
Maturity date	2025-2026	2025-2026
Hedged volume, Brent Crude (thousand Mt)	170	170
Weighted average price (EUR/mMt)	430	430

Summary of hedging instruments used:

Shale oil gasoline:	31 DECEMBER	
	2024	**2023**
Maturity date	-	2025-2026
Hedged volume, Brent Crude (thousand Mt)	-	27
Weighted average underlying price (EUR/mMt)	-	592

Effective and ineffective portions of hedges

The effective portion of the change in the fair value of the hedging instruments is recognised in other comprehensive income and reclassified to profit or loss. In case of sales transactions, this impact is presented as revenue or a reduction of revenue. In case of purchase transactions, this impact is presented as expenses, or a reduction of expenses when the forecast purchase transaction occurs. When it becomes clear that the occurrence of the forecast sales or purchase transaction in a given period is unlikely to occur, this impact is presented as other operating income or expense. At the end of the year, the ineffectiveness of hedging was identified in relation to the derivative instruments acquired for hedging the Polish natural gas purchase contracts. The impact of hedge ineffectiveness to the 2024 income statement was: increase of the gain 1.7 million (the impact of hedge ineffectiveness to the 2023 income statement was: decrease of the loss EUR 12.5 million).

Potential sources of hedge ineffectiveness are the following:

- Compared with previous periods, foreign exchange rates became more volatile in the reporting period. Movements in foreign exchange rates may cause an imbalance in the economic relationship between the hedged item and the hedging instrument and a situation may arise where the values of the hedged item and the hedging instrument no longer move in the opposite direction. According to the assessment of the Group's management, it is highly unlikely that movements in foreign exchange rates would cause significant hedge ineffectiveness.

The above risks did not materialise in 2024 or 2023.

Changes in the fair values of hedging instruments, which are recognised in the hedge reserve, are disclosed in Note 21. Further information on derivatives is provided in Notes 13, 15 and 16.

Derivatives held for trading

Derivatives held for trading are mainly derivatives for the purchase and sale of natural gas when the Group does not apply the principles of hedge accounting to these products and markets except for natural gas in Poland (purchases) and variable price natural gas transactions in the Baltics (purchases) (see the section Derivatives used to hedge the risks associated with the sale of natural gas) and long term PPAs which the Group has not designated as hedging instruments in cash flow hedges. In addition, natural gas, electricity, and oil derivatives offered to Group customers through intermediation transactions are classified as derivatives held for trading.

The Group has material open derivative net positions at the reporting date that are not designated as hedging instruments. The fair value of the given instruments is calculated based on the market prices of electricity, oil and gas products. The impact of reasonable changes in underlying commodity prices on the Group's financial results would be as follows (plus is an increase of a profit or a decrease of a loss and minus is a decrease of a profit and an increase of a loss):

- If the underlying market prices of electricity had been 10% higher/lower, it would have had the following impact on the Group's post-tax financial result: EUR 14.8 million and EUR (14.8) million (2023: EUR 15.5 million and EUR (15.5) million).
- If the underlying market prices of oil products had been 10% higher/lower, it would have had the following impact on the Group's post-tax financial result: EUR (1.6) million and EUR 1.6 million (2023: EUR (10.6) million and EUR 10.6 million).
- If the underlying market prices of natural gas had been 10% higher/lower, it would have had the following impact on the Group's post-tax financial result: EUR 1.2 million and EUR (1.2) million (2023: EUR 0.08 million and EUR (0.08) million).

3.1.1.3 Cash flow and fair value interest rate risk

Interest rate risk is the probability of a change in the value of an asset resulting from unexpected fluctuations in market interest rates. Cash flow interest rate risk arises from borrowings with floating interest rates resulting that finance costs will increase when interest rates increase. Interest rate risk is mitigated partly by raising borrowings with fixed interest rates and partly by fixing the interest expense of floating rate loans with interest rate swaps.

Compared with the end of the previous financial year, there was no change in the Group's management of interest rate risk in connection with entering into interest rate swaps (IRSs). As at 31 December 2024, the Group had three interest rate swaps with a total notional amount of EUR 142.5 million. As at 31 December 2024, 10.2% of the Group's borrowings (excluding lease liabilities) had a fixed interest rate (31 December 2023: 11.5%) and the weighted average effective interest rate of bank loans, including the effect of interest rate swaps, was 5.3% (31 December 2023: 5.8%). The interest rate of the Group's bank loans depends on the base interest rate (for loan liabilities denominated in euros, the 3-month or 6-month Euribor; for loan liabilities denominated in Polish zloty, the 6-month WIBOR). If the floating base interest rate as at 31 December 2024 had been 100 basis points higher, the Group's annual net loss would have been EUR 15.0 million (2023: EUR 14.1 million) higher.

Due to the aforementioned changes the market interest rates may have a material effect on the Group's borrowings, and they may affect the fair value of the borrowings (Note 22). The group closely follows the interest rates market and interest rate hedges could be done on suitable rate levels as the risk policy is to hedge the interest rate of up to 50% of the loan portfolio. The Group can make strategical decisions to change the hedge ratio according to the market situation and company situation. This ratio is not met as during 2023 the loans were taken out during very high interest rates and hedge levels were very unfavorable and the Group decided not to hedge those loans.

3.1.1.4 Interest rate swaps

Interest rate swaps usually involve the exchange of a floating interest rate for a fixed rate (or vice versa) with a purpose to hedge against the cash flow fluctuations. An economic relationship exists between the hedging instruments (interest rate swaps) and the hedged items (loan agreements), because as at 31 December 2024 the critical terms of all interest rate swaps matched the terms of the loan agreements (notional amounts, currencies, maturities, payment schedules). Future hedging transactions are entered into with a hedge ratio of one to one. The Group tests hedge effectiveness by using the hypothetical derivative method and compares the changes in the fair value of interest rate swaps with the changes in the fair value of loan agreements.

Potential sources of hedge ineffectiveness are the following:

- A change in the credit risk of the Group or the counterparty of the interest rate swap. The impact of credit risk may cause an imbalance in the economic relationship between the hedged item and the hedging instrument. According to the assessment of the Group's management, it is highly unlikely that changes in credit risk would cause significant hedge ineffectiveness.

Fair value is calculated using a third-party model which is confirmed by the transaction partner. On the basis of the Group's internal calculations, the fair value of interest rate swaps is determined as the present value of the expected future cash flows based on the Euribor forward curves derived from observable market data. The fair value measurement takes into account the credit risk of the Group and the counterparty, which is calculated on the basis of credit spreads derived from credit default swaps or bond prices. The fair value of interest rate swaps qualifies as a level 2 measurement in the fair value hierarchy.

As at 31 December 2024, the Group had three interest rate swaps to hedge the interest rate risk of three loans:

- An interest rate swap with a notional amount of EUR 66.1 million (73.0 million 2023), whereby the Group receives interest at a rate equal to 6-month EURIBOR and pays a fixed rate of interest of 1.1%. The swap is designed to hedge the exposure to the interest rate risk of a floating-rate loan that was drawn down on 30 September 2022.
- An interest rate swap with a notional amount of EUR 44.8 million (49.0 million 2023), whereby the Group receives interest at a rate equal to 3-month EURIBOR and pays a fixed rate of interest of 1.049%. The swap is designed to hedge the exposure to the interest rate risk of a floating-rate loan that was drawn down on 24 September 2022.
- An interest rate swap with a notional amount of EUR 31.7. million (35.0 million 20223, whereby the Group receives interest at a rate equal to 6-month EURIBOR and pays a fixed rate of interest of 1.125%. The swap is designed to hedge the exposure to the interest rate risk of a floating-rate loan that was drawn down on 30 June 2022.

3.1.2 Credit risk

Credit risk is the risk that the Group will incur a monetary loss caused by the other party to a financial instrument because of that party's inability to meet its obligations. Cash in bank deposits, derivatives with a positive value and trade and other receivables are exposed to credit risk.

According to the principles of depositing of available monetary funds of the Group, the following principles are followed:

- preserving capital;
- ensuring liquidity at the right moment for the needs of business;
- optimal return considering the previous two goals.

Available monetary funds can be deposited in the following domestic and foreign financial instruments:

- money market funds and interest rate funds in which holdings or shares can be redeemed or sold on a regular basis (not used during 2024 and 2023);
- deposits of credit institutions;
- freely negotiable bonds and other freely negotiable debt instruments.

Nõuded finantsinstrumentide emitentide/tehingute (sh riskimaandamistehingute) vastaspoolte krediidiriski tasemele ning iga vastaspoole maksimaalsed positsioonid kehtestab kontserni finantsriskide juhtimise komitee.

Requirements for the level of credit risk of issuers and partners of financial instruments (including hedge transactions) and maximum positions of each partner are approved by the Group's committee of the financial risks.

The available monetary funds can be deposited only in financial instruments nominated in euros. In addition, there are certain requirements for the maturities of the financial instruments and diversification.

The unpaid invoices of customers are handled on a daily basis in the departments specifically set up for this purpose. The automated reminder and warning system sends messages to customers about overdue invoices with the warning that if they are not paid, the customers will be cut off from the electricity network. After that, a collection petition is filed at the court or a collection agency. Special agreements are in the jurisdiction of special credit committees.

The maximum amount exposed to credit risk was as follows as at the end of the reporting period:

	31. DECEMBER	
in million EUR	**2024**	**2023**
Trade and other receivables (Notes 13 and 14) *	264.6	475.6
Cash and cash equivalents (Notes 13, 16 and 18)	468.9	174.5
Derivatives with positive values (Notes 3.3, 13, 15 and 16)	303.3	317.5
Total amount exposed to credit risk	**1,036.8**	**967.6**

* Total trade and other receivables less prepayments and post-closing receivable from the sale of Technological Solutions SIA and Enefit Green SIA in the amount of EUR 1.4 million.

Trade receivables are presented net of expected credit losses. Although the collection of receivables can be impacted by economic factors, management believes that there is no significant risk of loss beyond the loss allowances already recognised. Other receivables do not contain any impaired assets.

More detailed information on credit risk is disclosed in Notes 14 and 16.

3.1.3 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its financial obligations due to insufficient cash inflows. Liquidity risk is managed through the use of various financial instruments such as loans, bonds and commercial papers.

The Group's liquidity risk has two dimensions. Short-term liquidity risk is the risk that the Group's bank accounts do not include sufficient cash to meet the Group's financial commitments. Long-term liquidity risk is the risk that the Group does not have sufficient amount of unrestricted cash or other sources of liquidity to meet its future liquidity needs in order to carry out its business plan and meet its commitments, or that for the above reason the Group needs to raise additional cash in a hurry and on terms, which are less than optimal.

Short-term liquidity risk is mitigated so that the Group keeps a certain amount of cash buffer in its bank accounts in order to have sufficient amount of cash available also in case there are deviations from the cash flow forecast.

Long-term liquidity risk is mitigated by regular forecasts of liquidity needs for the next 12 months (including cash requirement for investments, loan repayments and dividends, and positive cash flow from operations) and by keeping sufficient liquidity buffer in the form of unrestricted cash, undrawn investment loans, and limits of liquidity loans. The Group's liquidity risk is managed at the Group level by the parent company's Financial Department.

As at 31 December 2024 the Group had spare monetary balances of EUR 468.9 million (31 December 2023: EUR 174.5 million). Additionally, as at the end of the financial year, the Group had undrawn loan facilities of EUR 485.0 million (31 December 2023: EUR 410.0 million) (Note 22). The Group is looking for different solutions to decrease liquidity risk through liquidity risk management. For example, the Group has partially transferred electricity positions from exchange (Nasdaq) to OTC (Over the Counter) and by doing so, has freed up ca EUR 61 million cash to improve the liquidity position of the Group.

The following liquidity analysis includes the division between the Group's current and non-current liabilities (including derivatives with net payments) by the maturity date of liabilities. All amounts shown in the table are contractual undiscounted cash flows. The payables due within 12 months after the end of the reporting period, except for borrowings, are shown at their contractual amount.

Liabilities by maturity date as at 31 December 2024:

in million EUR	**Less than 1 year**	**Between 1 and 2 years**	**Between 3 and 5 years**	**Later than 5 years**	**Total undiscounted cash flow**	**Carrying amount**
Borrowings (Notes 3.2, 13 and 22)*	253.2	276.4	1 035.8	546.1	2,111.5	1,695.7
Derivatives (Notes 3.3, 13 and 15)	22.6	3.1	0.2	1.1	27.0	27.0
Trade and other payables (Notes 13 and 23)	184.0	3.1	5.4	-	192.5	191.8
Liquidity swap	79.8	-	-	-	79.8	-
Financial guarantees	135.9	-	-	-	135.9	-
Total	**675.5**	**282.6**	**1 041.4**	**547.2**	**2,546.7**	**1,914.5**

* Interest expenses have been estimated on the basis of the interest rates prevailing as at 31 December 2024.

Liabilities by maturity date as at 31 December 2023:

in million EUR	**Less than 1 year**	**Between 1 and 2 years**	**Between 3 and 5 years**	**Later than 5 years**	**Total undiscounted cash flow**	**Carrying amount**
Borrowings (Notes 3.2, 13 and 22)*	534.8	236.3	891.4	389.9	2,052.4	1,694.1
Derivatives (Notes 3.3, 13 and 15)	67.8	13.1	2.7	0.8	84.4	84.4
Trade and other payables (Notes 13 and 23)	234.7	0.1	5.8	-	240.6	240.0
Financial guarantees	86.3	-	-	-	86.3	-
Total	**923.6**	**249.5**	**899.9**	**390.7**	**2,463.7**	**2,018.5**

* Interest expenses have been estimated on the basis of the interest rates prevailing as at 31 December 2023.

3.2 Capital management

All shares of Eesti Energia AS belong to the state. Decisions concerning dividend distribution and increases or decreases of share capital are made by the Republic of Estonia through the Ministry of Finance. Each financial year, the dividends payable by Eesti Energia AS to the state budget are defined by the order of the Government of the Republic of Estonia based on the dividend policy in place (see details from Notes 19 and 20).

The Group follows a strategy according to which in the long-term net debt should not exceed EBITDA more than 3.5 times (2023: 3.5 times) and equity should be at least 50% (31 December 2023: 50%) of the total assets. As at 31 December 2024 the net debt to EBITDA target was met (31 December 2023: the net debt to EBITDA ratio was met).

As at 31 December 2024 and 31 December 2023, the net debt to EBITDA ratio and the equity to assets ratio were as follows:

	31. DECEMBER	
in million EUR	**2024**	**2023**
Borrowings (Notes 3.1, 12 and 21)	1,695.7	1,694.1
Less: accrued interests (Note 22)	(25.5)	(24.1)
Less: cash and cash equivalents (Notes 12, 15 and 17)	(468.9)	(174.5)
Net debt	1,201.3	1,495.5
Total equity	2,383.4	2,060.1
EBITDA*	398.2	436.7
Assets	5,129.9	4,822.9
Net debt/EBITDA	3.0	3.4
Equity/assets	46%	43%
Total capital (net debt + equity)	3,584.7	3,555.6
Debt to capital ratio	34%	42%

* EBITDA: profit before finance income and costs, profit (loss) from associates under the equity method, tax, depreciation, amortisation, impairment losses.

Both EBITDA and net debt are alternative performance measures (APMs). These measures are not defined under the requirements of IFRS and may not be comparable with the APMs of other companies. The Group believes these APMs provide the readers of the consolidated financial statement with additional useful information in regard to the performance of the business and how it is managed, and they are used by the management for performance analysis and reporting. These APMs should be viewed as supplemental to and not as a substitute for the measures presented in the consolidated financial statements which are prepared in accordance with IFRS.

3.3 Fair value

The Group estimates that the fair values of financial assets and liabilities reported at amortised cost in the statement of financial position as at 31 December 2024 and 31 December 2023 do not materially differ from the carrying amounts reported in the consolidated financial statements. The carrying amount of current accounts receivable and payables and loan receivables less impairments is estimated to be approximately equal to their fair value. For disclosure purposes, the fair value of financial liabilities is determined by discounting the contractual cash flows at the market interest rate which is available for similar financial instruments of the Group.

The table below analyses 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 31 December 2024 and 31 December 2023:

in million EUR	31 DECEMBER 2024							
	ASSETS				LIABILITIES			
	Level 1	Level 2	Level 3	Assets	Level 1	Level 2	Level 3	Liabilities
Cash flow hedges								
Future, forward and long-term PPA contracts to purchase electricity	**-**	**32.6**	**132.8**	**165.4**	**13.4**	**0.8**	**-**	**14.2**
Lithuanian area price risk components (long-term PPAs)	-	-	132.8	132.8	-	-	-	-
TGE Polish baseload price risk component	-	-	-	-	13.4	-	-	13.4
Nord Pool system price and Finnish area price component	-	32.6	-	32.6	-	0.8	-	0.8
Future and forward contracts to purchase natural gas	**3.6**	**-**	**-**	**3.6**	**-**	**-**	**-**	**-**
TGE Polish gas price risk component	3.6	-	-	3.6	-	-	-	-
Swap and forward contracts for sale of shale oil	**-**	**-**	**-**	**-**	**1.9**	**-**	**-**	**1.9**
Swap and forward contracts for sale of shale oil gasoline	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Interest rate swap	**-**	**5.8**	**-**	**5.8**	**-**	**-**	**-**	**-**
Total cash flow hedges	**3.6**	**38.4**	**132.8**	**174.8**	**15.3**	**0.8**	**-**	**16.1**
Trading derivatives	-	-	-	-	-	-	-	-
Future, forward and long-term PPA contracts to purchase electricity	**-**	**10.0**	**113.6**	**123.6**	**-**	**4.2**	**-**	**4.2**
Lithuanian area price risk components (long-term PPAs)	-	-	113.6	113.6	-	-	-	-
Nord Pool system price and Finnish area price component	-	10.0	-	10.0	-	4.2	-	4.2
Future and forward contracts to purchase natural gas	**1.8**	**-**	**-**	**1.8**	**-**	**-**	**-**	**-**
TGE Polish gas price risk component	1.8	-	-	1.8	-	-	-	-
Swap and forward contracts for sale of shale oil	**0.1**	**-**	**-**	**0.1**	**0.2**	**-**	**-**	**0.2**
Swap and forward contracts for sale of shale oil gasoline	**0.1**	**-**	**-**	**0.1**	**0.8**	**-**	**-**	**0.8**
Guarantees of origin	**-**	**-**	**2.9**	**2.9**	**-**	**-**	**5.6**	**5.6**
Other derivatives	**-**	**-**	**-**	**-**	**0.1**	**-**	**-**	**0.1**
Total trading derivatives	**2.0**	**10.0**	**116.5**	**128.5**	**1.1**	**4.2**	**5.6**	**10.9**
Total derivative financial instruments (Notes 3.1, 3.3, 12, 15 and 20)	**5.6**	**48.4**	**249.3**	**303.3**	**16.4**	**5.0**	**5.6**	**27.0**

in million EUR	31 DECEMBER 2023							
	ASSETS				LIABILITIES			
	Level 1	Level 2	Level 3	Assets	Level 1	Level 2	Level 3	Liabilities
Cash flow hedges								
Future, forward and long-term PPA contracts to purchase electricity	**-**	**2.7**	**149.6**	**152.3**	**35.8**	**5.4**	**-**	**41.2**
Lithuanian area price risk components (long-term PPAs)	-	-	149.6	149.6	-	-	-	-
TGE Polish baseload price risk component	-	-	-	-	35.8	-	-	35.8
Nord Pool system price and Finnish area price component	-	2.7	-	2.7	-	5.4	-	5.4
Future and forward contracts to purchase natural gas	**-**	**-**	**-**	**-**	**15.2**	**-**	**-**	**15.2**
TGE Polish gas price risk component	-	-	-	-	15.2	-	-	15.2
Swap and forward contracts for sale of shale oil	**3.8**	**-**	**-**	**3.8**	**(0.1)**	**-**	**-**	**(0.1)**
Swap and forward contracts for sale of shale oil gasoline	**0.6**	**-**	**-**	**0.6**	**-**	**-**	**-**	**-**
Interest rate swap	**-**	**8.9**	**-**	**8.9**	**-**	**-**	**-**	**-**
Total cash flow hedges	**4.4**	**11.6**	**149.6**	**165.6**	**50.9**	**5.4**	**-**	**56.3**
Trading derivatives								
Future, forward and long-term PPA contracts to purchase electricity	**2.0**	**-**	**129.1**	**131.1**	**-**	**1.6**	**-**	**1.6**
Lithuanian area price risk components (long-term PPAs)	-	-	129.1	129.1	-	-	-	-
TGE Polish baseload price risk component	2.0	-	-	2.0	-	-	-	-
Nord Pool system price and Finnish area price component	-	-	-	-	-	1.6	-	1.6
Future and forward contracts to purchase natural gas	**3.3**	**-**	**-**	**3.3**	**5.6**	**-**	**-**	**5.6**
TGE Polish gas price risk component	-	-	-	-	3.1	-	-	3.1
Baltic gas price risk component	3.3	-	-	3.3	2.5	-	-	2.5
Swap and forward contracts for sale of shale oil	**4.0**	**-**	**-**	**4.0**	**7.6**	**-**	**-**	**7.6**
Swap and forward contracts for sale of shale oil gasoline	**-**	**-**	**-**	**-**	**1.5**	**-**	**-**	**1.5**
Guarantees of origin	**-**	**-**	**4.4**	**4.4**	**-**	**-**	**10.2**	**10.2**
Universal service	**-**	**-**	**9.1**	**9.1**	**-**	**-**	**-**	**-**
Other derivatives	**-**	**-**	**-**	**-**	**1.2**	**0.4**	**-**	**1.6**
Total trading derivatives	**9.3**	**-**	**142.6**	**151.9**	**15.9**	**2.0**	**10.2**	**28.1**
Total derivative financial instruments (Notes 3.1, 3.3, 12, 15 and 20)	**13.7**	**11.6**	**292.2**	**317.5**	**66.8**	**7.4**	**10.2**	**84.4**

For certain instruments, cash flow hedge balances (assets/liabilities) may vary from those presented in other reserves (Note 21) for the following reasons:

- Nord Pool system price and Finnish area price component - agreements between the Group and the counterparties allow offsetting amounts related to specific individual transactions, therefore as at 31 December 2024 the amount of off-settled transactions was EUR (11.3) million (31 December 2023: EUR (31.4) million);
- Baltic gas price risk component - agreements between the Group and the counterparties allow offsetting amounts related to specific individual transactions, therefore as at 31 December 2024 the amount of off-settled transactions was EUR (0.0) million (31 December 2023: EUR (1.4) million);
- Swap and forward contracts for the sale of shale oil – the contracts between the Group and the counterparties allow for the offsetting of amounts related to specific individual transactions and the offset amount at 31 December 2024 was EUR (0.4) million (31 December 2023: no impact);
- TGE Polish baseload price risk component - derivatives are denominated in Polish zlotys, consequently affecting other reserves due to monthly revaluation to euros as at 31 December 2023 the amount of currency effect on hedge reserve was EUR (0.5) million (31 December 2023 EUR: (2.3) million);
- TGE Polish gas price risk component - derivatives are denominated in Polish zlotys, consequently affecting other reserves due to monthly revaluation to euros. As at 31 December 2024 there was no currency impact on the hedging reserve (31 December 2023 EUR: (0.3) million).

a) Financial instruments within level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting 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 derivatives that are traded on Nasdaq OMX, ICE, Platts European Marketscani (for spot prices), TGE, Argus and Nymex exchanges, are classified as Level 1 instruments.

The fair values of forwards, swaps and futures are determined on the basis of their spot prices at the reporting date.

b) Financial instruments within 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 values of the Group's derivatives arising from Baltic electricity and interest rate swap transactions is calculated using valuation techniques, which are based on the quotations of Nasdaq OMX and the interbank swap market at the reporting date.

c) Financial instruments within 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 the universal service, guarantees of origin (green certificates) and power purchase agreements (PPAs) as level 3 financial instruments.

The Financial Risk Management Department of the Group performs the valuations of derivative items required for financial reporting purposes, including level 3 fair values. This team reports directly to the financial risk committee who approves the valuation technique. Discussions of valuation processes and results are held between the financial risk committee and the valuation team at least once every quarter, in line with the Group's quarterly reporting periods.

Level 3 instruments

in million EUR	31 DECEMBER	
	2024	**2023**
Long-term PPAs	246.4	278.7
Concluded derivatives for Guarantees of Origin	(2.7)	(5.8)
Universal service	-	9.1
Total	**243.7**	**282.0**

The fair value of PPAs is calculated using a valuation technique, which is based on the forecasts future period electricity prices The technique combines market-based inputs for the Nord Pool system price and Helsinki EPAD, as quoted on Nasdaq OMX at the balance sheet date, with unobservable inputs such as actual production and consumption data of market participants, market prices of fuel inputs (CO_2, gas, coal), data of plant and/or cable outages, knowledge of future developments. The fair value calculations are made on a monthly basis.

If the forecast prices changed by +/- 10%, the impact on the Group's net gain would be -/+ EUR 14.8 million (2023: the impact on the net profit would be +/- EUR 14.3 million) and the impact on the Group's other comprehensive loss would be -/+ EUR 36.0 million (2023: the impact on the other comprehensive income would be +/- EUR 54.1 million).

The fair value of level 3 derivatives of guarantees of origin (GoOs) is calculated using a valuation technique, which is based on the bid and ask quotations of traders in GoOs. The fair value calculations are made on a daily basis.

If the market prices of the GoOs used in the calculations changed by +/- 10%, the impact on the Group's net loss would be -/+ EUR 0.08 million (2023: : the impact on the net profit would be +/- EUR 0.25 million).

Universal service

Until 1 July 2024, the generation of electricity by Group entity Enefit Power AS and the sale of electricity by Group entity Enefit AS were subject to price regulation under the Electricity Market Act. During the period of regulation, fair value was determined using a valuation technique based on various inputs. The market price was determined using valuation techniques based on Nasdaq OMX quotations and fair value was determined using the difference between the market price and the universal service price set by the Competition Authority. Quantities were estimated based on forecasts obtained from the Group's external distributors, taking into account the potential movement of people between electrical packages based on a comparison of the market price and the universal service price.

in million EUR	Cash flow hedges	Derivatives held for trading
Opening balance 1 January 2023	**360.7**	**136.5**
Gains recognised in other comprehensive income	(181.9)	-
Loss recognised in revenue	(11.8)	-
Reclassification of ineffective portion	(17.1)	17.1
Gains recognised in other operating income	-	40.7
Loss recognised in other operating expenses	-	(60.8)
Closing balance 31 December 2023	**149.9**	**133.5**
Gains recognised in other comprehensive income	(30.9)	-
Loss recognised in revenue	13.8	-
Gains recognised in other operating income	-	14.4
Loss recognised in other operating expenses	-	(37.0)
Closing balance 31 December 2024	**132.8**	**110.9**

Gains recognised in other comprehensive income are accounted for within *Revaluation of hedging instruments net of reclassifications to profit or loss*. Gains recognised in other income are accounted for within *Gain from revaluation of derivatives*.

For recurring fair value measurements categorised within Level 3 of the fair value hierarchy, the amount of the total unrealised loss for 2024 was EUR 0.3 million (gain in 2023: EUR 61.6 million). This amount is included in other operating income.

3.4 Offsetting financial assets and financial liabilities

a) Financial assets

The following financial assets are subject to offsetting:

in million EUR	31 DECEMBER 2024				
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position (Notes 3.1, 3.3, 13, 15 and 16)	Amounts subject to master netting and similar arrangements not set off	**Net amount**
Derivative financial instruments	321.9	(18.6)	303.3	(0.1)	**303.2**

in million EUR	31 DECEMBER 2023				
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the statement of fiancial position	Net amounts of financial assets presented in the statement of financial position (Notes 3.1, 3.3, 13, 15 and 16)	Amounts subject to master netting and similar arrangements not set off	**Net amount**
Derivative financial instruments	375.4	(57.9)	317.5	(2.1)	**315.4**

b) Financial liabilities

The following financial liabilities are subject to offsetting:

in million EUR	31 DECEMBER 2024				
	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position (Notes 3.1, 3.3, 13, 15 and 16)	Amounts subject to master netting and similar arrangements not set off	**Net amount**
Derivative financial instruments	45.6	(18.6)	27.0	(0.1)	**26.9**

in million EUR	31 DECEMBER 2023				
	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position (Notes 3.1, 3.3, 13, 15 and 16)	Amounts subject to master netting and similar arrangements not set off	**Net amount**
Derivative financial instruments	142.3	(57.9)	84.4	(2.1)	**82.3**

Agreements between the Group and the counterparties allow offsetting amounts related to specific individual transactions when mutual receivables are denominated in the same currency. Under some agreements, offsetting between two or more transactions is allowed.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Accounting estimates and assumptions

The preparation of the financial statements requires the use of estimates and assumptions that impact the reported amounts of assets and liabilities, and the disclosure of assets accounted for off the statement of financial position and contingent liabilities in the notes to the financial statements. Although these estimates are based on management's best knowledge, actual results may ultimately differ from these estimates. Changes in management's estimates are recognised in the income statement of the period of the change.

The estimates presented below have the most significant impact on the financial information presented in the financial statements.

a) Determination of the useful lives of items of property, plant and equipment

The estimated useful lives of items of property, plant and equipment are based on management's estimate of the period during which the asset will be used. Previous experience has shown that the actual useful lives have sometimes been longer than the estimates. As at 31 December 2024, the carrying amount of the Group's property, plant and equipment was EUR 3,563.8 million (31 December 2023: EUR 3,152.0 million) including the balance of depreciable tangible fixed assets as of 31 December 2024 in amount EUR 2,353.8 million (31 December 2023: EUR 2,258.9 million). The depreciation charge for the reporting period was EUR 146.0 million (2023: EUR 177.0 million) (Note 6).

The average remaining useful life assigned to categories of property, plant and equipment and the impact from any possible changes in the useful lives of the assets can be seen from the table below.

in million EUR	**Average remaining useful life as at**		**The effect on depreciation expense if average useful live**			
			Increases by 1 year		**Decreases by 1 year**	
	31 December 2024	**31 December 2023**	**2024**	**2023**	**2024**	**2023**
	in years		*in million EUR*			
Buildings	11.3	10.6	(0.5)	(0.5)	0.6	0.6
Facilities, including						
electricity lines	26.4	26.4	(1.0)	(1.0)	1.0	1.0
other facilities	8.6	15.9	(1.4)	(0.4)	1.7	0.4
Machinery and equipment, including						
transmission equipment	16.6	20.0	(1.2)	(0.9)	1.3	1.0
power plant equipment	5.0	7.8	(15.5)	(6.8)	19.8	8.2
other machinery and equipment	5.3	5.4	(3.9)	(4.7)	4.9	5.9
Other property, plant and equipment	4.4	4.1	(0.1)	(0.1)	0.2	0.1
Total	**14.0**	**15.8**	**(8.8)**	**(7.0)**	**9.7**	**7.7**

b) Estimation of the recoverable amounts of property, plant and equipment and intangible assets

The Group performs impairment tests to determine the recoverable amounts of items of property, plant and equipment and intangible assets as and when needed. When carrying out impairment tests, management uses various estimates for the cash flows arising from the use, sales, maintenance and repairs of the assets, as well as estimates for inflation and growth rates and the likelihood of getting grants. The estimates are based on forecasts of the general economic environment, consumption and the sales price of electricity. Where necessary, the assistance of relevant experts is used. If the situation changes in the future, either additional impairment may have to be recognised, or previously recognised impairment may have to be partially or wholly reversed. The recoverable amounts of fixed assets used for electricity distribution service are influenced by the Competition Authority which determines the reasonable rate of return for the assets. If the revenue, expenses and investments related to the provision of distribution service remain within the expected limits, the revenue derived from the sale of the services guarantees a reasonable rate of return for the assets. Information about impairment losses incurred in the reporting and comparative period is disclosed in Notes 6 and 7.

c) Recognition and measurement of provisions

As at 31 December 2024, the Group had set up provisions related to environmental protection, termination of mining operations, dismantling of assets, employees and contracts totalling EUR 45.4 million (31 December 2023: EUR 36.6 million) (Note 25). The amount and/or timing of the settlement of these obligations is uncertain. A number of assumptions and estimates have been used to determine the present value of provisions, including the amount of future expenditure, inflation rates, and the timing of settlement of the expenditure. The actual expenditure may also differ from the provisions recognised as a result of possible changes in legislative requirements, technology available in the future to restore environmental damages, and expenditure covered by third parties.

The primary factor considered in establishing environmental provisions is the extent of land requiring restoration. Mining areas, strip mines, and ash fields are fixed territories, thus unlikely to undergo significant changes. The closure timeline for ash fields is contingent upon future developments in the energy market. If closure must occur 5 years ahead of schedule, the provision amount increases by EUR 2.8 million (+6%). Projections of discount rates are utilized to determine the present value of provisions. A 1 percentage point increase in the discount rate reduces the provision amount by EUR 2.5 million (-6%). Likewise, projected inflation rates are used for a fair assessment of costs. A 1 percentage point rise in the inflation rate increases the provision amount by EUR 3.2 million (+7%).

If the dismantling of the assets must occur 5 years ahead of schedule, the provision amount increases by EUR 1.9 million (4%). A 1 percentage point increase in the discount rate reduces the provision amount by EUR 1.7 million (-4%) and a 1 percentage point rise in the inflation rate increases the provision amount by EUR 0.8 million (+2%).

d) Contingent assets and liabilities

When estimating contingent assets and liabilities, management considers historical experience, general information about the economic and social environment and the assumptions and conditions of possible events in the future based on the best knowledge of the situation. Further information is disclosed in Note 35.

e) Recognition of deferred tax on the undistributed earnings of the Group's Estonian and Latvian subsidiaries

As at 31 December 2024 and 31 December 2023 the Group has not recognised deferred tax liabilities associated with temporary taxable differences related to the undistributed retained earnings of the Estonian and Latvian subsidiaries in the amount of EUR 753.3 million (31 December 2023: EUR 741.3 million). The Group has a written dividend policy that is based on the formal dividend expectations of its sole shareholder. Based on the implemented dividend policy, the Group has assessed that no dividends will be distributed from the retained earnings of the Estonian and Latvian subsidiaries in the foreseeable future. The Group is able to control the timing and amount of the dividend distributions of its subsidiaries.

f) Recognition of connection fees

The Group's management has assessed that connecting a customer to the distribution grid as a separate performance obligation is not distinct as connection fees to distribution system are not distinct within the context of the contract due to being highly interrelated to sales of

distribution services. Connection fees to distribution system are non-refundable upfront fees paid by customers to secure connection to the distribution network. Connection fees partly reimburse for the cost of infrastructure to be built needed to connect the respective customer to the network. Connection fees to distribution system are calculated in accordance with the Estonian regulatory authority stated methodology. Revenue from connection fees to distribution system are initially recognised as contract liabilities and recognised over the estimated customer relationship period of 32 years. Sales of distribution services are provided after customers have paid for the network connection; therefore, network connection fees and sales of distribution services are highly interdependent and interrelated. Income from connection and other service fees is deferred as an ongoing service is identified as part of agreement to provide distribution system services with customers and accounted as deferred income from contracts with customers under IFRS 15. Connection and other service fees are recognised as income over the estimated customer relationship period. Based on Management estimate, 32 years is the estimated customer relationship period, which is estimated as period after which requested power output for connection object could significantly change due to technological reasons. Thus, period over which revenue is recognised is based on Management estimate, as it is reasonably certain that assets, whose costs are partly reimbursed by connection service fees will be used by distribution system customers for a longer period that original system services agreement term.

g) Inputs used to calculate the fair value of level 3 instruments

The fair value of PPAs is calculated using a valuation technique, which is based on the forecasts future period electricity prices. The technique combines market-based inputs for the Nord Pool system price and Helsinki EPAD, as quoted on Nasdaq OMX at the balance sheet date, with unobservable inputs such as actual production and consumption data of market participants, market prices of fuel inputs (CO_2, gas, coal), data of plant and/or cable outages, knowledge of future developments. The fair value calculations are made on a monthly basis.

The fair value of guarantees of origin is calculated using a valuation technique, which is based on the bid and ask quotations of traders in guarantees of origin. See further details from Note 3.3.

5. 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 the 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 four main products and services, which are presented as separate reportable segments, and a number of minor products and services, which are presented together within other segments:

1. renewable energy and electricity sales (renewable electricity generation, electricity sales and energy trading.);
2. non-renewable electricity production (electricity generation from non-renewable sources);
3. distribution (sale of network services in the regulated market and sale of additional services by Elektrilevi);
4. shale Oil (shale oil production and sale);
5. other products and services (including sale of natural gas, heat, industrial equipment and ancillary services, other products and services sale).

From 2024, the former electricity segment is split into two separate reportable segments. The non-renewable electricity production segment includes the generation of electricity from non-renewable sources, such as oil shale and waste fuel. All other activities related to the generation and sale of electricity, including the generation of electricity from renewable sources, the sale of electricity to retail customers and the trading of electricity on the wholesale market, are included in the renewable energy and electricity sales segment. From 2024, there is no longer a separate natural gas segment as the proportion of natural gas sales to external customers has fallen below the quantitative thresholds of IFRS 8. The changes in the reportable operating segments have been applied retrospectively to the comparative period. The segment of other products and services includes by-products and services whose 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 sold products and services (as opposed to legal entities), there are no transactions between segments to be eliminated. Segment revenues include revenues from external customers only, generated by the sale of respective products or services. As the segments are based on externally sold 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 produced by several Group entities in a vertically integrated chain, then the related expenses include the production cost of each entity involved in the production 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 generated 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. 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 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.

Under the Estonian Electricity Market Act, the sales prices of network charges need to be approved by the Estonian Competition Authority. 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.

Revenue

in million EUR	1 JANUARY – 31 DECEMBER	
	2024	**2023**
Revenue from external customers		
Renewable energy and electricity sales	901.3	976.5
Non-renewable electricity production	205.2	252.0
Distribution	305.7	291.6
Shale oil	178.6	153.6
Total reportable segments	**1,590.8**	**1,673.7**
Other products and services	194.4	231.8
Total (Note 26)	**1,785.2**	**1,905.5**

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.

A more detailed revenue breakdown between goods and services is provided in Note 26. In segment reporting, revenue from all goods and services is allocated to four main products and services and the segment of other products and services based on both the direct revenue from the product or service as well as the revenue from its associated sub-products and -services. Therefore, electricity and distribution revenues in Notes 5 and 26 are not directly comparable.

The reasons for growth in electricity, natural gas and distribution service revenues are described in Note 1.1.

The items with the strongest impact on the revenue decrease in the segment of other products and services were pellet sales (a decrease of EUR 32.3 million compared to 2023), sales of solar services (a decrease of EUR 15.7 million) and sales of natural gas (an increase of EUR 7.4 million).

EBITDA

in million EUR	1 JANUARY – 31 DECEMBER	
	2024	**2023**
EBITDA		
Renewable energy and electricity sales	160.3	130.8
Non-renewable electricity production	18.0	209.0
Distribution	107.9	106.0
Shale oil	115.6	0.8
Total reportable segments	**401.8**	**446.6**
Other products and services	(3.6)	(9.9)
Total	**398.2**	**436.7**
Depreciation, amortisation and impairment (Notes 6, 7 and 9)	(328.5)	(818.0)
Net finance costs (Note 31)	(33.0)	(29.6)
Profit from associates using the equity method (Note 10)	1.9	0.2
Profit before tax	**38.6**	**(410.9)**

* EBITDA: profit before finance income and costs, profit (loss) from associates under the equity method, tax, depreciation, amortisation and impairment losses.

The impact of long-term power purchase agreements which do not qualify for hedge accounting and whose fair value changes are therefore recognised in profit or loss is included in the EBITDA of the renewable energy and electricity sales segment – in 2024 the impact was EUR (1.8) million (2023: EUR (46.3) million).

Other profit and loss disclosures

Interest income and expenses, corporate income tax expense and profit (loss) from associates under equity method are not divided between segments and the information is not provided to the Management Board of the parent company.

Additional information about impairment, depreciation and amortisation is disclosed in Notes 6 and 8 and about recognition and reversal of provisions in Note 25.

in million EUR	1 JANUARY – 31 DECEMBER 2024		1 JANUARY – 31 DECEMBER 2023	
	Depreciation and amortisation	**Recognition (-) and reversal (+) of provisions**	**Depreciation and amortisation**	**Recognition (-) and reversal (+) of provisions**
Renewable energy and electricity sales	(37.7)	3.8	(41.2)	(0.3)
Non-renewable electricity production	(26.8)	105.1	(634.3)	180.6
Distribution	(59.9)	-	(57.4)	-
Shale oil	(171.9)	(52.5)	(26.1)	18.2
Total reportable segments	**(296.3)**	**56.4**	**(759.0)**	**198.5**
Other products and services	(32.2)	13.2	(59.2)	14.0
Total (Notes 6, 7, 8 and 25)	**(328.5)**	**69.6**	**(818.2)**	**212.5**

Assets

The amounts reported to the Management Board of the parent company with respect to total assets are measured in a manner consistent with that of the consolidated financial statements.

in million EUR	1 JANUARY – 31 DECEMBER 2024			1 JANUARY – 31 DECEMBER 2023		
	Total assets	**Investments in associates (Note 10)**	**Capital expenditure (Notes 6, 7 and 8)**	**Total assets**	**Investments in associates (Note 10)**	**Capital expenditure (Notes 6, 7 and 8)**
Renewable energy and electricity sales	2,147.0	0.5	396.8	1,849.2	0.5	375.9
Non-renewable electricity production	213.8	0.6	12.9	318.0	1.4	62.9
Distribution	1,672.3	-	156.0	1,472.8	-	177.4
Shale oil	656.1	1.2	104.0	763.6	2.4	125.4
Total reportable segments	**4,689.2**	**2.3**	**669.7**	**4,403.6**	**4.3**	**741.6**
Other products and services	440.7	72.6	53.9	419.3	74.1	37.7
Total (Notes 6, 7 and 10)	**5,129.9**	**74.9**	**723.6**	**4,822.9**	**78.3**	**779.3**

The asset impairments recognized in 2024 and 2023 were distributed across segments as follows:

in million EUR	1 JANUARY – 31 DECEMBER	
	2024	**2023**
Renewable energy and electricity sales	0.4	0.8
Non-renewable electricity production	16.8	596.3
Distribution	-	0.1
Shale oil	145.8	0.8
Total reportable segments	**163.0**	**598.0**
Other products and services	8.1	34.4
Total	**171.1**	**632.4**

Group-wide information

External revenue by location of customers

in million EUR	1 JANUARY - 31 DECEMBER	
	2024	**2023**
Estonia	810.0	667.3
Poland	334.2	393.7
Lithuania	295.9	403.8
Latvia	171.7	221.6
Singapore	154.0	151.4
Switzerland	12.1	-
France	2.9	0.8
Nordic countries	1.4	6.4
Netherlands	1.1	1.7
Denmark	0.4	22.2
United Kingdom	0.1	7.9
United Arab Emirates	-	27.2
Other countries	1.0	1.5
Total external revenue (Note 26)	**1,785.2**	**1,905.5**

* Nordic countries - Finland and Sweden

Allocation of non-current assets by location*

in million EUR	31 DECEMBER	
	2024	**2023**
Estonia	2,965.9	2,710.4
Lithuania	615.0	479.4
Finland	93.4	88.3
Poland	30.7	26.5
USA	26.6	26.9
Latvia	14.7	4.8
Total (Notes 6,8 and 9)	**3,746.3**	**3,336.3**

* Assets other than financial instruments, deferred tax assets and investments in associates

6. PROPERTY, PLANT AND EQUIPMENT

in million EUR	Land	Buildings	Facilities	Machinery and equipment	Other	Construction in progress	Pre-payments	Total
Property, plant and equipment as at 31 December 2022								
Cost	94.5	330.7	1,418.2	3,351.9	6.9	422.6	44.9	5,669.7
Accumulated depreciation	-	(137.5)	(603.2)	(1,625.0)	(5.5)	-	-	(2,371.2)
Carrying amount at 31 December 2022(Note 4)	**94.5**	**193.2**	**815.0**	**1,726.9**	**1.4**	**422.6**	**44.9**	**3,298.5**
Changes in 2023								**-**
Additions	0.1	0.2	0.4	44.9	0.9	656.0	74.1	776.6
Depreciation charge (Notes 4 and 34)	-	(7.3)	(37.0)	(132.1)	(0.6)	-	-	(177.0)
Impairment loss (Notes 4 and 34)	-	(75.0)	(67.3)	(482.8)	-	(6.4)	-	(631.5)
Disposals (at carrying amount)	-	-	-	(0.1)	-	-	-	(0.1)
Classified as held for sale (Note 12)	-	(2.2)	(1.1)	(9.4)	-	(0.2)	-	(12.9)
Disposal of subsidiaries (Note 1.1 and 36)	(0.1)	-	-	(17.7)	(0.1)	(0.3)	-	(18.2)
Effects on movements in foreign exchange rates	(0.1)	-	-	0.7	-	0.5	-	1.1
Transfers	0.2	1.9	129.0	177.1	-	(273.7)	(34.5)	-
Total changes in 2023	**0.1**	**(82.4)**	**24.0**	**(419.4)**	**0.2**	**375.9**	**39.6**	**(62.0)**
Property, plant and equipment as at 31 December 2023								
Cost	94.6	329.4	1,529.2	3,482.6	6.4	798.5	84.5	6,325.2
Accumulated depreciation	-	(218.6)	(690.2)	(2,175.1)	(4.8)	-	-	(3,088.7)
Carrying amount at 31 December 2023 (Note 4)	**94.6**	**110.8**	**839.0**	**1,307.5**	**1.6**	**798.5**	**84.5**	**3,236.5**
Changes occurred in 2024								
Additions	0.4	3.1	7.2	11.0	1.4	675.6	6.6	705.3
Refund of overpaid connection fees (Note 33)	-	-	-	-	-	(2.2)	-	(2.2)
Depreciation charge (Notes 4 and 34)	-	(4.9)	(37.5)	(102.9)	(0.7)	-	-	(146.0)
Impairment loss (Notes 4 and 34)	(2.0)	(3.2)	(11.5)	(39.7)	(0.1)	(114.2)	-	(170.7)
Disposals (at carrying amount)	(0.2)	-	-	(1.5)	-	-	-	(1.7)
Recognition of provision (Note 25)	-	-	-	2.1	-	-	-	2.1
Effects on movements in foreign exchange rates	0.2	-	-	0.3	-	0.1	-	0.6
Transfers	0.1	10.4	108.2	152.6	0.6	(240.9)	(30.0)	1.0
Total changes occurred in 2024	**(1.5)**	**5.4**	**66.4**	**21.9**	**1.2**	**318.4**	**(23.4)**	**388.4**
Property, plant and equipment as at 31 December 2024								
Cost	93.1	342.9	1,639.1	3,638.5	8.2	1,116.9	61.1	6,899.8
Accumulated depreciation	-	(226.7)	(733.7)	(2,309.1)	(5.4)	-	-	(3,274.9)
Carrying amount at 31 December 2024 (Note 4)	**93.1**	**116.2**	**905.4**	**1,329.4**	**2.8**	**1,116.9**	**61.1**	**3,624.9**

For information about major capital investments, see Note 1.1.

The sale price of the sold property in the land group was EUR 0.3 million, with a profit of EUR 0.1 million, and in the machinery and equipment group, the sale price was EUR 1.8 million, with a profit of EUR 0.3 million.

An impairment test is performed when there is reason to believe that an asset is impaired or when a significant amount of goodwill has been allocated to a cash-generating unit. According to the estimates of the management of the Group's parent company, the assets of Enefit Power that required impairment testing in 2024 were the hybrid power generating units, the new Enefit 280-2 oil plant that is under construction, the assets of the mines, the wind farms and the assets of Enefit American Oil (2023: same as current year).

The main indicators of potential impairment of the hybrid power generating units are the decreasing access to the market for fossil-fueled power plants and their decreasing competitiveness due to the decline in electricity prices and high environmental charges. The indicators of potential impairment of the new oil plant are the volatility of market prices for liquid fuels, postponement of the start of the oil plant and a shorter useful life due to the fact that the integrated environmental permit of the plant is expected to be issued for a fixed term. The indicator of potential impairment of mining assets is the decline in oil shale consumption due to reduced electricity production from oil shale. The group performed impairment tests on the Nelja Energia[1] and the Paldiski and Narva wind farms to determine whether or not the goodwill acquired in the business combinations is impaired. In addition, 4 operating wind farms[2] were tested for impairment on the basis of a potential value decline due to changes in the market prices of electricity. The Akmenė, Šilale II (not yet available for use), Tolpanvaara and Purtse wind farms were tested for impairment on the basis of a potential value decline due to changes in the market prices of electricity and the impacts of PPAs. The indicator of potential impairment of the assets of Enefit American Oil is the fluctuation of land prices in the state of Utah, USA.

The impairment test performed in 2024 indicated an impairment loss in two cash-generating units:

- Enefit 280-2 oil plant under construction EUR 107.3 million (see details from Note 5.1 (a))
- Mining assets EUR 56.2 million (see details from Note 5.1 (b))

6.1 Impairment tests performed on the assets of Eesti Energia's power plants

The power plants are treated as three separate cash-generating units: 1) the Auvere power plant, 2) the power generating units that use only oil shale as fuel (oil shale-fired power generating units), 3) the power generating units that use oil shale and other fuels (hybrid generating units). The power plants have been divided into cash-generating units primarily based on the efficiency of the power generating units, their capacity to use different fuels and their replaceability in the Group's sales strategy, as well as the independence of management decisions concerning the power generating units. The hybrid power generating units and the Auvere power plant produce electricity from both oil shale and renewable and alternative fuels (biomass and retort gas). When electricity is produced from biomass, no CO_2 emission allowances are required. When electricity is produced from retort gas, the need for CO_2 emission allowances is lower than when electricity is produced from oil shale. Due to differences in the efficiency and fuel consumption of each power generating unit, the production cost of electricity is different for each cash-generating unit, but similar within a cash-generating unit. This means that power generating units that are part of the same cash-generating unit can access the market at a similar electricity price. The efficiency of the power generating unit of the Auvere power plant is significantly higher than that of the other power generating units.

[1] Virtsu I, Virtsu II, Virtsu III, Esivere, Tooma I, Tooma II, Pakri, Ojaküla, Sudenai, Mockiai, Šilale, Ciuteliai, Šilute wind farms
[2] Virtsu, Aulepa, Viru-Nigula, Aseriaru wind farms

The market price for electricity was forecast based on relevant forward prices and the estimates of third-party experts. It was forecast that from 2025 to 2030 the electricity price would be in the range of 77–93 €/MWh (2023: the electricity price forecast from 2024 to 2030 would be in the range of 65–92 €/MWh). Due to the Group's sales strategy according to which the Group strives to sell more electricity during peak hours, the average quarterly sales price achieved by the Group in 2024 was 24–66% (2023: 16–39%) higher than the Nord Pool price in the Estonian price area. The Group intends to pursue the same strategy in the following years. The test was performed taking into account the expected impact of hedging transactions in the following years.

The market price for emission allowances was forecast based on relevant forward prices, which were adjusted with inflation starting from 2026. According to the forecast, from 2025 to 2035 the emission allowance price will be in the range of 69–75 €/t (2023: the emission allowance price forecast from 2024 to 2030 will be in the range of 78–93 €/t).

a) Auvere power plant

The assets of the Auvere power plant have been written down in 2023 by an amount EUR 502.5 million and as at 31 December 2024, the carrying amount of the assets of the Auvere power plant was EUR 48.2 million (31 December 2023: EUR 16.7 million after write-down). The recoverable amount of the assets was estimated based on a value in use. The results of the impairment test did not indicate the need to recognise an impairment loss or to reverse previously recognised impairment losses. The expected future cash flows were discounted using a discount rate of 11.2% (2023: 11.4%). If the discount rate applied were 1 percentage point higher, the recoverable amount of the assets would decrease by EUR 2.2 million, which would also be the discount amount. The test was performed on the assumption that the useful life of the Auvere power plant will end in 2035, which is in line with the Group's strategy.

The recoverable amount of the assets of the Auvere power plant is sensitive to changes in electricity and emission allowance prices.

If the forecast electricity prices were 20% lower than the level applied in the impairment test, the assets of the Auvere power plant would have to be written down by EUR 48.2 million (this would mean that the carrying amount of the entire cash-generating unit would have to be written down). The sensitivity of the electricity price was analysed based on an electricity price forecast in the range of 61–75 €/MWh. If the forecast emission allowance prices were 20% higher than the level applied in the impairment test, the assets would have to be written down by an additional EUR 19.1 million. The sensitivity of the emission allowance price was analysed based on an emission allowance price forecast in the range of 83–100 €/t.

The recoverable amount was estimated using market-based inputs such as the discount rate, the market price of electricity, the market price of emission allowances, and other significant inputs based on management's best knowledge. The key assumptions used in the impairment test were as follows:

- It was assumed that the power plant would operate on a market basis until 2026 (the test shows market-based cash flows until the year 2030), i.e. as long as it is able to recover its production costs from the market according to the projected market price for electricity. It was assumed that from 2026 the power plant would provide the island mode or reserve capacity service necessary to ensure Estonia's security of electricity supply. The regulation of a reserve capacity mechanism and the compensation for such services is being developed in Estonia and should apply in 2026 latest. In performing the impairment test, it was conservatively assumed that the remuneration for the provision of the reserve capacity service would cover the fixed and operating costs of the power plant. if they cannot be covered on a market basis. If the reserve capacity remuneration mechanism is not implemented, the assets would have to be written down by an additional EUR 48.2 million.
- The product cost of oil shale was estimated taking into account the expected oil shale mining costs and volumes as described in the impairment test on the assets of the mines. If the forecast oil shale price were 20% higher, the assets would have to be written down by an additional EUR 6.4 million.
- It was assumed that the proportions of fuels used by the power plant would be: oil shale 26%, retort gas 35% and biomass 39%. The proportions were determined by reference to the technological capacity of the power plant to use different fuels. If the proportion of oil shale were 20% higher, the assets would have to be written down by an additional EUR 10.4 million.
- It was assumed that the power plant would receive free CO_2 emission allowances for the use of retort gas in the amount of 142 thousand tonnes per year until 2030. If the power plant did not receive the free allowances, the carrying amount of the assets would have to be written down by an additional EUR 9.2 million.

b) Hybrid generating units

The assets of the hybrid generating units were written down by EUR 125.9 million in 2023 and their carrying amount at 31 December 2024 was EUR 23.0 million (31 December 2023: EUR 0 after write-down). The recoverable amount of the assets was estimated based on value in use. The results of the impairment test did not indicate the need to recognise an impairment loss or to reverse previously recognised impairment losses. The expected future cash flows were discounted using a discount rate of 11.2% (2023: 11.4%). A 1 percentage point increase in the discount rate would result in the need to write the carrying amount of the assets down by EUR 1.2 million.

The recoverable amount of the assets of the hybrid power generating units is sensitive to changes in electricity and emission allowance prices (2023: changes in electricity and emission allowance prices). The changes in the prices are presented at the beginning of the section describing the impairment tests performed on the assets of the power plants.

If the forecast electricity prices were 20% lower than the level applied in the impairment test, the assets of the hybrid generating units would have to be written down by EUR 13.7 million The sensitivity of the electricity price has been measured using an electricity price forecast in the range of 61–75 €/MWh. If the forecast emission allowance prices were 20% higher than the level applied in the impairment test, the assets would have to be written down by EUR 9.6 million. The sensitivity of the emission allowance price has been measured using an emission allowance price forecast in the range of 83–100 €/t.

The product cost of oil shale was estimated taking into account the expected oil shale mining costs and volumes as described in the impairment test on the assets of the mines. If the forecast oil shale price were 20% higher, the carrying amount of the assets would have to be written down by EUR 5.5 million.

It was assumed that the hybrid generating units would operate on a market basis at least until 2026 (on the generating unit 5 of the Eesti power plant, cash flows from electricity sales to the market are shown until 2028, and on the unit 8 until 2030), i.e. as long as they are able to recover their production costs from the market according to the projected market price of electricity. It was assumed that from 2026 the hybrid generating units would provide the island mode or reserve capacity service as needed to ensure Estonia's security of electricity supply. The mechanism required, including the relevant regulation and compensation principles, is being developed and is expected to be implemented in Estonia in 2026 at the latest. In performing the impairment test, it was assumed that the fixed and operating costs of the hybrid generating units would be covered by the above mechanism if they could not be covered on a market basis. If the island mode or reserve capacity compensation mechanism were not implemented, the assets would have to be written down by EUR 23.0 million and their carrying amount would be EUR 0.

c) Oil shale-fired generating units

In 2020, an impairment loss of EUR 23.0 million was recognised on the assets of the oil shale-fired power generating units due to which the carrying amount of this cash-generating unit was reduced to zero. In 2024, there were no changes in the results of the impairment test performed on those assets and therefore no reasons to reverse the impairment loss recognised. These are blocks in reserve, which do not generate a stable cash flow.

6.2 Impairment test performed on the assets of Eesti Energia's new Enefit 280-2 oil plant

As at 31 December 2024, the carrying amount of the assets of the Enefit 280-2 oil plant that is under construction was EUR 320.2 million (at 31 December 2023 EUR 244.4 million). The recoverable amount of the assets was estimated based on a value in use.

The impairment test indicated the need to recognise an impairment loss of EUR 107.3 million.

The expected future cash flows were discounted using a discount rate of 10.9% (2023: 11.2%). If the discount rate were 1 percentage point higher, the carrying amount of the assets would have to be written down by an additional EUR 14.4 million. In performing the test, it was assumed that the useful life of the Enefit 280-2 oil plant would last until 2034 due to the expected duration of the fixed term integrated environmental permit. As a result of this circumstance, key nodes and structures will retain a useful life of at least 20 years, generating a cash flow of 112.3 million in 2035.

The recoverable amount of the assets of the oil plant is sensitive to changes in the prices of liquid fuels and emission allowances.

The market price of liquid fuels was forecast based on relevant forward prices and the estimates of third-party experts. It was forecast that from 2025 the price of middle oil (1% FO) would be 439–480 €/t (2023: starting from 2024 would be 385-497 €/t). If the forecast middle oil price

were 20% lower than the level applied in the impairment test, the recoverable value of the Enefit 280-2 oil plant's assets would need to be further written down by EUR 98.9 million.

The market price for emission allowances was forecast using assumptions similar to those applied in the impairment tests performed on the power plants. If the forecast emission allowance prices were 20% higher than the level applied in the impairment test, the recoverable value of the assets would need to be further written down by EUR 3.1 million

The recoverable amount was estimated using market-based inputs such as the discount rate, the market price of liquid fuels and the market price of emission allowances, and other significant inputs based on management's best knowledge. The key assumptions used in the impairment test were as follows:

- It was assumed that the plant would be allocated free CO_2 emission allowances covering 97% of the total amount of allowances required in 2025–2027, 91% of the total amount of allowances required in 2028–2030 and 70% of the total amount of allowances required in 2031–2034. The volumes of emission allowances allocated free of charge until 2030 were calculated on the basis of the draft legislation of the European Commission, which determines the allocation until that date. The volumes for the period after 2030 were estimated. If the proportion of the allocated free emission allowances were 20% lower than forecast, the recoverable amount of the assets would be EUR 7.6 million lower.
- It was assumed that the additional investment required to complete the plant would be EUR 54.2 million (the total investment would be EUR 375.7 million). If the amount of the additional investment increased by 20%, the recoverable amount of the assets would be EUR 8.4 million lower.
- The repair and maintenance costs of the plant were forecast based on the cost base of the existing and analogous Enefit 280-1 oil plant, which were adjusted to reflect the technological improvements of the new plant. It was assumed that the repair and maintenance costs would be EUR 1.9–4.6 million per year. If the costs were 20% higher, the recoverable amount of the assets would be EUR 3.3 million lower.
- The product cost of oil shale was estimated taking into account the expected oil shale mining costs and volumes as described in the impairment test on the assets of the mines. If the forecast price of oil shale were 20% higher, the recoverable amount of the assets would be EUR 49.0 million lower.

6.3 Impairment tests performed on the assets of Eesti Energia's wind farms

In 2018, Enefit Green acquired 100% of the shares in Nelja Energia, an independent renewable energy producer and wind farm developer operating in the Baltics. At the date of acquisition of the shares in Nelja Energia, the Group recognised goodwill related to the acquired wind farms[3]. The Group tested the goodwill acquired in the business combination for impairment by estimating the recoverable amounts of the underlying assets. The Group also performed impairment tests on all other wind farms[4] that are in operation or in the final stages of construction to determine whether an impairment loss would have to be recognised as a result of a potential value decline due to changes in the market prices of electricity and the impact of long-term power purchase agreements. In carrying out the impairment tests on the wind farms, the Group estimated the recoverable amounts of the assets on the basis of the discounted future cash flows of each cash-generating unit. The cash flows of each cash-generating unit were projected until the end of the useful life of the underlying wind farm. Every wind farm was treated as a separate cash-generating unit

The impairment tests carried out in 2024 did not indicate a need for recognising an impairment loss for wind farms. The impairment tests carried out in 2023 did not indicate a need for recognising an impairment loss for wind farms.

Tuuleparkide varade kaetavat väärtust hinnati nende kasutusväärtuse alusel. Bilansilisi väärtusi
The recoverable amounts of the wind farm assets were estimated based on their value in use. The carrying amounts together with the goodwill allocated to the cash-generating unit were compared with recoverable amount. In forecasting the market price of electricity, wind discounts (reflecting what percent of the forecast average market price is captured by a typical wind production profile) and discount rates, the Group took into account forward market prices, the estimates of third-party experts and the PPAs already secured. It was forecasted that from 2025 to 2054 (2023: 2024 to 2046) the electricity price would be in the range of 77-93 €/MWh (2022: from 2024 the electricity price would be in the range of 65-109 €/MWh) in Estonia, 77-97 €/MWh (2023: 66-106 €/MWh) in Lithuania and 43-94 €/MWh (2023: 44-101 €/MWh) in Finland. The end period for price forecast depends on the farm's useful lifespan, but the longest lifespan is 2054 for Akmene, Silale 2 and Tolpanvaara wind farms.

[3] Virtsu I, Virtsu II, Virtsu III, Esivere, Tooma I, Tooma II, Pakri, Ojaküla, Sudenai, Mockiai, Šilale, Ciuteliai, Šilute
[4] Virtsu, Aulepa, Viru-Nigula, Aseriaru, Narva, Paldiski, Purtse, Tolpanvaara, Šilale II, Akmene

It was forecasted that from 2025 to 2054 (2023: 2024 to 2054) the wind discounts would be in the range of -28% to -15% (2023: -28% to -13%) in Estonia, -29% to -16% (2023: -24% to -11%) in Lithuania and -30% to -17 (2023: -36% to -17%)% in Finland.

The expected future cash flows were discounted by applying a discount rate of 6.9% for wind farms located in Lithuania and 7.0% for wind farms located in Estonia and Finland (2023: a discount rate of 8.1% for wind farms located in Lithuania and 8.2% for wind farms located in Estonia).

The smallest change in key inputs, as of 31.12.2024, that would result in an impairment is the following:

	Change in discount rate	Change to wind discount percentage	Change to electricity prices
Estonia	+0.02 pp	+0.1 pp	-0.2%
Lithuania	+2.02 pp	+6.3 pp	-9.1%
Finland	+2.29 pp	+10.9 pp	-22.7%

The smallest change in key inputs, as of 31.12.2023, that would result in an impairment is the following:

	Change in discount rate	Tuulediskonto määra muutus	Change to electricity prices
Estonia	+1.1 pp	+2 pp	-4%
Lithuania	+3.1pp	+10 pp	-14%
Finland	+0.7 pp	+4 pp	-9%

The future expected cashflows of the wind farms are most sensitive to possible changes in the electricity price, wind discounts, and the assumed discount rate. For our production volumes, we use long term expectations of average wind yields, therefore we do not consider weather dependent production volume fluctuations as inputs to impairment tests, as these only impact individual years, but do not change the long-term average.

If the expected market prices of electricity were 20% lower than the electricity prices used in the impairment tests, the recoverable amounts would decrease by EUR 39.5 million for the Estonian wind farms, EUR 77.3 million for the Lithuanian wind farms and EUR 21.3 million for the one wind farm located in Finland. This would result in a total impairment of EUR 13.6 million across Estonian wind farms, EUR 3.4 million across Lithuanian wind farms.

If the expected wind discounts were 10 percentage points higher than the wind discount rates used in the impairment tests, the recoverable amounts would decrease by EUR 35.4 million for the Estonian wind farms, EUR 77.3 million for the Lithuanian wind farms. For the wind farms in Estonia that would indicate an impairment loss of EUR 11.8 million and for the one in Lithuania the decrease in wind discount rate would indicate an impairment loss of EUR 1.2 million.

If the expected discount rate was 1 percentage point higher than the assumption used in the impairment tests, the recoverable amounts would decrease by EUR 11.8 million for the Estonian wind farms, EUR 33.7 million for the Lithuanian wind farms and EUR 11.7 million for the one wind farm in Finland. Therefore, the increase of the discount rate would indicate an impairment loss for the one wind farm in Estonia in amount EUR 0.6 million.

6.4 Impairment test performed on the assets of Eesti Energia's mines

As at 31 December 2024, the carrying amount of the assets of the mines was EUR 160.4 million (31.12.2023: EUR 136.0 million). The recoverable amount of the assets was estimated based on a value in use. The impairment test indicated the need to recognise an impairment loss of EUR 56.2 million.

The expected future cash flows were discounted using a discount rate of 11.2% (2023: 9.8%). If the discount rate were 1 percentage point higher, the assets would have to be written down by an additional EUR 3.3 million. In performing the test, it was assumed that the useful life of the assets of the mines would be in the average of 10 years, depending on the specific asset group. It was assumed that the last year of operation of the Estonia mine would be 2031 and the last year of operation of the Narva opencast mine would be 2040.

The recoverable amount was estimated using market-based inputs such as the discount rate and other significant inputs, which were based on the best knowledge of the Group's management. The key assumptions used in the impairment test were as follows

- If the forecast intragroup oil shale sales volumes and the underlying oil shale production volumes were 20% lower the recoverable amount of the assets would have to be written down by EUR 104.2 million.
- It was also assumed that, in addition to intragroup sales, there would be external sales of oil shale in volumes extending to approximately 6% of the total oil shale production volume. If the external sales of oil shale were 20% lower than forecast the recoverable amount of the assets would have to be written down by EUR 9.9 million.
- The impairment test was performed, taking into account revenue from the sale of the ancillary product, crushed stone, resulting from oil shale mining. If the sales volumes of crushed stone were 20% lower than assumed in the test, he recoverable amount of the assets would have to be written down by EUR 1.4 million.

6.5 Impairment test performed on the assets of Enefit American Oil

As at 31 December 2024, the carrying amount of Enefit American Oil assets was EUR 31.3 million before the recognition of the impairment loss. The impairment test indicated an impairment loss of EUR 2.7 million. As at 31 December 2024 the carrying amount of Enefit American Oil assets after the recognition of the impairment loss is EUR 28.6 million (31.12.2023: EUR 29.0 million). The carrying amount corresponds to the selling price at which the group expects to sell the asset.

7. INTANGIBLE ASSETS

in million EUR	Goodwill	Computer software	Unfinished acquisition of software	Contractual rights	Other	Total
Intangible assets as at 31. December 2022						
Cost	25.6	62.4	9.2	23.2	5.0	125.4
Accumulated amortisation	-	(42.3)	-	-	(1.2)	(43.5)
Carrying amount at 31 December 2022	**25.6**	**20.1**	**9.2**	**23.2**	**3.8**	**81.9**
Changes occurred in 2023						
Additions	-	0.9	4.5	-	0.1	5.5
Internally developed intangible assets	-	-	5.3	-	-	5.3
Amortisation charge and write-downs (Note 34)	(0.1)	(7.7)	-	(0.2)	(0.1)	(8.1)
Classified as held for sale (Note 12)	(0.9)	-	-	(0.1)	-	(1.0)
Effects on movements in foreign exchange rates	-	-	-	(0.8)	-	(0.8)
Transfers	-	6.9	(6.9)	-	-	-
Total changes occurred in 2023	**(1.0)**	**0.1**	**2.9**	**(1.1)**	**-**	**0.9**
Intangible assets as at 31. December 2023						
Cost	24.6	65.1	12.1	22.1	5.1	129.0
Accumulated amortisation	-	(44.9)	-	-	(1.3)	(46.2)
Carrying amount at 31. December 2023	**24.6**	**20.2**	**12.1**	**22.1**	**3.8**	**82.8**
Changes occurred in 2024						
Additions	-	5.0	0.6	-	6.1	11.7
Internally developed intangible assets	-	-	6.6	-	-	6.6
Amortisation charge and write-downs (Note 34)	-	(8.6)	-	(0.3)	(0.1)	(9.0)
Effects on movements in foreign exchange rates	-	-	-	1.4	-	1.4
Transfers	-	6.5	(6.5)	-	-	-
Total changes occurred in 2024	**-**	**2.9**	**0.7**	**1.1**	**6.0**	**10.7**
Intangible assets as at 31. December 2024						
Cost	24.6	75.5	12.8	23.2	11.2	147.3
Accumulated amortisation	-	(52.4)	-	-	(1.4)	(53.8)
Carrying amount at 31. December 2024	**24.6**	**23.1**	**12.8**	**23.2**	**9.8**	**93.5**

Goodwill

Allocation of goodwill to cash generating units

in million EUR	31 DECEMBER	
	2024	**2023**
Goodwill acquired on acquisition of Nelja Energia	19.9	19.9
Goodwill acquired on acquisition of solar farms in Poland	2.2	2.2
Other	2.5	2.5
Total goodwill	**24.6**	**24.6**

Goodwill was tested for impairment as at the reporting date by estimating the recoverable amounts of goodwill acquired through business combinations based on the discounted future cash flows of each cash generating unit to which goodwill has been allocated. Based on the impairment tests performed, no impairment was identified in 2024 nor 2023 for any of the cash generating units. The recoverable amounts of the cash generating units were measured based on their value in use.

The expected future cash flows of the cash generating unit to which the goodwill acquired on acquisition of Nelja Energia AS (acquisition in November 2018, company was merged to Enefit Green AS in April 2019) was allocated to the wind farms acquired as part of the transaction[5]. The expected future cash flows of the cash generating unit were discounted using a discount rate of 7.0% for Estonian wind farms and 6.9% for Lithuanian wind farms (2023: 8.2% for Estonian wind farms and 8.1% for Lithuanian wind farms). Other cash generating units to which goodwill was allocated were discounted using discount rates of 6.9% to 9.7% (2022: 8.1% to 10.7%).

The expected future cash flows of the cash-generating units are sensitive to changes in the forecasts of the market price of electricity, wind discounts and the discount rate. The impairment test on the goodwill arising from the Nelja Energia acquisition was carried out together with the impairment test on the property, plant and equipment of the underlying cash generating unit (see the section Impairment tests performed on the assets of Eesti Energia's wind farms in Note 6).

Contractual rights

Contractual rights comprise the value of mining rights acquired in the State of Utah, the estimated useful life of which is 20 years.

[5] Virtsu I, Virtsu II, Virtsu III, Esivere, Tooma I, Tooma II, Pakri, Ojaküla, Sudenai, Mockiai, Šilale, Ciuteliai, Šilute

8. RIGHT-OF-USE ASSETS

in million EUR	Land	Office premises	Total
Cost at 31 December 2022	5.0	8.5	**13.5**
Accumulated depreciation	(0.8)	(1.5)	**(2.3)**
Carrying amount at 31 December 2022	**4.2**	**7.0**	**11.2**
Changes occurred in 2023			
Additions	5.1	2.2	**7.3**
Depreciation charge	(0.4)	(1.2)	**(1.6)**
Effects on movements in foreign exchange rates	0.1	-	**0.1**
Cost at 31 December 2023	10.2	10.7	**20.9**
Accumulated depreciation	(1.2)	(2.7)	**(3.9)**
Carrying amount at 31 December 2023	**9.0**	**8.0**	**17.0**
Changes occurred in 2024			
Addtions	11.2	2.5	**13.7**
Depreciation charge	(1.2)	(1.6)	**(2.8)**
Cost at 31 December 2024	21.4	13.3	**34.7**
Accumulated depreciation	(2.4)	(4.4)	**(6.8)**
Carrying amount at 31 December 2024	**19.0**	**8.9**	**27.9**

The Group has taken into account the following contracts: long-term office lease agreements, parking spot leases, building right contracts, personal right of use agreements. The Group leases office premises in Estonia, Latvia, Lithuania and Poland. The biggest impact on the statement of financial position as at 31 December 2024 arises from two offices in Estonia: the Veskiposti office in Tallinn and the Tartu office. In 2024, leases related to public charging points in Lithuania were recognised in the asset group of land. The remaining balance of this asset group consists mostly of land use rights and personal right of use agreements with landowners who own the land on which the Group's wind and solar farms are constructed.

The consolidated income statement includes the following amounts relating to lease contracts:

in million EUR	2024	2023
Interest expense	1.5	0.7
Lease expenses (Note 30)	5.6	5.9

Information regarding expense relating to short-term leases, leases of low-value assets and variable lease payments can be found from Note 30. Total cash outflow for leases can be found from Note 22.

9. INVESTMENTS IN ASSOCIATES

Set out below are the associates of the Group as at 31 December 2024 and 31 December 2023 which, in the opinion of management, are material to the Group:

Name of the company	Place of business	% of ownership interest 31 DECEMBER		Nature of the relationship	Measurement method	Carrying amount 31 DECEMBER	
		2024	2023			2024	2023
Orica Eesti OÜ*	Estonia	35.00%	35.00%	Note 1	Equity	1.9	3.8
Enefit Jordan B.V. Group	Jordan, Estonia	65.00%	65.00%	Note 2	Equity	-	-
Attarat Mining Co BV**	Netherlands, Jordan	10.00%	10.00%	Note 3	Equity	7.5	4.2
Attarat Power Holding Co BV Group**	Netherlands, Jordan	10.00%	10.00%	Note 3	Equity	62.9	67.9
Attarat Operation & Maintenance Co BV**	Netherlands, Jordan	10.00%	10.00%	Note 3	Equity	2.1	1.9
					Other investments in associates	0.5	0.5
					Total investments in associates	**74.9**	**78.3**

* The financial year of the associate is from 1 October to 30 September.
** The financial year of the associates is from 1 July to 30 June.

Note 1:	Orica Eesti OÜ manufactures and sells explosives and is a strategic partner for Enefit Power AS.
Note 2:	Enefit Jordan B.V. Group is engaged in an oil shale development project in Jordan. Enefit Jordan B.V. Group is recognised as an associate as according to the Shareholders' Agreement, the Group does not have the right to make any relevant decisions regarding Enefit Jordan B.V. Group without the consent of one or, in certain cases, both of other shareholders who hold the remainder of the shares (35%). Based on voting quorum requirements for different decisions, joint control is not established. Enefit Jordan B.V. Group had negative net assets as at 31 December 2024 and 31 December 2023. Loans to Enefit Jordan B.V have been written down (Note 14).
Note 3:	Attarat Mining Co. BV was established to provide mining services in Jordan. Attarat Operation & Maintenance Co. BV is engaged in the mine management activities and Attarat Power Holding Co. BV Group is engaged in the development of an oil shale power plant in Jordan. On 16 March 2017, Attarat Power Holding Co. BV (APCO) signed an investment agreement for its oil shale fired power plant in Jordan. In connection with the investment agreement, a share sale agreement took effect by which Eesti Energia reduced its previous 65% interest in APCO to 10%. Although Eesti Energia AS sold 55% of the shares, it retained significant influence over the associate and access to the returns associated with an ownership interest, which means that the remaining 10% interest continues to be recognised as an investment in an associate.

Summarised financial information of associates

The name of subsidiary	Enefit Jordan B.V. Group		Orica Eesti OÜ		Attarat Mining Co BV		Attarat Power Holding Co BV Group		Attarat Operation & Maintenance Co BV	
in million EUR	31 DECEMBER		31 DECEMBER		31 DECEMBER		31 DECEMBER		31 DECEMBER	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Cash	0.2	0.1	5.3	9.8	0.6	1.1	109.6	88.0	0.3	0.9
Other current assets	0.1	0.3	3.8	3.9	110.8	95.4	276.0	160.8	26.6	32.1
Fixed assets	-	-	0.3	0.6	2.3	5.3	2,264.7	2,271.1	0.6	0.6
Short-term liabilities	3.4	2.8	4.1	3.3	38.4	59.8	295.0	273.7	6.6	14.6
Long-term liabilities	82.2	66.6	-	-	-	-	1,672.8	1,556.1	-	-
Net assets/(net deficit)	**(85.3)**	**(69.0)**	**5.3**	**11.0**	**75.3**	**42.0**	**682.5**	**690.1**	**20.9**	**19.0**
Summarised statement of comprehensive income:										
Revenue	-	-	22.4	25.7	112.7	148.1	535.0	442.6	36.9	36.7
Profit(loss) from continuing operations	(11.4)	(9.8)	3.0	4.8	38.6	25.4	(41.5)	(37.3)	5.4	4.1
Other comprehensive loss*	-	-	-	-	-	-	-	(4.7)	-	-
Movements in equity:										
Summarised net assets of associates at the beginning of the period	(69.0)	(61.7)	11.0	10.7	42.0	19.6	690.1	723.2	19.0	15.7
The profit and loss of the subsidiary during the period	(11.4)	(9.8)	3.0	4.8	38.6	25.4	(41.5)	(37.3)	5.4	4.1
Other comprehensive loss	-	-	-	-	-	-	(7.8)	(4.7)	-	-
Contribution to the share capital	-	-	-	-	-	-	-	3.2	-	-
Dividends declared	-	-	(8.7)	(4.5)	(9.6)	-	-	-	(4.8)	-
Exchange rate impact	(4.9)	2.5	-	-	4.3	(3.0)	41.7	5.7	1.3	(0.8)
Summarised net assets of associates at the end of the period	**(85.3)**	**(69.0)**	**5.3**	**11.0**	**75.3**	**42.0**	**682.5**	**690.1**	**20.9**	**19.0**
Reconciliation to carrying amounts:										
Interest in associates (calculated based on Group's share in respective associates)	(55.4)	(44.9)	1.9	3.8	7.5	4.2	68.3	69.0	2.1	1.9
Other adjustments	-	-	-	-	-	-	(5.4)	(1.1)	-	-
Notional goodwill	12.3	12.3	-	-	-	-	-	-	-	-
Group's share in negative net assets not recognised by the Group using the equity method	43.1	32.5	-	-	-	-	-	-	-	-
Carrying amount at the end of the period	**-**	**-**	**1.9**	**3.8**	**7.5**	**4.2**	**62.9**	**67.9**	**2.1**	**1.9**

* Other comprehensive loss of Attarat Power Holding Co BV Group is entirely a cash flow hedge reserve

Individually immaterial associates

In addition to the interests in associates disclosed above, the Group also has interests in a number of individually immaterial associates that are accounted for using the equity method.

in million EUR	31 DECEMBER	
	2024	**2023**
Aggregate carrying amount of individually immaterial associates	0.5	0.5
Profit from continuing operations	-	0.2

10. SUBSIDIARIES

The Group had the following subsidiaries as at 31 December 2024 and 31 December 2023.

Name	**Country of incorporation**	**Nature of business**	**Proportion of ordinary shares held by the Group (%)**		**Proportion of ordinary shares held by non-controlling interests (%)**	
			31 DECEMBER		**31 DECEMBER**	
			2024	**2023**	**2024**	**2023**
Elektrilevi OÜ	Estonia	Network operator	100.0	100.0	-	-
Imatra Elekter AS	Estonia	Network operator	100.0	100.0	-	-
Enefit Power AS	Estonia	Production of electrical energy, Oil shale mining	100.0	100.0	-	-
Narva Soojusvõrk AS	Estonia	Distribution and sale of heat	100.0	100.0	-	-
Enefit Solutions AS	Estonia	Manufacture and supply of metal structures, energy industry machinery and other industrial equipment	100.0	100.0	-	-
Enefit AS (until November 10, 2023, Enefit Connect OÜ)	Estonia	Network co-management and energy solutions based on new technologies	100.0	100.0	-	-
Attarat Holding OÜ	Estonia	Holding	100.0	100.0	-	-
Enefit Green AS	Estonia	Establishment and operation of wind farms	77.2	77.2	22.8	22.8
Hiiumaa Offshore Tuulepark OÜ	Estonia	Development of wind farms	77.2	77.2	22.8	22.8
Tootsi Tuulepark OÜ	Estonia	Development of wind farms	77.2	77.2	22.8	22.8
Enefit Wind OÜ	Estonia	Production of electrical energy	77.2	77.2	22.8	22.8
Enefit Wind Purtse AS	Estonia	Development of wind farms	77.2	77.2	22.8	22.8

Name	Country of incorporation	Nature of business	Proportion of ordinary shares held by the Group (%)		Proportion of ordinary shares held by non-controlling interests (%)	
			31 DECEMBER		31 DECEMBER	
			2024	2023	2024	2023
Tootsi Windpark OÜ	Estonia	Development of wind farms	77.2	77.2	22.8	22.8
Liivi Offshore OÜ	Estonia	Development of wind farms	77.2	77.2	22.8	22.8
Enefit Green Solar OÜ	Estonia	Renewable energy	77.2	77.2	22.8	22.8
Enefit Outotec Technology OÜ	Estonia and Germany	Developing and licensing the new generation of Enefit shale oil production technology	60.0	60.0	40.0	40.0
Enefit SIA	Latvia	Selling electricity to end consumers	100.0	100.0	-	-
Enefit Green SIA (until 29. December, 2023, Enercom SIA)	Latvia	Development of wind farms	77.2	77.2	22.8	22.8
Enefit Power & Heat Valka SIA	Latvia	Production and sale of heat and electrical energy	-	77.2	-	22.8
Enefit UAB	Lithuania	Selling electricity to end consumers	100.0	100.0	-	-
Enefit Wind UAB	Lithuania	Production of electrical energy	77.2	77.2	22.8	22.8
Enefit Green UAB	Lithuania	Establishment and operation of wind farms	77.2	77.2	22.8	22.8
Šilalės vėjas UAB	Lithuania	Development of wind farms	77.2	77.2	22.8	22.8
Šilutės vėjo parkas 2 UAB	Lithuania	Development of wind farms	77.2	77.2	22.8	22.8
Šilutės vėjo parkas 3 UAB	Lithuania	Development of wind farms	77.2	77.2	22.8	22.8
Energijos Žara	Lithuania	Development of wind farms	77.2	77.2	22.8	22.8
Vėjo Parkai UAB	Lithuania	Development of wind farms	77.2	77.2	22.8	22.8
Vejoteka UAB	Lithuania	Development of wind farms	77.2	77.2	22.8	22.8
Kelmes vejo energija UAB	Lithuania	Development of wind farms	77.2	77.2	22.8	22.8
Baltic Energy Group UAB	Lithuania	Research related to the development of the offshore wind farm	77.2	77.2	22.8	22.8
Enefit Sp. z o.o.	Poland	Selling electricity to end consumers	100.0	100.0	-	-
Enefit Green sp z.o.o	Poland	Production of electrical energy from sun	77.2	77.2	22.8	22.8
PV Plant Zambrow Sp. z o.o.	Poland	Development of solar parks	77.2	77.2	22.8	22.8
PV Plant Debnik Sp. z o.o.	Poland	Development of solar parks	77.2	77.2	22.8	22.8
Enefit AB	Sweden	Management services	100.0	100.0	-	-
Enefit OY	Finland	Selling electricity to end consumers	100.0	100.0	-	-
Tolpanvaara Wind Farm Oy	Finland	Development of wind farms	77.2	77.2	22.8	22.8
Enefit U.S., LLC	USA	Holding	100.0	100.0	-	-
Enefit American Oil Co.	USA	Developing of liquid fuels production	100.0	100.0	-	-

All subsidiaries are consolidated. The share of voting power held by the parent in the subsidiaries directly does not differ from the share of ordinary shares held by it. The parent does not hold any preference shares in any of the subsidiaries.

On 29 March 2023 Eesti Energia AS sold the Liivi Bay offshore wind farm development Liivi Offshore OÜ to Enefit Green AS for EUR 6.2 million. Liivi offshore wind farm was separated from Eesti Energia AS via division in February 2023 during which a new entity Liivi Offshore OÜ was established. See Note 38 for further information about the development of the Liivi Offshore wind farm.

Enefit Connect OÜ was renamed into Enefit OÜ on 10 November 2023 and to Enefit AS on 19 January 2024.

On 29 November 2023, Enefit Green AS signed an agreement to sell the district heating businesses of Paide and Valka in Estonia and Latvia to the largest district heating company in Estonia, Utilitas. The contractual value of the transaction was EUR 15.9 million. The final sales price, determined after a post-closing adjustment taking into account the level of cash and working capital in the business, was EUR 16.4 million. As of 31 December 2023, the sales transaction of the Valka and Paide cogeneration plants was awaiting confirmation from the Estonian Competition Authority and the Consumer Protection and Technical Regulatory Authority, which was obtained in February 2024 and the transaction was completed in March 2024. As part of the transaction, the Group sold net assets of EUR 12.2 million. See Note 36 for further information on this transaction.

On 29 December 2023, Enefit Green AS signed an agreement to sell two Latvian subsidiaries – Technological Solutions SIA and Enefit Green SIA (representing a cogeneration plant and a pellet factory both in Broceni, Latvia) – to Estonian pellet producer Warmeston. The contractual price of the transaction was EUR 32.0 million. The final sales price was subject to a post-closing adjustment depending on the level of cash working capital in the business and the final price was EUR 33.4 million. The Group disposed of EUR 32.5 million of net assets as part of transaction. See Note 36 for further information on this transaction.

Significant restrictions

The Electricity Market Act of Estonia currently in force provides that until the investments to the grid infrastructure of the network operator (Elektrilevi OÜ) do not exceed the limits of the approved financing plan, the parent company may not intervene in the everyday economic activities of the network operator or in the decisions concerning the construction or upgrades of the network. Management board of the Elektrilevi OÜ has the decision-making power in terms of preparation and approval of financial plans of the company.

Financial information regarding a subsidiary with significant non-controlling interest

Set out below is the financial information for Enefit Green group that has non-controlling interests (NCI) that is material to the Group. The amounts disclosed are before inter-company eliminations of Eesti Energia AS Group.

in million EUR	Enefit Green Group	
Summarised statement of financial position	**31.12.2024**	**31.12.2023**
Cash	44.0	65.7
Trade and other receivables	31.3	55.1
Derivative financial instruments	3.3	3.8
Inventories	2.0	3.1
Assets classified as held for sale	-	15.4
Total short-term assets	**80.6**	**143.1**
Property, plant and equipment	1,394.3	1,027.1
Intangible assets	59.7	59.9
Right-of-use assets	8.5	9.1
Prepayments for non-current assets	37.6	55.1
Deferred tax assets	1.2	2.0
Investments in associates	0.5	0.5
Derivative financial instruments	3.4	5.1
Non-current receivables	1.4	-
Total non-current assets	**1,506.6**	**1,158.8**
Total assets	**1,587.2**	**1,301.9**

in million EUR	Enefit Green Group	
Total current liabilities	**127.7**	**97.2**
Total non-current liabilities	**699.2**	**487.5**
Total liabilities	**826.9**	**584.7**
Equity	760.3	717.2
Non-controlling interest %	22,83%	22,83%
Non-controlling interest	173.6	163.7
Summarised statement of comprehensive income	**01.01-31.12.2024**	**01.01-31.12.2023**
Revenue	185.5	205.8
Net profit (loss) for the period	70.3	55.8
Revaluation of hedging instruments net of reclassifications to profit or loss	0.2	(3.0)
Exchange differences on the translation of foreign operations	0.4	0.6
Comprehensive profit (loss) for the period	0.6	(2.4)
Summarised cash flow statement	**01.01-31.12.2024**	**01.01-31.12.2023**
Total cash flow from operating activities	84.6	74.2
Total cash flow from investing activities	(329.1)	(282.1)
Total cash flows from financing activities	222.8	142.1
Change in cash and cash equivalents	(21.7)	(65.8)

Profit and other comprehensive loss for the period attributable to the non-controlling interests of the subsidiary were EUR 16.0 million and EUR 0.1 million, respectively (2023: profit for the period EUR 12.8 million and EUR 0.3 million). The accumulated non-controlling interests of the subsidiary as at 31 December 2024 were EUR 174.5 million. (31 December 2022: EUR 164.7 million).

11. INVENTORIES

in million EUR	31 DECEMBER	
	2024	**2023**
Raw materials and materials at warehouses	**47.4**	**44.5**
Work-in-progress		
Stored oil shale	84.0	73.4
Other work-in-progress	-	0.1
Total work-in-progress	**84.0**	**73.5**
Finished goods		
Shale oil	10.2	6.2
Other finished goods	0.4	0.4
Total finished goods	**10.6**	**6.6**
Goods purchased for sale		
Gas (Note 1.1)	23.7	24.1
Other goods purchased for sale	6.2	9.9
Total goods purchased for sale	**29.9**	**34.0**
Prepayments to suppliers	0.1	0.1
Total inventories (Note 33)	**172.0**	**158.7**

In 2024, inventories were written down by EUR 1.4 million (2023: write-downs EUR 16.7 million). These were mostly materials in warehouse including spare parts for production units whose projected future cash flows are negative and thus these spare parts no longer have a positive net realisable value.

In 2024, inventories were reclassified as property, plant and equipment in the amount of EUR 1.0 million. The items were reclassified because they are intended to be used for a period exceeding one year and, therefore, they meet the definition of property, plant and equipment.

Inventories recognised as an expense (mostly spare parts for production units) during the year ended 31 December 2024 amounted to EUR 73.1 million (2023: EUR 164.6 million).

12. ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

a) Description

According to the purchase and sale agreement signed on 29 November 2023, the Group will sell the district heating businesses in Paide (Estonia) (a separate sub-unit of Enefit Green AS) and its district heating businesses in Valka (Latvia) (the subsidiary named Enefit Power & Heat Valka) to AS Utilitas.

The transaction was subject to the approval of the Estonian and Latvian competition authorities. As at 31 December 2023, the respective competition authorities were still reviewing the matter.

The Group considered the assets and liabilities to be sold as a disposal of group for the following reasons:

- With the transactions described in Note 10 (Broceni and Valka/Paide) the Group sold the minority part of the Enefit Green Group's cogeneration business segment, not the majority. The most significant part of the cogeneration business (in term of sales revenue and assets), the Iru cogeneration plant, will remain in the Group.
- the Enefit Green subgroup will continue to operate in Latvia. The transactions described above therefore did not create a situation where the Group would cease to operate in a specific geographical segment (Latvia).

Taking into account the above, the related assets and liabilities were classified as a disposal group held for sale in the statement of financial position as at 31 December 2023.

b) Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the disposal group as at 31 December 2023:

in million EUR	**31 DECEMBER 2023**
Assets classified as held for sale	
Property, plant and equipment (Note 6)	12.9
Intangible assets (Note 7)	1.0
Trade and other receivables and prepayments	1.2
Inventories (Note 11)	1.0
Total assets of disposal group held for sale	**16.1**
Liabilities directly associated with assets classified as held for sale	
Government grants (Note 24)	3.5
Trade and other payables	1.4
Total liabilities of disposal group held for sale	**5.0**

13. FINANCIAL INSTRUMENTS BY CATEGORY

in million EUR	Assets recognised at amortised cost	Financial assets at fair value through profit or loss	Derivatives for which hedge accounting is applied	Total
As at 31 December 2024				
Financial asset items in the statement of financial position				
Trade and other receivables excluding prepayments (Notes 3.1 and 14 and 16)	264.6	-	-	264.6
Derivative financial instruments (Notes 3.1, 3.3, 15 and 16)	-	128.5	174.8	303.3
Cash and cash equivalents (Notes 3.1, 3.2, 16 and 18)	468.9	-	-	468.9
Total financial asset items in the statement of financial position	**733.5**	**128.5**	**174.8**	**1,036.8**
As at 31 December 2023				
Financial asset items in the statement of financial position				
Trade and other receivables excluding prepayments (Notes 3.1 and 14 and 16)	475.6	-	-	475.6
Derivative financial instruments (Notes 3.1, 3.3, 15 and 16)	-	150.3	167.2	317.5
Cash and cash equivalents (Notes 3.1, 3.2, 16 and 18)	174.5	-	-	174.5
Total financial asset items in the statement of financial position	**650.1**	**150.3**	**167.2**	**967.6**

in million EUR	Liabilities recognised at amortised cost	Liabilities at fair value through profit or loss	Derivatives for which hedge accounting is applied	Total
As at 31 December 2024				
Financial liability items in the statement of financial position				
Borrowings (Notes 3.1, 3.2 and 22)	1,695.7	-	-	1,695.7
Trade and other payables (Notes 3.1 and 23)	191.8	-	-	191.8
Derivative financial instruments (Notes 3.1, 3.3 and 15)	-	10.9	16.1	27.0
Total financial liability items in the statement of financial position	**1,887.5**	**10.9**	**16.1**	**1,914.5**
As at 31 December 2023				
Financial liability items in the statement of financial position				
Borrowings (Notes 3.1, 3.2 and 22)	1,694.1	-	-	1,694.1
Trade and other payables (Notes 3.1 and 23)	240.0	-	-	240.0
Derivative financial instruments (Notes 3.1, 3.3 and 15)	-	24.2	60.2	84.4
Total financial liability items in the statement of financial position	**1,934.1**	**24.2**	**60.2**	**2,018.5**

14. TRADE AND OTHER RECEIVABLES

in million EUR	31 DECEMBER	
	2024	**2023**
Current trade and other receivables		
Trade receivables		
Accounts receivable	231.8	276.1
Allowance for expected credit loss	(5.1)	(3.9)
Total trade receivables	**226.7**	**272.2**
Accrued income		
Other accrued income	4.3	2.4
Total accrued income	**4.3**	**2.4**
Prepayments	20.9	43.5
Restricted cash	30.0	182.0
Other receivables (Note 24)	0.3	16.8
Total current trade and other receivables	**282.2**	**516.9**
Non-current receivables		
Loan receivables from associates (Note 33)	13.1	12.3
Allowance for expected credit loss on loan receivables (Note 33)	(13.1)	(12.3)
Other non-current receivables	3.3	3.6
Total non-current receivables	**3.3**	**3.6**
Total trade and other receivables (Notes 3.1)	**285.5**	**520.5**

The loan provided to the associate of Enefit Jordan B.V. Group is based on an agreement signed in 2011. The loan is denominated in US dollars, bears interest at the rate of 15% a year and has an indefinite repayment date. No interest income has been recognised by the Group, as its collection is not probable. See also Note 9.

Prepayments as at 31 December 2024 and 31 December 2023 comprise prepaid taxes and prepaid expenses. Prepayments do not qualify as financial assets. Prepayments have decreased due to a decrease in VAT prepayments related to large development projects (wind farms and solar farms) reaching the stage of completion.

The change in non-current receivables is attributable to the extent of EUR 0.7 million to the effect of the exchange rate for the US dollar, because the base currency for the receivables is the US dollar, and to the extent of EUR 0.1 million to an additional loan, which was considered doubtful in 2024. For further information, see Note 33

Restricted cash comprises cash, which is held in the bank accounts of different financial partners as security for derivative transactions.

The fair values of receivables do not significantly differ from their carrying amounts. Collection of receivables is not covered by securities. Most of the Group's receivables and prepayments are denominated in euros. Information about the credit quality of the receivables is disclosed in Note 16.

Analysis of accounts receivable

in million EUR	Total	Current	1-30 days past due	31-60 days past due	More than 60 days past due
31 December 2024					
Accounts receivable	231.8	196.9	20.1	4.8	10.0
Expected credit loss rate	-	0,1%	1,3%	12,1%	40,2%
Expected credit loss	5.1	0.2	0.3	0.6	4.0

in million EUR	Total	Current	1-30 days past due	31-60 days past due	More than 60 days past due
31 December 2023					
Accounts receivable	276.1	249.2	17.3	2.1	7.6
Expected credit loss rate	-	0.1%	1.2%	12.1%	40.0%
Expected credit loss	3.9	0.3	0.2	0.3	3.1

Allowances for receivables are calculated based on IFRS 9. The calculations made in 2024 were based on an analysis of the collection of items recognised as receivables at the end of 2023 and the calculations made in 2023 were based on an analysis of the collection of items recognised as receivables at the end of 2022. To measure expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 12 month before 31 December 2024 or 31 December 2023 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors.

For other receivables (including other receivables and receivables from related parties), the group recognises the loss allowance at an amount equal to 12-month expected credit losses if the Credit risk on them has not increased significantly since initial recognition. If the credit risk has increased significantly, the group recognises the loss allowance at an amount equal to lifetime expected Credit losses. According to the group's assessment, other receivables and receivables from related parties as at 31 December 2024 and 31 December 2023 are not exposed to significant credit risk as there is no indication of potential credit-impairment or default by the counterparty. The expected credit loss is therefore zero or negligible.

According to management's assessment, the credit quality of receivables is high and in line with historical trends. The historical amounts of receivables written off as uncollectible have been as follows: EUR 2.1 in 2024, EUR 1.9 in 2023, and EUR 1.6 million in 2022.

Receivables from associates and restricted cash balances are assessed and analysed separately from other receivables using the full expected credit losses model.

Changes in allowance for expected credit losses on trade receivables

in million EUR	31 DECEMBER	
	2024	**2023**
Allowance for expected credit losses at the beginning of the period	**(3.9)**	**(6.0)**
Items considered doubtful and doubtful items collected during the period	(3.3)	0.2
Items written off as uncollectible	2.1	1.9
Allowance for expected credit losses at the end of the period	**(5.1)**	**(3.9)**

Other classes of receivables do not include any impaired assets.

15. DERIVATIVE FINANCIAL INSTRUMENTS

in million EUR	31 DECEMBER 2024		31 DECEMBER 2023	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Cash flow hedges				
Future, forward and long-term PPA contracts to purchase electricity	165.4	14.2	152.3	41.2
Lithuanian area price risk components (long-term PPAs)	132.8	-	149.6	-
TGE Polish baseload price risk component	-	13.4	-	35.8
Nord Pool system price and Finnish area price component	32.6	0.8	2.7	5.4
Future and forward contracts to purchase natural gas	3.6	-	-	15.2
TGE Polish gas price risk component	3.6	-	-	15.2
Swap and forward contracts for sale of shale oil	-	1.9	3.8	(0.1)
Swap and forward contracts for sale of shale oil gasoline	-	-	0.6	-
Interest rate swap	5.8	-	8.9	-
Total cash flow hedges	**174.8**	**16.1**	**165.6**	**56.3**

in million EUR	31 DECEMBER 2024		31 DECEMBER 2023	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Trading derivatives				
Future, forward and long-term PPA contracts to purchase electricity	123.6	4.2	131.1	1.6
Lithuanian area price risk components (long-term PPAs)	113.6	-	129.1	-
TGE Polish baseload price risk component	-	-	2.0	-
Nord Pool system price and Finnish area price component	10.0	4.2	-	1.6
Future and forward contracts to purchase natural gas	1.8	-	3.3	5.6
TGE Polish gas price risk component	1.8	-	-	3.1
Baltic gas price risk component	-	-	3.3	2.5
Swap and forward contracts for sale of shale oil	0.1	0.2	4.0	7.6
Swap and forward contracts for sale of shale oil gasoline	0.1	0.8	-	1.5
Guarantees of origin	2.9	5.6	4.4	10.2
Universal service	-	-	9.1	-
Other derivatives	-	0.1	-	1.6
Total trading derivatives	**128.5**	**10.9**	**151.9**	**28.1**
Total derivative financial instruments (Notes 3.1, 3.3, 13, 16 and 21)	**303.3**	**27.0**	**317.5**	**84.4**
Including non-current portion:				
Cash flow hedges				
Future, forward and long-term PPA contracts to purchase electricity	110.1	0.9	131.8	7.7
Lithuanian area price risk components (long-term PPAs)	108.3	-	131.8	-
TGE Polish baseload price risk component	-	0.5	-	6.6
Nord Pool system price and Finnish area price component	1.8	0.4	-	1.1
Future and forward contracts to purchase natural gas	1.1	-	-	2.0
TGE Polish gas price risk component	1.1	-	-	2.0
Swap and forward contracts for sale of shale oil	-	0.4	3.7	0.1
Swap and forward contracts for sale of shale oil gasoline	-	-	0.6	-
Interest rate swap	3.4	-	5.1	-
Total cash flow hedges	**114.6**	**1.3**	**141.2**	**9.8**

in million EUR	31 DECEMBER 2024		31 DECEMBER 2023	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Trading derivatives				
Future, forward and long-term PPA contracts to purchase electricity	97.3	-	113.5	1.1
Lithuanian area price risk components (long-term PPAs)	97.3	-	113.5	-
Nord Pool system price and Finnish area price component	-	-	-	1.1
Swap and forward contracts for sale of shale oil gasoline	-	0.1	-	-
Renewables as trading derivatives	1.4	3.0	3.1	5.6
Other derivatives	-	-	-	0.1
Total trading derivatives	**98.7**	**3.1**	**116.6**	**6.8**
Total non-current portion	**213.3**	**4.4**	**257.8**	**16.6**
Total current portion	**90.0**	**22.6**	**59.7**	**67.8**

16. CREDIT QUALITY OF FINANCIAL ASSETS

The basis for estimating the credit quality of financial assets not due yet and not written down is the credit ratings assigned by rating agencies or, in their absence, the earlier credit behavior of customers and counterparties..

in million EUR	31 DECEMBER	
	2024	**2023**
Bank accounts		
At banks with Moody's credit rating of Aa3	233.4	119.1
At banks with Moody's credit rating of A2	98.7	11.4
At banks with Moody's credit rating of A3	100.7	23.5
At banks with Moody's credit rating of Baa1	26.1	20.1
At banks with Moody's credit rating of Baa2	10.0	0.4
Total bank accounts (Notes 3.1, 3.2, 13 and 18)	**468.9**	**174.5**
Other receivables		
Other receivables with Moody's credit rating of Aa3	2.5	6.2
Other receivables through Nasdaq OMX clearing house - Baa2	11.7	103.4
Receivables without credit rating from an independent party	16.1	89.2
Total other receivables (Note 14)	**30.3**	**198.8**
Derivative financial instruments		
Derivatives with positive value with Moody's credit rating of Aa3	5.8	13.3
Derivatives with positive value with Moody's credit rating of Aa2	0.3	-
Derivatives with positive value with Moody's credit rating of A1	0.2	2.6
Derivatives with positive value with Moody's credit rating of A2	-	0.6
Derivatives with positive value with Moody's credit rating of A3	0.3	-
Derivatives with positive value with Moody's credit rating of Baa3	-	0.1
Derivatives with positive value with Moody's credit rating of Baa2	3.7	2.3
Derivatives with positive value with Moody's credit rating of Baa1	0.7	5.9
Derivatives with positive value without credit rating from an independent party	292.3	292.7
Derivatives with positive value (Notes 3.1, 3.3, 13 and 15)	**303.3**	**317.5**

The Group's cash and cash equivalent balances as at 31 December 2024 were deposited with SEB bank, Swedbank, Danske Bank, Luminor Bank, LHV Bank, Coop Bank, OP Corporate Bank, Citadele Bank, Citibank N.A. New York branch and Santander Bank Polska S.A. As at 31 December 2024, the account balances with SEB bank in Estonia, with Swedbank in Estonia, with LHV Bank in Estonia and with Luminor Bank in Estonia each exceeded 10% of the Group's total cash and cash equivalents (31 December 2023: the account balances with Swedbank in Estonia and SEB bank in Estonia each exceeded 10% of the Group's cash and cash equivalents).

As at 31 December 2024, financial assets with counterparties European Energy Trading A/S and UAB L-Vejas each accounted for more than 10% of total financial assets (31 December 2023: financial assets with counterparties European Energy Trading A/S and UAB L-Vejas all accounted

for more than 10% of total financial assets). They are classified as derivatives with positive value without a credit rating from an independent party.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial and not recognised.

Based on management estimates in accordance with IFRS 9, other receivables without a credit rating from an independent party do not involve material credit risk. In 2024, the Group had restricted cash of EUR 15.8 million (2023: EUR 72.5 million) with counterparties with no credit rating.

Other receivables include the following claims:

- Parent entity receivables against Joint Allocation Office (JAO) in the amount of EUR 8.7 million (31 December 2023: EUR 15.0 million). JAO is the leading service provider for Transmission System Operators (TSOs) in the European electricity sector. According to the Moody's risk application, there hasn't been a significant increase in the probability of default for this counterparty since initial recognition.
- Receivables against the Polish broker who is the Group's intermediary in trading on Polish Electricity Exchange (TGE) in the amount of EUR 7.1 million (31 December 2023: EUR 57.5 million).. According to the Moody's risk application, there hasn't been a significant increase in the probability of default for this counterparty since initial recognition.

Derivatives with a positive value without a credit rating from an independent party total EUR 292.3 million (31 December 2023: EUR 292.7 million). 93% (2023:96%) of the amount consists of four large PPAs (EUR 271.6 million (31 December 2023: 281.0 million)). The Group's internal procedures always include assessing the creditworthiness of potential counterparty before entering into a contract. Even though these counterparties have no external credit ratings, they are considered equivalent to counterparties with high credit rating, based on the Group's internal assessment. Large PPA-s are secured by securities (~20 million EUR) and 2nd rank pledges on assets (~30 million EUR). Therefore, no material credit risk has been identified in connection with the said counterparties.

17. GREENHOUSE GAS ALLOWANCES AND GUARANTEES OF ORIGIN

in million EUR	31 DECEMBER	
	2024	**2023**
Greenhouse gas allowances	62,9	203,1
Guarantees of origin	11,6	13,4
Total greenhouse gas allowances and guarantees of origin	**74,5**	**216,5**

Movements in greenhouse gas emission allowances

in thousand tonnes, in million EUR	Quantities		31 DECEMBER	
	2024	**2023**	**2024**	**2023**
Greenhouse gas emission allowances at the beginning of the period	3,435.0	**6,700.0**	203.1	**428.0**
Acquired	-	3,441.0	-	204.4
Sold	-	(5.0)	-	(0.3)
Used (Note 25)	(3,426.9)	(6,701.0)	(140.2)	(429.0)
Greenhouse gas allowances at the end of the period	**8.1**	**3,435.0**	**62.9**	**203.1**

Greenhouse gas emission allowances are sold when there is a significant surplus caused by a decrease in production volumes as a result of changes in the market prices of electricity and shale oil.

In the reporting and the comparative period, the following quantities of greenhouse gas emission allowances were allocated to the Group free of charge:

- in 2024, 1,060,256 tonnes of free allowances with a fair value* of EUR 70.6 million;
- in 2023, 986,457 tonnes of free allowances with a fair value* of EUR 83.2 million.

* Fair value is based on the market price of the EU emission allowances as at the dates of receipt of the free allowances.

The Group has entered into a transaction where 1,102,000 million tonnes of greenhouse gas units have been swapped to 2025. These units are not included in the balance of quantities but are included in the balance of EUR 62.9 million at the end of the reporting period.

Movements in guarantees of origin

in million EUR	31 DECEMBER	
	2024	**2023**
Certificates of origin at the beginning of the period	**13.4**	**16.1**
Acquired	3.6	9.2
Surrendered	(5.5)	(13.0)
Effects on movements in foreign exchange rates	0.1	1.1
Certificates of origin at the end of the period	**11.6**	**13.4**

Exchange rate differences for guarantees of origin arise from the Group's Polish subsidiary.

18. CASH AND CASH EQUIVALENTS

in million EUR	31. DETSEMBER	
	2024	**2023**
Bank accounts	468.9	174.5
Total cash and cash equivalents (Notes 3.1, 3.2, 13 and 16)	**468.9**	**174.5**

Cash and cash equivalents by currency

in million EUR	31 DECEMBER	
	2024	**2023**
Euro	435.8	146.7
Polish zloty	21.2	20.9
US dollar	10.6	5.8
Swedish krona	1.3	1.1
Total cash and cash equivalents (Notes 3.1, 3.2, 13 and 16)	**468.9**	**174.5**

19. SHARE CAPITAL, STATUTORY RESERVE CAPITAL, HYBRID BONDS AND RETAINED EARNINGS

As at 31 December 2024, Eesti Energia AS had 746,645,750 registered shares (31 December 2023: 746,645,750 registered shares). The nominal value of each share is 1 euro. The sole shareholder is the Republic of Estonia.

The administrator of the shares and the exerciser of shareholder rights is the Estonian Ministry of Finance, represented by the Minister of Finance at the General Meeting of Shareholders. According to the articles of association of Eesti Energia AS, the minimum share capital is EUR 250.0 million and the maximum share capital is EUR 1,000.0 million.

As at 31 December 2024, the Group's statutory reserve capital totaled EUR 75.0 million (31 December 2023: EUR 75.0 million).

In July 2024, the Group raised EUR 400.0 million in additional capital through a green hybrid bond offering on the London Stock Exchange. Transaction costs were EUR 8.3 million. The Group may only invest the capital raised through the bonds in green projects. The interest rate on the bonds is 7.875%, from 2034 5.165% and from 2049 5.415%. Interest is paid annually at a pre-determined interest rate per annum, but the Group has the option to defer the payment of interest in full or in part at its discretion. In 2024, interest paid on the bond was in the amount of EUR 7.9 million. As of 31.12.2024, the balance of future interest payments is EUR 6.8 million, which is recognised as an interest liability in equity under the line hybrid bonds.

As at 31 December 2024 the Group's distributable retained earnings was EUR 565.5 million (31 December 2023: EUR 656.5 million). On distribution of profits to the shareholder, dividends that amount up to the three preceding years' average dividend distribution are subject to income tax at the rate of 22/78 of the net distribution.

As at 31 December 2024 the Group has share premium EUR 259.8 million. In accordance with the Estonian Commercial Code, share premium may be used:

- to cover a loss if such loss cannot be covered by retained profit from previous periods or the legal reserve;
- to increase share capital by a bonus issue.

If all retained earnings were distributed as dividends, the corporate income tax would amount to EUR 117.2 million (31 December (31 December 2023: EUR 119.0 million). It is possible to pay out EUR 448.3 million (31 December 2023: EUR 537.5 million) as net dividends.

Based on the implemented dividend policy the annual dividend payments to the shareholder are limited to the profit for the financial year. The Group is able to control the timing and the amount of the dividend distributions of its subsidiaries.

The following table presents the basis for calculating the distributable shareholders' equity, potential dividends and the accompanying corporate income tax:

in million EUR	**31 DECEMBER**	
	2024	**2023**
Retained earnings	565.5	656.5
of which retained earnings subject to reduced income tax 14%	-	53.2
retained earnings subject to income tax rate of 22% (2023: 20%)	532.9	557.6
tax-exempt retained earnings	32.6	45.7
Distributable shareholder's equity	565.5	656.5
Corporate income tax on the distribution of the entire distributable equity	(117.2)	(119.0)
Maximum amount of net dividends available for distribution	**448.3**	**537.5**

20. DIVIDENDS PER SHARE

In 2024, Eesti Energia AS paid the Republic of Estonia dividends of EUR 72.0 million, i.e. EUR 0.1 per share (2023: of EUR 68.9 million dividends were paid). The payment was made on 29 November 2024.

The Management Board has proposed to the Annual General Meeting not to pay dividends for the financial year ended 31 December 2024. The dividend distribution has not been recognised as a liability in these financial statements, because the dividend had not been approved at 31 December 2024 and the demand of dividends is unlikely. See details from Note 32.

21. OTHER RESERVES

in million EUR	31 DECEMBER	
	2024	**2023**
Other reserves at the beginning of the period (Note 3.1)	**155.0**	**711.0**
of which hedge reserve at the beginning of the period	**141.6**	**698.5**
electricity cash flow hedges	**144.5**	**728.7**
- Lithuanian area price risk components (long-term PPAs)	149.6	360.7
- TGE Polish baseload price risk component	(33.8)	25.2
- Nord Pool system price and Finnish area price component	28.7	342.8
gas cash flow hedges	**(13.5)**	**8.3**
- TGE Polish gas price risk component	(14.9)	6.7
- Baltic gas price risk component	1.4	1.6
shale oil cash flow hedges	**3.7**	**(42.6)**
shale oil gasoline cash flow hedges	**0.6**	**(7.2)**
interest rate swap	**8.9**	**14.6**
non-controlling interest of hedging instruments	**(2.6)**	**(3.3)**
of which currency translation reserve at the beginning of the period	**7.0**	**5.7**
of which reserve related to other comprehensive income of associates at the beginning of the period	**6.4**	**6.8**
Change in fair value of cash flow hedges	**(31.8)**	**(438.8)**
electricity cash flow hedges	**(18.4)**	**(414.0)**
- Lithuanian area price risk components (long-term PPAs)	(3.2)	(199.3)
- TGE Polish baseload price risk component	(21.1)	(103.1)
- Nord Pool system price and Finnish area price component	5.9	(111.6)
gas cash flow hedges	**2.5**	**(30.9)**
- TGE Polish gas price risk component	2.2	(28.7)
- Baltic gas price risk component	0.3	(2.2)
shale oil cash flow hedges	**(16.3)**	**8.7**
shale oil gasoline cash flow hedges	**(0.6)**	**(1.7)**
interest rate swap	**1.0**	**(2.2)**
non-controlling interest of hedging instruments	**-**	**1.3**

in million EUR	31 DECEMBER	
	2024	**2023**
Recognised as an (increase)/decrease of revenue (Note 26)	**11.1**	**48.2**
electricity cash flow hedges	**-**	**1.1**
- Nord Pool system price and Finnish area price component	-	1.1
shale oil cash flow hedges	**11.1**	**37.6**
shale oil gasoline cash flow hedges	**-**	**9.5**
Recognised as an increase/(decrease) of cost of raw materials and consumables (Note 28)	**28.9**	**(162.2)**
electricity cash flow hedges	**14.3**	**(171.3)**
- Lithuanian area price risk components (long-term PPAs)	(13.6)	(11.8)
- TGE Polish baseload price risk component	42.0	44.1
- Nord Pool system price and Finnish area price component	(14.1)	(203.6)
gas cash flow hedges	**14.6**	**9.1**
- TGE Polish gas price risk component	16.3	7.1
- Baltic gas price risk component	(1.7)	2.0
Recognised as an increase/(decrease) of interest expenses (Note 31)	**(4.1)**	**(3.5)**
Non-controlling interest of hedging instruments	**-**	**(0.6)**
Currency translation differences attributable to foreign subsidiaries	**2.0**	**1.3**
of which share of non-controlling interest	(0.1)	(0.3)
Change in associates other comprehensive income	**(0.9)**	**(0.4)**
Other reserves at the end of the period (Note 3.1)	**160.2**	**155.0**
of which hedge reserve at the end of the period	**145.7**	**141.6**
electricity cash flow hedges	**140.4**	**144.5**
- Lithuanian area price risk components (long-term PPAs)	132.8	149.6
- TGE Polish baseload price risk component	(12.9)	(33.8)
- Nord Pool system price and Finnish area price component	20.5	28.7
gas cash flow hedges	**3.6**	**(13.5)**
- TGE Polish gas price risk component	3.6	(14.9)
- Baltic gas price risk component	-	1.4

in million EUR	31 DECEMBER	
	2024	2023
shale oil cash flow hedges	(1.5)	3.7
shale oil gasoline cash flow hedges	-	0.6
interest rate swap	5.8	8.9
non-controlling interest of hedging instruments	(2.6)	(2.6)
of which currency translation reserve at the end of the period	9.0	7.0
of which reserve related to other comprehensive income of associates at the end of the period	5.5	6.4

Potential deferred tax impact from the realisation of Polish hedge reserve is EUR 3.5 million (in 2023: EUR 15.3 million).

22. BORROWINGS

Borrowings measured at amortised cost

in million EUR	Short-term borrowings			Long-term borrowings		Total
	Interest	Bank loans	Bonds issued	Lease liabilities	Bank loans	Lease liabilities	
Borrowings at amortised cost 31 December 2022 (Notes 3.1, 3.2 and 13)	**4.8**	**111.3**	**492.8**	**1.4**	**438.7**	**10.4**	**1,059.4**
Changes occurred in 2023							
Cash movements							
Laekunud võlakohustis	-	378.0	-	-	1,045.0	-	**1,423.0**
Võlakohustise tagasimaksmine	(59.8)	(303.5)	(500.0)	(1.4)	(10.0)	-	**(874.7)**
Non-Monetary movements							
Initial recognition borrowings	79.1	-	-	0.3	-	7.0	**86.4**
Transfers	-	255.8	-	2.3	(255.8)	(2.3)	**0.0**
Amortization of borrowing costs	-	-	7.2	(0.3)	(8.2)	0.7	**(0.6)**
Other Movements	-	-	-	-	0.4	0.2	**0.6**
Total changes occurred in 2023	**19.3**	**330.3**	**(492.8)**	**0.9**	**771.4**	**5.6**	**634.7**
Borrowings at amortised cost 31 December 2023 (Notes 3.1, 3.2 and 13)	**24.1**	**441.6**	**-**	**2.3**	**1,210.1**	**16.0**	**1,694.1**
Changes occurred in 2024							
Cash movements							
Borrowings received	-	97.5	-	-	287.5	-	**385.0**
Repayments of borrowings	(110.2)	(380.6)	-	(2.1)	(20.0)	-	**(512.9)**
Non-cash movements							
Initial recognition of borrowings	111.5	-	-	0.7	2.5	13.1	**127.8**
Transfers	0.1	10.4		1.6	(10.5)	(1.6)	**-**
Amortization of borrowing costs	-	-	-	-	1.8	-	**1.8**
Impact of exchange rate changes	-	-	-	-	0.1	-	**0.1**
Other movements	-	-	-	0.1	-	(0.3)	**(0.2)**
Total changes occurred in 2024	**1.4**	**(272.7)**	**-**	**0.3**	**261.4**	**11.2**	**1.6**
Borrowings at amortised cost 31 December 2043 (Notes 3.1, 3.2 and 13)	**25.5**	**168.9**	**-**	**2.6**	**1,471.5**	**27.2**	**1,695.7**

In 2023, the parent company signed a new loan agreement of EUR 600 million (a syndicate loan maturing in February 2028). The loan is sustainability-linked with two ESG KPI's: carbon intensity of scope 1, 2 and 3 emissions and yearly addition of renewable energy capacity. The primary purpose of the syndicate loan was to refinance the EUR 500 million bond that matured and was redeemed in September 2023.

In 2024, Eesti Energia's parent company signed an amendment to the loan agreement with Swedbank to refinance a EUR 150.0 million loan agreement signed in 2021. As a result of the refinancing, the interest rate changed, and the loan matures in 2027. The modification of the loan terms was not considered an extinguishment of the original loan agreement under IFRS 9. IFRS 9 requires the cash flows of a modified loan to be discounted at the original effective interest rate. As a result, interest expense of EUR 4.1 million was recognised in 2024 at the date of the modification.

The Group's borrowings as at the end of 2024 amounted to EUR 1,640.1 million (end of 2023: EUR 1,651.7 million). Borrowings as at the reporting date consisted of a syndicate loan of EUR 551.2 million and loans from the EIB of EUR 332.5 million (nominal amount), loans from the NIB of EUR 165.9 million (nominal amount), loans from the EBRD of EUR 5.6 million (23.9 million Polish zloty) and loans from commercial banks of EUR 585.2 million (nominal amount).

Fair value of bonds and bank loans

in million EUR	31 DECEMBER	
	2024	**2023**
Carrying amounts of bank loans with fixed interest rate (Note 3.1)	24.7	37.1
Fair value of bank loans with fixed interest rate (Note 3.3)	24.0	34.1
Carrying amounts of bank loans with fixed interest swap rate (Note 3.1.1.4)	142.4	157.8
Fair value of bank loans with fixed interest swap rate (Note 3.1.1.4)	142.4	157.8
Carrying amounts of bank loans with floating interest rate (Note 3.1)	1,473.3	1,456.8
Fair value of bank loans with floating interest rate (Note 3.3)	1,473.3	1,456.8

Management estimates that the fair values of the loans with floating interest rates do not differ from their carrying amounts as at the end of the period as the risk margins have not changed. The fair values of the bank loans with a fixed interest rate were determined based on discounted cash flows using discount rate 3.110% (2023: 3.291%–4.169%), that are within level 2 of the fair value hierarchy. The discount rates are calculated based on the interpolated interest rate swaps taking into account the average length of years to the repayment date(s). The interest rate swap information is based on EUR Midswap Rates disclosed by Spark.

Bank loans at nominal value by maturity

in million EUR	31 DECEMBER	
	2024	**2023**
< 1 year	168.9	439.5
1 - 2 years	205.4	159.8
3 - 5 years	919.9	749.8
> 5 years	350.5	310.8
Total	**1,644.7**	**1,659.9**

Loans are denominated in euros and Polish zloty (31 December 2023: in euros and Polish zloty). As at 31 December 2024 the interest rates of loans were between 1.1% and 7.9% (31 December 2023: 1.1–9.3%).

As at 31 December 2024, the weighted average interest rate on bank loans was 5.3% (31 December 2023: 5.8%).

As at 31 December 2024 the Group had undrawn loan facilities of EUR 485.0 million (31 December 2023: EUR 410.0 million).

Weighted average effective interest rates of borrowings including the effects of signed interest rate swap agreements

in %	31 DECEMBER	
	2024	**2023**
Bank loans	5.3%	5.8%
Lease liabilities	4.9%	3.6%

23. TRADE AND OTHER PAYABLES

in million EUR	31 DECEMBER	
	2024	**2023**
Trade payables	164.1	198.9
Accrued expenses	3.4	2.4
Payables to related party (Note 33)	1.5	1.6
Other payables	22.8	37.1
Total financial payables within trade and other payables (Note 3.1 and 13)	**191.8**	**240.0**
Payables to employees	34.2	33.3
Tax liabilities	47.1	45.3
Prepayments	2.4	6.6
Total trade and other payables	**275.5**	**325.2**
of which current trade and other payables	*267.5*	*319.9*
of which non-current other payables	*8.0*	*5.3*
Liquidity swap liability	79.8	-
Total trade and other payables with swap	**355.3**	**325.2**

Trade payables as at 31 December 2024 include payables for property, plant and equipment of EUR 46.0 million (31 December 2023: EUR 58.8 million).

Other payables as at 31 December 2024 have increased due to payables related to Kelme II and III projects of EUR 14.6 million (31 December 2023: EUR 17.7 million). Payments made for the construction of these wind farms in 2024 totalled EUR 6.2 million.

Prepayments as at 31 December 2024 consist mainly of prepayments from customers of EUR 2.3 million (31 December 2023: mainly of the prepayments from customers of EUR 3.2 million).

In May 2024 the Group entered into a liquidity swap for CO_2 emission allowances, which is included in other liabilities as the swap involves the obligation to pay fixed amounts over a fixed period. The initial value of the swap was determined at fair value at the date of the transaction. Changes in the fair value of the swap are recognised in income statement and in 2024 finance costs of EUR 2.2 million were recognised in respect of the swap. The liquidity swap will be realised in August 2025.

24. CONTRACT LIABILITIES AND GOVERNMENT GRANTS

Connection and other service fees

in million EUR	31 DECEMBER	
	2024	**2023**
Deferred connection and other service fees at the beginning of the period	**364.4**	**323.4**
Connection and other service fees received	54.8	45.8
The value of assets transferred for connection fees	7.0	8.7
Connection and other service fees recognised as revenue (Note 33)	(18.6)	(13.5)
Deferred connection and other service fees at the end of the period	**407.6**	**364.4**
Government grants	62.3	34.4
Total contract liabilities and government grants	**469.9**	**398.8**
of which current	2.0	2.1
of which non-current	467.9	396.7

Goverment grants

in million EUR	1 JANUARY – 31 DECEMBER	
	2024	**2023**
Government grants at the beginning of the period	**34.4**	**28.2**
Additional government grants	29.7	11.2
Recognized as other operating income (notes 27 and 34)	(1.8)	(1.5)
Reclassified as liabilities directly related to assets held for sale	-	(3.5)
Government grants at the end of the period	**62.3**	**34.4**

Government grants include grants for the following projects of the Group:

- Narva wind farm,
- reconstruction of the city of Narva district heating piping system,
- renovation of the city of Narva district heating piping system,
- outsourcing air quality monitoring service outside the Eesti Energia oil production plant premises,
- Advanced Remote Engineering Platform,
- TSO-DSO-Consumer interface to provide innovative grid services for an efficient power system,
- improvement of the climate resilience of the electricity distribution network,
- user centric urban and long-range charging solutions,
- network investment to increase micro-production capacities,
- construction of broadband infrastructure.
- Improving access to renewable energy production facilities.
- Development project for the transition to the chemical industry.

During the period, the Group received a grant of EUR 13.7 million from the Estonian government's reserves to improve the climate resilience of the electricity distribution network on the islands of Saaremaa, Hiiumaa and Muhu. The project includes investments that will result in the climate-proofing of approximately 297 km of the electricity network on the islands, reducing the number of power cuts in the region by approximately 89 per year. Project activities have to be completed by 31 December 2025 and the final report has to be submitted by 1 May 2026 at the latest.

The Republic of Estonia has allocated a grant of EUR 15.2 million under the Recovery and Resilience Plan for the project 'Programme for improving the access of renewable energy production facilities to the electricity distribution network'. The support is provided from the Recovery and Resilience Facility of NextGenerationEU. The aim of the project is to increase the capacity of micro-generators (up to 15 kW nominal capacity) to integrate renewable electricity generation plants into the distribution grid through high, medium and low voltage grid reinforcements and to improve the climate resilience of the distribution grid. The maximum amount of support is EUR 38 million. Project activities have to be completed by 31 March 2026 and the final report has to be submitted by 30 April 2026 at the latest.

During the reporting period, the Group received a grant of EUR 8.7 million from the Consumer Protection and Technical Regulatory Authority to support the development of broadband infrastructure. The purpose of the grant is to facilitate the construction of passive broadband infrastructure for next-generation electronic communications networks in eligible target areas, enabling end users to access ultra-fast broadband services.

The Group received a grant of EUR 0.7 million from Enterprise Estonia to support the transformation into a chemical industry. The first step of the transformation is the project ‘Plant using oil shale gasoline to produce raw materials for the chemical industry’, for which the grant was received.

In addition, the Group received EUR 0.3 million from the European Commission for the creation of an improved Advanced Remote Engineering Platform (AREP).

There are certain obligations that the Group has to fulfil to make sure that the grants are not recovered: retention of project documents, presentation of project reporting upon demand, and, in the case of some projects, meeting certain technical requirements.

25. PROVISIONS

in million EUR	Opening balance 1 January 2024	Recognition and reversal of provisions	Interest charge (Note 31)	Use	CLOSING BALANCE 31 DECEMBER 2024	
					Short-term provision	Long-term provision
Environmental protection provisions (Note 28)	17.0	4.9	0.8	(0.4)	1.2	21.1
Provision for dismantling cost of assets	11.8	2.1	0.6	-	-	14.5
Provision for greenhouse gas emission allowances (Notes 17 and 28)	205.1	60.3	-	(140.2)	125.2	-
Provision for renewable energy certificates	1.8	2.4	-	(1.8)	2.4	-
Other provision	6.0	2.0	0.1	(1.9)	2.8	3.4
Total provisions (Note 4)	**241.7**	**71.7**	**1.5**	**(144.3)**	**131.6**	**39.0**

in million EUR	Opening balance 1 January 2023	Recognition and reversal of provisions	Interest charge (Note 31)	Use	CLOSING BALANCE 31 DECEMBER 2023	
					Short-term provision	Long-term provision
Environmental protection provisions (Note 28)	16.2	1.1	0.8	(1.1)	1.3	15.7
Provision for dismantling cost of assets	6.4	5.1	0.3	-	-	11.8
Provision for greenhouse gas emission allowances (Notes 17 and 28)	428.7	205.4	-	(429.0)	205.1	-
Provision for renewable energy certificates	3.7	(1.9)	-	-	1.8	-
Other provision	3.7	2.8	0.1	(0.6)	3.0	3.0
Total provisions (Note 4)	**458.7**	**212.5**	**1.2**	**(430.7)**	**211.2**	**30.5**

The provision for greenhouse gas emissions has decreased significantly due to the changes in the electricity production market. See details from Note 1.1.

Provisions have been discounted at the rate of 4.65%–4.76% (2023: 5,28%–6,82%). Provisions are discounted using the discount curve that allows more accurate evaluation of the provisions in different time horizons.

Environmental protection provisions

Environmental protection provisions and provisions for the termination of mining operations have been set up for:

- restoring land damaged by mining;
- cleaning contaminated land surfaces;
- restoring water supplies contaminated as a result of the mining activities;
- ascertainment and compensation of damages caused by blasting work;
- closing landfills and neutralising excess water;
- maintenance of closed ash fields;
- closing of industrial waste dump;
- eliminating asbestos in power plants;
- for payment of mining rights fee.

Non-current environmental protection provisions will be settled at the mines of Enefit Power AS during the time period of 2025-2042 and at the power plants of Enefit Power AS during the time period of 2025-2048.

The costs related to the formation and revaluation of environmental protection provisions in the 2024 financial year amounted to EUR 1.5 million (2023: EUR 2.3 million) due to changes in discount rates, and the impact of changes in inflation rates was EUR (0.9) million (2023: EUR (0.3) million).

In the case of each individual provision, the inputs are highly specific, and no individual input has a significant impact on the total amount of the Group provision.

Provision for dismantling cost of assets

The provision for the dismantling costs of assets has been set up to cover the future dismantling costs of the generating units 8 and 11, the industrial waste dump of the Narva power plants and the Estonian electricity plant chimney. The present value of the dismantling costs of the assets has been included in the cost of property, plant and equipment. The provision for the Estonian electricity plant chimney is expected to be settled in 2026 and for other assets in 2034–2035.

Provision for greenhouse gas emission allowances

Accounting policies for the recognition of provisions for greenhouse gas emission allowances are described in Note 2.3 and additional information regarding greenhouse gas emission allowances can be found in Note 17.

26. REVENUE

in million EUR	1 JANUARY – 31 DECEMBER	
	2024	**2023**
Revenue from contracts with customers		
By activity		
Sale of goods		
Shale oil	189.7	200.7
Pellets	-	31.5
Oil shale	-	0.9
Other goods	4.3	5.1
Total sale of goods	**194.0**	**238.2**
Sale of services		
Electricity (over time)	1,113.4	1,237.2
Sales of services related to network (over time)	304.9	292.0
Gas energy (over time)	110.3	103.0
Heat (over time)	33.8	27.9
Waste receptionand resale (in time)	15.0	16.3
Rental and maintenance income (over time)	0.9	1.0
Other services	24.0	38.1
Total sale of services	**1,602.3**	**1,715.5**
Total revenue from contracts with customers	**1,796.3**	**1,953.7**
Reclassifications from other comprehensive income		
Realisation of shale oil cash flow hedges (Note 15)	(11.1)	(47.1)
Realisation of electricity cash flow hedges (Note 15)	-	(1.1)
Total reclassifications from other comprehensive income	(11.1)	(48.2)
Total revenue (Note 5)	**1,785.2**	**1,905.5**

For information about the significant changes in electricity, gas and distribution network services revenues in 2024 compared to 2023, see Note 1.1.

Pellet revenue for the reporting period was zero, because the Group sold the pellet plant and the Broceni cogeneration plant at the beginning of 2024.

Sales transactions generally do not contain significant financing components. There are no significant discrepancies between the time of revenue recognition and the time of receiving the consideration for the goods sold or services provided (with the exception of connection fees which are described below) as the average payment period is 14–30 days.

Contract liabilities recognised by the Group relate to advance consideration received from customers in relation to constructing the connections for new places of consumption in the power network and production facilities. The Group has concluded that the connection fees do not constitute a separate performance obligation from the sale of electricity or the ongoing provision of distribution service, and therefore the revenue from connection fees is deferred and recognised as revenue over the estimated average useful life of the assets required to provide the service, which is 35 years. Changes in the Group's contract liability balances are disclosed in Note 24. The Group's other revenue streams do not give rise to contract liabilities or contract assets.

27. OTHER OPERATING INCOME

in million EUR	1 JANUARY – 31 DECEMBER	
	2024	**2023**
Gain from revaluation of derivatives	56.8	225.7
Renewable energy grant	22.5	21.3
Fines, penalties and compensations	19.1	8.5
Gain from sales of business (Note 36)	4.2	0.9
Government grants (Note 24)	1.8	1.5
Gain on disposal of property, plant and equipment (Note 34)	0.6	0.4
Foreign exchange gain	-	0.5
Other operating income	2.5	1.1
Total other operating income	**107.5**	**259.9**

Fines, penalties and compensation for 2024 include:

- Compensation of EUR 7.2 million received by Enefit Power for damage to the turbine of generating unit 11.
- Compensation of EUR 8.2 million received under the settlement agreement between Enefit Green and GE Vernova, as a result of which Enefit Green and GE Vernova signed an amendment to the supply contract for the turbines of the Akmene wind farm, of which EUR 3.9 million was paid in cash by GE Vernova and the remaining amount was settled by offsetting mutual receivables and payables. Of the EUR 8.2 million, EUR 5.3 million was recognised as other operating income and EUR 1.6 million as a reduction of previously made investments. In addition, GE Vernova and Enefit Green entered into further agreements for an amount of EUR 1.3 million, which had no impact on the Group's financial results. In addition, GE Vernova and Enefit Green entered into further agreements for an amount of EUR 1.3 million, which had no impact on the Group's financial results.

For other information about derivatives see Notes 3 and 21.

28. RAW MATERIALS AND CONSUMABLES USED

in million EUR	1 JANUARY – 31 DECEMBER	
	2024	**2023**
Electricity	715.5	570.8
Gas bought for resale	103.9	106.6
Transmission services	78.6	81.0
Maintenance and repairs	63.9	58.8
Greenhouse gases emissions expense (Note 25)	60.4	205.4
Technological fuel	49.3	87.1
Materials and spare parts	34.2	59.9
Purchased works and services	25.0	32.6
Resource tax on mineral resources	22.5	29.2
Environmental pollution charges	11.6	11.5
Recognition of environmental and mining termination provisions (Note 25)	5.1	6.2
Other raw materials and consumables used	10.8	26.2
Total raw materials and consumables used	**1,180.8**	**1,275.3**

In 2024, electricity costs in the table above include the negative impact of realised cash flow hedges in the amount of EUR 14.3 million which increased the cost of electricity (2023: decrease of EUR 171.3 million).

In 2024, gas brought for resale costs in the table above include the negative impact of realised cash flow hedges in the amount of EUR 14.6 million which increased the cost of gas (2023: decrease of EUR 9.1 million).

For further information see Note 21.

29. PAYROLL EXPENSES

	1 JANUARY – 31 DECEMBER	
	2024	**2023**
Number of employees		
Number of employees at the beginning of the period	5,252	5,361
Number of employees at the end of the period	4,927	5,252
Average number of employees	4,908	5,268

in million EUR	1 JANUARY – 31 DECEMBER	
	2024	**2023**
Payroll expenses		
Wages, salaries, bonuses and vacation pay	159.8	163.4
Average monthly pay (in euros)	*2,742.1*	*2,614.6*
Other payments and benefits to employees	7.2	7.2
Payroll taxes	53.9	54.9
Recognition/reversal of employee related provisions	1.7	1.1
Total calculated payroll expenses	**222.6**	**226.6**
Of which remuneration to management and supervisory boards		
Salaries, bonuses, additional remuneration	4.9	4.3
Total paid to management and supervisory boards	4.9	4.3
Capitalised in the cost of self-constructed assets	(25.5)	(24.1)
Total payroll expenses	**197.1**	**202.5**

Payroll taxes include social security tax in the amount of EUR 51.9 million (2023: EUR 52.9 million) and employer's unemployment insurance contribution in the amount of EUR 1.2 million (2023: EUR 1.2 million). The Group has no other legal or constructive obligations to make pension or similar payments.

The members of the Management Board are appointed by the Supervisory Board for a term of 3 years.

30. OTHER OPERATING EXPENSES

in million EUR	1 JANUARY – 31 DECEMBER	
	2024	**2023**
Loss from revaluation of derivatives	64.8	218.9
Miscellaneous office expenses	18.6	17.7
Consultation	8.4	8.1
Insurance	7.5	6.6
Building and structure costs	6.9	5.5
Rental expense (Note 8)	5.6	5.9
Taxes	3.4	4.1
Research and development costs	2.9	5.3
Compensations	1.4	0.6
Other operating expenses	11.6	10.0
Total other operating expenses	**131.1**	**282.7**

For other information about derivatives see Note 3 and 15.

Breakdown of lease expenses disclosed in the table above

miljonites eurodes	1 JANUARY – 31 DECEMBER	
	2024	**2023**
Variable lease payments not included in the measurement of the lease liabilities	1.0	1.0
Low value leases	4.0	4.4
Short-term leases	0.6	0.5
Total	**5.6**	**5.9**

Discounted future payments expected to be made over the terms of leases with variable lease payments are disclosed in Note 35.

31. NET FINANCE INCOME/(COSTS)

in million EUR	1 JANUARY – 31 DECEMBER	
	2024	**2023**
Finance income		
Interest income	11.7	10.9
Foreign exchange gain	3.7	4.5
Total finance income	**15.4**	**15.4**
Financial expenses		
Interest expenses on borrowings		
Interest expenses on bonds and loans	(106.0)	(76.0)
of which realised interest rate swap agreement	4.3	3.5
Amounts capitalised on qualifying assets (Note 5)	59.6	32.6
Total interest expenses on borrowings	**(46.4)**	**(43.4)**
Interest expenses on provisions (Note 25)	(1.6)	(1.2)
Total interest expenses	**(48.0)**	**(44.6)**
Other finance costs	(0.4)	(0.4)
Total financial costs	**(48.4)**	**(45.0)**
Net financial costs	**(33.0)**	**(29.6)**

Interest expenses on loans have been increased because the loan liabilities have increased. For additional information please look Note 22.

The weighted average capitalisation rate of borrowings in 2024 was 6.4% (in 2023: 4.6%).

32. INCOME TAX EXPENSE

According to the Income Tax Act, the companies are taxed in Estonia upon the distribution of dividends.

From 2019, dividend distributions were eligible for a 14% tax rate (the amount of tax payable is calculated as 14/86 of the net distribution). Thus, the dividends distributed by a resident company were taxed at a more favourable 14% or the regular 20% rate (with the amount of tax payable calculated as 14/86 or 20/80 of the net distribution, respectively). The more favourable tax rate can be applied to a dividend distribution that amounts to up to three preceding years' average dividend distribution that has been taxed. Started from 01.01.2025, the standard income tax rate in Estonia is 22% instead of the previous 20%, and the lower dividend tax rate of 14/86 and the income tax withheld on dividends paid to physical persons of 7% has been cancelled.

Dividends distributed are exempt from income tax, if these are paid out from dividends received from other companies in which the recipient of the dividends had at least a 10% ownership interest at the time the dividend was paid.

Average effective tax rate

in million EUR	1 JANUARY – 31 DECEMBER	
	2024	**2023**
Estonia		
Net dividends	72.0	68.9
of which dividends subject to income tax rate 20/80	-	54.1
tax-exempt dividends	72.0	14.8
Theoretical income tax at applicable rates	-	13.5
Effective income tax on dividends	-	13.5
Average effective income tax rate	0,0%	19,6%
Income tax expense arising from the subsidiaries	6.2	11.6
Income tax expense	**6.2**	**25.1**
Deferred tax expense (income)	**19.5**	**(13.9)**
of which deferred tax income	(7.7)	(16.2)
deferred tax expense	27.2	2.3
Total income tax expense	**25.7**	**11.2**

As at 31 December 2024, the Group had a deferred tax liability of EUR 28.0 million (31 December 2023: EUR 13.7 million) of which EUR 9.1 million (31 December 2023: EUR 9.7 million) is related to the difference between the fair values and the carrying amounts of the Lithuanian wind farms identified in the purchase price allocation on the acquisition of Nelja Energia AS in 2018.

33. RELATED PARTY TRANSACTIONS

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

The Group has applied the exemption from disclosure of individually insignificant transactions and balances with the state and other related parties because the state has control, joint control or significant influence over such parties.

Transactions with associates

in million EUR	1 JANUARY – 31 DECEMBER	
	2024	**2023**
Purchase of goods	10.4	14.8
Purchase of services	1.3	1.6
Proceeds from sale of services	0.3	0.3
Loans granted (Note 14)	0.1	0.1
Dividends received (Note 9)	4.5	1.6
Capital contributions made (Note 9)	-	3.3

Transactions with entities over which the members of Supervisory and Management Board have significant influence

in million EUR	1 JANUARY – 31 DECEMBER	
	2024	**2023**
Receivables	1.1	0.9
Sale of goods and services	5.9	8.1
Purchases of goods and services	1.8	7.2

The sales of electricity, distribution service and heat to entities over which the state has control or significant influence have taken place in the ordinary course of business. The Group has performed in the reporting and comparative period purchase and sales transactions in material amounts with Elering AS, which is a fully state-owned enterprise.

Transactions with Elering AS

in million EUR	1 JANUARY – 31 DECEMBER	
	2024	**2023**
Purchase of services	105.3	107.1
Purchase of property, plant and equpiment and prepayments	2.6	33.1
Sale of goods and services	19.6	20.1
Support for electricity produced from renewable sources (Note 27)	21.9	21.8

Transactions with Elering AS have been conducted in the ordinary course of business (e.g. purchases and sales of electricity, gas and associated network services) on market terms and are not secured.

In 2024 Elering refunded overpaid connection fees of EUR 2.2 million to Enefit Green and connection fees of EUR 8.5 million due to customer decisions to withdraw from connection agreements. The significant decrease in connection fees in 2024 is due to the fact that the projects are in the completion phase and no new connection contracts have been signed. Connection fees are recognised as property, plant and equipment.

Receivables from and payables to Elering AS

in million EUR	31 DECEMBER	
	2024	**2023**
Receivables	4.3	7.6
Payables	20.7	23.6

The Group receives free greenhouse gas emission allowances from the Estonian Environmental Board which acts as the national administrator on the basis of a decision of the European Commission. The quantities of allowances allocated free of charge as well as their fair value which takes into account the market price of the EU emissions at the date of receiving them (date when rights are given over in EU emission register) are disclosed in Note 17.

The remuneration paid to the members of the Supervisory and Management Boards is disclosed in Note 29.

Receivables from associates are disclosed in Note 14 and payables to associates in Note 23. The change in receivables from associate in 2024 is attributable to the extent of EUR 0.7 million (in 2023 EUR (0.4) million) to the effect of the exchange rate of the US dollar, because the base currency for the receivables is the US dollar, and to the extent of EUR 0.1 million (in 2023 EUR 0.1 million) to an additional loan, which was considered to be impaired (collection is doubtful). For further information about the loan, see Note 14.

The service contracts with members of the Management Bord stipulate that upon early termination of the contract, the member of the Management Board is entitled to 3 months' remuneration as a termination benefit.

In purchasing and selling distribution service, the prices set by the Estonian Competition Authority are used.

34. CASH GENERATED FROM OPERATION

in million EUR	1 JANUARY – 31 DECEMBER	
	2024	**2023**
Profit/(loss) before income tax	**38.6**	**(410.9)**
Adjustments		
Depreciation and impairment of property, plant and equipment and right of use assets (Notes 6 and 8)	319.5	810.1
Amortisation and impairment of intangible assets (Note 7)	9.0	8.1
Write-down of inventories (Note 11	1.4	16.7
Connection and other service fees recognised as revenue (Note 24)	(18.6)	(13.5)
Gain on disposal of property, plant and equipment (Note 27)	(0.4)	(0.4)
Gain on disposal of business (Note 36)	(4.2)	(0.9)
Amortisation of government grants related to assets (Note 27)	(1.8)	(1.5)
Profit/ (loss) from associates using equity method (Note 9)	(1.9)	0.3
Compensations received	(1.4)	-
Unpaid/unsettled net loss on derivatives	(39.2)	(291.1)
Profit/ (loss) from other non-cash transactions	(0.7)	0.1
Interest expense on borrowings (Note 31)	46.2	43.4
Interest and other financial income (Note 31)	(11.7)	(10.9)

in million EUR	1 JANUARY – 31 DECEMBER	
	2024	**2023**
Net operating cash flow before changes in current assets and liabilities	**334.8**	**149.5**
Net change in current assets relating to operating activities		
Change in receivables related to operating activities (Note 14)	42.3	65.8
Change in inventories (Note 11)	(24.0)	(20.1)
Net change in other current assets relating to operating activities	322.2	75.7
Change in assets classified as held for sales (*)	-	(0.4)
Total net change in current assets relating to operating activities	**340.5**	**121.0**
Net change in current liabilities relating to operating activities		
Change in provisions (Note 25)	(71.1)	(217.0)
Change in trade payables (Note 23)	(22.8)	(9.9)
Net change in liabilities relating to other operating activities	122.3	44.2
Change in liabilities directly associated with assets classified as held for sale (*)	-	(0.3)
Total net change in liabilities relating to operating activities	**28.4**	**(183.0)**
Cash generated from operations	**703.7**	**87.5**

(*) These line items of the cash flow statement refer only to the following line items of the statement of financial position: trade and other receivables, inventories, trade and other payables.

35. OFF-STATEMENT OF FINANCIAL POSITION ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

(a) Assets that do not appear on the statement of financial position

Oil shale resources

The overview of the resources of oil shale in the possession of the Group and its associates is presented in the table below. The resources of oil shale of Estonian Republic represent the resources of oil shale in the official balance of natural resources. The resources of oil shale of international development projects are recognised based on the disclosure requirements of international standards for evaluation of resources and reserves. The classification and determination of the reliability of the resources have been carried out by authorised experts at both the level of exploration and economical perspective. Depending on the development phase the known technical, environmental and socio-economic restrictions have been adjusted and taken into account when recognising the resources.

in millions of tonnes	31 DECEMBER	
	2024	**2023**
Estonia		
Measured*	348.0	354.0
Jordan (APCO*)**		
Measured*	351.7	918.0
Inferred**	851.1	285.0
Jordan (JOSE)		
Measured*	-	-
Inferred**	2,309.0	2,309.0
USA**		
Measured **	3,500.0	3,500.0
Indicated**	2,300.0	2,300.0
Inferred**	230.0	230.0

* Resource is part of an explored geological stock that has been determined taking into account known technical, environmental and socio-economic constraints.

** Resource is the amount of oil shale with high economic potential in the earth's crust determined as a result of a geological survey, for which possible restrictions limiting the use have not been taken into account.

*** Eesti Energia AS has 10% ownership of the company.

The difference between 'indicated' and 'inferred' is the level of research conducted. Indicated is more researched, and in addition to the size of the stock, it is known to be economically viable.

Emission allowances

In 2025 an estimated amount of 1 048 00 tonnes of free CO_2 emission allowances will be allocated to installations belonging to the Group. The precise amount of free allowances to be allocated for 2025, will be determined by June 2025 at the latest. Free emission allowances are allocated for specific periods (for example, 2021–2025 and 2026–2030) and the quantities allocated depend on the production capacity of the installations. The detailed regulation adopted so far will apply until 2030. See additional information regarding greenhouse gas emission allowances from Note 17.

(b) Contingent liabilities

Litigation in progress

Attarat Power Company vs. Government of Jordan (GoJ) and National Electric Power Company

Eesti Energia AS through its subsidiary Attarat Holding OÜ owns a 10% shareholding in Attarat Power Company (APCO) in Jordan. On 19 December 2020 the Government of Jordan (GoJ) and National Electric Power Company (NEPCO) submitted their respective requests for arbitration to the ICC arbitral tribunal. Both GoJ and NEPCO claimed a reduction in the agreed electricity tariff under the signed power purchase agreement.

On 28 July 2024, the Arbitral Tribunal issued an award rejecting all claims of the Government of Jordan and NEPCO. The award is final.

The investment recognised in the statement of financial position (31 December 2024: EUR 62.9 million; 31 December 2023: EUR 67.9 million) does not need to be written down.

Attarat Power Company vs. China Energy Engineering Group Guangdong Power Engineering Co., LTD

On 24 August 2023, GPEC (China Energy Engineering Group Guangdong Power Engineering Co., LTD.) filed a claim against APCO through ICC arbitration, seeking (i) payments of the outstanding amounts due (ii) extension of time and (iii) compensation of damages under the Engineering, Procurement and Construction Agreement (EPC) of the power plant concluded between the parties amounting to USD 433.6 million. APCO has refused to make the final milestones payments to GPEC under the EPC agreement because the GPEC has failed to perform its contractual obligations in a timely manner and APCO was entitled to liquidated damages. GPEC refused to pay the agreed liquidated damages, claiming that no damages were due as the delay was solely due to a force majeure event.

On 23 September 2023, APCO filed a counterclaim with the ICC arbitration, seeking payment of liquidated damages under the EPC in the amount of USD 365.5 million. Both the claim and the counterclaim are being reviewed by the arbitration court in Hong Kong under ICC arbitration rules and the English law.

APCO has selected Slaugter&May as its legal counsel and representative for this arbitration. According to the assessment of APCO's management, a resolution is not expected before 2025. It is not possible at this early stage to estimate with reasonable certainty the impact of the arbitration. If the arbitration is resolved in GPEC's favour, the potential exposure is USD 433.6 million, but it is likely that a portion of this will be offset against the liquidated damages payable by GPEC. No provision has been recognised for the claim in the associate's financial statements and therefore it is disclosed as a contingent liability in these financial statements.

If the claim is resolved with a negative outcome for the Group, the equity investment (31 December 2024: EUR 62.9 million; 31 December 2023: EUR 67.9 million) recognised in the statement of financial position may have to be written down.

Attarat Power Company vs Bank of China (BOC)

This dispute relates to the EPC contract between GPEC and APCO. As additional security for the performance of GPEC's obligations under the EPC contract, the Bank of China (BOC) issued a bank guarantee to APCO. On 4 August 2022 and 16 January 2023, APCO submitted claims to the Bank of China for the realisation of the guarantee in the total amount of USD 183,530,393.

Notwithstanding the fact that the letter of guarantee specifies English law as the governing law and ICC arbitration as the forum, the enforcement of the bank guarantees against the Bank of China was challenged by GPEC and the enforcement of the guarantee was blocked by the Guangzhou Intermediate People's Court by way of an interim injunction. The claim is based on the local Chinese law governing internationally issued bank guarantees (PRC law). The injunction was unsuccessfully challenged at higher levels of the local Chinese court. APCO was represented by Slaughter&May and local (Chinese) counsel. On 20 September 2023, APCO filed a statement of claim against BOC with the ICC Arbitral Tribunal (by convention, arbitrations under the ICC rules are conducted in Hong Kong under English law) and on 19 April 2024 APCO filed its statement of facts. BOC filed its statement of defence on 14 June 2024. A final hearing on the merit was held on January 6-7, 2025, and according to the partially final decision made by the ICC Tribunal in March 2025, the Tribunal concluded that the Ralli Brothers principle does not apply, as the place of performance was not China, and the Comity principle does not provide effective protection for BOC. In conclusion, the Tribunal ruled in favor of APCO, ordering BOC to pay the required amount of 183,530,393 USD plus interest.

Criminal Court case (in Jordan) initiated by Ministry of Environment against Attarat Power Company for operating the plant without the environmental permit

Jordanian prosecution authorities have initiated a criminal case against Attarat Power Company (APCO) for operating the power plant (and producing power) without an environmental permit. The potential penalties for this criminal offence are a fine and a suspension of the power plant's activities until the violation is corrected (although if APCO is found guilty, both penalties will apply). In fact, APCO applied for the environmental permit prior to commissioning the plant and starting production, but the Ministry of Environment refused to issue the environmental permit to APCO on the grounds that the environmental impact assessment prepared by APCO in 2015 has now expired as it was not properly extended (according to Jordanian environmental regulations, the environmental impact assessment must be extended every 3 years and APCO failed to extend it in 2018).

The case is currently before the Magistrates' Court, where a key witness for the opposing party must appear, but on nine occasions the witness has failed to appear, and the court has adjourned the case. As a result, it is difficult to estimate when a judgement might be expected.

In the event of a negative decision, APCO could face a fine of JOD 500-3,000 and a temporary suspension of the operation of the power plant until a new environmental permit is issued.

APCO is actively and constructively working with the Ministry of Environment to obtain an environmental permit and, given the length of the legal proceedings, expects to obtain an environmental permit before the court's decision takes effect.

Jordanian Customs Department vs APCO and GPEC

The Jordanian Customs Department has filed a total of 26 criminal cases against Attarat Power Company (APCO) and China Energy Engineering Group Guangdong Power Engineering Co., LTD. (GPEC, the EPC contractor of the power plant) for violation of customs regulations: (i) difference in value, (ii) unified fee (which is the customs value) and (iii) sales tax, (iv) customs fine and (v) sales tax fine. The value of the claim for all cases cumulatively amounts to EUR 12.2 million (JOD 9,397,200). The potential exposure is therefore EUR 12.2 million (JOD 9,397,200). The potential exposure in the Group's accounts may be 10% (EUR 1.2 million).

Soscor Energy case

In 2021, Soscor Energy PTE Ltd (Soscor), a company registered in Singapore, participated in the call for tenders for the sale of shale oil gasoline organised by Eesti Energia AS on behalf of its subsidiary Enefit Power AS (the seller). Soscor submitted a bid which was initially declared successful. Subsequent due diligence revealed that Soscor did not meet the requirements for transaction partners. Soscor was therefore excluded from the competition, and it was decided not to sign a sales contract with Soscor. Soscor did not accept the exclusion from the competition and claimed that the contract had already been entered into. In 2022, Soscor filed an arbitration claim against Enefit Power AS. The amount of the claim is between USD 5.6 million and USD 11.9 million.

The arbitration was held in London from 25 to 27 November 2024. The arbitration award is expected in April 2025.

Management has assessed that no provision should be recognise because probability to lose this arbitration case is below 50%.

Dispute with the Estonian Competition Authority

Estonian Competition Authority (ECA) decided on 28 April 2023 not to approve the new producer price for universal service in electricity for Enefit Power AS, which mean that the old producer price remained in force. On 31 July 2023, Enefit Power AS filed a lawsuit against the ECA, challenging the decision of 28 April 2023 and claiming damages caused by the old producer price.

On 13 June 2024, the parties entered into a judicial compromise whereby Enefit Power AS withdrew its claim and the ECA recognised that retort gas has a positive price (the ECA had previously treated retort gas as having zero price).

Court cases in Lithuania

To date, Lithuanian courts have sided with customers in disputes involving small enterprises, holding that customers are not obliged to pay a fee for the termination of a fixed-term electricity contract. With regard to medium-sized and large companies, the litigation is still ongoing, and no precedent-setting judgements have come into force, so it would be premature to make a final assessment. If all of Enefit UAB's small and large business customers decided to terminate their fixed-term contracts without paying an early termination fee, Enefit UAB would incur a significant loss. Enefit UAB will appeal the judgements. The claims for early termination fees have not been recognised in financial statements as the probability of collection is below 50%.

Contingent liabilities arising from potential tax audits

Estonia

The tax authorities have not initiated or carried out any tax or individual case audits at any Group company in Estonia. The tax authorities have the right to audit the company's tax records within five years of the reported tax year and, if they find errors, they may impose additional taxes, interest and penalties. According to management's assessment, there are no circumstances that could give rise to a potential material liability in this respect.

Foreign countries

Foreign tax authorities have not performed any tax audits on any of the Group's subsidiaries except Enefit UAB. According to the assessment of the management board of Eesti Energia AS, there are no circumstances which would indicate a potential tax liability.

The Lithuanian tax authorities have made enquiries of Enefit UAB regarding intercompany derivatives between Enefit UAB and the parent entity. According to Lithuanian law, derivatives used for trading purposes are exempt from corporate income tax, while derivatives used for hedging purposes are not exempt from corporate income tax. Currently, Enefit UAB has accounted for intragroup derivatives as derivatives that are exempt from corporate income tax as there is no hedge accounting documentation for these derivatives and therefore, they are not accounted as cash flow hedges.

Enefit UAB provided explanations to the Lithuanian tax authorities at the end of 2023 and during 2024. As at the end of 2024, the Lithuanian tax authorities have not issued a tax ruling.

The Lithuanian tax authorities have initiated a tax audit of Enefit UAB in relation to the deduction of interest. In 2024, Enefit UAB submitted its explanations to the tax authorities. As at the end of 2024, the tax authorities had not issued a tax ruling. It is expected that a tax ruling will be issued at the beginning of 2025, partially limiting Enefit UAB's right to deduct interest under the thin capitalisation rules. The limitation of the interest deduction will not result in a direct income tax expense for Enefit UAB, as Enefit UAB has tax losses carried forward from previous periods.

The tax authorities in the other countries have neither initiated nor carried out tax audits or individual case examinations at any of the Group's foreign entities. In other countries where the Group's subsidiaries operate, the tax authorities have the right to examine the company's tax records for up to six years after the reported tax year. According to management's assessment, there are no circumstances that could give rise to a potential material liability in this respect.

(c) Financial covenants

The loan agreements concluded by the Group include certain covenants that impose limits on the Group's consolidated financial indicators.

The Group was in compliance with all covenants under the loan agreements as at 31 December 2023 and 31 December 2024 (Note 22).

(d) ESG KPIs

The Group's syndicated loan agreement and the Group's loan agreement with Swedbank include two environmental, social and governance (ESG) key performance indicators (KPIs). Meeting or failing to meet the ESG KPIs has a positive or negative financial impact on the interest payable under the loan agreement (0.05% or up to EUR 0.3 million per year). There is no impact on the loan interest if one KPI is met, and the other is not met. In 2024, one KPI was met and therefore there was no negative or positive impact on the loan interest.

(e) Commitments

Capital commitments arising from construction contracts

As at 31 December 2024, the Group had contractual obligations relating to the acquisition of non-current assets totalling EUR 548.8 million (31 December 2023: EUR 468.5 million).

Variable lease payments

Where the right to use land (the right of superficies) is based on variable lease payments which do not depend on an index or a rate (e.g. the payments are based on a percentage of the sale of the assets located on the land or the value of the cadastral unit), the lease is not accounted for by recognising a right-of-use asset and a lease liability in accordance with the requirements of IFRS 16 but it is accounted for by recognising the payments as operating expenses. The Group estimates that as at 31 December 2024 discounted future payments over the terms of the lease contracts totalled EUR 6.6 million (31 December 2023: EUR 7.0 million). Changes in underlying cadastral values, electricity prices or production volumes will affect the actual lease payments.

f) Other

Investigation by the Data Protection Authority

The Latvian Data Protection Authority opened an investigation on 11 October 2024 into the authentication of a caller when concluding a contract over the telephone, following a customer complaint that a third party had concluded a contract on behalf of a person and then failed to pay the bills. An individual contacted Enefit SIA claiming that they had not signed the contract, and an internal investigation concluded that the contract had been signed by a third party. The process in Latvia was changed to authenticate the caller when signing a contract over the telephone, and the Latvian Data Protection Authority closed the case on 5 November 2024 following its own anonymous test of the new authentication process.

36. SALE OF A SUBSIDIARIES

On 29 December 2023, Enefit Green AS signed an agreement to sell two Latvian subsidiaries – Technological Solutions SIA and Enefit Green SIA (representing a cogeneration plant and a pellet factory both in Broceni, Latvia) – to Estonian pellet producer Warmeston OÜ. The contractual price of the transaction was EUR 32.0 million. The final sales price was subject to a post-closing adjustment depending on the level of cash working capital in the business and it amounted to EUR 33.4 million.

Recognised amounts of identifiable assets and liabilities sold:

in million EUR	**29 December 2023**
ASSETS	
Property, plant and equipment	18.1
Inventories	12.2
Trade receivables and other prepayments	4.2
Cash and cash equivalents	1.5
LIABILITIES	
Trade other payables	(3.5)
Total net assets of the subsidiaries disposed	**32,5**
Sales price	**32.0**
Post closing adjustment (recognised as other receivable as at 31 December 2023)	**1.4**
Gain from sales	**0.9**
Cash inflows in transaction	
Proceeds from sale	**32.0**
Cash and cash equivalents of subsidiary	(1.5)
Post closing adjustment (recognised as other receivable as at 31 December 2023)	1.4
Total cash inflows in transaction	**30.5**

On 29 November 2023, Enefit Green AS signed an agreement to sell its district heating businesses in Paide (Estonia) (a seperate sub-unit of Enefit Green AS) and Valka (Latvia) (the subsidiary named Enefit Power & Heat Valka) to Utilitas Eesti AS. The contractual value of the transaction was EUR 15.9 million. The final sales price was determined after a post-closing adjustment depending on the level of cash working capital in the business and it amounted to EUR 16.4 million. At 31 December 2023, the transaction was awaiting approval by the Estonian Competition Authority and the Consumer Protection and Technical Regulatory Authority which was obtained in February 2024, and the transaction was completed in March 2024.

Recognised amounts of identifiable assets and liabilities sold:

in million EUR	**1 March 2024**
ASSETS	
Property, plant and equipment	13.0
Intangible assets	1.0
Inventories	0.7
Trade receivables and other prepayments	1.2
Cash and cash equivalents	0.4
LIABILITIES	
Contract liabilities and government grants	(3.5)
Trade other payables	(0.6)
Total net assets of the subsidiary disposed	**12.2**
Sales price	**15.9**
Post closing adjustment	**0.5**
Gain from sales	**4.2**
Cash inflows in transaction	
Proceeds from sale	**16.4**
Cash and cash equivalents of subsidiary	(0.4)
Total cash inflows in transaction	**16.0**

37. EARNINGS PER SHARE

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

miljonites tonnides	**1 JANUARY – 31 DECEMBER**	
	2024	**2023**
Profit/(loss) attributable to the equity holders of the company (million EUR)	(4.3)	(435.3)
Weighted average number of shares (million)	746.6	746.6
Basic earnings per share (EUR)	(0.01)	(0.58)
Diluted earnings per share (EUR)	(0.01)	(0.58)

As at 31 December 2024 and 31 December 2023, Eesti Energia AS had 746,645,750 registered shares.

The nominal value of each share is EUR 1.

38. EVENTS AFTER THE REPORTING PERIOD

Voluntary Takeover Bid for Enefit Green Minority Shareholders

On March 27, 2025, the parent company Eesti Energia announced its intention to make a voluntary takeover bid to Enefit Green's minority shareholders. The goal is to bring Enefit Green fully back under its ownership and establish an integrated energy group. The bid requires approval from the Financial Supervision and Resolution Authority. If Eesti Energia acquires at least 90% of Enefit Green's shares, a mandatory takeover bid will be carried out in accordance with the law, with monetary compensation.

The bid price is EUR 3.4 per share. The bid will commence on April 8, 2025, and will last until May 12, 2025. If the bid is successful, Eesti Energia will settle the share payments on May 16, 2025.

The maximum total volume of the bid exceeds EUR 200 million and will be financed from own funds. Following a successful takeover bid, Eesti Energia plans to offer retail investors the opportunity to subscribe to shares issued by the Eesti Energia group, which will be listed on the Baltic Stock Exchange.

This event may impact the deferred tax liability recognized as of the balance sheet date.

Demerger of Enefit Power

Enefit Power AS intends to carry out a demerger – a division by separation – by April 2025 so that the business of the Eesti power plant, the Balti power plant and the Auvere power plant will be separated into a new company, which will a subsidiary of Eesti Energia AS.

Integrated environmental permit for the Enefit 280-2 oil plant

By decision of 27 May 2024, the Environmental Board (hereinafter also the respondent) granted Enefit Power AS a fixed-term integrated environmental permit No. KL-521346, valid until 31 December 2034, for the Enefit 280-2 plant. On 25 June 2024, the non-profit association Loodusvõlu and Elo-Lee Maran lodged an appeal with the Tallinn Administrative Court for the annulment of the decision of the Environmental Board No. DM-126872-20 of 27 May 2024 'Granting of integrated environmental permit No. KKL-521346 to the Enefit 280-2 oil plant of Enefit Power AS' and for the granting of interim relief. By decision of 12 July 2024, the Tallinn Administrative Court dismissed the application for interim relief on the grounds that there was no need for interim relief.

On 3 February 2025, the Tallinn Administrative Court dismissed the appeal of the non-profit association Loodusvõlu and Elo-Lee Maran in its entirety and the integrated environmental permit No. KL-521346 is valid. On 5 March 2025, the appellants filed an appeal against the decision of the Tallinn Administrative Court and the appeal proceedings are continuing at the Tallinn Circuit Court.

Development of the Gulf of Riga offshore wind farm

Enefit Green and Sumitomo Corporation have entered into a partnership for the development of the Gulf of Riga offshore wind farm (also known as the Liivi offshore wind farm). Enefit Green has signed an agreement with Sumitomo Corporation, a leading Fortune 500 global trading and business investment company. Under the agreement, Enefit Green will sell a 50% stake in the Gulf of Riga offshore wind project company Liivi Offshore OÜ.

According to the agreement, the closing of the transaction is subject to the approval of the Consumer Protection and Technical Regulatory Authority. The transaction will not have a material impact on Enefit Green's financial results.

Engaging a consultant to implement changes to the production and development portfolio of Enefit Green

Having assessed the situation in the company's core markets, the appropriateness of the company's short-term development portfolio and the existing production portfolio in the current market situation, as well as the financing possibilities, the management board of Enefit Green has decided to look for opportunities to exit the Finnish market and to sell some non-strategic development projects if suitable offers are received.

In the future development of Enefit Green, the management board intends to focus on larger wind and hybrid projects in its core markets of the Baltic countries and Poland. To support these changes, Enefit Green has engaged the Norwegian investment bank Arctic Securities AS to find potential buyers for the 72 MW Tolpanvaara wind farm in Finland and partners for the development of the 150 MW Kelmė III wind farm in Lithuania.

At the time of signing the report, transaction partners have not yet been found for these assets, which is why these assets have not been classified as assets held for sale.

39. FINANCIAL INFORMATION ON THE PARENT COMPANY

Financial information disclosed on the parent company includes the primary separate financial statements of the parent company, the disclosure of which is required by the Accounting Act of Estonia. The primary financial statements of the parent company have been prepared using the same accounting policies that have been used in the preparation of the consolidated financial statements. Investments in subsidiaries and associates are reported at cost in the separate financial statements of the parent company.

Income statement

in million EUR	1 JANUARY - 31 DECEMBER	
	2024	**2023**
Revenue	338.2	217.9
Other operating income	186.1	374.9
Raw materials and consumables used	(277.2)	(225.7)
Payroll expenses	(45.5)	(48.6)
Depreciation, amortisation and impairment	(5.6)	(4.6)
Other expenses	(231.3)	(389.9)
Loss from impairment of investments in subsidiaries	(137.0)	(107.6)
OPERATING LOSS	**(172.3)**	**(183.6)**
Financial income	112.5	109.7
Financial costs	(85.8)	(66.2)
Net financial income	**26.7**	**43.5**
LOSS BEFORE TAX	**(145.6)**	**(140.1)**
Corporate income tax expense	(0.1)	(13.5)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	**(145.7)**	**(153.6)**
PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS	**-**	**16.2**
LOSS FOR THE YEAR	**(145.7)**	**(137.4)**

Statement of comprehensive income

in million EUR	1 JANUARY - 31 DECEMBER	
	2024	**2023**
LOSS FOR THE YEAR	**(145.7)**	**(137.4)**
Other comprehensive loss		
Revaluation of hedging instruments net of reclassifications to profit or loss	(30.2)	(321.8)
Other comprehensive loss for the year	**(30.2)**	**(321.8)**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(175.9)**	**(459.2)**

Statement of financial position

in million EUR	31 DECEMBER	
	2024	**2023**
ASSETS		
Non-current assets		
Property, plant and equipment	46.0	27.2
Right-of-use assets	6.7	5.2
Intangible assets	17.9	9.2
Derivative financial instruments	276.6	356.5
Investments in subsidiaries	677.2	781.6
Other shares and holdings	0.3	-
Receivables from subsidiaries and other receivables	28.9	168.8
Total non-current assets	**1,053.6**	**1,348.5**
Current assets		
Inventories	23.7	24.6
Greenhouse gas allowances and certificates of origin	66.7	206.5
Trade and other receivables	1,095.5	1,004.9
Derivative financial instruments	133.1	83.9
Cash and cash equivalents	391.8	79.7
	1,710.8	**1,399.6**
Assets classified as held for sales	-	106.8
Total current assets	**1,710.8**	**1,506.4**
Total assets	**2,764.4**	**2,854.9**

in million EUR	31 DECEMBER	
	2024	**2023**
EQUITY		
Share capital	746.6	746.6
Share premium	259.8	259.8
Hybrid bonds	398.5	-
Statutory reserve capital	75.0	75.0
Hedge reserve	(0.1)	30.1
Retained earnings	51.0	255.3
Total equity	**1,530.8**	**1,366.8**
LIABILITIES		
Non-current liabilities		
Borrowings	817.6	769.6
Derivative financial instruments	58.6	63.3
Provisions	0.5	0.4
Total non-current liabilities	**876.7**	**833.3**
Current liabilities		
Borrowings	130.5	415.0
Trade and other payables	155.0	139.4
Derivative financial instruments	70.3	96.5
Contract liabilities and government grants	0.8	0.1
Provisions	0.3	0.4
	356.9	
Liabilities directly associated with assets classified as held for sale	-	3.4
Total current liabilities	**356.9**	**654.8**
Total liabilities	**1,233.6**	**1,488.1**
Total liabilities and equity	**2,764.4**	**2,854.9**

Statement of cash flows

in million EUR	1 JANUARY - 31 DECEMBER	
	2024	**2023**
Cash flows from operating activities		
Loss before tax	**(145.6)**	**(140.1)**
Adjustments		
Depreciation of property, plant and equipment	4.2	3.3
Amortisation of intangible assets	1.4	1.3
Profit from sale of property, plant and equipment	-	(0.1)
Expected credit loss from loan to subsidiary	1.4	0.9
Impairment loss on investment in subsidiary	137.0	107.6
Unpaid/unsettled on derivatives	(28.6)	(268.1)
Interest expense on borrowings	79.9	62.7
Interest income	(83.2)	(63.8)
Dividend income	(22.0)	(42.4)
Profit (loss) from other non-cash transactions	(3.2)	3.3
Adjusted net loss	**(58.7)**	**(335.4)**
Net change in current assets relating to operating activities		
Change in receivables relating to operating activities	98.9	4.3
Change in inventories	0.4	16.8
Net change in current assets relating to other operating activities	267.2	159.4
Total net change in current assets relating to operating activities	**366.5**	**180.5**
Net change in liabilities relating to operating activities		
Change in provisions	(0.1)	0.2
Change in trade payables	(1.8)	5.0
Net change in liabilities related to other operating activities	20.3	4.7
Total net change in liabilities relating to operating activities	**18.4**	**9.9**
Interest paid and borrowing costs	(81.8)	(47.3)
Interest received	73.9	51.6
Corporate income tax paid	(0.1)	(13.5)
Net cash generated from operating activities from continuing operations	**318.2**	**(154.2)**
Net cash generated from operating activities from discontinued operations	**-**	**66.3**
Net cash flows from operating activities	**318.2**	**(87.9)**

in million EUR	1 JANUARY - 31 DECEMBER	
	2024	**2023**
Cash flows from investing activities		
Dividends received from subsidiaries	22.0	42.4
Purchase of property, plant and equipment and intangible assets	(32.6)	(9.6)
Proceeds from sale of property, plant and equipment and intangible assets	0.1	-
Proceeds from grants of property, plant and equipment	0.7	-
Loans granted	(0.1)	(0.1)
Proceeds from sale of shares of associates	(0.3)	-
Change in overdraft granted to subsidiaries	(52.7)	(331.5)
Net cash used in investing activities from continuing operations	**(62.9)**	**(298.8)**
Net cash used in investing activities from discontinued operations	**-**	**(2.9)**
Net cash used in investing activities	**(62.9)**	**(301.7)**
Cash flows from financing activities		
Loans received	30.0	1,121.0
Issued bonds (net of bond issuance costs)	391.7	-
Redemption of bonds	-	(500.0)
Repayments of bank loans	(292.1)	(208.9)
Principal elements of lease payments	(0.8)	(0.7)
Dividents paid	(72.0)	(68.9)
Net cash used in financing activities from continuing operations	**56.8**	**342.5**
Net cash from (used in) financing activities from discontinued operations	**-**	**-**
Net cash used in financing activities	**56.8**	**342.5**
Net cash flows	**312.1**	**(47.1)**
Cash and cash equivalents at the beginning of the period	79.7	126.8
Cash and cash equivalents at the end of the period	391.8	79.7
Net increase/(-)decrease in cash and cash equivalents	**312.1**	**(47.1)**

Statement of changes in equity

in million EUR	Share capital	Share premium	Statutory reserve capital	Hybrid bonds	Hedge reserve	Retained earnings	Total
Equity as at 31 December 2022	**746.6**	**259.8**	**75.0**	**-**	**351.9**	**461.6**	**1,894.9**
Profit for the year	-	-	-	-	-	(137.4)	(137.4)
Other comprehensive income for the year	-	-	-	-	(321.8)	-	(321.8)
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(321.8)**	**(137.4)**	**(459.2)**
Dividends paid	-	-	-	-	-	(68.9)	(68.9)
Total contributions to owners of the company, recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**(68.9)**	**(68.9)**
Equity as at 31 December 2023	**746.6**	**259.8**	**75.0**	**-**	**30.1**	**255.3**	**1,366.8**
Profit/(loss) for the year	-	-	-	-	-	(145.7)	(145.7)
Other comprehensive income for the year	-	-	-	-	(30.2)	-	(30.2)
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(30.2)**	**(145.7)**	**(175.9)**
Hybrid bonds	-	-	-	391.7	-	-	391.7
Coupons on bonds	-	-	-	6.8	-	(14.7)	(7.9)
Non-cash contribution to a subsidiary	-	-	-	-	-	28.1	28.1
Dividends paid	-	-	-	-	-	(72.0)	(72.0)
Total contributions to owners of the company, recognised directly in equity	**-**	**-**	**-**	**398.5**	**-**	**(58.6)**	**339.9**
Equity as at 31 December 2024	**746.6**	**259.8**	**75.0**	**398.5**	**(0.1)**	**51.0**	**1,530.8**

Under the Accounting Act of Estonia, adjusted unconsolidated retained earnings are the amount from which a limited company can make payments to its shareholders. See reconciliation of the parent entity's equity to the adjusted unconsolidated equity from the table below.

in million EUR	**31 DECEMBER**	
	2024	**2023**
Equity capital of the parent entity	1,530.8	1,366.8
Carrying amount of interests under control and significant influence	(677.2)	(781.6)
Carrying amount of interests under control and significant influence under the equity method	1,478.8	1,307.7
Adjusted unconsolidated equity (Note 19)	**2,332.4**	**1,892.9**

Independent auditor's report

To the Shareholder of Eesti Energia AS

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Eesti Energia AS (the "Company") and its subsidiaries (together – the "Group") as at 31 December 2024, and the Group´s consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated income statement for the year ended 31 December 2024;
- the consolidated statement of comprehensive income for the year ended 31 December 2024;
- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

AS PricewaterhouseCoopers
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T: +372 614 1800, www.pwc.ee

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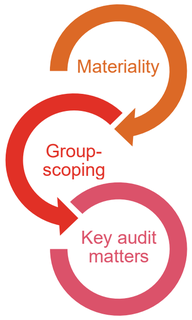
Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview



- Overall Group audit materiality is EUR 10 million, which represents approximately 2.5% of underlying earnings before interest, tax, depreciation, amortisation and impairment, foreign exchange gains or losses and share of results of associates, adjusted by us for non-recurring items (adjusted EBITDA).
- We tailored our audit scope based on the risk and size of entities within the Group and performed either a full scope audit or specific audit procedures over material income statement or balance sheet line items. At the Group level we tested the consolidation process and performed separate analytical procedures over the components not covered by the above procedures to confirm our conclusion that no material misstatements exist that may affect the consolidated financial statements.
- Assessment of potential impairment of property, plant, and equipment related to oil shale mining, shale oil, and power production.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Management Board made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

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Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group audit materiality	EUR 10 million
How we determined it	We used our professional judgement to determine overall Group materiality. As a basis for our judgment we used 2.5% of EBITDA, adjusted for non-recurring items. EBITDA is defined by the Group as earnings before interest, tax, depreciation, amortisation and impairment, foreign exchange gains or losses and share of results of associates. EBITDA is a non-IFRS performance measure as disclosed in Note 5 of the consolidated financial statements. Management is responsible for defining and establishing this measure, and the method of its calculation may vary from other entities' calculation of similar measures or the Group's use of the terms that comprise this measure may vary from similarly titled terms used by others.
Rationale for the materiality benchmark applied	We have applied EBITDA as the benchmark because, as described in Note 5 of the consolidated financial statements, it is one of the key measures the management uses to assess the Group's performance. One-off items excluded by us from EBITDA for the materiality calculation purposes were items that had significantly impacted the Group's performance on a non-recurring basis. The described significant exclusion was: • the loss of EUR 1.8 million arising from the realised and unrealised gain from long-term power purchase agreements not designed as hedge instruments. Details of the respective transactions can be found in Note 5 of the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Assessment of potential impairment of property, plant, and equipment related to oil shale mining, shale oil, and power production (the significant	We began our procedures by assessing whether impairment indicators exist for assets not identified by management. We used our knowledge

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assumptions used by management and their impact on the recoverable amount of property, plant and equipment are described in Notes 4 and 6 of the consolidated financial statements).

As at 31 December 2024 the Group had property, plant and equipment of EUR 3,563.8 million, of which EUR 388.3 million are related to oil shale mining, shale oil and power production.

Volatile market prices of electricity and CO2 emission quotas and uncertainty regarding their future development were considered as an indication that the recoverable amount of the power generating units that use shale oil as well as other fuels (Auvere and hybrid generating units) may be lower than their carrying value.

The extended construction period of the E280-2 oil plant and the termed usage permit have a significant impact on the unit's cash flow forecast, indicating that the recoverable amount of the assets may be lower than their carrying value.

Additionally, the construction delays of the E280-2 oil plant and the underutilization of power plants lead to a reduced need for oil shale, which in turn suggests that the recoverable amount of the mining assets may be lower than their carrying value.

The recoverable amount of Auvere power plant, hybrid generating units, E280-2 oil plant and oil shale mining is determined as their value in use which is based on discounted future cash flows.

Impairment assessment is subjective and requires significant judgment due to an inherent uncertainty involved in the forecasting and discounting of the estimated future cash flows. The key underlying assumptions, such as forecasted electricity, oil and CO2 emission quota prices, are impacted by the global and country-specific political and economic factors. Consequently, there is a relatively high risk that due to the judgemental factors, potential impairment may be unidentified, or an impairment loss be miscalculated. Due to the above reasons we considered this area to be a key audit matter.

of the Group and its business activities as well as our accumulated knowledge related to the industries where the Group operates. In addition, we performed inquiries with management and key employees and inspected internal documents of the Group.

We evaluated management's key assumptions and estimates used in the calculation of the recoverable amount of the assets identified as potentially impaired, including the assumptions related to operational performance, such as forecasted electricity production, oil production and mining volumes, operating costs and operational reliability of the production assets.

We challenged management's assumptions by corroborating the information with the information received from operational level management and by referencing them to the actual performance of the Group and to internal documents of the Group such as budget and production forecasts and minutes of meetings of Eesti Energia AS and Enefit Power AS Management and Supervisory Boards. Where management had used market and market derived inputs, such as electricity, oil and CO2 emission quota prices, we reconciled them to available third-party information sources.

We involved PwC valuation experts to help us with assessing the reasonableness of the discount rates used by management. We benchmarked these to external data and challenged the assumptions based on our knowledge of the Group and the industries where the Group operates.

We also assessed the adequacy of the disclosures related to the property, plant and equipment impairment testing in the consolidated financial statements.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

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Accordingly, based on the size and risk characteristics, we performed a full scope audit of the financial information for the following subsidiaries within the Group:

- Enefit Power AS (electricity generation, shale oil production and oil shale mining);
- Elektrilevi OÜ (transmission grid);
- Enefit AS (electricity and gas energy sales in Estonia);
- Enefit SIA (electricity and gas energy sales in Latvia);
- Enefit UAB (electricity and gas energy sales in Lithuania);
- Eesti Energia AS (the Group's parent entity);
- Enefit Green AS (parent entity) (electricity generation from renewable sources);
- Enefit Wind OÜ (electricity generation from renewable sources).

In addition, specific audit procedures over significant balances and transactions were performed for: Enefit Sp.z.o.o., Imatra Elekter AS, Enefit Solutions AS, Enefit Outotec Technology OÜ, Attarat Holding OÜ, Enefit Wind Purtse AS, Tootsi Windpark OÜ, Enefit Green Solar OÜ, Liivi Offshore OÜ, Enefit U.S., LLC, Enefit American Oil Co., Tolpanvaara Wind Farm Oy, Enefit Green UAB, UAB Energijos žara, UAB Vejo Parkai, UAB Vejoteka and UAB Šilalės Vėjas.

At the Group level we tested the consolidation process and performed separate analytical procedures over the components not covered by the above procedures to confirm our conclusion that no material misstatements exist that may affect the consolidated financial statements. Information describing the structure of the Group is included in Note 10 of the consolidated financial statements.

Reporting on other information including the Management report

The Management Board is responsible for the other information. The other information comprises the Management report, the Profit Allocation proposal, the Glossary and the Investor Information report to the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information, including the Management report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Management report, we also performed the procedures required by the Auditors Activities Act of the Republic of Estonia. Those procedures include considering whether the Management report is consistent, in all material respects, with the consolidated financial statements and is prepared in accordance with the requirements of the Accounting Act of the Republic of Estonia.

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Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the Management report for the financial year for which the consolidated financial statements are prepared is consistent, in all material respects, with the consolidated financial statements; and
- the Management report has been prepared in accordance with the requirements of the Accounting Act of the Republic of Estonia.

If, based on the work we have performed on the Management report and other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement in the Management report or in this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management Board and those charged with governance for the consolidated financial statements

The Management Board is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Management Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.

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- Conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

AS PricewaterhouseCoopers

Original report is signed in Estonian language

Jüri Koltsov
Certified auditor in charge, auditor's certificate no.623

31 March 2025
Tallinn, Estonia

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Profit allocation proposal

The retained earnings of the Eesti Energia Group as at 31 December 2024 were EUR 565,496,334.36 of which the profit for the year 2024 amounted to EUR 12,885,938.16.

The Management Board proposes under section 332 of the Commercial Code of Estonia to allocate the retained earnings of the Eesti Energia Group as at 31 December 2024 as follows:

1. transfer the net profit for the 2024 financial year to retained earnings from previous periods;
2. to leave the retained profit of previous periods in the remaining part undistributed and not pay dividends to the shareholders.

Signatures of the Management Board to the annual report for financial year 2024

In the 2024 financial year, the Eesti Energia Management Board complied as required with the duties of members of the Management Board and led the Eesti Energia Group to achieve its targets. The Management Board has regularly reported to the Supervisory Board, has acted within its powers and has submitted all the information necessary for decision-making to the Supervisory Board. The Management Board is aware of and hereby confirms its responsibility for the preparation of the annual report and for the data therein.

31 March 2025

Chairman of the Management Board

Andrus Durejko

The annual report of the Eesti Energia Group for the financial year ended on 31 December 2024 consists of the management report, the consolidated financial statements, the auditor's report and the profit allocation proposal. The Management Board has prepared the management report, the consolidated financial statements and the profit allocation proposal.

Members of the Management Board

Marlen Tamm
Raido Ivalo
Kelli Toss-Kaasik
Kristjan Kuhi
Lauri Karp

Glossary

Base investments – investments necessary to maintain existing production capacities

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 mitted 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

OHSAS, ISO 14001, HAZOP – international standards that address risk management in the areas of occupational health and safety, environmental 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

Investor information

The Group’s results for the financial year 2025 are released as follows:

- Q1 interim report – 8 May 2025
- Q2 interim report – 31 July 2025
- Q3 interim report – 30 October 2025

Eesti Energia’s financial results and contacts for investor relations are available on the Group’s web page:

https://www.enefit.com/en/ettevottest/investorile

Eesti Energia