Eesti Energia

Unaudited Annual Report 2024

Contents

Operating Results in 2024

SALES REVENUE
1.8 billion €

EBITDA*
398 million €

INVESTMENTS
722 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 a third compared to 2023. As a result, for the first time, renewable energy accounted for more than half of our electricity generation, a full 57%. 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	5,267
Sales revenues	m€	1,785.2	1,905.5
EBITDA	m€	398.2	436.7
Adjusted* EBITDA	m€	400.0	483.1
Net profit	m€	12.9	-422.1
Adjusted* net profit	m€	14.7	-375.7
incl impairment of fixed assets**	m€	-171.1	-632.3
Investments	m€	722.4	779.3
Cash flow from operating activities	m€	589.3	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	%	22.1	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

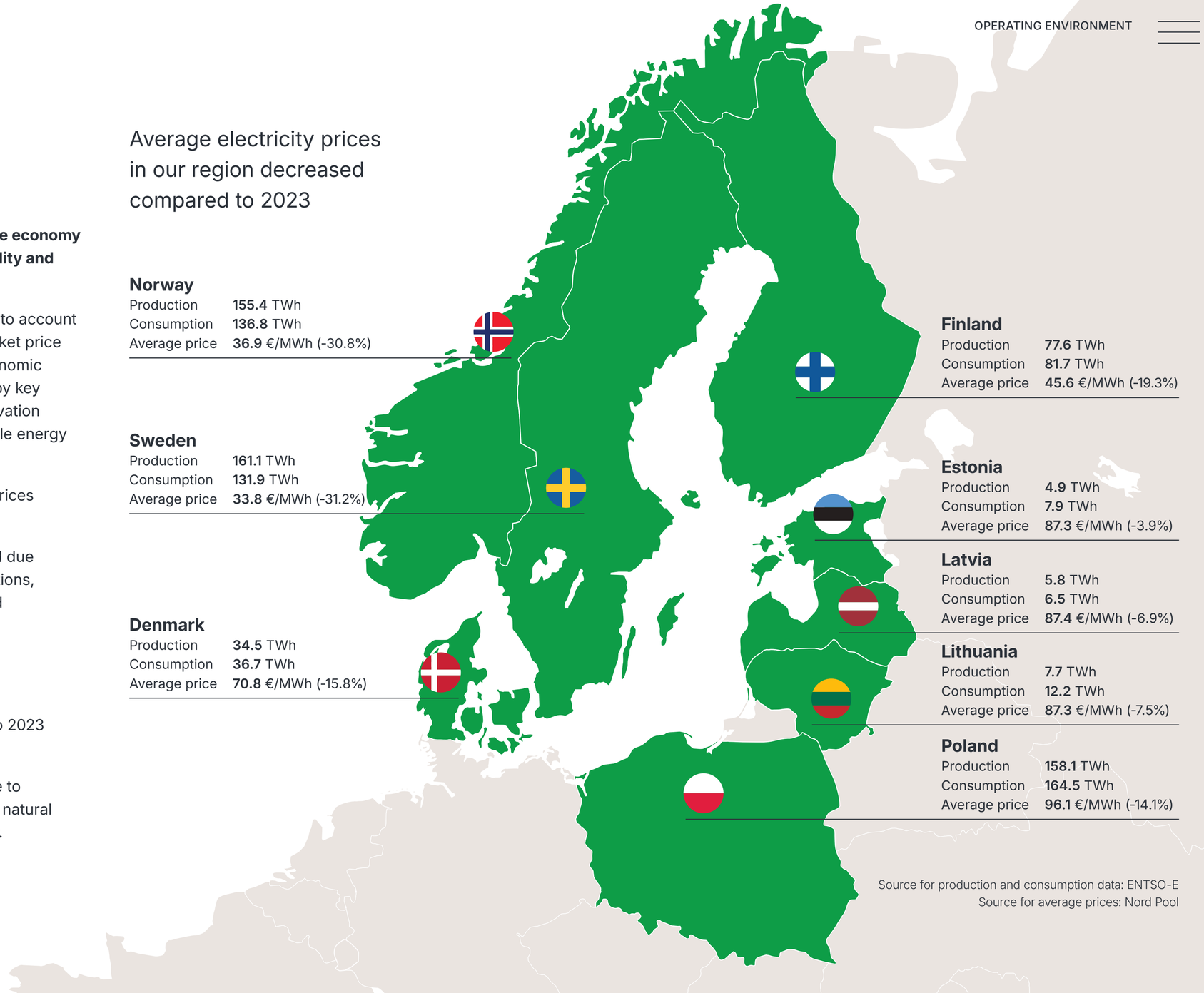
The energy sector has a major impact on the functioning of the economy and society, with operators in the sector ensuring the availability and security of energy supply for everyday life and business.

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.

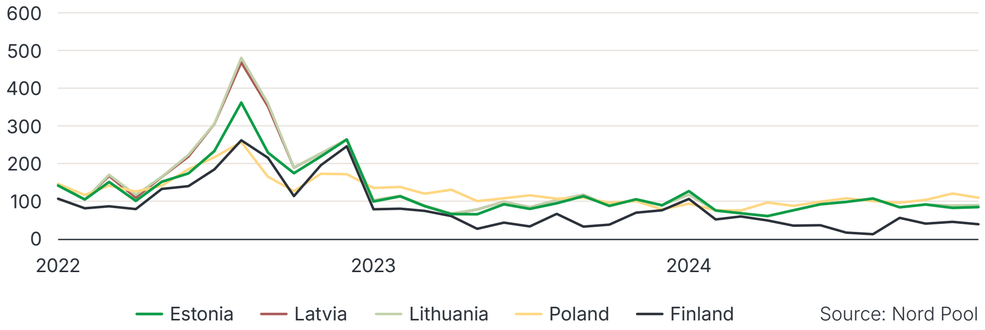
In the second half of 2024, the market began to stabilise, but electricity prices continued to be affected by weather conditions and the state of infrastructure. In the third quarter, peak-hour prices decreased compared to the previous year, supported by EstLink2 resuming operation and an increase in 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

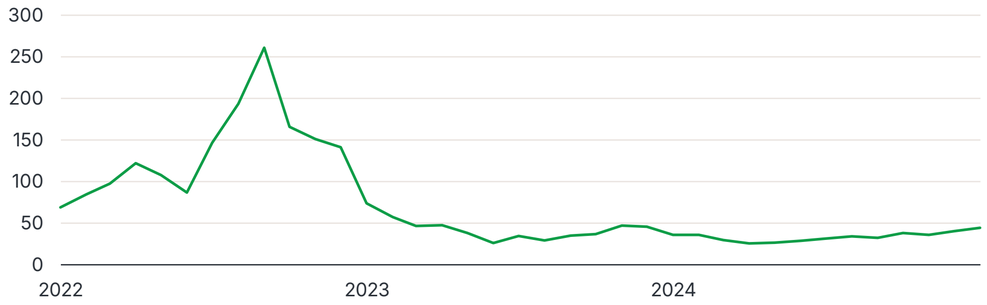
NATURAL GAS PRICE WAS STABLE

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

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.

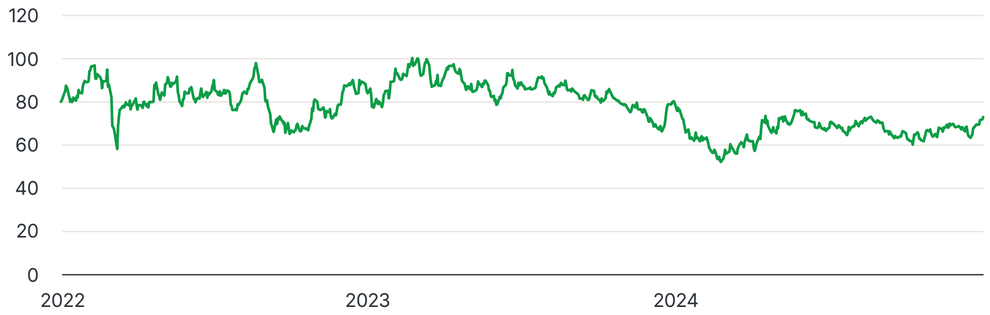
The average price of CO_2 allowances in 2024 was €66.6/t, 22.0% (-€18.7/t) lower than in 2023.

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

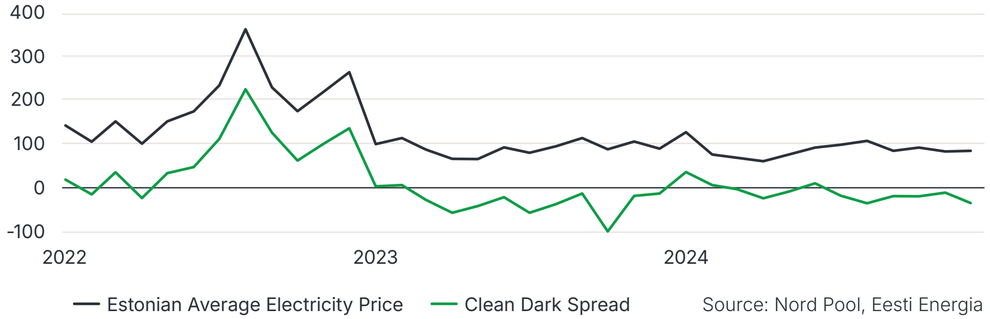
€/t



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.

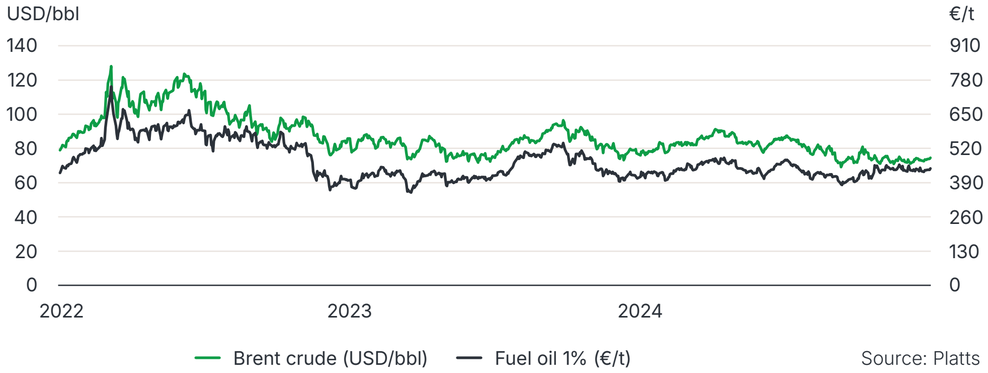
In the first half of 2024, the average price of Brent crude oil was USD 83.4/bbl, 4.0% higher (+USD 3.2/bbl) than in the same period of 2023. In the first half of the year, oil product prices were influenced by geopolitical conflicts, OPEC+ production cuts and better than expected economic conditions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

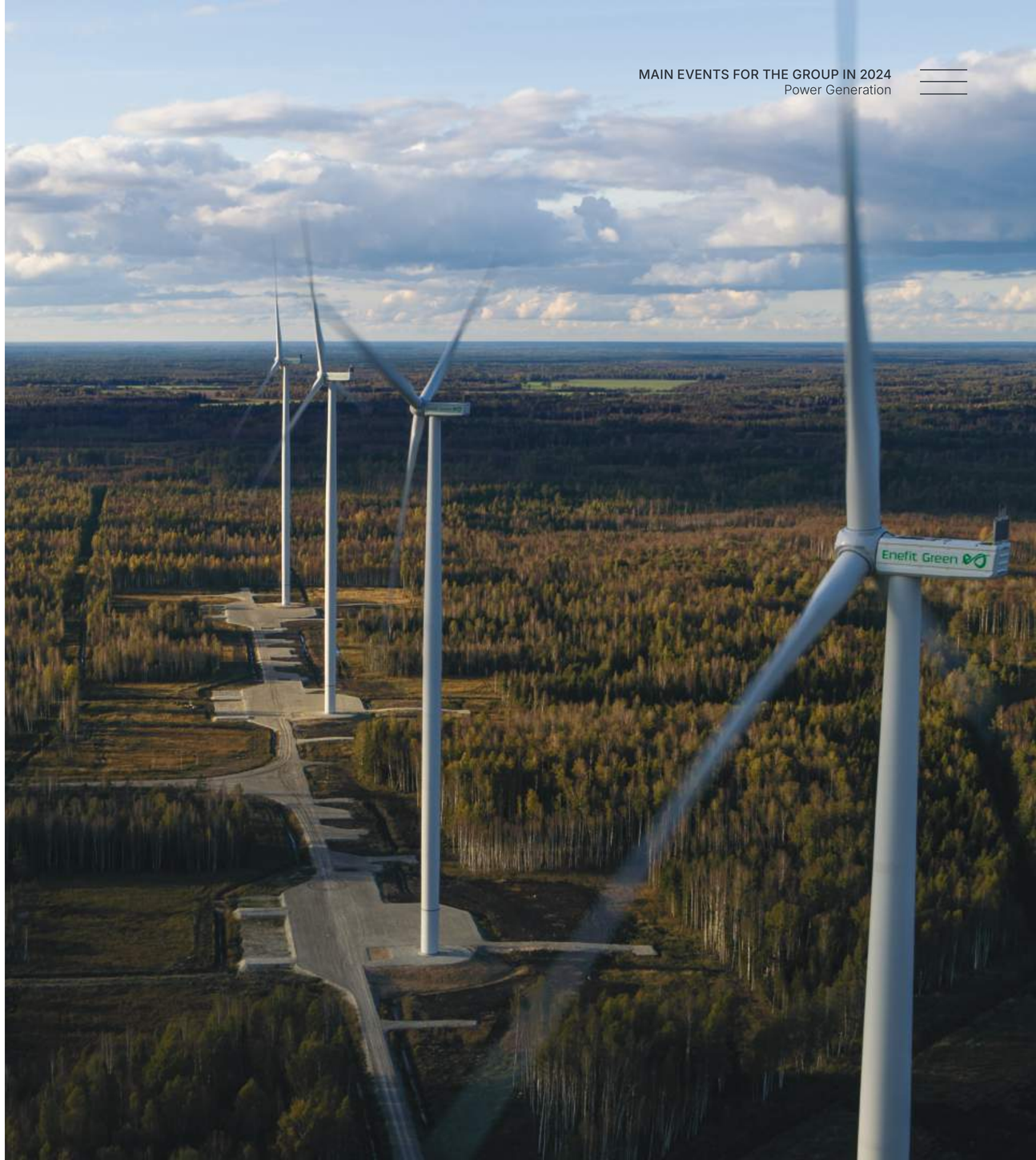
Construction was completed in several wind farms in 2024: the Tolpanvaara wind farm (72 MW) in Finland, the Šilalė (43 MW) and Akmenė (75 MW) wind farms in Lithuania, the Dębnik solar farm (6 MW) in Poland, and the Kabala (0.2 MW) and Mõisavalla (0.2 MW) solar farms in Estonia.

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

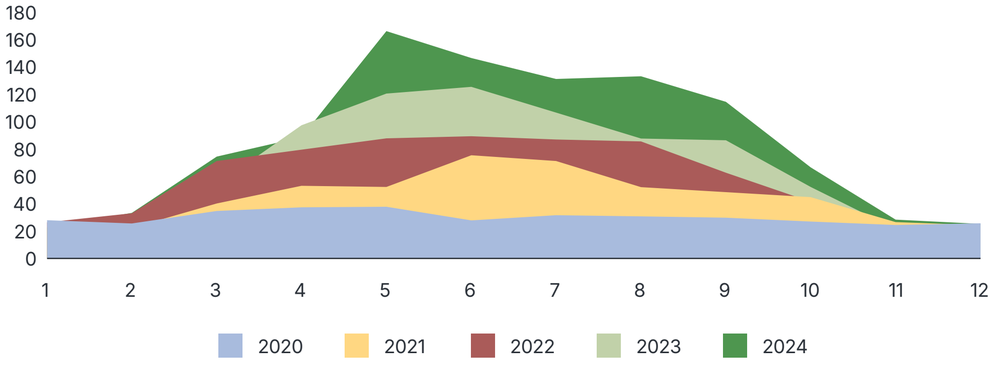
RECORD YEAR FOR DISTRIBUTED GENERATION

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.

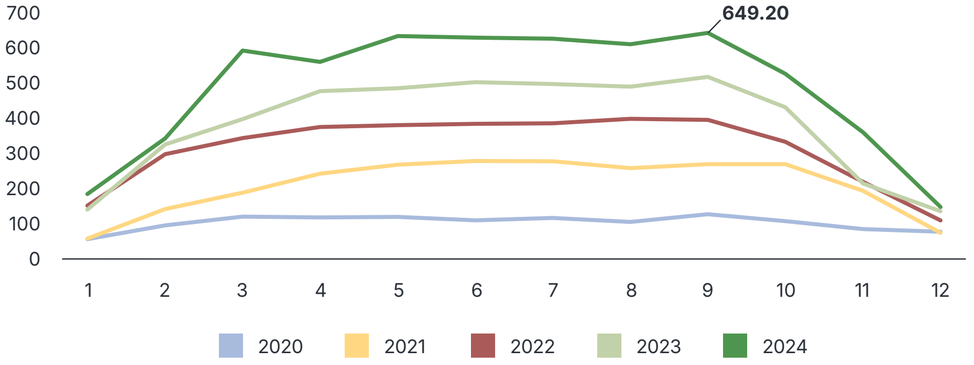
During the year, 1,547 new generators with a total capacity of 117 MW were connected to Elektrilevi's network, an all-time record.

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



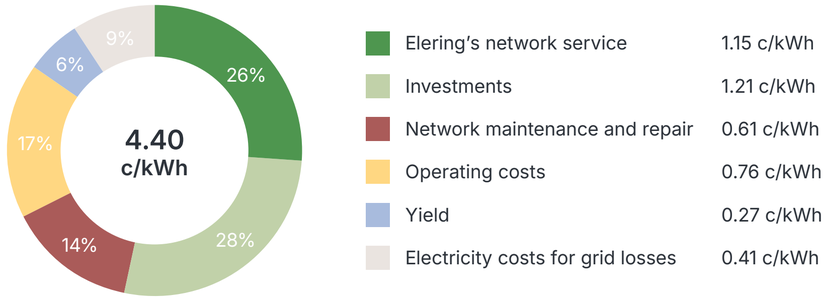
STABLE ELECTRICITY CONNECTIONS AND SECURITY OF SUPPLY REQUIRES INCREASED INVESTMENT AND MAINTENANCE COSTS

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.

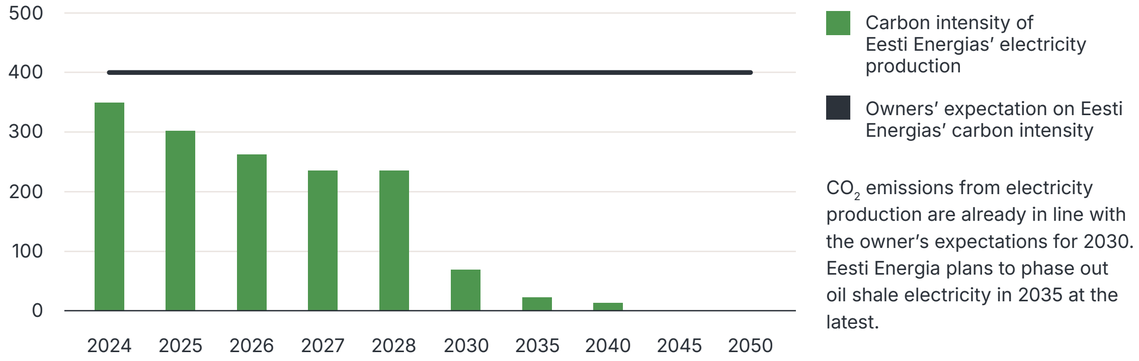
The Group's management has made environmental topics a priority and this is also reflected in Eesti Energia's values. Efforts to solve the problems identified during the special audit had already started before the audit began. Most of the environmental issues highlighted in the report were resolved 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

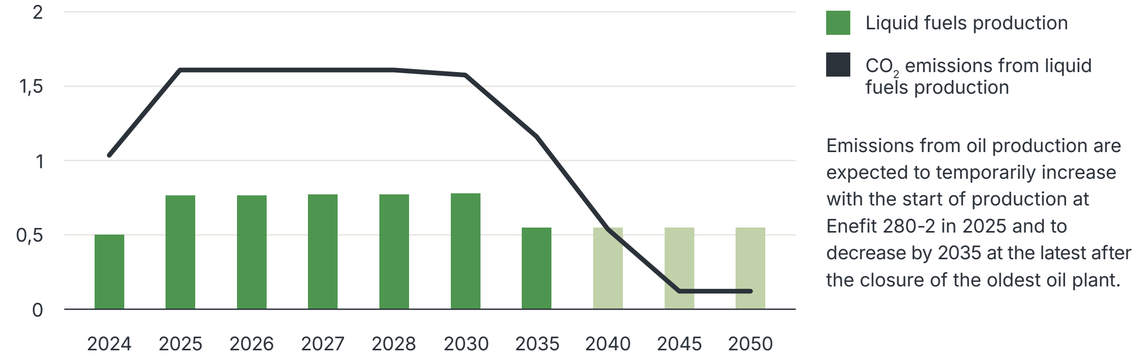
kg of CO_2/MWh



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 supermarkets. 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).

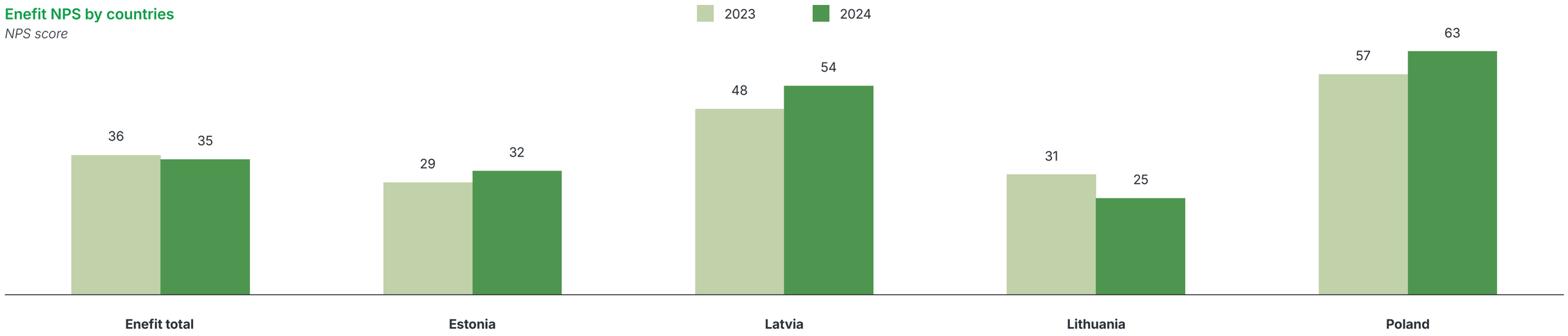
Enefit's websites for all markets were redesigned and updated.

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 – preparations for the construction of a multi-feed naphtha refinery

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.

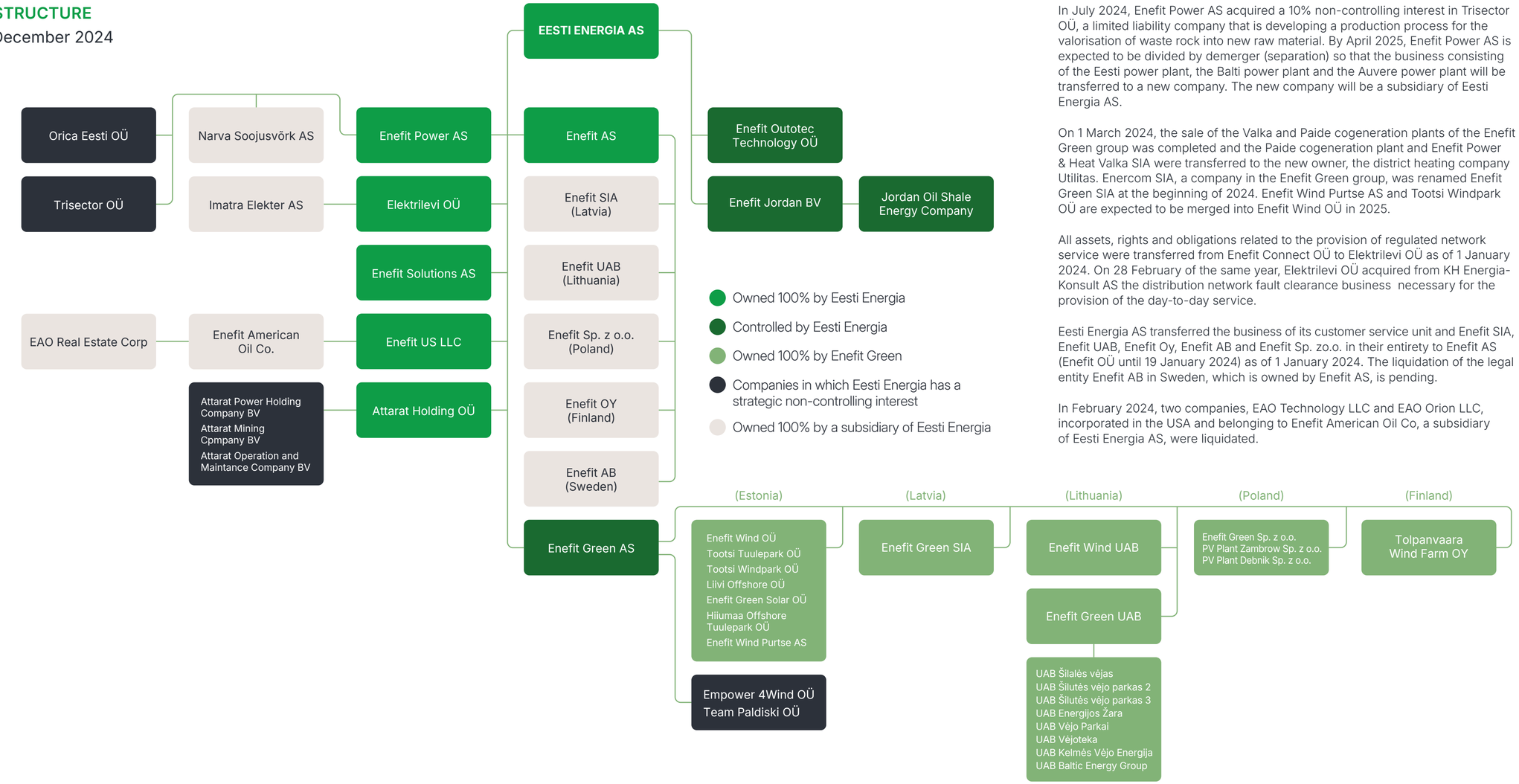
DIFFERENCES APPLYING TO THE MANAGEMENT OF THE LISTED COMPANY ENEFIT GREEN AS

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 auditors responsible for the audit of the consolidated financial statements are certified public accountants Jüri Koltsov and Lauri Past. Eesti Energia does not disclose the fee paid to the external auditor, as the Group believes that this could undermine the results of future procurements.

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.

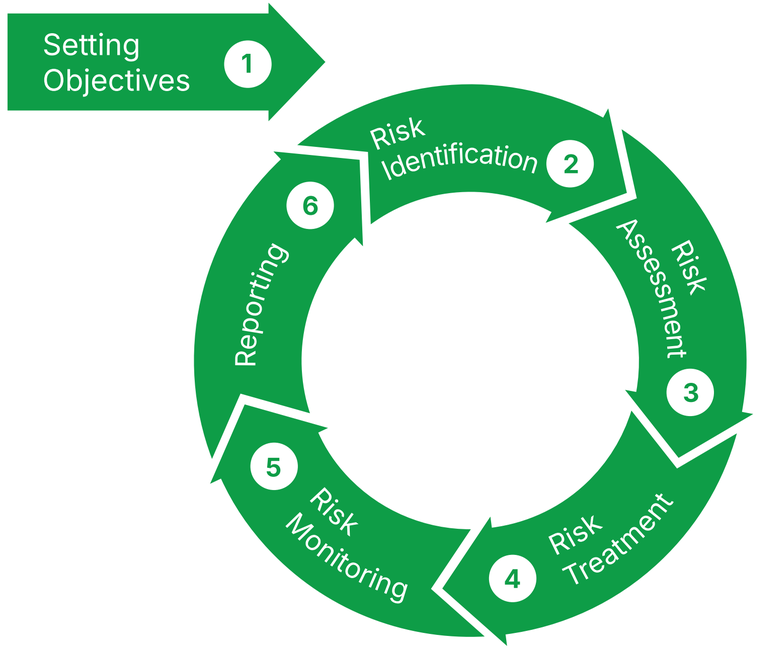
3. **Risk assessment**
   Following the identification and assessment of risks, measures will be implemented, where appropriate, to reduce the likelihood of the risk occurring and/or the potential magnitude of the loss. The choices may include:

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.

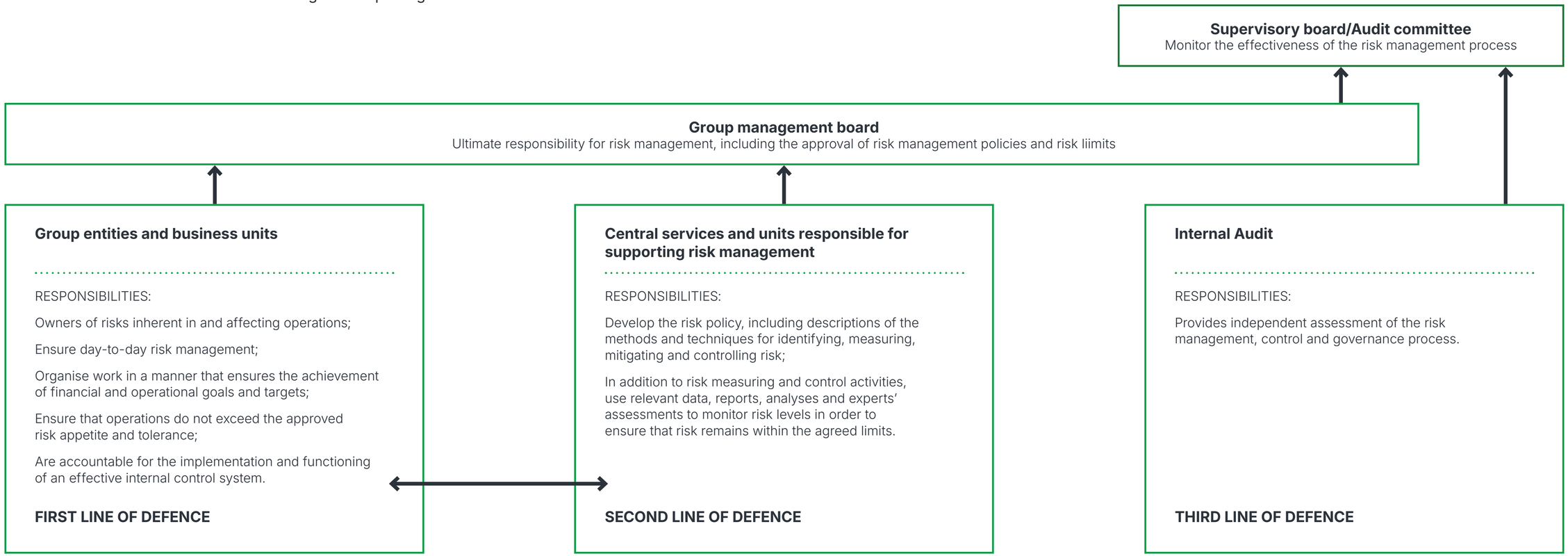
5. **Risk monitoring**
   Adherence to the agreed measures is monitored in order to assess their continued effectiveness and, where necessary, to make changes or implement new measures.

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

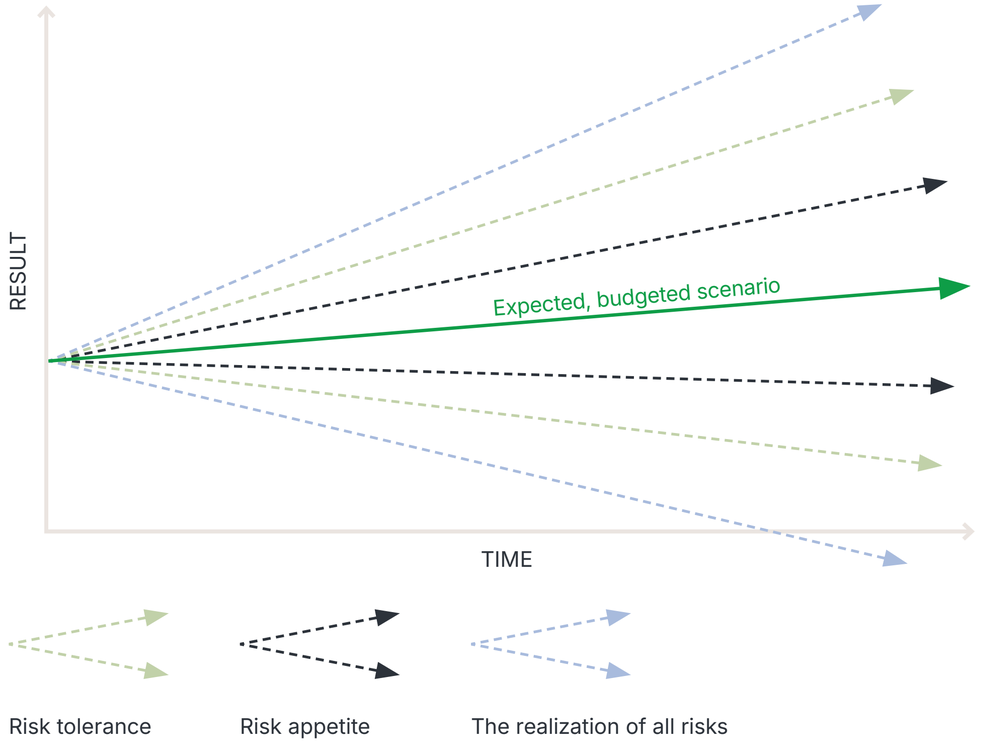
Risks that have a significant impact on the achievement of our objectives include liquidity risk and market risk, which are part of financial risk, legal risk, environmental risk, IT risk, technological and technical risk and operational risk. We pay close attention to ensuring the continuity of essential 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 €1.8 billion, 6% (-€0.1 billion) less than a year earlier.

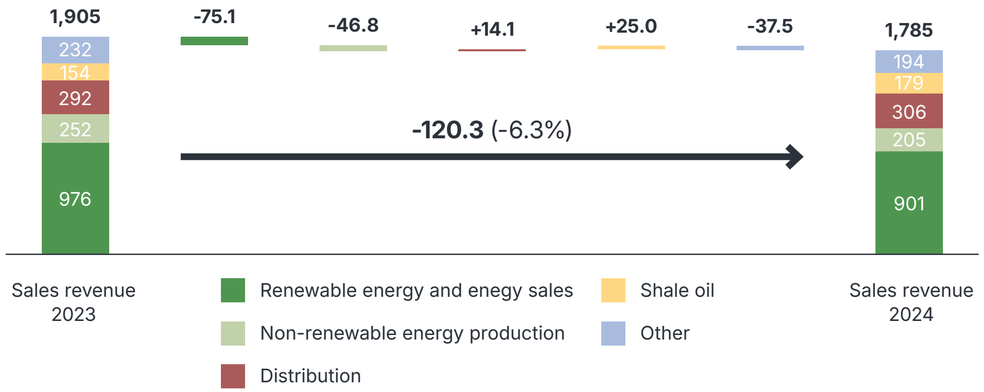
Revenue from renewable energy and electricity sales decreased by 8% (-€75.1 million) due to lower energy prices, while revenue from non-renewable electricity production decreased by 19% (-€46.8 million) due to lower output from the oil shale power plants. Electricity distribution revenue increased by 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 of €163.6 million.

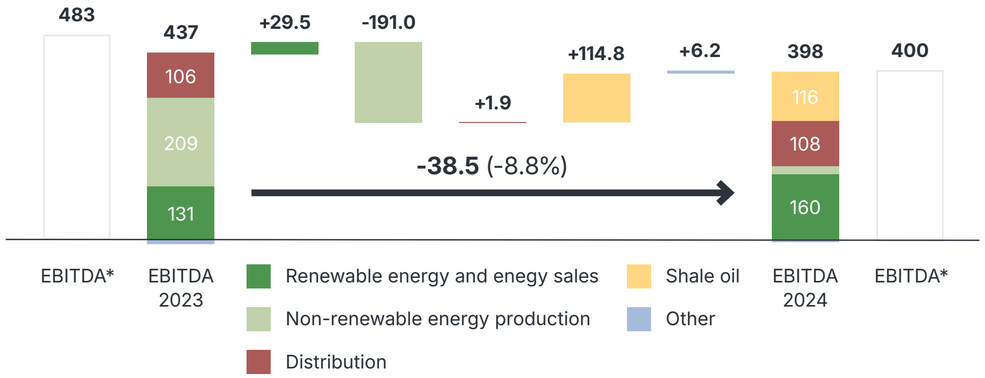
Group's sales revenue breakdown and change

m€



Group's EBITDA breakdown and change

m€

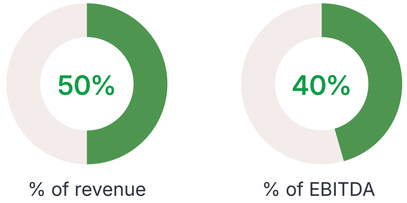


* Adjusted EBITDA excludes the impact of fluctuations in the fair values of long-term power purchase agreements (PPAs)

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

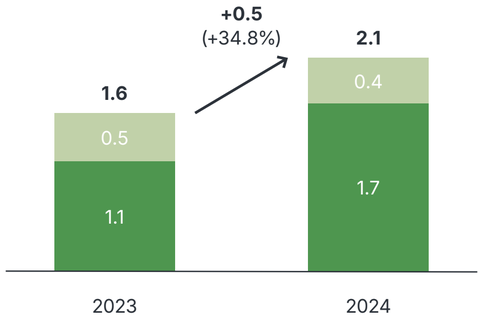
REVENUE

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.

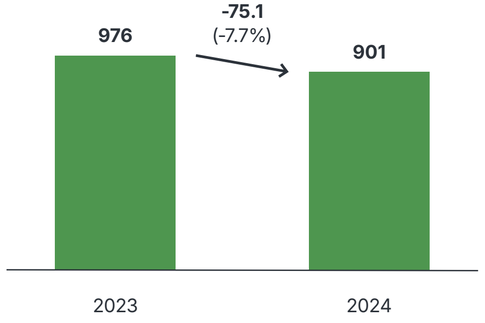
RENEWABLE ENERGY PRODUCTION VOLUME

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.

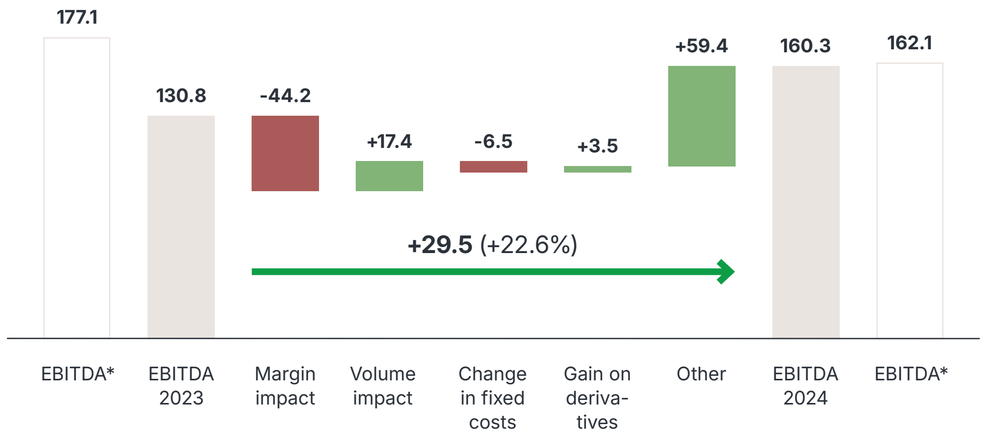
Higher fixed costs lowered EBITDA by €6.5 million compared to the previous year. The figure reflects, among other items, an increase in the repair and maintenance costs of renewable energy production assets of €1.1 million and an increase in land costs associated with wind farms of €1.1 million, mainly 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€

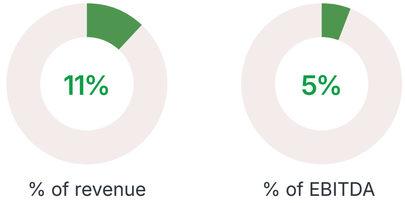


* Adjusted EBITDA excludes the impact of fluctuations in the fair values of long-term power purchase agreements (PPAs)

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



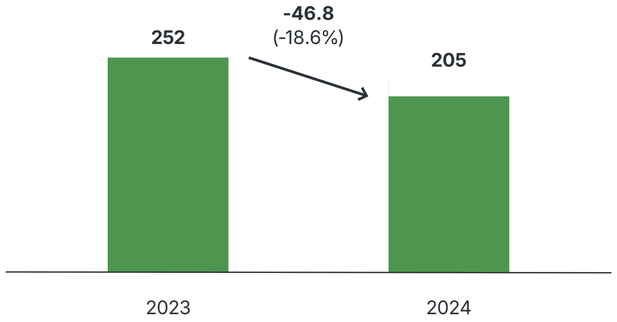
REVENUE

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.

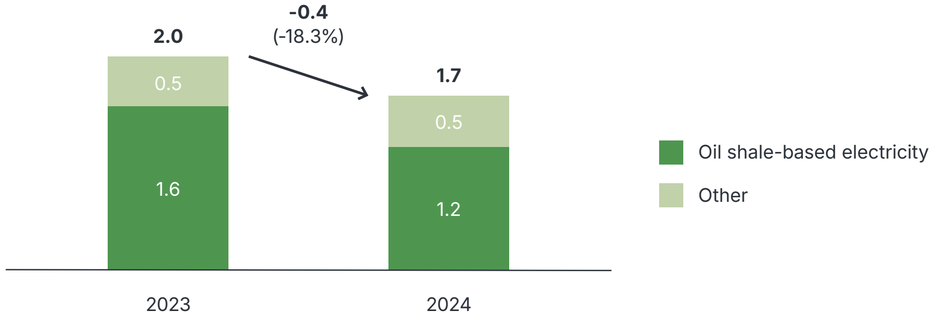
NON-RENEWABLE ELECTRICITY PRODUCTION VOLUME

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.

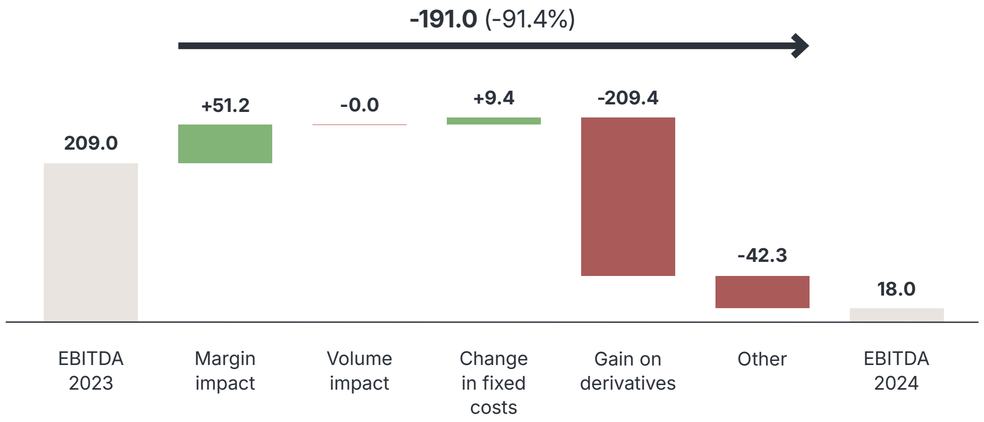
The decrease in fixed costs improved EBITDA by €9.4 million. Repair and maintenance costs decreased by €5.1 million and payroll expenses by €3.7 million.

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).

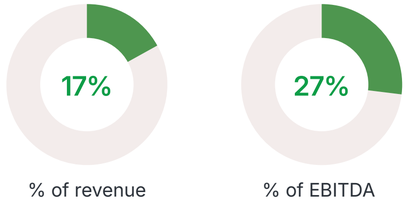
Non-renewable energy production EBITDA development

m€



Distribution

Share of distribution in the Group's revenue and EBITDA



DISTRIBUTION REVENUE, SALES VOLUME AND PRICE

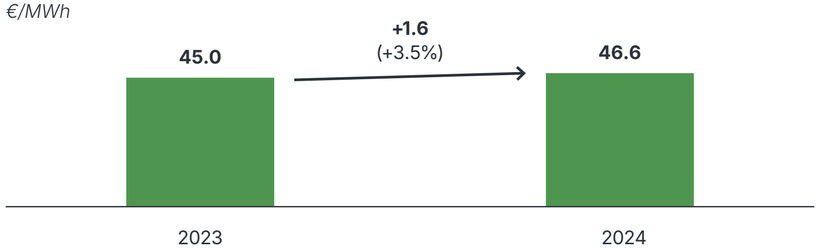
In 2024, electricity distribution revenue grew by 4.8% to €305.7 million (+€14.1 million) and sales volume increased by 1.3% to 6,557 GWh (+82.2 GWh). Sales volume remained at the same level due to the economic environment. As the expected economic recovery did not materialise, the consumption of the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

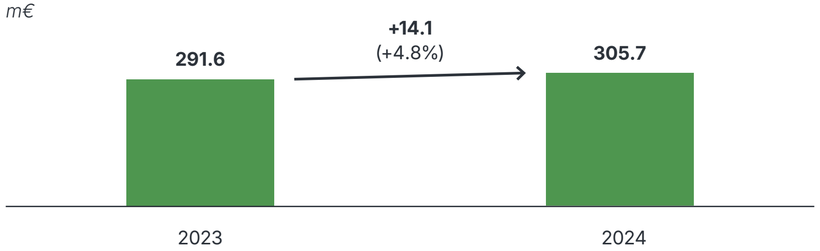
DISTRIBUTION LOSSES

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, which increased by 63% compared to a year earlier.

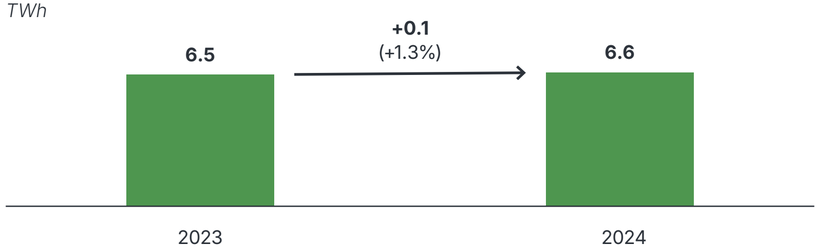
Average sales price
€/MWh



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).

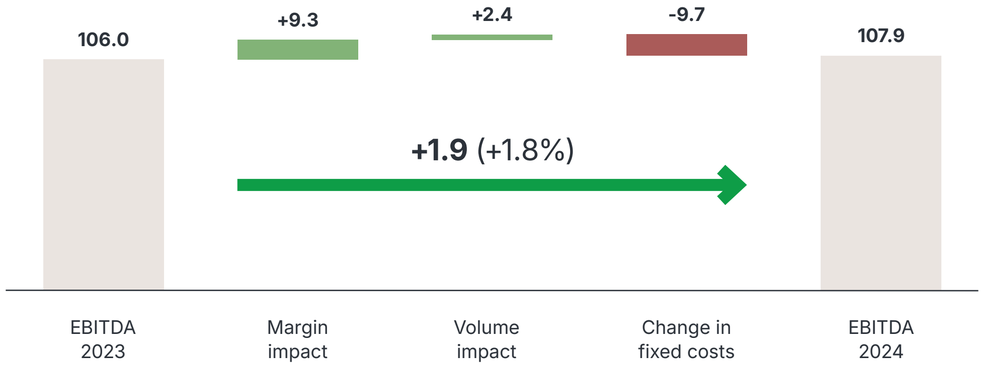
DISTRIBUTION EBITDA

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.

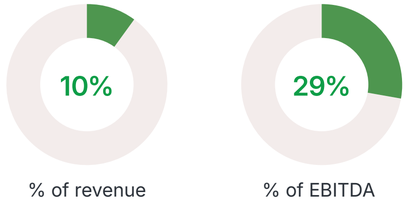
Distribution EBITDA development

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.

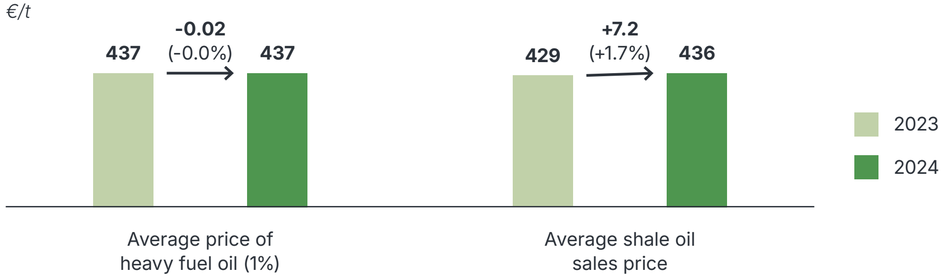
SHALE OIL PRICE

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).

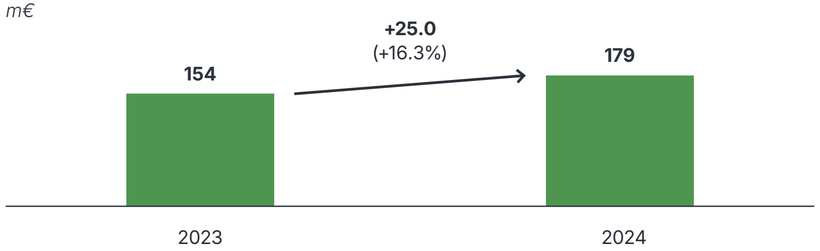
Average shale oil sales price

€/t



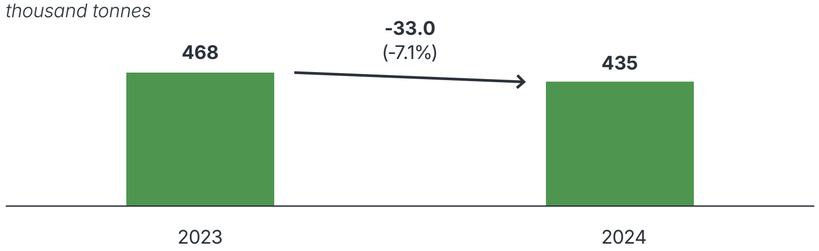
Shale oil sales revenue

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.

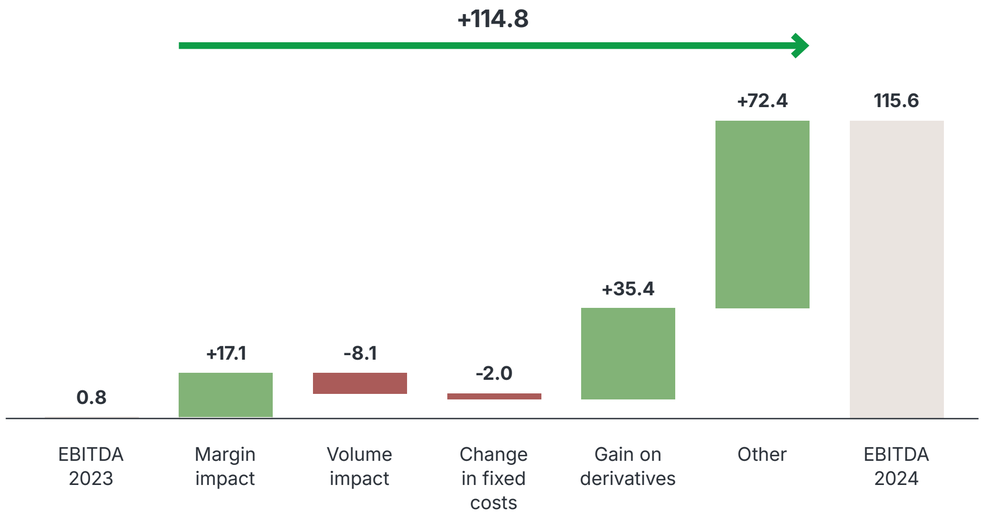
A higher margin increased shale oil EBITDA by €17.1 million (+€39/t). The average sales price increased by €7/t, while average variable costs decreased by €32/t. The decrease in production costs was mainly due to lower CO_2 emission costs. Shale oil sales volume decreased by 33.0 thousand tonnes (-7%)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

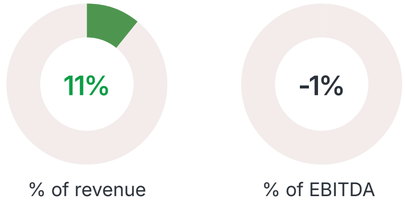
m€



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

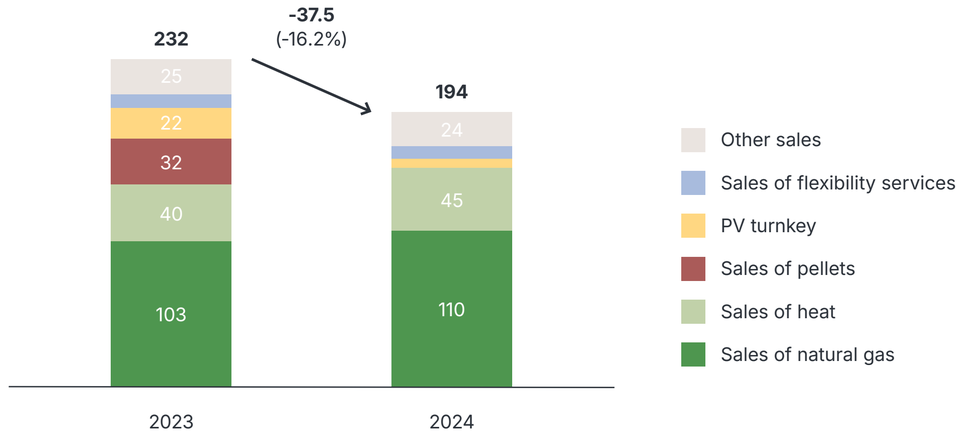
Revenue from the sale of other products and services amounted to €194.4 million in 2024, 16% (-€37.5 million) less than a year earlier.

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.

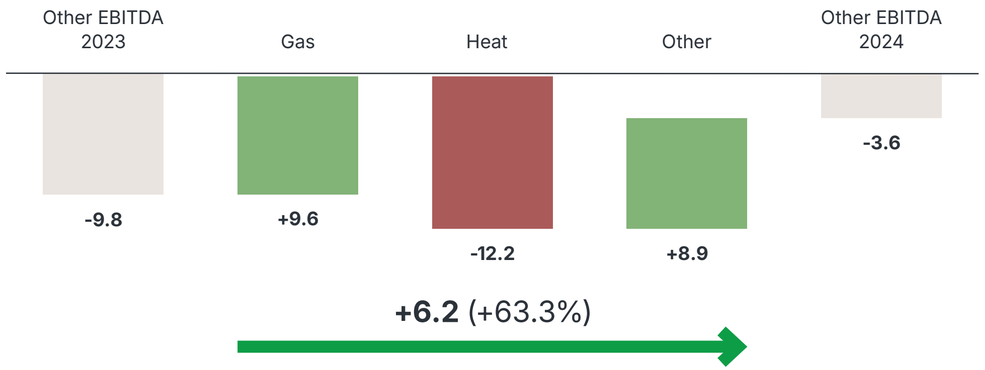
Natural gas EBITDA increased by €9.6 million, supported by a higher margin and a larger sales volume.

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

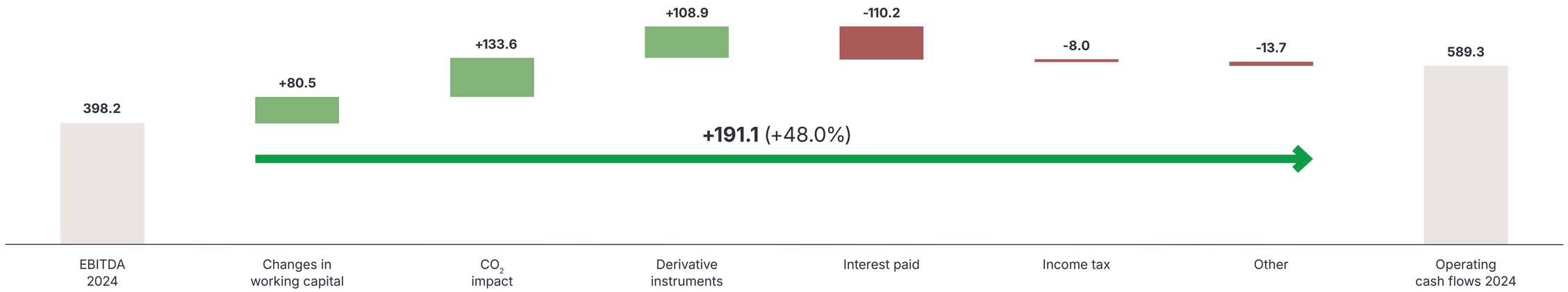
m€



Cash Flows

EBITDA to operating cash flows development

m€



The Group's net operating cash flow for 2024 was €589.3 million, €191.1 million (48.0%) higher than EBITDA, which amounted to €398.2 million.

Changes in working capital increased net operating cash flow by €80.5 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 +€34.5 million. The change in inventories had an impact of -€32.2 million due to an increase in oil shale and shale oil inventories. Other changes in working capital had an impact of +€35.9 million, consisting mainly of the impacts of recoverable VAT (€20 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.

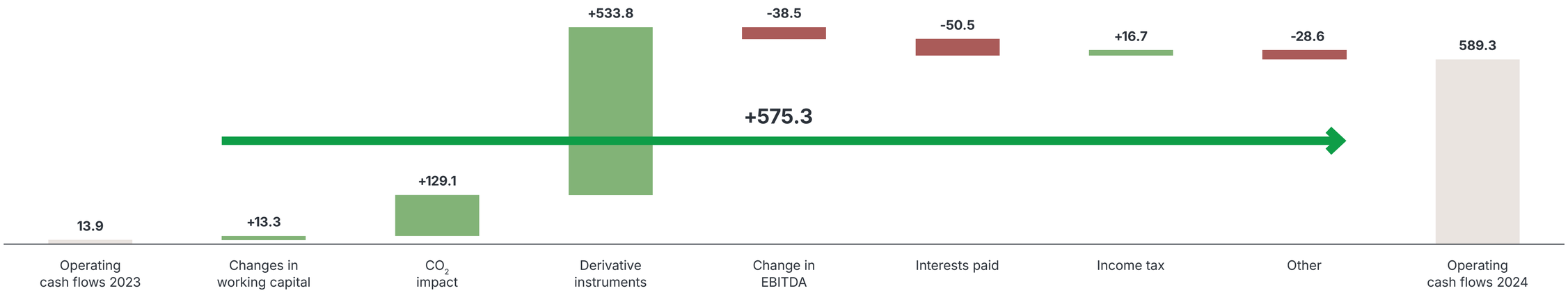
The impact of derivative financial instruments (excluding CO_2 instruments) was +€108.9 million. The figure includes the impacts of electricity derivatives of +€118.9 million, shale oil derivatives of -€3.0 million and natural gas and other derivatives of -€7.0 million. The result from derivative transactions 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 -€13.7 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 €575.3 million compared to 2023.

Changes in working capital increased net operating cash flow by €13.3 million compared to 2023. The figure includes the effects of changes in current receivables of -€23.2 million, in current liabilities of -€4.9 million, in inventories of -€12.1 million and in other items of +€53.6 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 -€28.6 million.

Investment

In 2024, we invested €722.4 million (-7.3%, -€57.0 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 €388.4 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: €170.6 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: 94.3%) and 68.0% of its total low and medium voltage distribution network was weatherproof.

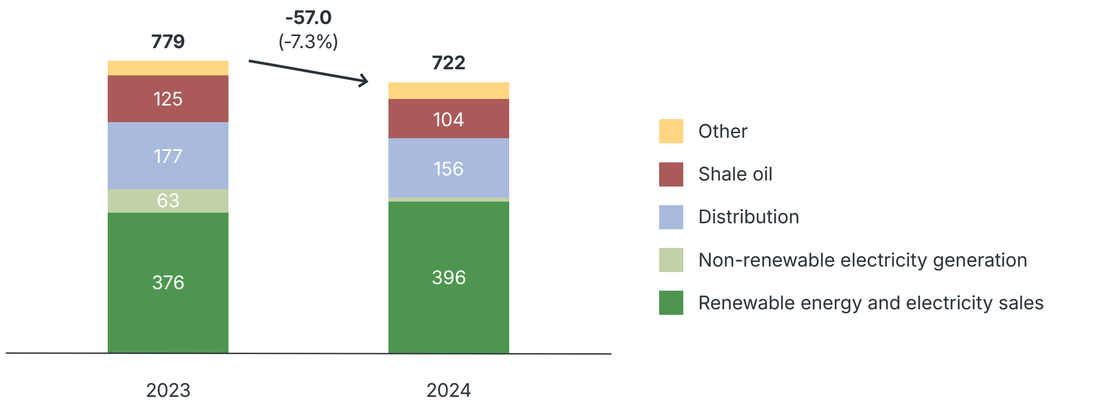
LARGE-SCALE INDUSTRY

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.

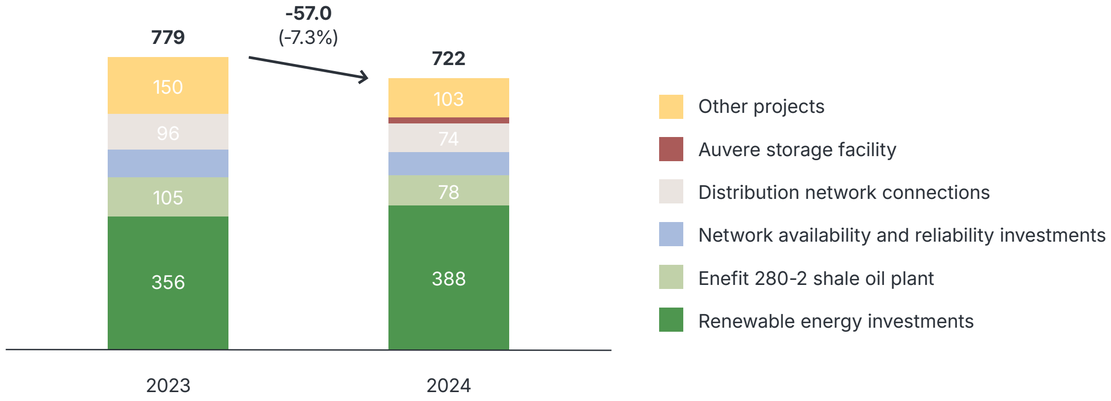
Investment breakdown by segments

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.

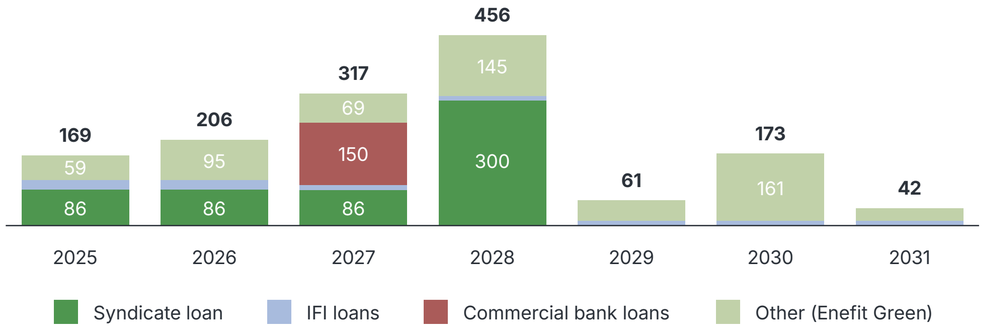
BORROWINGS

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 2021. 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 2034 from the EBRD and a revolving credit facility of €20 million maturing in 2027 from OP Corporate Bank). In addition, an investment loan from Swedbnk was increased to €100 million.

In 2024, the Group's parent company made scheduled loan repayments of €67.1 million, including repayments of €24.3 million to the EIB and €42.9 million under the syndicated loan agreement. Enefit Green made scheduled loan repayments of €27.6 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 invested in current and planned projects that support the development of renewable energy.

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.

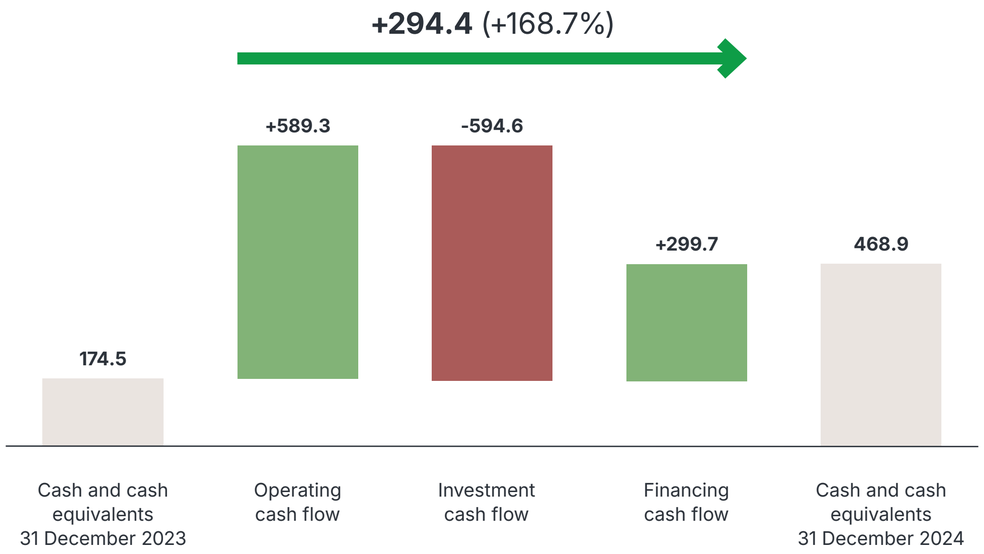
At the reporting date, the Group had revolving credit facilities of €320 million (€170 million from OP Corporate Bank, €80 million from SEB and €70 million from Swedbank), all of which were undrawn. The revolving credit consists of €270 million raised by the parent company and €50 million raised by the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

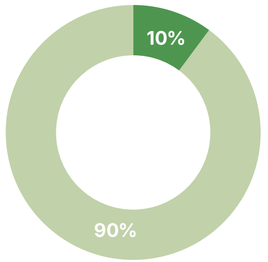
The Group's equity stood at €2.4 billion at the end of 2024. Eesti Energia's sole shareholder is the Republic of Estonia. In 2024, the Group paid the shareholder a dividend of €72 million. The Group's net debt was €1.2 billion at the end of 2024 (end of 2023: €1.5 billion). The net debt to EBITDA ratio 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.

Loans by interest rates

%

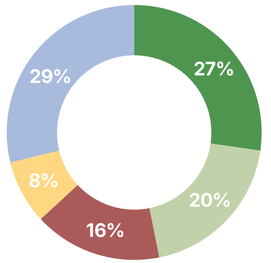


Fixed

Variable

Debt capital provider

%



Syndicate loan

Hybrid bond

IFI

NIB

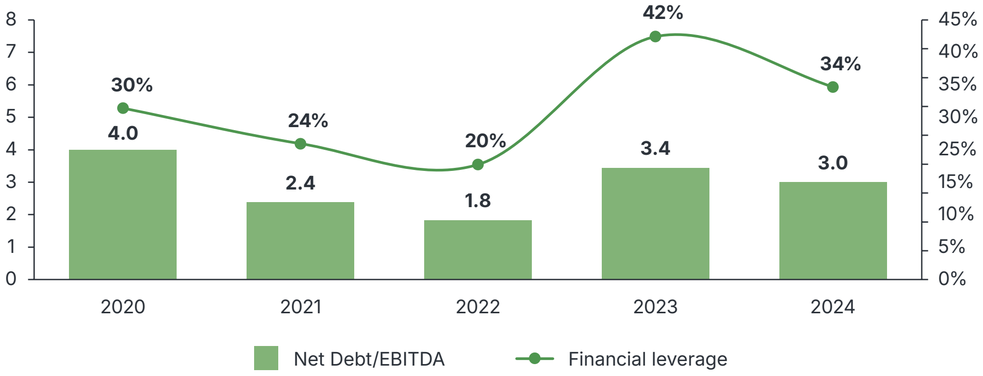
Other bank loans

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 may add 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.

Consolidated Financial Statements

Consolidated Income Statement

	1 JANUARY - 31 DECEMBER	
in million EUR	**2024**	**2023**
Revenue	1,785.2	1,905.5
Other operating income	107.5	259.9
Change in inventories of finished goods and work-in-progress	14.5	31.8
Raw materials and consumables used	(1,181.8)	(1,275.3)
Payroll expenses	(197.1)	(202.5)
Depreciation,amortisation and impairment	(328.5)	(818.2)
Other operating expenses	(130.0)	(282.7)
OPERATING PROFIT/(LOSS)	**69.7**	**(381.5)**
Finance income	15.4	15.4
Finance costs	(48.4)	(45.0)
Net finance costs	**(33.0)**	**(29.6)**
Profit from associates under the equity method	1.9	0.2
PROFIT/(-LOSS) BEFORE TAX	**38.6**	**(410.9)**
Corporate income tax expense	(25.7)	(11.2)
PROFIT/(LOSS) FOR THE YEAR	**12.9**	**(422.1)**
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO:		
Equity holder of the Parent Company	(4.3)	(435.3)
Non-controlling interest	17.2	13.2
Basic earnings per share (euros)	(0.01)	(0.58)
Diluted earnings per share (euros)	(0.01)	(0.58)

Consolidated Statement of Comprehensive Income

	1 JANUARY - 31 DECEMBER	
in million EUR	**2024**	**2023**
PROFIT/(LOSS) FOR THE YEAR	**12.9**	**(422.1)**
Other comprehensive income		
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)
of which share of non-controlling interest	-	(0.6)
Impact of comprehensive income of associates	(0.9)	(0.4)
Currency translation differences on the translation of foreign operations	2.0	1.6
of which share of non-controlling interest	(0.1)	0.3
Other comprehensive income for the year	**5.1**	**(556.3)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR PROFIT ATTRIBUTABLE TO:	**18.0**	**(978.4)**
Equity holder of the Parent Company	0.9	(991.3)
Non-controlling interest	17.1	12.9

Consolidated Statement of Financial Position

	31 DECEMBER	
in million EUR	**2024**	**2023**
ASSETS		
Non-current assets		
Property, plant and equipment	3,563.4	3,152.0
Right-of-use assets	27.9	17.0
Intangible assets	93.9	82.8
Prepayments for non-current assets	61.1	84.5
Deferred tax assets	4.2	4.5
Derivative financial instruments	213.3	257.8
Investments in associates	74.9	78.3
Other shares and holdings	0.3	-
Non-current receivables	3.3	3.6
Total non-current assets	**4,042.3**	**3,680.5**
Current assets		
Inventories	172.0	158.7
Greenhouse gas allowances and certificates of origin	74.5	216.5
Trade and other receivables	282.2	516.9
Derivative financial instruments	90.0	59.7
Cash and cash equivalents	468.9	174.5
	1,087.6	**1,126.3**
Assets classified as held for sale	-	16.1
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
Share premium	259.8	259.8
Statutory reserve capital	75.0	75.0

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

Consolidated Statement of Cash Flows

	1 JANUARY - 31 DECEMBER	
in million EUR	**2024**	**2023**
Cash flows from operating activities		
Cash generated from operations	698.4	87.5
Interest and loan fees paid	(110.2)	(59.8)
Interest received	9.1	10.9
Corporate income tax paid	(8.0)	(24.7)
Net cash generated from operating activities	**589.3**	**13.9**
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(655.7)	(690.6)
Proceeds from grants of property, plant and equipment	38.6	12.0
Proceeds from sale of property, plant and equipment	1.3	0.6
Dividends received from associates	4.5	1.6
Contribution to the share capital of associates	-	(3.3)
Loans granted	(0.1)	(0.1)
Repayments of loans granted	0.2	0.1
Proceeds from sale of shares of subsidiary, net of cash disposed	16.9	30.5
Proceeds from sale of shares of associates	(0.3)	-
Net cash used in investing activities	**(594.6)**	**(649.2)**

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

Consolidated Statement of Changes In Equity

ATTRIBUTABLE TO EQUITY HOLDER OF THE COMPANY

in million EUR	Share capital	Share premium	Statutory reserve capital	Perpetual bond	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
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 income for the year	-	-	-	-	(556.0)	-	(556.0)	(0.3)	(556.3)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(556.0)**	**(435.3)**	**(991.3)**	**12.9**	**(978.4)**
Dividends paid	-	-	-	-	-	(68.9)	(68.9)	(12.6)	(81.5)
Total contributions by and 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 for the year	-	-	-	-	5.2	-	5.2	(0.1)	5.1
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**5.2**	**(4.3)**	**0.9**	**17.1**	**18.0**
Perpetual bond	-	-	-	391.7	-	-	391.7	-	391.7
Coupons on perpetual	-	-	-	6.8	-	(14.7)	(7.9)	-	(7.9)
Dividends paid	-	-	-	-	-	(72.0)	(72.0)	(6.5)	(78.5)
Total contributions by and 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**

Glossary

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

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

CO_2 emission allowance – According to the European Union Emissions Trading System (ETS), one emission allowance gives the holder the right to emit one tonne of carbon dioxide (CO_2). The limit on the total number of emission allowances available gives them a monetary value

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

EBITDA – Earnings before interest, taxes, depreciation and amortisation

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

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

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

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

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

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

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

RAB – Regulated Asset Base, which represents the value of assets used to provide regulated services

Return on Fixed Assets (ROFA) – Operating profit (rolling 12 months) divided by average fixed assets excluding assets under construction (allocated to specific products)

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

SAIDI – System Average Interruption Duration Index. The sum of all customer interruption durations in minutes divided by the total number of customers served

SAIFI – System Average Interruption Frequency Index. The total number of customer interruptions divided by the total number of customers served

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

Variable profit – Profit after deducting variable costs from sales revenue

Eesti Energia