Enefit Green

Q4 2021 AND 12M 2021
UNAUDITED INTERIM REPORT

CONTENTS

Dear reader

The year 2021 confirmed people's belief in the feasibility of green transition and gave a strong signal that we quickly need to increase our carbon-neutral energy production capacity.

There is an urgent need for additional renewable energy in Estonia as well as the entire Europe and, in response, Enefit Green is increasing its production capacity in all its markets from Finland to Poland. The rise of renewable energy is driven by the climate goals which require reducing carbon emissions and the ever-growing demand for electricity.

Demand for green energy is not a passing fad because electricity is the key to green transition. In a lot of sectors, old technologies are being replaced with the support of electrification and all of those new solutions require green energy. Wind and solar are the cheapest and most sustainable energy sources and the technologies and solutions for large-scale wind and solar power production are available. Accordingly, Enefit Green's growth plan is centred around wind and solar.

Being one of the leading and most diverse renewable energy producers in the Baltic Sea region, Enefit Green is building new wind and solar farms in all the markets where it operates: Finland, Estonia, Latvia, Lithuania, and Poland.

Aavo Kärmas
Enefit Green Chairman of the Management Board

We are a growth-driven company and have put together a very clear portfolio of renewable energy projects we wish to carry out in the next few years. Our growth plan is the basis for all our activities and the benchmark for measuring our success. If we successfully implement all projects in our current portfolio, we will increase our renewable energy production capacity 2.4 times to 1,100 MW by the year 2025.

For Enefit Green, the highlight of 2021 was definitely the ringing of the stock exchange bell on 21 October. To carry out our growth plan, we have to invest nearly €600m and to that end we raised additional capital from the stock exchange. The initial public offering of Enefit Green's shares attracted 60,000 people and in terms of the number of retail investors it was the most successful IPO ever arranged in the Baltics.

Going public provided Enefit Green not only with capital to implement its growth plan but also with an exceptionally strong mandate. A record IPO and a huge number of retail investors reflect great trust in Enefit Green as a company as well as people's belief in renewable energy and the path chosen for Estonia's green journey.

We have been preparing our growth plan for years and in 2021 we made four major investment decisions for the construction of new renewable energy production capacities. We are going to build two wind farms in Lithuania and one in Finland and a solar farm in Poland. The Akmene and Šilale II wind farms are scheduled to be completed during 2023 and the Tolpanvaara wind farm by the beginning of 2024. The new facilities will have a total capacity of almost 200 MW, which accounts for one third of the near-term growth plan.

An important key to the development of wind energy are customers willing to enter into long-term power purchase agreements which provide us with the assurance needed to make the investment. All investment decisions on the construction of new wind farms that were made in 2021 were underpinned by the interest of Eesti Energia's large customers to enter into long-term power purchase agreements. Demand for carbon-neutral electricity is exceptionally high and interest in long-term power purchase agreements keeps growing.

Besides wind energy, we also focus on solar: we build solar farms and help customers switch to green power. Implementing a solar solution is the easiest way for individuals and small companies to start producing 100% clean energy. Last year we helped our household and corporate customers in all our markets design and install nearly 300 solar power plants in total. For around ten customers we are already building a solar power plant with a storage solution, which will enable the customer to make maximum use of the self-produced green energy.

Enefit Green's key stakeholder groups in the development of renewable energy include the central and local government authorities and local communities. We do our best to create dialogue and be transparent and open in our planning and development activities. Our policy is to ensure the wellbeing of people and environmental sustainability, to contribute to the development of the community, to assess the potential environmental impacts of wind and solar farms with due care, and to use smart planning in order to achieve the outcome where the production of green electricity has the minimal possible impact on nature and people.

Enefit Green's most important asset is its highly committed and motivated team that has the ambition for growth embedded in their corporate DNA. Our team wishes to achieve and deliver and nearly 41% of our employees see themselves as drivers.

Clear goals and a strong team are the cornerstones of excellent performance. I am pleased to report that in 2021 the financial results of the Enefit Green group improved significantly compared with a year earlier. Despite slightly lower production volume, total revenue grew by 13%. EBITDA, which is one of our key performance indicators, increased by around 10% to €121.5m and net profit grew by 17% to €79.7m.

We are deeply grateful to our customers and investors. Your trust is our driving force. It inspires us to think big and to take increasingly bolder steps towards a carbon-neutral future.

Aavo Kärmas
Chairman of the Management Board of Enefit Green

Operating Environment

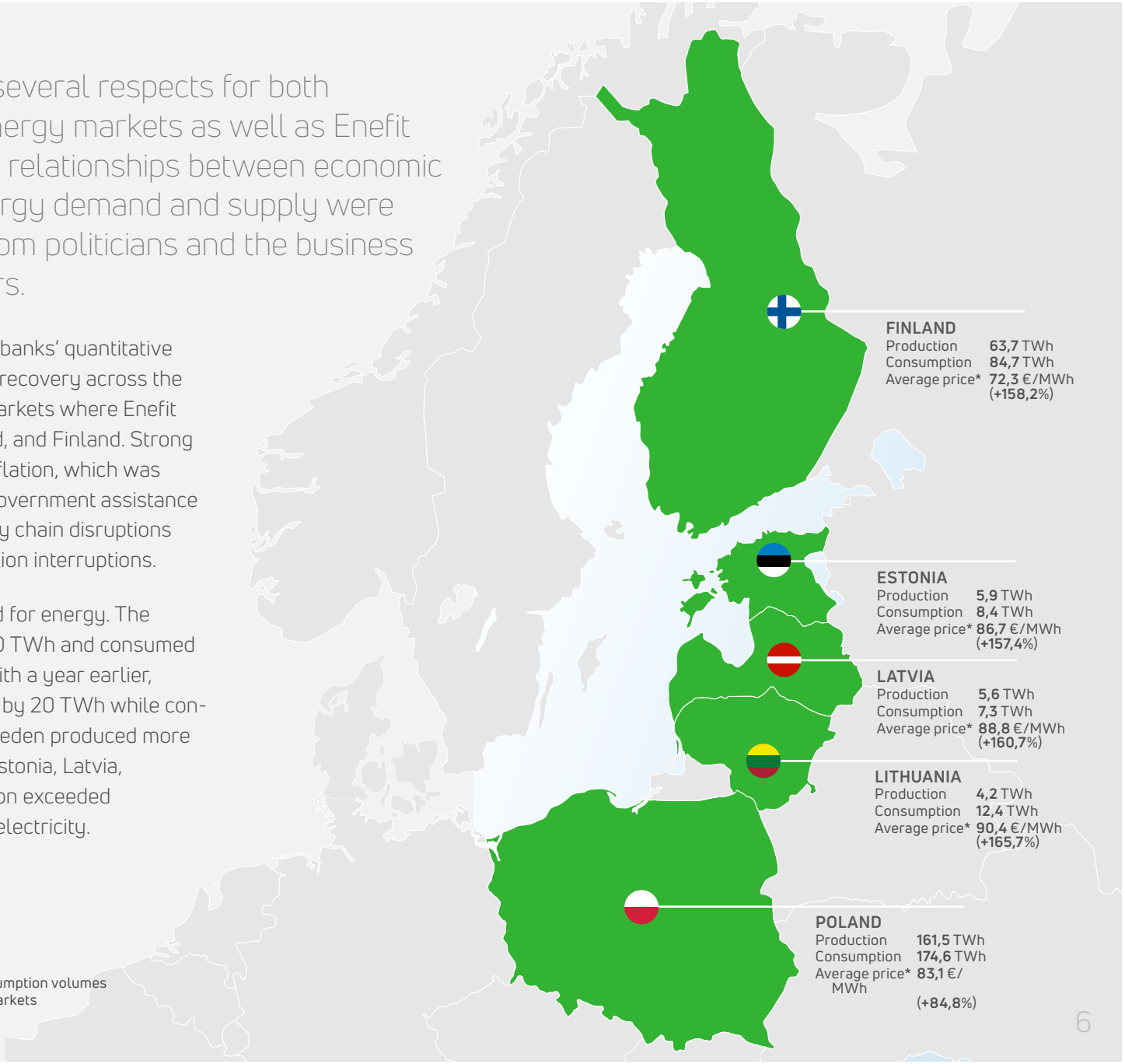
- Rapid economic growth, rapid price inflation
- Surging electricity prices
- Declining competitiveness of carbon intensive electricity production technologies
- European Commission unveiled its Fit for 55 package
- Several countries set the schedules for their new renewable energy reverse auctions

Enefit Green

The year 2021 was pivotal in several respects for both the European and Estonian energy markets as well as Enefit Green. It was a year when the relationships between economic growth, prices levels, and energy demand and supply were brought home to everyone: from politicians and the business world to household consumers.

In the second year of the pandemic, central banks' quantitative easing programmes fuelled swift economic recovery across the world, including the euro area and all the markets where Enefit Green operates: the Baltic countries, Poland, and Finland. Strong economic growth was coupled with rapid inflation, which was attributable to a rise in money supply and government assistance that boosted total demand and global supply chain disruptions caused by earlier pandemic-related production interruptions.

Economic growth usually increases demand for energy. The Nordic and Baltic market area produced 430 TWh and consumed 427 TWh of electricity in 2021. Compared with a year earlier, electricity production in the area decreased by 20 TWh while consumption grew by 22 TWh. Norway and Sweden produced more electricity than they consumed in 2021. In Estonia, Latvia, Lithuania, Finland and Denmark, consumption exceeded production and the countries had to import electricity.



* Source: Production and Consumption data: ETSO-E
Average prices: Nord Pool
The data on the map indicates 2021 total production and consumption volumes and annual average electricity prices on Enefit Green home markets

High aggregate demand triggered a surge in the prices of energy carriers and electricity, particularly in the second half of the year and the fourth quarter when the heating season began. In the new situation, traditional and quickly growing but still limited renewable energy production capacities which had previously been able to meet demand, proved insufficient. In Northern Europe, the upswing in electricity prices was partly attributable to the lower than usual level of the Nordic hydro reservoirs. In the Baltics, an additional factor which drove up electricity prices was Lithuania's decision to restrict the access of electricity produced by the Astravets nuclear power plant in Belarus to the region's electricity market.

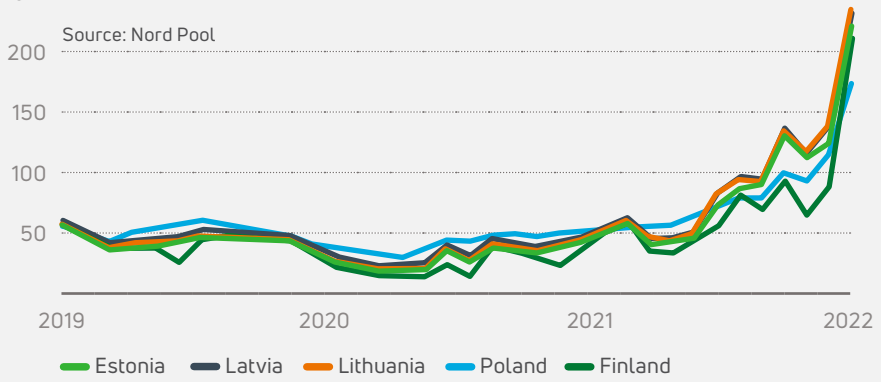
European markets, including those where Enefit Green operates, were also affected by the implications of the European Union's energy policy. The price of natural gas was relatively low until recently and at least partly held back investment in renewable energy. Due to low inventories and the geopolitical situation, however, it suddenly became a scarce and exorbitantly expensive means of meeting peak demand for electricity. The price of CO2 emission allowances also spiked.

The above trends, i.e. growing demand for electricity and rising natural gas and carbon allowance prices, have created a highly favourable environment for the development of new renewable energy projects.

On the other hand, investments in renewable energy are influenced by the fact that the decline in the prices of relevant technologies has either decelerated or levelled off. Investment bank Lazard reports that in the past five years the prices of onshore wind turbine technologies and solar farm technologies have decreased by 4% and 8% per year on average, respectively.

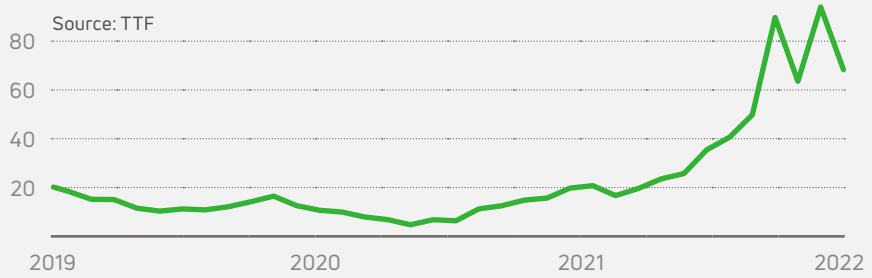
AVERAGE ELECTRICITY PRICES ON HOME MARKETS

€/MWh



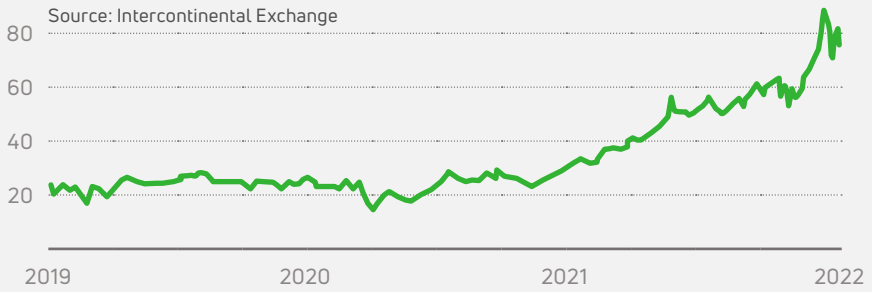
TTF NATURAL GAS PRICE

€/MWh



PRICE OF CO_2 EMISSION ALLOWANCES

€/t



FIT FOR 55: GREEN TRANSITION CONTINUES TO GAIN MOMENTUM

In July 2021, the European Commission unveiled its Fit for 55-package: a set of proposals to revise and amend EU legislation in order to achieve the EU climate goals, which has made Europe's green transition plan more specific and predictable.

Enefit Green's operations are positively influenced by three main aims of the proposals:

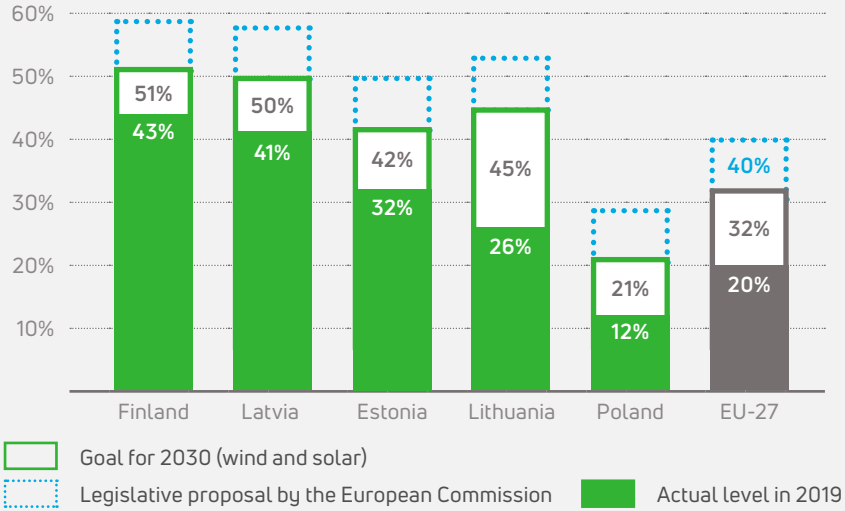
1) electrification of energy consumption (replacement of the consumption of fossil energy carriers preferably with renewable electricity or energy carriers produced from it in different economic sectors such as manufacturing, transportation and heating and cooling of buildings);

2) increasing the production of renewable energy;

3) energy saving, which involves reducing the amount of energy purchased (e.g. implementing technologies that use less energy, replacing energy purchase with locally produced renewable energy).

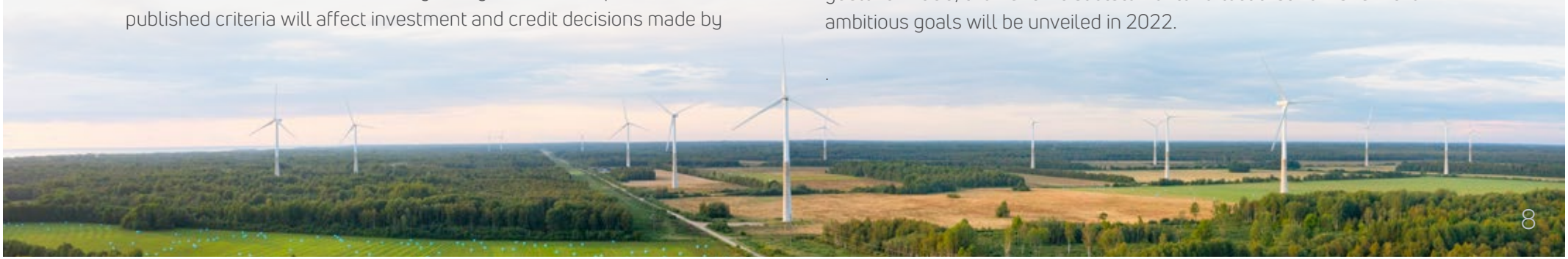
The European Commission also published a taxonomy, i.e. technical screening criteria for measuring the impacts of economic activities on the environment and climate change mitigation and adaptation. The published criteria will affect investment and credit decisions made by EU banks and other financial institutions and will create advantages for renewable energy companies whose economic activities support or at least do not harm the achievement of environmental objectives.

SHARE OF RENEWABLE SOURCES IN GROSS FINAL ENERGY CONSUMPTION, %



Source: National Climate and Energy Plans (NCEP), European Commission

Although the governments of the countries where Enefit Green operates did not change their national renewable energy production goals for 2030, their unofficial statements reflect that new and more ambitious goals will be unveiled in 2022.



ESTONIA: NEW RENEWABLE ENERGY AUCTIONS ANNOUNCED AND PLANNED

Estonia has decided to support the main principles of the package presented by the European Commission for delivering the EU Green Deal. As regards the most significant changes, Estonia supports the proposal to increase the renewable energy target for 2030 and is willing to raise its renewable energy target from 42% to 46% of total energy consumption. Estonia also supports the proposals to oblige member states to carry out a joint renewable energy project and to implement long-term power purchase agreements (PPAs) for electricity producers and customers. As regards proposals related to sustainable bioenergy, Estonia wishes to retain the option to continue using biomass as a controllable source of energy production.

Key changes in regulations:
The reverse auction provisions in the Electricity Market Act and the Reverse Auctions Regulation enacted under it were amended. The change in the methodology for determining the electricity price used in the calculation of support payable to the winner of a reverse auction, where the arithmetic mean monthly exchange price was replaced by hourly prices, lowers risks for the producer.

On 15 March 2021, a reverse auction was announced for installations with a capacity of less than 1 MW for the production of up to 4.52 GWh of renewable electricity per year starting from 1 September 2023.

On 25 November 2021 ,a reverse auction was announced for the production of up to 450 GWh of renewable electricity per year starting from 1 January 2026.

The government decided to support earlier time of announcement of yet another reverse auction for the production of up to 650 GWh of renewable electricity per year. This reverse auction will be announced on 4 January 2023.

The Ministry of Economics and Communications and state-owned real estate company Riigi Kinnisvara started preparations for enabling the state to purchase electricity under a PPA that provides investment security on condition that the electricity is produced from renewable sources at a new power plant built specifically for the performance of obligations under the PPA. The state is planning to announce a procurement in 2022.

The government initiated legislative changes aimed at setting the limits and rules for compensation payable to communities and local authorities affected by wind farms. The amendments are expected to be enacted in 2022, which should speed up the construction of wind farms in Estonia.

LITHUANIA: CURRENT RENEWABLE ENERGY TARGET ACHIEVED. NO NEW AUCTIONS PLANNED

The adopted development plan foresees addition of new wind farms of 1,322 MW in Lithuania by 2030. Members of the Lithuanian government have stated that in the framework of Fit for 55 the country may increase its renewable energy target for 2030 from 45% to 50% of total production.

Belarus started commercial operation of its Astravets nuclear power plant in 2021 and in November Litgrid ceased using the interconnection between Lithuania and Belarus for electricity trading consistent with Lithuanian laws. This reduced electricity imports from third countries and increased demand for electricity production in the Baltic countries.

The Lithuanian electricity market regulator announced in March 2021 that the country has achieved its national renewable energy target of 5 TWh per year and no new reverse auctions will be arranged.

LATVIA: PREPARATIONS FOR THE CONSTRUCTION OF AN OFFSHORE WIND FARM IN THE GULF OF RIGA

Due to extensive use of hydro energy, Latvia covered over 40% of its energy needs with renewable energy already in 2020, which is why increasing renewable energy production quickly has not been a priority. However, Latvia's targets for 2030 are to produce at least 50% of energy and 60% of electricity from renewable sources. According to plan, wind farms should produce at least 800 MW of electricity in Latvia in 2030.

Latvia's government launched preparations together with Estonia for the construction of offshore wind farms and a connecting electricity network in the coastal waters between the two countries (the Gulf of Riga).

The Latvian state carries out formal reviews, which have resulted in the early termination of some fixed-price PPAs previously signed with renewable energy producers. This undermines the reliability of Latvian regulations in the eyes of investors in new renewable energy production facilities.

POLAND: EUROPEAN COMMISSION APPROVAL FOR THE DEVELOPMENT OF OFFSHORE WIND FARMS

In recent years, Poland has been one of the most active contributors to the development of renewable energy production among countries in the Baltic Sea region.

Poland's plan is to cover at least 21% of energy consumed with renewable energy in 2030. According to the calculations of the European Commission, a reasonable target for Poland is at least 25%.

In 2021, Poland published its national plan for renewable energy reverse auctions aimed at increasing the generation of wind and solar power in 2022-2027 period. European Commission granted approval for the provision of state aid for that purpose in December 2021.

Poland adopted a law that sets out a plan to launch the construction of offshore wind farms of 10.9 GW total capacity by 2027. By a discretionary procedure, offshore wind farm developments in the most advanced stage in 2021 were guaranteed price stabilisation under the Contracts for Difference (CfD) scheme. The next CfD auctions will be held in 2025 and 2027. The Polish government and companies in the offshore wind industry signed an Offshore Wind Sector Deal, which is designed to increase the benefits offshore wind farms provide to the Polish economy. European Commission approved the provision of aid of €22.5bn for the development of offshore wind farms in Poland.

FINLAND: GOAL TO MORE THAN DOUBLE RENEWABLE ELECTRICITY PRODUCTION CAPACITY BY 2030

Finland's official target is to achieve the country's carbon neutrality by 2035. The plan is to meet the target by increasing carbon-neutral electricity production in Finland.

Finland continued to develop a business environment attractive for the construction of wind farms. Finland's advantages include the availability of free land in locations with good wind conditions, the possibility to connect to the grid quickly and on favourable terms, and local authorities' supportive attitude towards the construction of wind farms. Fingrid projects that Finland's renewable electricity production capacity will increase from the current 9 GW to 21 GW by 2030 and to 30 GW by 2040. Electricity consumption is expected to grow from 83 TWh in 2020 to 109 TWh by 2030 and 150 TWh by 2040, according to Fingrid.

The construction of Aurora Line, a new interconnector with a capacity of 800/900 MW between Finland and Sweden, which is to be commissioned in 2025, was approved.

Strategy

- Wind and solar energy production enjoy high competitiveness
- We aim to increase our green energy production capacity 2.4 times by 2025
- Strong development and asset management teams

Enefit Green

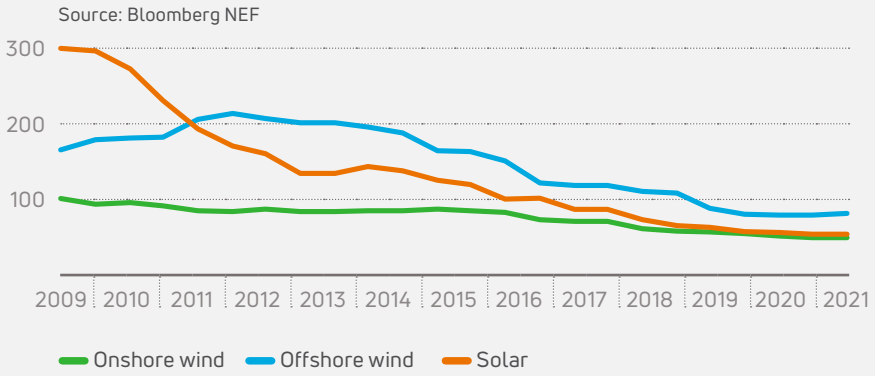
Our strategy is based on the global consensus that climate change is real and human-induced and all of us can contribute to mitigating the effects of climate change. We at Enefit Green can do it by producing renewable energy and sustainably developing new renewable energy production capacities. Our strategy implementation efforts are supported by a favourable political environment and growing demand for renewable energy in the European Union, including the markets where we operate.

We see the strongest potential for growth in the production of wind and solar power. Those have become the most competitive renewable energy technologies (based on the lowest levelized cost of energy, LCOE) in the past decade both globally and in the Baltic Sea region.

The following chart reflects the development of the LCOE for wind and solar power generation technologies: over the years they have become considerably cheaper and thus more competitive.

DECREASING PRODUCTION COST OF RENEWABLE ENERGY 2009-2021

L COE EUR/MWh



Enefit Green's ambition is to be a rapidly and profitably growing renewable energy company operating in the Baltic Sea region. Our strategic goal for 2025 is to increase our electricity production capacity 2.4 times to 1,100 MW.

We produce renewable energy efficiently and sustainably. To achieve that, we focus on:

- efficient operation of our existing production assets; and
- profitable development of new wind and solar projects.

Enefit Green kasutab vertikaalselt integreeritud ärimudelit,
Enefit Green has a vertically integrated business model, which is based on planning, developing, executing and operating renewable energy projects. We believe that in the longer-term perspective this helps us deliver the highest return on the capital employed to finance the production assets developed and operated by us.

IN PARTICULAR, OUR STRATEGY IS BASED ON TWO PILLARS:

- **Operational excellence to drive value creation of existing assets**
  Enefit Green has an experienced production and asset management team that applies best asset management practices based on smart digital solutions. The operation of our power plants and wind and solar farms is supported by digitalisation, big data and machine learning. A smart asset management system enables us to provide predictive maintenance and thus raise the productivity of our assets.

- **Growth based on local development competencies**
  Enefit Green has an experienced in-house development team whose members are based and operate locally. Our main focus is on greenfield and selected predeveloped projects. In project development, our priority is to mitigate risks, select the most suitable technology for each project and sign binding procurement and construction contracts and a sufficient amount of long-term power purchase agreements with customers before an investment decision is made. Projects have to meet minimum IRR threshold set by management, which is weighted average cost of capital (WACC) plus 2%.

  For new development projects there is a growing need to find possibilities to sign new large scale power purchase agreements. In this regard we can often rely on the valuable energy trading competence of Eesti Energia.

ENEFIT GREEN'S DEVELOPMENT PRINCIPLES

The community is our partner
We create joint workgroups to carry out new developments, by engaging the communities and our key stakeholder groups

We do not inflict significant adverse environmental impacts
We carry out thorough and complete environmental impact assessments in which we involve experts that have extensive local and international experience

We use the best possible technology
We consider possible future scenarios in our planning processes so that there would be no restrictions in employing the most cutting edge and best technology

We find synergies across various areas
We help communities plan their green journeys personally and flexibly

We involve the best international expertise and practices
We lead the way and involve the best international partners

NEAR-TERM DEVELOPMENT PORTFOLIO

Our installed capacity at the end of 2021 was 457 MW.

Our near-term development portfolio includes wind and solar farm development projects whose execution will enable us to achieve our growth target for 2025, i.e. to increase Enefit Green's installed production capacities around 2.4 times compared to the end of 2021 to 1,100 MW. Total investments required for the achievement of the growth target extend to approximately €600m.

In 2021, we made final investment decisions on the following projects in our near-term development portfolio: two wind farms in Lithuania (Šilale II of 43 MW and Akmene of 75 MW), one wind farm in Finland (Tolpanvaara of 72 MW) and one solar farm in Poland (Zambrow of 9 MW) with a combined capacity of 199 MW.

We are expecting to make final investment decisions on a roughly twice larger total capacity in 2022 - ca 400 MW of wind and solar energy projects in Estonia, Lithuania and Poland.

All the above projects should be completed in the period 2023-2024 so that by 2025 we will have met the 1,100 MW electricity production capacity target we have promised to our investors.

Besides the portfolio of projects in near-term development portfolio, we are continuously working on long-term development portfolio. We see opportunities to significantly increase our total electricity production capacity in the more distant future.

Enefit Green finances its investments at the level of the parent company (Enefit Green AS), which assures lower credit risk and financing costs.

MEASURABLE STRATEGIC GOALS UNTIL 2025

PRODUCTION CAPACITY ▷ **FINANCIAL LEVERAGE** ▷ **DIVIDEND POLICY**

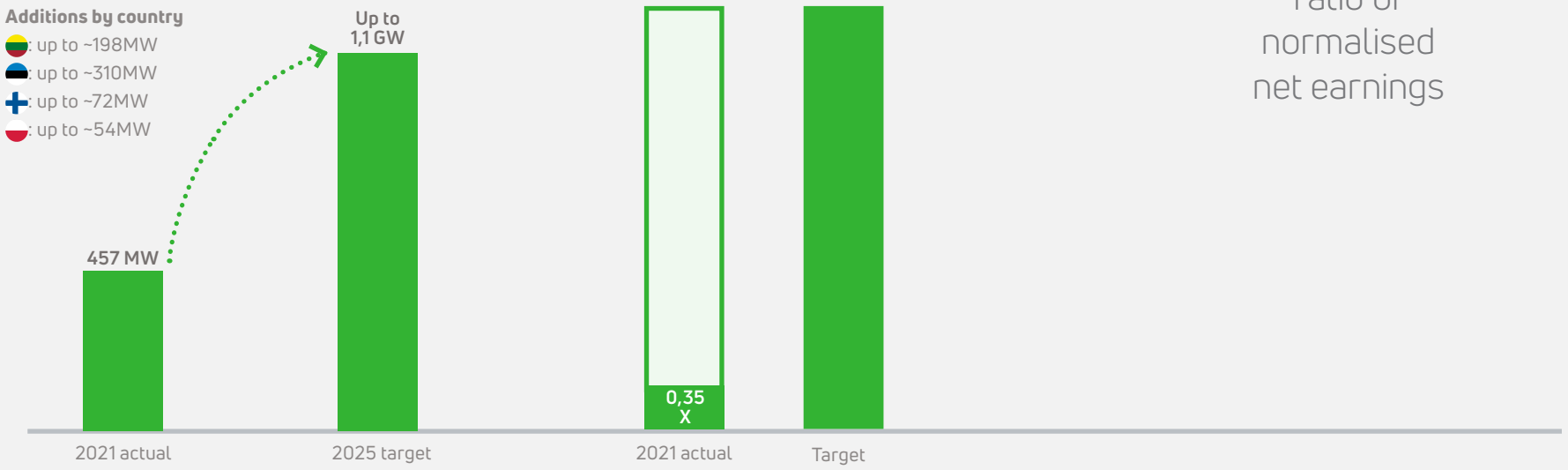
The volume of renewable energy production assets will increase to 1.1GW by 2025... ▷ **supported by significant future financing headroom...** ▷ **... and allowing dividend distribution**

Target IRR of WACC + ~200bps for new investments

Total capex of up to EUR ~600m for the period 2021-2023

Additions by country

- up to ~198MW
- up to ~310MW
- up to ~72MW
- up to ~54MW



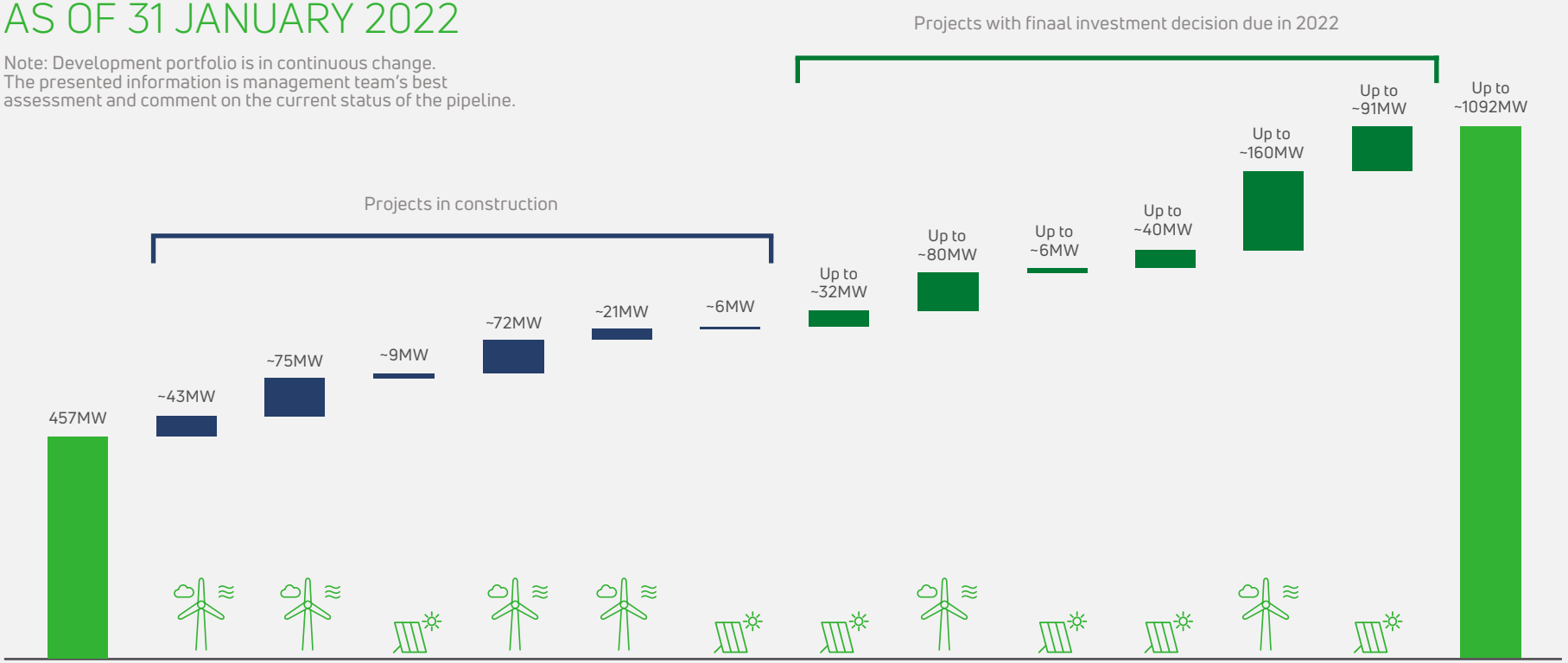
NET DEBT / EBITDA

May exceed targeted level during the construction phase of significant projects

50% payout ratio of normalised net earnings

NEAR-TERM DEVELOPMENT PORTFOLIO AS OF 31 JANUARY 2022

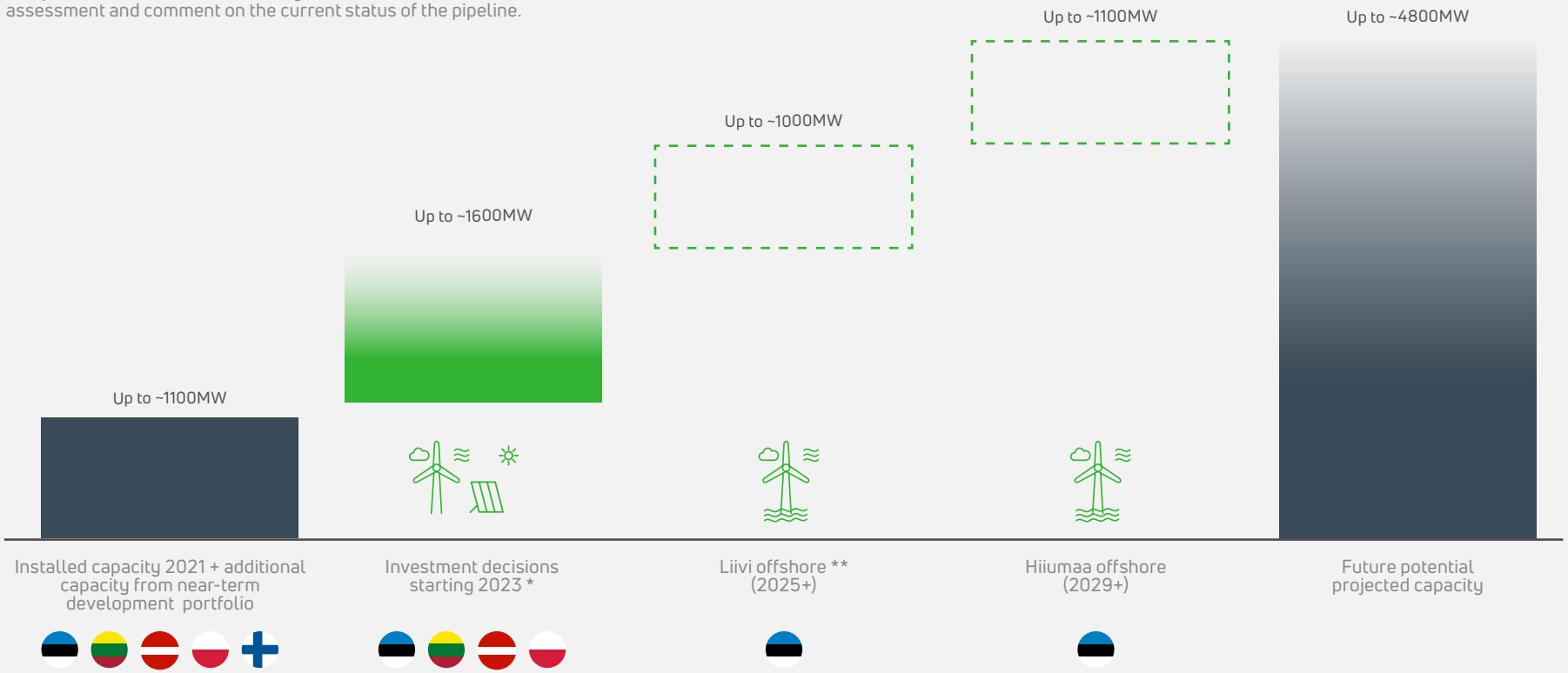
Note: Development portfolio is in continuous change.
The presented information is management team's best assessment and comment on the current status of the pipeline.



	Installed capacity 4Q21	Šilale II	Akmene	Zambrow PV	Tolpanvaara	Purtse	Debnik PV	Purtse PV	Kelme I	Elektrijaama PV	Strzalkowo PV	Sopi	Sopi PV	Projected capacity 2025
Country														
Final investment decision		Taken 2Q 21	Taken 3Q 21	Taken 3Q 21	Taken 4Q 21	Taken 1Q 22	Taken 1Q 22	1st half 22	1st half 22	2nd half 22	2nd half 22	2nd half 22	2nd half 22	
Expected commissioning		1Q 23	3Q 23	3Q 22	1Q 24	2Q 23	2023	2023	2024	2023	2024	2024	2023	

LONG-TERM DEVELOPMENT PORTFOLIO AS OF 31 JANUARY 2022

Note: Development portfolio is in continuous change.
The presented information is management team's best assessment and comment on the current status of the pipeline.



* Various onshore wind farm development projects with expected final investment decisions not earlier than 2023.

** Liivi offshore wind farm development project is as of the end of 2021 owned by Eesti Energia. An agreement has been put in place under which Eesti Energia will offer Enefit Green the possibility to participate in and/or acquire the project on market terms and on a non-exclusive basis.

Our Journey in 2021

- Four important investment decisions add nearly 200MW production capacity
- Continuously high availabilities of production assets
- Digitalisation provides measurable added value

Enefit Green

Enefit Green is one of the leading diversified renewable energy producers in the Baltic Sea region. We produce electricity and heat from wind, solar, hydro, biomass and municipal waste.

Our total renewable energy production capacity did not change in 2021 but we produced somewhat less electricity and more heat than a year earlier.

Our key electricity production assets are our wind farms in Estonia and Lithuania and we work daily to make sure that all our turbines would be operating at maximum productivity when wind conditions are good.

The year 2020 was excellent in terms of wind conditions – the beginning of the year in particular was favourable for wind power production.

The year 2021 on the other hand was relatively average in terms of wind conditions. In the first quarter of 2021, the average measured wind speed in Enefit Green's wind farms in both Estonia and Lithuania was even a fifth lower than a year earlier. Wind conditions improved during the year, but on the whole the average wind speed in our wind farms was nearly 6% lower in Estonia and 8% lower in Lithuania (compared with a year earlier).

Due to weaker wind conditions, Enefit Green's annual wind power output in 2021 was 13.7% smaller than the year before. Besides wind conditions, productivity was affected by slightly lower turbine availability. The productivity of solar farms and cogeneration plants, however, was more stable and, therefore, Enefit Green's overall electricity output declined by 11.7% compared with the record result delivered in 2020.

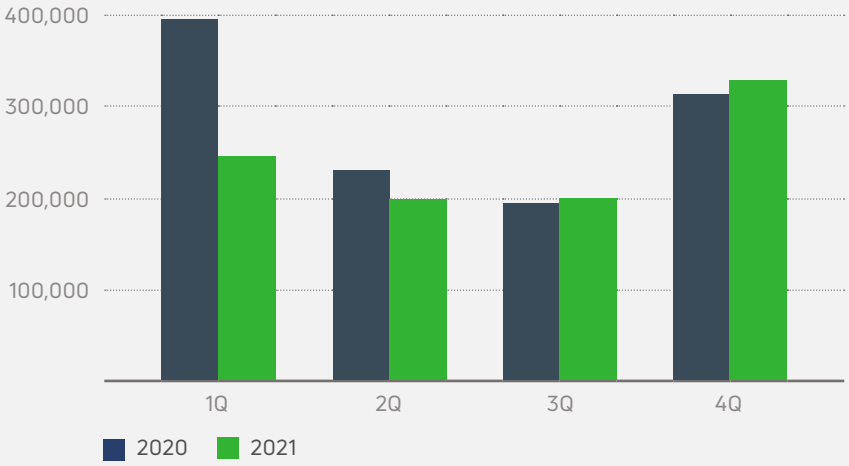
Heat production on the other hand grew by 13.7% in 2021 with heat produced from municipal waste and wood chips growing by a notable 18.8%. Growth was attributable to a contract amendment effective from February 2021 which permits our Iru power plant to produce heat in the cogeneration mode throughout the year, including during the summer season. We use natural gas, which is a fossil fuel, in our cogeneration plants primarily to compensate for interruptions in the operation of our main production facilities or to cover the peak load on a small number of days of the year. The quantity of heat produced from natural gas at the Iru power plant decreased by 62.6% in 2021.

AVAILABILITY OF

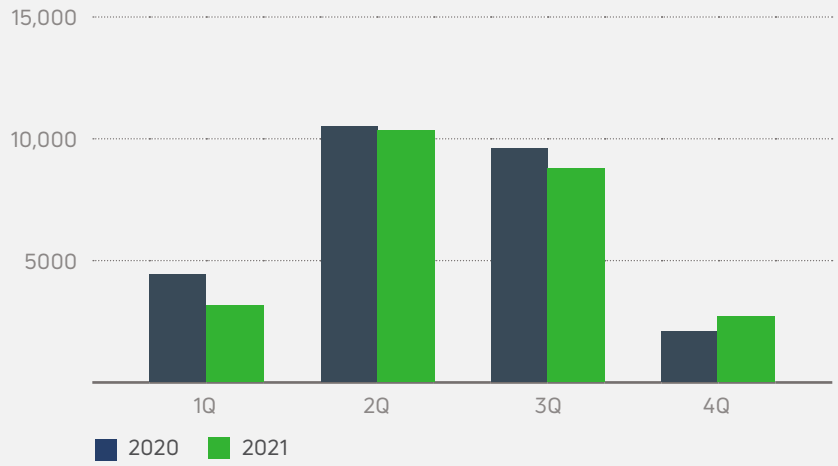
ENEFIT GREEN PRODUCTION VOLUMES

	2021	2020	Change
Total electricity production, MWh	1,192,777	1,350,308	-11.7%
incl. wind	983,182,	1,138,884	-13.7%
incl. cogeneration	184,575	184,849	-0.1%
incl. solar	24,299	25,485	-4.7%
incl. other	723	1,090	-33.7%
Heat, MWh	618,174	543,791	13.7%
incl. municipal waste, wood chips	605,450	509,748	18.8%
incl. natural gas (Iru power plant)	12,724	34,043	-62.6%
Pellets, thousand t	135.2	161.5	-16.3%

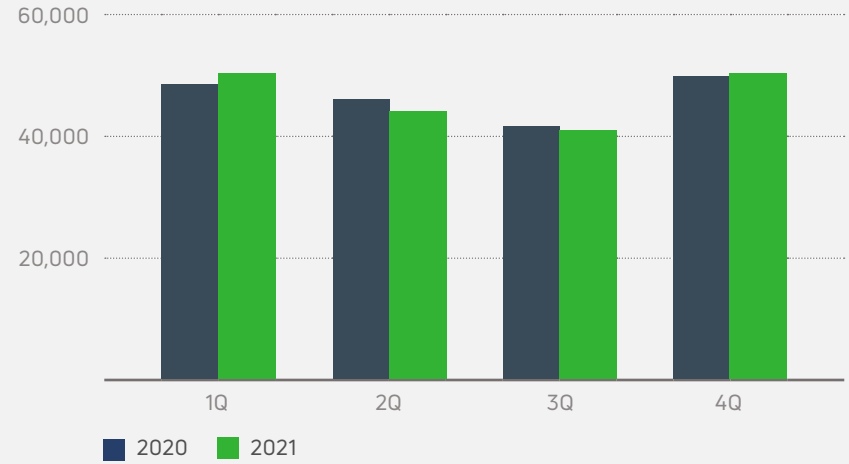
QUARTERLY ELECTRICITY PRODUCTION 2020-2021: WIND ENERGY, MWh



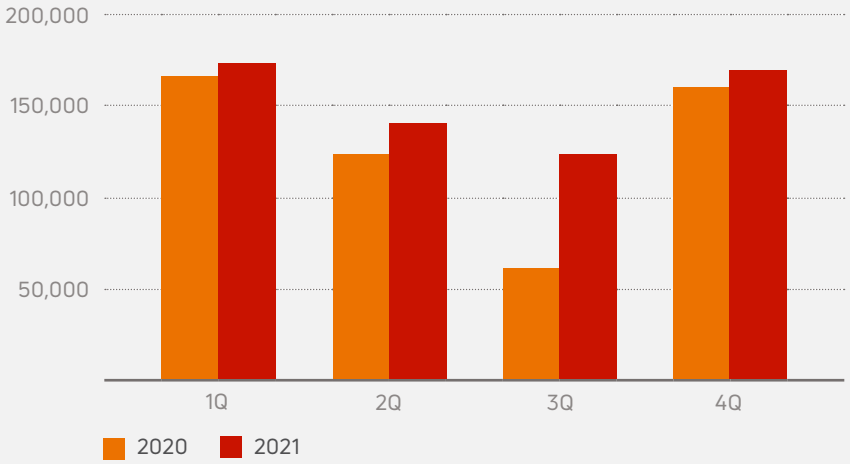
QUARTERLY ELECTRICITY PRODUCTION 2020-2021: SOLAR AND OTHER SOURCES, MWh



QUARTERLY ELECTRICITY PRODUCTION 2020-2021: COGENERATION, MWh



QUARTERLY HEAT ENERGY PRODUCTION 2020-2021: COGENERATION, MWh



Applying predictive maintenance we ensure maximum availability in periods when the weather conditions are best for energy production.

PRODUCTION ASSETS

We have set ourselves very high production asset availability targets in all segments. We make conscious efforts to make sure that our production assets would be available in periods when the weather conditions are best for energy production.

For turbines, we monitor production-based availability, i.e. we take into account any downtime, including the restrictions and impacts resulting from the weather and the environment. We are thus stricter in our calculations than turbine producers whose calculations usually do not take such impacts into account.

In the past three years, the availabilities of our wind farms have been in the range of 95.6-96.1%. Our main focus has been on improving the availabilities of our WinWind wind farms, which have been lower than average, and the work has yielded good results: last year the availability of our WinWind wind farms was 92.7%, which is their historically best result and considerably above their average level for the previous eight years.

From 2021, the only maintenance provider for our WinWind turbines is Empower 4Wind in which Enefit Green has a 40% ownership interest. The entity specialises in the servicing and repair of turbines of that type and pays specific attention to predictive maintenance, which is carried out together with our production and asset management team. Last year was successful because all faults and interruptions at all four wind farms where the WinWind technology is used were responded to quickly, the root causes were resolved, and work was efficiently and effectively organised.

The availability indicators of our other wind farms are higher than those achieved in WinWind wind farms, remaining in the range of 96.4-98%. In 2021, availability was slightly lower than earlier because of faults in the turbines' main components and icing of the blades.

AVAILABILITY OF ENEFIT GREEN'S PRODUCTION ASSETS IN 2019-2021

	2019	2020	2021
Total wind farms	96.0%	96.1%	95.6%
WinWind wind farms	89.5%	89.7%	92.7%
Cogeneration plants	89.6%	96.6%	96.8%
Solar farms	99.6%	99.9%	99.9%
Keila-Joa hydropower facility	97.8%	98.9%	97.8%
Ruhnu renewable energy solution	100.0%	100.0%	99.7%

The availability of our solar farms has been above 99.6% in the past three years. Solar farms are our newest production assets and we have been able to retain high availability through effective maintenance and continuous monitoring.

The availability of our cogeneration plants has also consistently improved. We are proud of our teams because in 2021 they helped us achieve recent years' highest availability: 96.8%. In terms of production assets, the availability indicators were 97% for the Iru power plant, 98.2% for the Paide power plant and 99.4% for the Valka power plant. The only incident with a major impact on the plants' availability was caused by a lightning strike at the Broceni facility.

The availability of the Keila-Joa hydropower facility is affected mainly by the inlet channel becoming blocked by ice during the winter or debris during the high-water period in spring. The operational reliability of the plant is good.

The renewable energy solution on the island of Ruhnu started to operate in autumn 2018. The availability of the solution is critically important because its operation is vital for the island's security of supply and thus the daily life of people living on the island. Last year, there was only one short-term supply interruption on Ruhnu, which was caused by a fault in the automation system of the battery bank.

WE CREATED €1.3M OF ADDED VALUE THROUGH DIGITALISATION

We strive to use the data gathered by analysts and using machine learning modules as smartly as possible. It has become an integral part of ensuring the operation of our production assets, carrying out servicing and planning predictive maintenance. Use of digital data and automated analysis enables us to improve the availability of our production assets, make more accurate projections and forecasts, increase output and implement our growth plan so that we do not need to increase our production team concurrently and proportionately to growth in the volume of assets. This helps us sustainably improve our operating efficiency.

Digital asset management provides Enefit Green with a real-time overview of the condition and operating efficiency of each production asset. Automated data processing enables us to better forecast and schedule maintenance, manage inventories, preventively replace equipment and thus avoid faults and downtime, generate reports and identify the root causes of equipment failures. It also helps us make timely management decisions and monitor the achievement of goals and targets without labour consuming and inaccurate reporting processes.

In 2021, we did a lot of work to implement common asset management software in all home markets and to increase the benefits offered by the production monitoring software SCADA. As the last step, we are going to interface the asset management software with the financial software in 2022 in order to link technical and accounting information. The software producer is the US company Infor and the implementation partner is the Polish company Eurotronic Sp. z o.o.

Systematic use of digital data collected from production assets in making daily production and asset management decisions yielded an estimated €1.3m of added value in 2021.

Enefit Green's target for 2025 is to increase its renewable energy production capacity more than two times compared to the current level. Our previously used production monitoring system SCADA would not have been able to meet the growing needs. We therefore analysed more than ten systems to find the best solution. Based on user friendliness, fixed costs and the total volume of data points, we chose WonderWare SCADA and signed a long-term frame agreement with Klinkmann Eesti, the official distributor of WonderWare SCADA in Estonia.

We implemented an automated notification system last year to send fault notifications and other messages. When a fault or other failure occurs in a substation, a solar or wind farm, or a cogeneration plant, production managers and key personnel will be notified by SMS and e-mail within seconds.

Improving the availability of the WinWind turbines helped us increase our electricity production in 2021 by 0.9 GWh. The year before we developed a solution for maintaining turbine availability in stormy weather in partnership with the Finnish company Wind Controller Oy, which has helped us reduce the downtime of our WinWind turbines.

Wind farm availability was also improved by the development of a remote restart solution at the Aulepa wind farm, which increased our annual electricity production by 0.45 GWh.

Big Data and smart solutions help us improve productivity of our wind parks

DIGITALISATION GOALS FOR 2022

In digitalisation, we are going to focus on automating our processes and increasing our analytical capabilities to obtain detailed information on a timely basis and to reduce manual work.

Main focus areas for 2022:

- Automated identification of maintenance needs and notification of the maintenance provider.
- Implementation of machine learning models for preventive maintenance of solar farms and cogeneration plants.
- Interfacing asset management software with the work orders system of the maintenance provider Empower 4Wind.
- Linking the information systems of the Broceni combined heat and power plant and pellet factory to the central information system.

OUR GROWTH PLAN EXTENDS TO THE ENTIRE REGION

We believe that electrification is the fastest, cheapest and most sustainable way to reach a carbon-neutral way of life. Wider implementation of renewable electricity assumes that there is a sufficient supply of green electricity.

Enefit Green's goal is to quickly build new wind and solar farms in all its markets from Finland to Poland and its activities are underpinned by a clear growth plan.

We made four investment decisions in 2021: on three onshore wind farms and one solar farm. As a result of the decisions, our production capacity will increase by 199 MW and our annual renewable electricity production will grow by around 680 GWh.

A 43 MW wind farm to be built in Šilale, Lithuania, should start operating at the beginning of 2023 and a 75 MW wind farm to be built in Akmene, Lithuania, should start producing electricity in the middle of the same year. The Tolpanvaara wind farm in Finland is scheduled for completion at the beginning of 2024.

In the development of solar energy in 2021, we were particularly active in Poland. We successfully participated in a Polish renewable energy reverse auction with the Zambrow solar farm and made an investment decision to build a solar farm with a capacity of 8.8 MW. The expected output of the Zambrow solar farm is 9.6 GWh per year and the farm should start producing energy in the second half of 2022.

To meet the target of increasing renewable energy production, we also continued work on other wind and solar farms in our development portfolio. In 2022, we want to make investment decisions on two onshore wind farms in Estonia and one in Lithuania that will have a total capacity of 260 MW. Additionally, we expect to make decisions on the construction three solar farms in Estonia and two in Poland that will have a total capacity of 175 MW.

OUR DEVELOPMENT PRINCIPLES

Our three key partners in developing renewable energy facilities are the state, local authorities, and the local communities. Enefit Green believes that green transition can be carried out when it becomes a matter of the heart for the entire society and people start seeing new wind and solar farms as part of the solution.

An important key to the development of renewable energy are customers that sign long-term power purchase agreements and thus provide assurance for making the investment.

All investment decisions made in 2021 for the construction of new wind farms were underpinned by the will of Eesti Energia's major customers to sign long-term power purchase agreements. Demand for carbon-neutral electricity is very high and the number of customers interested in signing long-term green power purchase agreements keeps growing.

We use the best possible technology
We consider possible future scenarios in our planning processes so that there would be no restrictions in employing the most cutting edge and best technology

We do not inflict significant adverse environmental impacts
We carry out thorough and complete environmental impact assessments in which we involve experts that have extensive local and international experience

The community is our partner
We create joint workgroups to carry out new developments, by engaging the communities and our key stakeholder groups

We find synergies across various areas
We help communities plan their green journeys personally and flexibly

We involve the best international expertise and practices
We lead the way and involve the best international partners

Market prices of electricity have been too volatile in recent years to undertake major long-term investments solely based on them. Moreover, the support measures provided for wind and solar farm developments has either decreased or disappeared completely. Therefore, in developing new projects, Enefit Green increasingly relies on long-term power purchase agreements signed with customers or participates in national renewable energy auctions in the markets where it operates.

Wind energy is suitable for large-scale production of green energy because it is cheap and its environmental impacts are small. Companies across our home markets wish to sign fixed-price power purchase agreements for terms of up to 15 years and thus to reduce their environmental footprint. For us as the developer, power purchase agreements provide assurance to make the investment because they guarantee more stable cash flow and reduce our reliance on volatile electricity prices.

Successful implementation of all development plans assumes a good working relationship with stakeholder groups. Enefit Green's team is open and solutions-oriented. We understand that the development of renewable energy gives rise to different opinions and questions. We wish to explore the possibilities of building new wind and solar farms in a constructive dialogue with local communities and thus involve them already in the early stages of our projects. In carrying out development projects, we set up taskforces to regularly discuss topics and matters raised by stakeholders. This helps us reach the best possible result which is also beneficial for the local community.

TOGETHER WITH THE CUSTOMERS TOWARDS A GREENER FUTURE

Solar energy is the easiest solution for those who wish to start self-producing 100% clean energy, save electricity costs and increase the value of their real estate. In recent years, solar farm technology has become more affordable and despite widespread doubts the Baltic region has proven to be an excellent place to produce solar energy.

Last year we helped Eesti Energia's household and corporate customers across all markets design and install 277 solar power plants.

We can deliver the service from an idea to execution within a few months and, if the customer wishes, we can also provide subsequent operation and maintenance services. The total capacity of solar solutions installed for customers has grown to 16 MW.

For nearly ten customers we are already building a solar power plant with a storage solution, which allows making maximum use of self-produced green energy, save even more on network charges and to protect oneself against interruptions in electricity supply.

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Enefit Green IPO

- Record IPO in the Baltics
- €100m in additional equity
- More than 60,000 new investors

Enefit Green

Ringing of the opening bell 21 October 2021

We arranged the initial public offering (IPO) of the shares in Enefit Green in October 2021 to raise funds for implementing the company's growth strategy. We gave people an opportunity to invest in a greener future and participate in our growth story. The subscription period for Enefit Green shares lasted from 5 to 14 October.

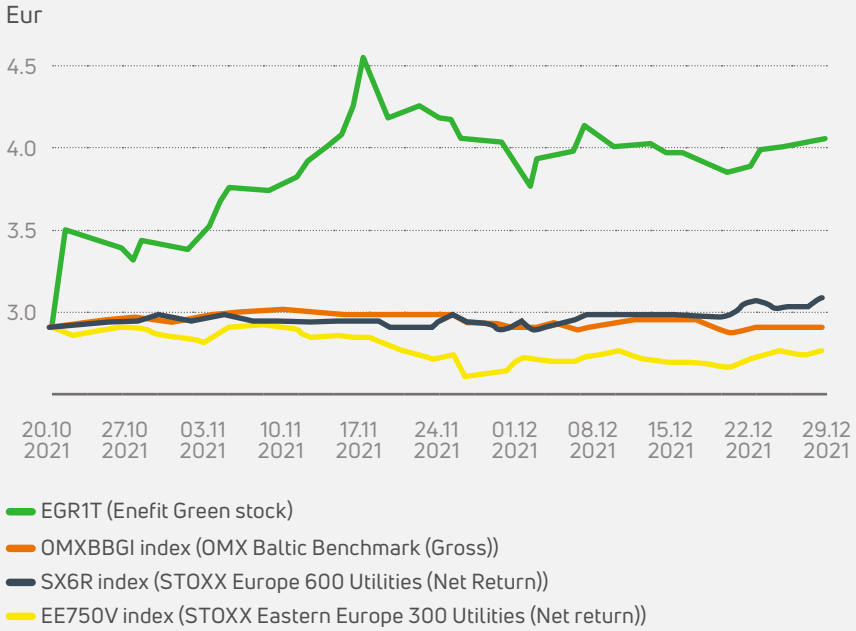
Interest in Enefit Green's IPO was exceptionally high and exceeded all expectations, making it the most successful IPO in the Baltic markets to date in terms of number of participating investors. Shares were acquired by over 60,000 investors at a price of €2.90 per share.

Gross proceeds raised through the IPO amounted to €175m of which €100m (€94.5m after expenses) was raised by selling newly issued shares.

After the IPO, the number of Enefit Green's shares is 264,276,232. In addition to 34,482,759 new shares, Enefit Green's parent Eesti Energia sold in the IPO 25,862,068 of the existing shares.

At the IPO price level of €2.90 per share, the total market value of Enefit Green's shares was €766.4m. Since listing on the Nasdaq Tallinn stock exchange on 21 October until the end of 2021, the share price grew by 39.4% to €4.044. The year-end market value of the company's shares was thus €1.069bn.

ENEFIT GREEN SHARE PRICE VS BENCHMARKS

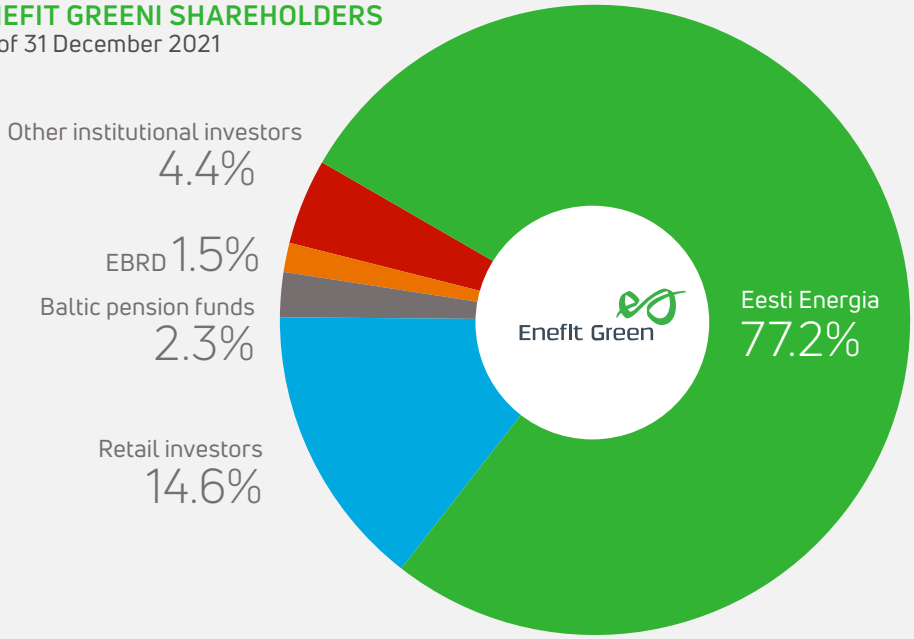


In the first months of trading, the Enefit Green share was the most active share on the Nasdaq Baltic stock exchanges both in terms of the number of trades and turnover. The rate of return on the share significantly exceeded the rates of return on the Baltic Benchmark Index as well as STOXX Europe 600 Utilities and STOXX Eastern Europe 300 Utilities indices.

Since listing on 21 October 21 until the end of 2021, 16.74 million Enefit Green shares worth 63.8 million euros were traded on the Nasdaq Baltic Main List in 72,484 transactions. It accounted for 31% of the total Main List turnover during the period.

ENEFIT GREENI SHAREHOLDERS

as of 31 December 2021



10 LARGEST SHAREHOLDERS OF ENEFIT GREEN

as of 31 December 2021

Shareholder	Shares held	Interest, %
Eesti Energia AS	203,931,405	77.17%
EBRD	4,073,277	1.54%
Nordea Bank Abp/Non-Treaty Clients	2,097,643	0.79%
SEB AB/Säästopankki Korko Plus - Sijoitusrahasto	1,862,069	0.70%
Clearstream Banking AG	1,415,464	0.54%
SEB AB/Elite Alfred Berg Eurooppa Fokus	876,896	0.33%
SEB Progressiivne Pensionifond	828,521	0.31%
Citibank (New York) / Government Of Norway	748,498	0.28%
Swedbank AB/ Swedbank Investiciju Valdymas, UAB/ Swedbank Pensija 1975-1981	683,034	0.26%
Svenska Handelsbanken Ab/Branch Operation In Finland/Clients Account	672,000	0.25%
Other (58,761 securities accounts)	47,087,425	17.82%
Total	**264,276,232**	**100.00%**


Sustainably and
Responsibly into the Future
• We value our employees
• We cooperate with and support the communities
• We consistently reduce the environmental impact of our operations
Enefit Green

PEOPLE ARE OUR MOST VALUABLE ASSET

Enefit Green has a dedicated and talented international team. Our people's extensive renewable energy experience, professionalism and customer-centric and innovative mindset underpin the implementation of our growth strategy.

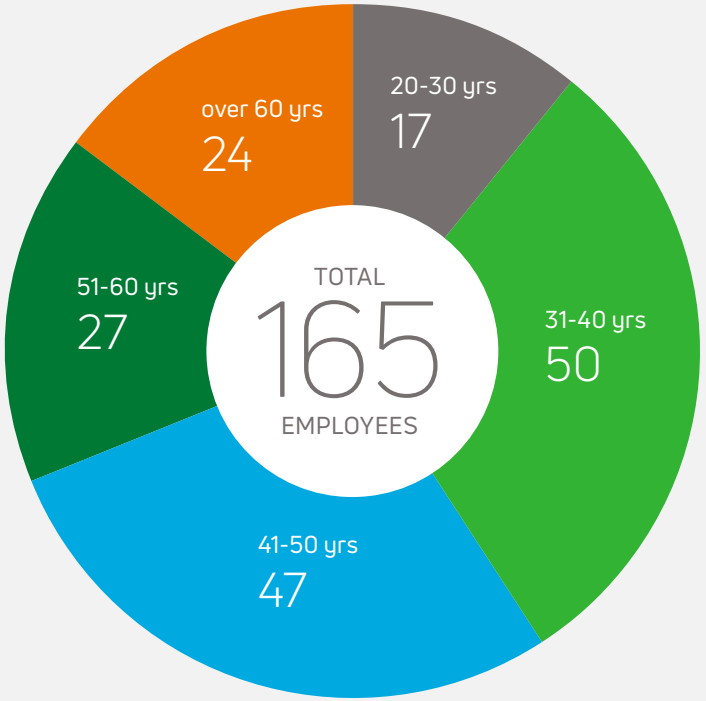
On 31 December 2021, Enefit Green had 165 employees: 139 men and 26 women. The number of executives was 27.

NUMBER OF EMPLOYEES AND PAYROLL EXPENSES

	2019	2020	2021
Number of employees	148	153	165
Payroll expenses	5,874,130	6,070,812	6,713,147

WORKFORCE BY AGE

31 Dec 2021



OUR VALUE PROPOSITION IS CENTRED ON LEARNING AND GROWTH

We invent
We are innovative, we encourage our employees to be curious and we are constantly looking for new solutions

We grow
We value our employees and inspire them to develop themselves and their careers

We initiate
Everyone has an opportunity to take responsibility and lead

We care
We help our people succeed by maintaining a supportive work environment that fosters employee wellbeing

ENGAGED TEAM

We measure Enefit Green's employee engagement, management quality and collaboration once a year through a detailed engagement and collaboration survey. Additionally, we carry out shorter quarterly pulse surveys.

Based on the TRI*M metric, our employee engagement index for 2021 was 85, exceeding the average indicator for the global energy sector. 41% of our employees feel that they are highly engaged drivers, believe in the company's goals, and perceive the work environment as motivating and the overall satisfaction as high.

The high engagement figure is attributable to clear goals, clear growth plan, the belief that the plan can be implemented and the work that has been continuously done to develop our leaders and improve our management quality. Based on the TRI*M metric, Enefit Green's management quality index for 2021 was 84, reflecting high trust in the company's management. It also reflects that people have access to the information they require for work and they feel that their opinions count. Voluntary employee turnover was 5.8%.

Achievement of common goals is facilitated by the performance management system. It assures that the company's strategic goals are communicated to each team and employee and expected results are clearly agreed and measurable. Employees are eligible to an annual or a monthly performance pay scheme, which takes into account the achievement of agreed goals.

At the end of each financial year, we recognise our best employees based on the results achieved and values-based behaviour. We together select the nominees for the persons and the deeds of the year

Our team is strengthened by regular team events and seminars

LIFELONG LEARNING

We believe that the execution of both our daily production operations and ambitious growth plan requires a professional and committed team. According to different discussions and internal surveys, Enefit Green's employees appreciate development and career opportunities, a competitive salary and meaningful work the most.

To enable our employees to give their best on a daily basis and to unlock their full potential, we support them with diverse learning opportunities.

We organised over 100 training sessions in 2021 to offer our employees development and career opportunities. Enefit Green values and supports in-house knowledge and experience sharing. More than ten employees regularly act as instructors and/or internal trainers.

Last year we implemented Coursy – a new e-learning environment aimed at offering an even wider and more exciting range of study opportunities. The purpose of the new portal is to enable everyone to learn and gain new knowledge at the time, place and pace that suit them best.

All employees had to pass an ethics and a cyber awareness course in the new e-learning environment. The ethics course used illustrative cases to highlight ethical dilemmas that we may encounter. It also provided an opportunity to test how we would act in certain work-related situations and to gain insights into our corporate principles and values.

Awesome people is our dearest asset

The cybersecurity course reminded us of patterns of behaviour which help protect both corporate and personal property against malicious cyberattacks or damage caused by ignorance. Employees could also take e-courses on the GROW model, best meeting practices, and how to be an energy hero

BUILDING A TALENT PIPELINE

The development of renewable energy creates the need for talented young people who are eager to create new solutions and not afraid to voice their opinion. Our mission is to attract, retain and develop exceptional people with the required knowledge, skills and mindset.

To attract new talent, we introduce the production and development of renewable energy at secondary schools, participate in student fairs and career days, and offer internship opportunities to students. For three years already we have also been giving out scholarships to students. In 2021, one scholarship was granted.

Providing internship opportunities is a cornerstone of our strategy for attracting future talent. Every year we give IT, engineering, and analytics students an opportunity to gain valuable experience at our entities. Seven students did their internship with us in 2021.

WE MAKE A POSITIVE IMPACT ON SOCIETY

We feel that our responsibility extends beyond the production of renewable energy. We invest in the development of the communities where we operate or where we wish to develop renewable energy. We think and act to inspire young people to participate in building a greener future. We contribute to the development of renewable energy together with industry and professional associations.

Enefit Green is a member of the following organisations:

- Estonian Circular Economy Industries Association
- Estonian Wind Power Association
- Latvian Wind Energy Association
- Lithuanian Wind Power Association
- Estonian Power and Heat Association
- Latvian District Heating Association
- Paldiski Association of Entrepreneurs

WE VALUE COMMUNITIES

The need to increase the production of renewable energy has brought to the fore the need for a local (community) benefits model, which would motivate local authorities and communities to work with wind farm developers. The Ministry of Economics and Communications has started to draft relevant regulation for Estonia.

Enefit Green believes that the local community should benefit from development projects in its area. Accordingly, we support the development of communities in the immediate vicinity of the wind farms we have built in Estonia and Lithuania.

In Estonia, we have been contributing to the wellbeing of people living near our wind farms through non-profit associations set up together with local authorities for years already. In 2021, support provided to local projects through non-profit associations in Estonia amounted to €148,656. In Lithuania, we have signed agreements with local authorities under which we supported local communities with €130,538.

People from Paikuse and Tori are visiting Paldiski Wind Park

We also consider the interests of local communities in the development of new wind and solar farms. We believe that a cleaner future can only be created in partnership. Therefore, we consider it important to consult local people. To resolve issues relevant to the community, we set up joint taskforces to regularly discuss topics and questions that may arise within the community during the planning process. Collaboration yields the best possible results.

We arrange wind farm tours for the people of the host communities where we introduce the turbine technology and provide an opportunity to get a wind farm experience and assess the visual impact of the turbines. In 2021, we took the people of Paikuse, Tori and Saarde communities to a tour of the Paldiski wind farm.

For years we have helped the Paldiski Association of Entrepreneurs organise the conference Another Kind of Paldiski, which is aimed at the attraction of industrial investments and the development of entrepreneurship in the city of Paldiski. Last year's conference was focused on green technologies and sought solutions that would help speed up their implementation.

Conference Another Kind of Paldiski promoted adoption of green technologies

WE INSPIRE WITH AN EXCITING WORLD OF ENERGY

The energy sector and green transition require an increasing number of new engineering talent that would take projects from an idea to execution. We need to attract young people to make sure that the development of renewable energy will continue.

We work with higher and vocational education institutions to have future employees and to help improve the study process.

Our employees act as visiting lecturers at schools and universities where they share their professional expertise and stories. We invite students to our production entities and hold doors open days to show how our processes function. Although the precautionary measures implemented due to COVID-19 limited the options for physical meetings, our people gave five lectures and organised ten study trips to our production facilities in 2021.

The rise in the construction and operation of renewable energy production capacities is going to provide permanent employment for hundreds of people. We see that green transition in the energy sector requires new skills and competencies – both qualified technical experts who would develop renewable energy entities as well as skilled workers who would ensure the availability of renewable energy facilities. We are working with the Estonian Wind Power Association, education institutions and other companies to find ways to develop and finance study programmes relevant to the energy sector.

WE LEAD BY EXAMPLE

It is critical to increase young people's awareness of the need to sort waste as well as the potential value of sorted waste. Schools are an ideal place to arouse interest and to provide practical instruction and experience in waste management. The insights gained at school are put to use and shared at home.

We helped set up 37 waste sorting stations for schools on the island of Hiiumaa in a project carried out in summer 2021 in partnership with the Estonian Circular Economy Industries Association. The pupils and staff of all schools on the island can now sort municipal waste into four: packaging waste, biodegradable waste, paper and cardboard waste, and mixed municipal waste. The project included providing instruction in why and how to sort municipal waste.

Schools in Hiiumaa got 37 waste sorting stations

SMALLER ENVIRONMENTAL FOOTPRINT

We feel that we are responsible for more than the production of renewable energy. We wish to build a cleaner environment and to contribute to the reduction of the carbon footprint through the way we operate.

In our operations and decision-making, we observe the European Union's environmental policy and the legislation of the host countries as well as applicable international standards. We avoid polluting the environment and strive to reduce the environmental impacts of our activities.

SYSTEMATIC AND COMPREHENSIVE APPROACH

Environmental management is part of Enefit Green's overall management – we take a comprehensive approach to environmental matters and regard adherence to environmental principles and policies as an integral element of our daily activities.

We apply a certified environmental management system that complies with ISO 14 001 in our production units across our home markets. At the Iru power plant, we have additionally implemented an environmental management system that complies with the EU Eco-Management and Audit Scheme (EMAS) and the facility has also been EMAS registered. We consistently review and improve our environmental management systems.

We are committed to continuously improving our environmental performance indicators and observe applicable environmental guidelines adopted by the Eesti Energia group:

- Our activities and decisions are consistent with the principles of environmental law and the requirements of environmental legislation.
- We analyse the environmental impacts and risks of our activities and continuously develop and improve our environmental activities.
- We increase our renewable energy production capacities to help meet the Eesti Energia group's target of achieving carbon neutrality in energy production by 2045 and to support the group's customers in finding personal and flexible solutions on their green journey.
- We reduce the environmental impacts of our operations and consider the community in our activities. To minimise emissions and waste and to achieve resource efficiency, we apply the best possible techniques and technologies. We monitor the changes taking place in the environment and prepare environmental reports.
- We apply the principles of circular economy, reduce waste and support waste recovery and recycling.
- We improve environmental awareness among our employees and in society. We contribute to progress through research and development activities and our environmental information is public.
- We create conditions for restoring or maintaining biodiversity and ensure appropriate nature protection.
- In purchasing services, products and raw materials, we prefer green public procurement.
- We apply Green Office principles and practices to ensure a healthy work environment and observance of environmentally responsible principles. We reduce the use of paper, sort waste, consume water, electricity and heat efficiently and use environmentally friendly vehicles.

IMPORTANT ENVIRONMENTAL INDICATORS

		2019	2020	2021
RESOURCES USED IN PRODUCTION	**unit**			
Biomass	thousand t	387	377	361
Incl. for pellet production	thousand t	278	267	252
Municipal waste	thousand t	216	242	237
Biogas	thousand m^3	0	233	0
Natural gas	thousand m^3	10,338	3,996	1,590
Fuel oil	thousand t	0.057	0	0
Groundwater	thousand m^3	130	131	112
Surface water*	thousand m^3	785	785	236

* Iru power plant produced a significant part of its energy in cogeneration mode, which reduced the use of surface water for cooling purposes. In addition, the reuse of cooling water was increased.

EMISSIONS TO AIR**	**unit**			
CO_2, fossil	thousand t	127	137	142
SO_2	thousand t	0.033	0.034	0.042
NO_x	thousand t	0.326	0.354	0.341
Particulates	thousand t	0.174	0.171	0.136
CO_2, biogenic***	thousand t	81	82	84

** Slight growth in certain emissions is attributable to growth in production volumes.
*** Biogenic CO2 is related to the natural carbon cycle and is generally considered carbon-neutral from the climate point of view.

SOLID WASTE – ASH	**unit**			
Wood ash, used as fertilizer	thousand t	2.90	2.99	2.84
Bottom ash, from incineration of waste	thousand t	49.41	58.76	64.20
Fly ash, from incineration of waste	thousand t	3.60	3.72	3.69

ENVIRONMENTAL CHARGES	**unit**			
Resource charges	€ thousand	7.99	8.57	7.22
Pollution charges	€ thousand	233.06	236.30	281.88

Maintenance work in Aulepa Wind Park

COMPLIANCE OF ENEFIT GREEN'S ACTIVITIES WITH THE EUROPEAN UNION'S TAXONOMY SUSTAINABILITY CRITERIA

As one of the leading diversified renewable energy producers in the Baltic Sea region, we understand our role in reaching a carbon-neutral way of life.

To expand cleaner energy production, we develop onshore and offshore wind farms as well as solar farms along with storage systems in our home markets from Finland to Poland. We also help offer customers useful and sustainable end-to-end turnkey solutions.

At the end of 2021, most of our production units met the sustainability criteria set out in the EU taxonomy by contributing either to climate change mitigation or adaptation. Exceptions include all cogeneration plants. In 2021, the share of sustainable activities in compliance with EU taxonomy was 58.4%, 55.7% and 97.1% of Enefit Green's consolidated sales revenue, operating expenses and investments respectively

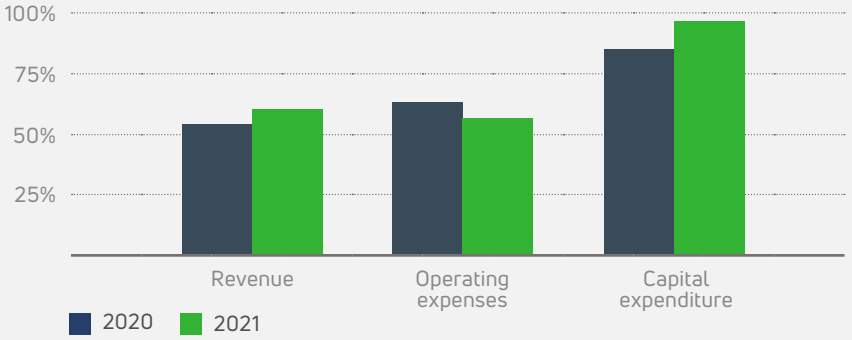
We are going to develop a methodology to account for the greenhouse gas (GHG) emissions resulting from the operations of Enefit Green in accordance with the internationally recognised GHG Protocol Corporate Accounting and Reporting Standard. The standard covers the accounting and reporting for carbon dioxide as well as other GHG emissions.

THE KPI OF ENEFIT GREEN ACTIVITIES CLASSIFIED AS SUSTAINABLE UNDER EU TAXONOMY

€k

	2020	2021	Change, %
Revenue	62,623	89,422	42.8%
Operating expenses	54,084	55,907	3.4%
Capital expenditure	11,887	74,254	524.7%

SHARE OF ACTIVITIES CLASSIFIED AS SUSTAINABLE



WE CONSISTENTLY REDUCE POLLUTION

The main emissions to air that result from the activities of Enefit Green are carbon dioxide (CO_2), sulphur compounds (SO_2), nitrogen compounds (NO_x), carbon monoxide (CO), volatile organic compounds (VOCs), ammonia (NH_3) and particulate matter (PMsum), which are emitted by our fuel-burning power plants: the Iru, Paide and Valka power plants and the Broceni cogeneration facility.

We discharge our power plants' industrial wastewater and cooling water as well as municipal wastewater and industrial effluent into the public sewerage system operated by the water undertaking providing the service.

The maximum permitted levels (limit values) for pollutants resulting from our activities are outlined in our environmental permits. To not exceed the permitted levels, we monitor pollutant levels in surface water, groundwater and ambient air either continuously or intermittently or using calculations-based methods. Environmental monitoring results are used to prepare reports on emissions to the environment and on use of the environment, which are regularly submitted to the Environmental Board.

Environmental supervision agencies have not registered any breaches of environmental permits issued to Enefit Green. Nor have any instances of noncompliance with permits been detected during regular reviews of our activities under the environmental permits.

WE USE NATURAL RESOURCES SUSTAINABLY

We utilise natural resources sustainably. We use water and biomass in production operations efficiently and observe the limit values fixed in the environmental permits issued by the Environmental Board. We also seek technological options for reducing the use of natural resources.

At the Paide and Valka power plants and the Broceni combined heat and power plant, we use renewable fuel: wood chips and bark. The burning of the latter does not cause fossil carbon dioxide emissions, which would be more harmful to climate, because of adding carbon to the carbon cycle. Biogenic carbon dioxide emitted by combustion of biomass is already circulating in the carbon cycle and is presumably captured in the growth process of new biomass.

The Broceni pellet factory operates in conformity with the Sustainable Biomass Partnership (SBP) certificate. The SBP certification system is designed to provide assurance that biomass is sourced from legal and sustainable sources, the wood chip and pellet supply chain is environmentally friendly and socially responsible, and pellets are produced sustainably.

We meet the industrial and cooling water needs of our burning equipment with water supplied by the public water system or, where possible, groundwater supplied by the bored wells operated by our own facilities and surface water obtained from natural water bodies. The Iru power plant uses surface water obtained from the Pirita river for industrial and cooling purposes as well as for firefighting when necessary. The Valka and Broceni power plants use groundwater for cooling purposes.

WE PROTECT THE ENVIRONMENT

Modern energy production is increasingly more decentralised, closer to people's everyday activities and inevitably more visible. Renewable energy can only be produced with the support of the local communities. We believe that by skilful planning it is possible to minimise the environmental and community impacts of new renewable energy development projects and effectively integrate new wind and solar farms into the living environment.

In planning developments, we always observe the principles of environmental sustainability. We do not plan installations in landscapes and nature protection and conservation areas, the habitats of protected species and eco-sensitive zones or ecologically fragile areas, and we avoid affecting the migration conditions and habitats of wild birds and animals.

We develop wind farms consistent with national strategic plans as well as established planning requirements and principles. In developing new solar and wind farms, we assess each project's possible environmental and human impacts. We also analyse the potential wider impact on the community. As part of the planning process, we carry out a thorough environmental impact assessment by which we identify significant environmental impacts and ways for their mitigation.

Where necessary, we apply measures that reduce the environmental impact such as changing the location of the turbines, partially restricting working time, using lighting solutions, etc. When required, we carry out monitoring of wild birds and bats to obtain data on the effects on species and we are prepared to respond to changes taking place in nature.

We systematically develop renewable energy awareness by communicating with the public. In October, we participated actively in organising Eesti Energia's Environment Day to improve public understanding of renewable energy development.

We follow the principles of nature protection and environmental sustainability in our other activities as well. For example, at the Keila-Joa hydropower facility we monitor the level and flow of surface water to maintain the ecological state of the river. Accordingly, when water flow in the river decreases below the ecological minimum, we reduce electricity production. We additionally restrict the operation of the hydropower facility to increase the attractiveness of the Keila-Joa waterfall for nature tourism purposes, when necessary. Since the Keila-Joa hydropower facility is also an architectural monument, we take particular care of the building and its surroundings.

WE REDUCE LANDFILLING OF WASTE

We promote and support waste recovery and recycling in order to reduce the amount of municipal waste that is landfilled and stored in Estonia. We use municipal waste that cannot be recycled to produce electricity and heat by using environmentally sustainable technology at our Iru power plant. We can sell the heat generated by the plant's waste-to-energy unit to the district heating provider of the city of Tallinn at the lowest price in the market.

Iru waste-to-energy unit can produce heat and electricity from up to 260,000 tonnes of municipal waste per year. Largely due to the Iru facility, Estonia has been able to discontinue large-scale landfilling of municipal waste. The environmental impact of using municipal waste to produce heat and electricity is hundreds of times smaller than that of landfilling where waste decomposes and emits pollutants for decades.

Enefit Green is a member of the Estonian Circular Economy Industries Association where we participate in making decisions that support the development and the future of circular economy. In September, we took part in the Circular Economy Day organised by the association to discuss the topics of circular economy business models, investments, innovation, responsibility and collaboration with communities

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Corporate Governance

- We fully comply with the rules of Corporate Governance Recommendations
- Two new independent members of the Council
- Establishment of the Audit Committee

Enefit Green

GOVERNANCE PRINCIPLES

The objective of Enefit Green's supervisory board and management board is to develop and manage Enefit Green so that we would be a positive example for other companies in terms of a clear strategy, good corporate governance practices, operating efficiency, financial performance and collaboration with stakeholders.

As a public company listed on the Nasdaq Tallinn stock exchange, Enefit Green applies the best governance practices. Besides the requirements of the Estonian Commercial Code, the company observes the guidance provided in the Corporate Governance Recommendations promulgated by the Estonian Financial Supervision and Resolution Authority and the rules set for listed companies.

Enefit Green's governance principles are aligned with its strategy and values as well as the expectation of its shareholders.

Eesti Energia whose sole shareholder is the Republic of Estonia, has a 77.2% ownership interest in Enefit Green. Accordingly, Enefit Green is also subject to certain governance-related provisions of the Estonian State Assets Act.

We set the company's strategic goals for a period of five years and update them annually. We have adopted key performance indicators (KPIs) for strategic goals, which are used to continuously assess whether we are on track towards meeting these goals. The KPIs include EBITDA, the availability of wind farms and cogeneration plants, EBITDA earned on new services, lost time injury frequency rate (LTIFR), the collaboration index and management quality.

In order to achieve the goals set, managers engage and motivate the staff consistent with our values and management principles. We keep our employees informed about the organisation's goals and their achievement. We make sure that our people have a safe work environment and high work ethic. We pay our employees a competitive salary and notice and recognise them.

The company's management and supervisory boards are accountable to shareholders for meeting shareholder expectations and the goals set. The company strives to be transparent in its economic activities, disclosure of information and relations with shareholders, customers, partners and other stakeholder groups. Enefit Green presents, and comments on, its financial results four times a year and makes its reports and related presentation materials available on its website. To further improve transparency, we publish and comment our production data on monthly basis.

CODE OF ETHICS

Enefit Green has adopted the Code of Ethics of the Eesti Energia group which states, among other things, that the organisation does not tolerate any discrimination, harassment, bullying, abuse or other inappropriate behaviour. All employees are treated fairly and equitably regardless of their ethnicity, age, race, gender, language, origin, skin colour, religion, disability, sexual orientation, or political or other beliefs. All staff passed an online ethics course in 2021.

Enefit Green has considered that it is not necessary to apply additional diversity policy in addition to the relevant provisions of the Code of Ethics. When selecting our employees and managers we always do that with the best interests of Enefit Green in our mind. Our personnel selection process is gender-neutral and non-discriminatory and is focused on person's education, skills and previous experience and, where applicable, compliance with legal requirements

AVOIDING ONFLICTS OF INTEREST

In keeping with Enefit Green's values and ethics and to prevent corruption, we have put in place a group-wide procedure for avoiding conflicts of interest. The procedure requires, among other things, members of group companies' governing bodies and employees who may encounter conflicts of interest due to their responsibilities, authority and/or liability to declare their business interests to the company.

Transactions with the members of the management board, the members of the supervisory board, and parties related to them are disclosed in the consolidated financial statements. All transactions that have been performed have been conducted in the ordinary course of business and on an arm's length basis (on terms equal to those offered to unrelated parties).

Where there has been risk of a conflict of interest, the exposed person has refrained from discussing, and adopting resolutions on, the relevant agenda item.

ORGANISATIONAL STRUCTURE AND GOVERNING BODIES

We believe it is important to make sure that that group's structure is clear and logical, that we are aligned with the organisation's goals and needs, and that we take into account changes in the business environment. The governing bodies of the group's parent, Enefit Green AS, are the general meeting, the supervisory board and the management board.

GENERAL MEETING

Enefit Green's highest governing body is the general meeting, which decides (among other things):

- the establishment and acquisition of new companies;
- the liquidation of existing companies;
- the appointment and removal of members of the supervisory board;
- major investments;
- the appointment of the auditor;
- the approval of the results of the financial year;
- the approval of the bases and principles for providing, and making significant changes to, the remuneration and work-related benefits of the members of the management board, including their termination, pension and other benefits;
- whether the actual remuneration provided to the members of the management board is consistent with the adopted remuneration principles;
- the approval of significant transactions (as defined in the Rules and Regulations of the Nasdaq Tallinn stock exchange) with related parties (as defined in the Rules and Regulations of the Nasdaq Tallinn stock exchange) in the cases outlined in the Rules and Regulations of the Nasdaq Tallinn stock exchange;
- the approval of transactions which need to be submitted for approval to the general meeting in accordance with the Rules and Regulations of the Nasdaq Tallinn stock exchange;

To change the articles of association the general meeting follows the requirements of the Estonian Commercial Code. A minimum of two thirds of votes present on the general meeting are required to approve a change

to the articles of association. The annual general meeting takes place once a year, within six months after the end of the group's financial year, at the time and in the place determined by the management board

SUPERVISORY BOARD

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

- planning the group's activities;
- organising the group's management and supervising the activities of the management board;
- approving the group's strategy and supervising the implementation of the strategy; and
- adopting major strategic decisions.

In accordance with the articles of association, the supervisory board has five to seven members who are elected by the general meeting for a term of three years. At least half of the members of the supervisory board have to be independent in the meaning of the Corporate Governance Recommendations. When the supervisory board has an odd number of members, the number of independent members may be one less than the number of dependent members.

At 1 January 2021, the members of the supervisory board of Enefit Green were Hando Sutter (chairman), Andri Avila, Raine Pajo and Margus Vals. The term of office of that composition of the supervisory board expired on 20 October 2021. The new supervisory board elected by the general meeting, which took office on 21 October 2021, comprises Hando Sutter, Andri Avila, Raine Pajo, Erkki Raasuke and Anne Sulling. The latter two are independent in the meaning of the Corporate Governance Recommendations.

The term of office of the current members of the supervisory board lasts until 21 October 2024.

The supervisory board is headed by a chairman. The current chairman of the supervisory board is Hando Sutter who was elected to office by the first meeting of the new supervisory board that convened on 22 October 2021.

Consistent with the resolution of the sole shareholder dated 14 October 2021, the remuneration of the independent members of the supervisory board is €1k per month. Other members of the supervisory board are not remunerated. The remuneration provided to the members of the supervisory board in 2021 is set out in the table below.

As a rule, the supervisory board meets once a month, except during the summer months. The supervisory board had 48 meetings in 2021: three of them after the election of a new supervisory board and the listing of Enefit Green's shares on the stock exchange.

SUPERVISORY BOARD

At 31 December 2021

HANDO SUTTER
Chairman of the Supervisory Board

Commencement of term of office:
04.09.2017
Expiry of term of office:
21.10.2024

Number of Enefit Green's shares held by the member of the supervisory board:
2,440
Number of shares held by persons closely associated with the member of the supervisory board:
3,000

ANDRI AVILA
Member of the Supervisory Board

Commencement of term of office:
04.09.2017
Expiry of term of office:
21.10.2024

Number of Enefit Green's shares held by the member of the supervisory board:
2,715

RAINE PAJO
Member of the Supervisory Board

Commencement of term of office:
01.01.2021
Expiry of term of office:
21.10.2024

Number of Enefit Green's shares held by the member of the supervisory board:
2,621

ERKKI RAASUKE
Member of the Supervisory Board (independent)

Commencement of term of office:
21.10.2021
Expiry of term of office:
21.10.2024

Number of Enefit Green's shares held by the member of the supervisory board:
31,849
Number of shares held by persons closely associated with the member of the supervisory board:
9,359
Remuneration paid to the member of the supervisory board in 2021:
2,333 €

ANNE SULLING
Member of the Supervisory Board (independent)

Commencement of term of office:
21.10.2021
Expiry of term of office:
21.10.2024

Number of Enefit Green's shares held by the member of the supervisory board:
–
Number of shares held by persons closely associated with the member of the supervisory board:
1,272
Remuneration paid to the member of the supervisory board in 2021:
2,333 €

MANAGEMENT BOARD

The group's day-to-day executive management is the responsibility of Enefit Green's management board. In managing the company, the management board follows the group's strategy that has been approved by the supervisory board.

The chairman of the management board is appointed by the supervisory board. Members of the management board are approved by the supervisory board based on the proposal made by the chairman of the management board. Supervisory board can recall any member of the management board. Member of the management board may resign from the management board (for any reason) by notifying the supervisory board. The composition of the management board of Enefit Green did not change in 2021, comprising at the year-end the chairman Aavo Kärmas and the members Veiko Räim, Innar Kaasik and Linas Sabaliauskas. The term of office of the current members of the management board lasts until 24 September 2024.

None of the members of the management board is a member of the management board or the chairman of the supervisory board of any other listed company.

The remuneration of the management board of Enefit Green is regulated by The principles of remunerating members of the management board, which was approved by the supervisory board on 10 September 2021 and by the general meeting on 14 September 2021. Information about the remuneration paid to the members of the management board of Enefit Green in 2021 will be presented in the Remuneration report included in the audited annual report.

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

As a listed company, we have to disclose our compliance with the Corporate Governance Recommendations promulgated by the Estonian Financial Supervision and Resolution Authority consistent with the 'comply or explain' principle which requires us to explain our positions and practice regarding those articles of the Corporate Governance Recommendations which Enefit Green does not comply with. The management board of Enefit Green has assessed the organisation and functioning of the group's governance on the basis of the Corporate Governance Recommendations. Material components of our corporate governance have been described above. Having assessed the compliance of the organisation and functioning of the company's corporate governance system, we find that the organisation and functioning of the corporate governance of Enefit Green comply with the Corporate Governance Recommendations.

MANAGEMENT BOARD

At 31 December 2021

AAVO KÄRMAS

Chairman of the Management Board

Commencement of term of office:
05.07.2017

Expiry of term of office:
24.09.2024

Number of Enefit Green's shares held by the member of the management board:
5,555

PREVIOUS POSITIONS HELD

- Omniva (Eesti Post), Chairman of the Management Board and CEO
- Eesti Post, Member of the Management Board
- Viljandi Aken ja Uks AS, Various executive positions

EDUCATION

- Tallinn University of Technology, Public Administration

INNAR KAASIK

Member of the Management Board

Commencement of term of office:
31.08.2012

Expiry of term of office:
24.09.2024

Number of Enefit Green's shares held by the member of the management board:
2,064

Number of shares held by persons closely associated with the member of the management board:
2,000

PREVIOUS POSITIONS HELD

- Enefit Taastuvenergia, Member of the Management Board and CEO
- Eesti Energia , CEO of Renewable Energy and Small Cogeneration Business Unit
- Elektrilevi, Member of the Management Board responsible for asset management, Head of Network Management Department
- Elering, Project Manager

EDUCATION

- Tallinn University of Technology Electrical Power Engineering
- Tallinn University of Technology Business Administration

VEIKO RÄIM

Member of the Management Board

Commencement of term of office:
23.10.2017

Expiry of term of office:
24.09.2024

Number of Enefit Green's shares held by the member of the management board:
2,064

Number of shares held by persons closely associated with the member of the management board:
1,000

PREVIOUS POSITIONS HELD

- Eesti Energia, Energy Trading Director
- Eesti Energia, Head of Financing and Investor Relations
- SEB Enskilda, Member of Corporate Finance Team
- Dresdner Kleinwort Wasserstein, Analyst

EDUCATION

- London Business School, Further studies
- Stockholm School of Economics, Finance
- Stockholm School of Economics in Riga, Economics and Business Administration

LINAS SABALIAUSKAS

Member of the Management Board

Commencement of term of office:
01.01.2019

Expiry of term of office:
24.09.2024

Number of Enefit Green's shares held by the member of the management board:
2,064

PREVIOUS POSITIONS HELD

- Koncernas Achemos Grupė, Assistant Director
- Renerga, Chairman of the Management Board
- Renerga, Assistant Director
- Renerga, Hydropower Plant Engineer
- Jonavos Hidrotechnika, Junior Construction Site Manager
- Hidroprojektas, Junior Industrial Designer

EDUCATION

- Aleksandras Stulginskis University, Construction Technology and Management
- Aleksandras Stulginskis University, Rural Civil Engineering

AUDIT COMMITTEE AND INTERNAL CONTROL

The audit committee is a body set up by the supervisory board which is responsible for advising the supervisory board in matters related to accounting, external audit, risk management, internal control and internal audit, supervision and budgeting, and legal and regulatory compliance. The committee reviews and assesses the organisation of all functions that provide assurance to shareholders (external audit, internal audit) and all assurance-providing activities implemented by the management board (risk management) to make sure that they function in the best possible manner and consider the company's needs and the interests of the controlling shareholder do not receive preferential treatment in the decisions made by the supervisory board and the management board. Among other things, the audit committee monitors that the transactions with related parties would be conducted on market terms. Where necessary, the audit committee makes proposals to the management board and the supervisory board. The audit committee has three members. The majority of its members including the chairman have to be independent in the meaning of the Corporate Governance Recommendations.

On 22 October 2021, the supervisory board appointed Anne Sulling, Erkki Raasuke and Raine Pajo as members of the audit committee. The members of the audit committee elected Erkki Raasuke as chairman of the audit committee. Anne Sulling and Erkki Raasuke meet the independence requirement as defined in the Corporate Governance Recommendations.

The audit committee meets according to an agreed schedule at least once a quarter. In 2021, the committee had four meetings which were attended by all members of the committee. The audit committee submits its report to the supervisory board once a year, before the approval of the annual report by the supervisory board.

The rates of the remuneration of the independent members of the audit committee were established by the supervisory board on 22 October 2021. The rate of the remuneration of the chairman of the audit committee is €500 per meeting and the rate of the remuneration of a member of the audit committee is €250 per meeting. When a member does not attend a meeting, the member does not receive remuneration for the meeting in question. The remuneration provided to the members of the audit committee for participation in the work of the committee is disclosed on the next page.

Until the listing of Enefit Green's shares on the stock exchange, internal audits at Enefit Green were carried out by the internal audit unit of Eesti Energia based on the plans approved by the audit committee of Eesti Energia.

On 5 November 2021, the audit committee of Enefit Green decided to set up a position of an internal auditor at Enefit Green and the position was filled as of 1 January 2022.

AUDIT COMMITTEE

At 31 December 2021

ERKKI RAASUKE
Chairman of
the Audit Committee

Appointed:
22.10.2021
Remuneration paid to
the member of the committee
in 2021:
1,000 €

RAINE PAJO
Member of
the Audit Committee

Appointed:
22.10.2021

ANNE SULLING
Member of
the Audit Committee

Appointed:
22.10.2021
Remuneration paid to
the member of the committee
in 2021:
1,000 €

Risk Management

- Hedging the electricity price risks of new development projects
- ISO 45001:2018 certification
- Zero accidents with lost working time in 2021

Enefit Green

Risk management activities are a natural and integral part of the overall management of Enefit Green and thus embedded in all our processes and operations.

Risk management is aligned with shareholder expectations and the group's strategic goals. It is underpinned by uniform principles, systematic, consistent, transparent and up-to-date. Risk management measures are preventive by nature and developed and adjusted consistent with changes in the group's strategy, operations and organisation structure.

The objectives of risk management are to support the development and implementation of the strategy, to help achieve financial and operational goals, to identify potential opportunities, and to prevent undesirable events.

The group has risk management and control systems in place, which assure that strategic goals will be achieved, the risks inherent in and affecting our operations will be identified and assessed, and losses will be prevented.

We use the information, analyses and expert opinions collected for risk management to set the group's strategic goals and to plan the activities aimed at their achievement. We perform forward-looking analyses of the planned strategy, the risks which may affect the achievement strategic goals and related risk exposures.

To make sure that our risk management activities are effective and to prevent realisation of risks, we regularly and systematically collect information about risk realisation, threats of risk realisation, and incidents. The information is used to carry out improvements and thereby lower the probability of the recurrence of similar events and their future impacts.

Internal control and risk management systems relate to financial reporting process to ensure the group's unified and reliable financial performance reporting that is consistent with applicable laws and regulations and approved accounting and reporting principles.

MARKET AND FINANCIAL RISKS

We define market risk as the risk that the values of the group's assets or liabilities or the amount of income it earns on its assets and services will fluctuate because of market developments (changes in demand or the prices of products and services).

A significant market risk is price risk inherent in the sale of electricity. A +/- 1 €/MWh change in the average realised market price of electricity would have had a +/- €750.2k impact on the group's profit before tax for 2021 (2020: +/- €818.8k).

An important factor in mitigating the price risk associated with the sale of electricity is renewable energy support, which is paid to Enefit Green in accordance with the laws and regulations of the markets where it operates and which lowers the impacts of variability in market prices. 20% of Enefit Green's expected electricity production in 2022-2025 is covered with fixed-price support measures at an average price of 81.9 €/MWh. Depending on the market, these measures take the form of Feed-in Tariff (FiT) or Contracts for Difference (CfD).

Part of the electricity produced by Enefit Green's production units in Estonia receives renewable energy support, which is paid in addition to the sales price of electricity (Feed-in-Premium, FiP). 22% of Enefit Green's expected electricity production in 2022-2025 is covered with FiP support measures at an average FiP rate of 50.2 €/MWh.

Enefit Green mitigates the electricity price risk inherent in development projects with long-term fixed-price power purchase agreements (PPAs). As a rule, the sales price of electricity is fixed for at least 60% of a development project's projected electricity production in the first five years by the date a binding investment decision is made. By 28 February 2022, Enefit Green had signed PPAs for the sale of its production in 2022-2025 on 2,352 GWh, which accounts for 29% of its projected electricity production, at an average price of 45.6 €/MWh. Altogether, Enefit Green has signed PPAs on 6,128 GWh for the period 2022-2033 at an average price of 44.4 €/MWh. Eesti Energia is the counterparty for the majority of the PPA agreements (in a volume of 5,810 GWh).

SHARE OF PRODUCTION COVERED BY FIT/CFD

	2022	2023	2024	2025
Share of production covered with FiT/CfD measures	38%	27%	16%	12%
Quantity (GWh)	459	425	396	332
Weighted average price of FiT/CfD measures	82.8	82.0	81.7	80.9

SHARE OF PRODUCTION COVERED BY FIP

	2022	2023	2024	2025
Share of production covered with FiP support	42%	31%	20%	9%
Quantity (GWh)	502	489	500	268
Weighted average FiP price (added to market price)	50.2	50.2	50.2	50.4

SHARE OF PRODUCTION COVERED BY PPA

	2022	2023	2024	2025
Share of production covered with fixed PPAs	5%	26%	35%	36%
Quantity (GWh)	58	405	871	1,020
Blended average PPA price	77.0	45.9	44.5	44.6

During the year 2021, Enefit Green used electricity derivatives (hedging instruments) to hedge the risk of electricity price volatility. In August, however, the company changed its risk management approach and transitioned to the use of long-term physical electricity sales contracts. Since then, Enefit Green has not used financial derivatives to hedge price risk.

Enefit Green uses financial leverage to expand its business volumes through the development of new production assets and to improve return on equity. The risk associated with financial leverage is mitigated by monitoring the net debt to EBITDA ratio, which has been set a cap of 4.0. The cap may be exceeded on a short-term basis during the development of new projects.

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

At 31 December 2021, the weighted average interest rate of bank loans was 1.17% (31 December 2020: 1.66%). The interest rate of Enefit Green's bank loans depends on the base interest rate (3 or 6 month Euribor for borrowings denominated in euros and 6 month WIBOR for borrowings denominated in Polish zloty). At 31 December 2021, a 0.5% rise in the average base interest rate would have had an impact of €(38.2)k on Enefit Green's profit before tax for the year (31 December 2020: an impact of €(42.5)k). At 31 December 2021, a 1.0% rise in the average base interest rate would have had an impact of €(585.8)k on Enefit Green's profit before tax for the year (31 December 2020: an impact of € (969.2)k).

OCCUPATIONAL HEALTH AND SAFETY RISKS

Our goal is to work without accidents and occupational diseases. Accordingly, we make daily efforts to create and maintain a healthy and safe work environment. We always consider the aspects of health and safety and develop our work environment consistent with the Safety First value of our strategic owner Eesti Energia.

As a renewable energy producer, we have carried out risk assessments on our premises and sites. We have informed our team members about places where working conditions are hazardous or complicated along with the resolution measures and work methods and techniques to be applied. The risk assessments are updated whenever work methods or techniques or circumstances of work change.

We have zero tolerance to accidents. We apply a carefully designed and well-planned occupational health and safety management system, monitor the observance of mandatory requirements, and improve hazard and safety awareness in the organisation.

Our key indicator for measuring the safety of our work environment is the lost time injury frequency rate (LTIFR) per million hours worked during the period under review, which reflects the working time lost due to injuries.

Our employees had no accidents at work in 2021.

LOST TIME INJURY FREQUENCY RATE

	2020	2021
Lost time injury frequency rate	3.8	0

Enefit Green's objective is to create a safety culture that is based on personal responsibility and collaboration. The highest level of management is responsible for creating a safe and healthy work environment and embedding the safety culture into the organisational culture. Enefit Green facilitates active dialogue with employees with a view to improving employee wellbeing, supervision, safety, workplace cleanliness, and occupational health and safety. For example, we have created an opportunity and an obligation to register all near miss incidents and to notify the company of any potential threats to, or breaches of, occupational health and safety. The data are registered and analysed to identify the causes and to provide employees with feedback and information about risk mitigation measures.

In 2021, our integrated management system was certified as compliant with Occupational Health and Safety Management Systems Standard ISO 45001:2018 at all our entities, except for Enefit Green SIA. The certification of the latter is expected to be carried out in 2022. However, the entity already follows the requirements in place in the Enefit Green group.

IMPACTS OF THE COVID-19 PANDEMIC

A critical health-related challenge in 2021 was the ongoing COVID-19 pandemic. Our priorities were:

- to protect the health of our employees;
- to prevent the spread of the infection among the workforce;
- to ensure the stability of our energy production operations.

Systematic and continuous intragroup information exchange helped us assure that the COVID-19 pandemic did not have a significant impact on the operating and financial results of the Enefit Green group. Nor did the pandemic affect heat production at our Iru, Paide and Valka power plants, which are major heat suppliers in their regions.

Maintenance work in Aulepa Wind Park

LEGAL RISK

Enefit Green's operations are strongly influenced by the regulations adopted and the treaties and conventions signed in the markets where we operate, in the European Union and internationally. Legal risk arises from political decisions, regulators' activities in the interpretation of regulations, and similar sources and influences our day-to-day business activities. We manage legal risk by monitoring trends and developments in the legal environment, participating actively in public discussions and the development of new legislation, and making sure that our activities comply with the laws and regulations of the countries where we carry out production or development activities. Where necessary, we consult law offices with relevant country-specific expertise.

IT RISK

IT risk is the risk that Enefit Green will not be able to meet its business goals or will suffer a loss due to flaws in IT solutions or cyberattacks.

We manage IT risk, including cyber risks, by carrying out and updating the risk analyses of all business-critical activities with a particular focus on the risks associated with business continuity, data integrity and loss of confidentiality. We enhance and improve the processes used to assess, mitigate and control IT risks. We pay a lot of attention to increasing our employees' awareness of information and cyber security risks. In October 2021, we organised a special campaign to improve cyber security awareness and all staff passed relevant mandatory training.

TECHNOLOGICAL AND TECHNICAL RISK

Identification and management of the risks associated with physical assets along with the implementation of preventive measures help avert or lower the risk that technological business risks will realise and the achievement of the organisation's goals will be adversely affected.

We prepare business continuity plans based on scenario-based risk analysis in order to be able to limit the scope and mitigate the negative consequences of incidents that may occur and to have appropriate solutions for restoring our production processes and services. We have created business continuity plans for both business critical operations and units that provide an essential service.

We use criticality analyses, which are based on risk assessments for components of production assets, to achieve the expected availability of our production assets with optimal resources. We apply risk-specific preventive measures in planning maintenance and repair or, if an incident occurs, conduct previously planned activities to reduce its scope or duration in order to assure business continuity for the organisation and our production assets.

When more significant incidents occur, we analyse the root causes, draw conclusions, adopt decisions aimed at developing and implementing new or improving existing preventive measures, and communicate relevant information to employees.

ENVIRONMENTAL RISKS

Our activities and decisions are aligned with our environmental policy, which sets a framework us. We avoid polluting the environment and minimise the environmental impacts of our operations. We feel that we are responsible for more than just the production of renewable energy. We want to contribute to creating a cleaner environment and reducing the carbon footprint in the world.

We define environmental risk as a situation where Enefit Green's activity or failure to act causes environmental damage that is not in accordance with the goals agreed, including the conditions specified in the environmental permits.

To control, manage and reduce our environmental impacts, we have implemented a certified environmental management system, which complies with ISO 14001-2015 and, at the Iru waste-to-energy facility, with the EU Eco-Management and Audit Scheme (EMAS). Our environmental risk management measures are aimed at preventing the realisation of risks and we update them to reflect changes in the group's strategy, operations and organisational structure. When starting new renewable energy development projects, we always assess their possible impacts on the environment and people as well as their potential community impacts.

FRAUD RISK

Fraud is a deliberate act or failure to act on the part of a person belonging or not belonging to the group, which involves breach of laws or rules by misleading, making false representations, abusing trust, withholding information and deceiving. The Enefit Green group has zero tolerance to fraud – we respond to all incidents of fraud based on the nature and circumstances of the case and strive to reduce the impacts on the company. Any concerns can be communicated without fear of retaliation using a special hotline and anonymously if preferred.

Fraud risk management is focused on the application of preventive measures such as regularly improving awareness through ethics and fraud risk management training (including online courses). We have made the group's Code of Ethics and related explanatory material available to all staff. Employees are also asked to provide feedback on ethics topics in the engagement survey. Responses are analysed and used to develop improvement measures. We conduct background checks for new employees as well as those changing positions and have implemented a system for regular declaration of economic interests.

Consolidated Financial Results Q4 2021

- The financial results were supported by record electricity prices and growth in production
- Total revenues grew by 57%, EBITDA by 77% in Q4 2021 y-o-y
- Net profit grew by 142% in Q4 2021 y-o-y

Enefit Green

The Enefit Green group ended Q4 2021 with significantly stronger results than a year earlier: supported by 57% growth in total revenues that outpaced 21% growth in operating expenses, EBITDA improved by 77%. Net profit for the quarter grew by €23.1m, rising to €39.4m. The key factors which influenced financial performance are set out below.

	Unit	Q4 2021	Q4 2020	Change	Change, %
Electricity production	GWh	385	366	19	5%
Heat production	GWh	174	169	5	3%
Pellet production	thousand t	38	43	-4	-12%
Pellet sales	thousand t	53	35	18	34%

SALES REVENUE

The group's electricity production in Q4 2021 was 385 GWh (Q4 2020: 366 GWh). The group's implied captured electricity price* for the period was €131/MWh (Q4 2020: €73/MWh). The most important sales revenue driver was the surge in the electricity price in the Estonia price area of the Nord Pool power exchange (NP Estonia), which increased the group's sales revenue by around €21.5m. The average price in NP Estonia was €141.7/MWh in Q4 2021 and €41.4/MWh** in Q4 2020. The average implied sales price of the group's production units that are exposed to the NP Estonia electricity price was €126.7/MWh in Q4 2021 and €36.1/MWh in Q4 2020. Another major factor that influenced the group's revenue was pellet sales, which grew €2.6m. Pellet sales were 53k tonnes for the reporting period and 35k tonnes for the comparative period. Heat production grew by 3% year on year but the price cap set for heat was lowered from €13.77/MWh to €7.98/MWh, which caused a €0.6m decrease in heat sales revenue.

OTHER INCOME

The main factor that influenced other income for Q4 2021 was renewable energy support which was €2.3m larger than a year earlier, mostly due to growth in the output of Estonian wind farms. Late payment interest, penalties and compensation had a negative impact on other income (minus €0.8m).

* Implied captured electricity price = (electricity sales revenue + renewable energy support and efficient cogeneration support – balancing energy purchases) / production
** Average quarterly price has been calculated based on the average monthly price: https://www.nordpoolgroup.com/Market-data1/Dayahead/Area-Prices/EE/Monthly/?view=table

CONSOLIDATED INCOME STATEMENT

m€

	Q4 2021	Q4 2020	Change	Change, %
TOTAL REVENUES	**68.9**	**44.0**	**24.9**	**57%**
Sales revenue	59.3	36.0	23.4	65%
Renewable energy support and other income	9.6	8.0	1.6	20%
TOTAL OPERATING EXPENSES (excl. D&A)	**19.3**	**16.0**	**3.3**	**21%**
Raw materials, consumables and services used	13.9	13.4	0.4	3%
Payroll expenses	1.8	1.6	0.2	10%
Other operating expenses	2.2	2.0	0.2	11%
Change in inventories	1.5	-1.1	2.5	-239%
EBITDA*	**49.6**	**27.9**	**21.6**	**77%**
Depreciation, amortisation and impairment (D&A)	9.6	9.3	0.3	3%
OPERATING PROFIT	**40.0**	**18.7**	**21.3**	**114%**
Net finance costs	0.2	0.8	-0.6	-70%
Corporate income tax expense	0.5	1.6	-1.1	-69%
NET PROFIT	**39.4**	**16.3**	**23.1**	**142%**

TOTAL OPERATING EXPENSES (excl. D&A)	**19.3**	**16.0**	**3.3**	**21%**
Variable expenses (incl. balancing energy purchases)	10.1	9.7	0.5	5%
Fixed costs	7.7	7.4	0.3	4%
Change in inventories	1.5	-1.1	2.5	-239%

* EBITDA – earnings before net finance costs, profit or loss from equity-accounted investments in associates, tax, depreciation, amortisation and impairment losses.

RAW MATERIALS, CONSUMABLES AND SERVICES USED

Expenses on raw materials, consumables and services grew by €0.4m, i.e. 7% year on year. The biggest changes occurred in expenses on electricity, which increased by €2.2m due to higher electricity prices, ash treatment services, which decreased by €0.9m, and expenses on materials and supplies used in production, which deceased by €1.0m.

PAYROLL EXPENSES

The group's payroll expenses for Q4 2021 grew by 10%, i.e. €0.2m, year on year. This was mainly due to a year-on-year increase in the average number of full-time employees from 154 to 164 and growth in employee salaries. Most of the new employees joined the development function.

OTHER OPERATING EXPENSES

Other operating expenses grew by €0.2m. Several items increased slightly, including consulting, IT, property rental and maintenance expenses, etc.

CHANGE IN INVENTORIES

Change in inventories shows the change in pellet stocks, summarising the quantities of pellets produced and sold in the period under review. In Q4 2021 pellet sales grew by 34% to 53k tonnes year on year and thus inventories of pellet stocks decreased by €1.5m. In Q4 2020, pellet production in monetary terms exceeded sales and thus inventories grew by €1.1m. Pellet sales are usually the highest in Q1 and Q4. Pellet production volume in Q4 2021 was around 38k tonnes (2020: 42.5k tonnes).

DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSE (D&A)

D&A expense in Q4 2021 grew by €0.3m year on year because in the last quarter of the year the balance of property, plant and equipment grew from €606.2m to €612.5m (2020: decreased from €598.7m to €595.0m).

VARIABLE EXPENSES

Variable expenses comprise operating expenses that depend on production operations, including the purchase of balancing energy. Variable expenses grew by €0.5m. The figure includes a €1.5m rise in expenses on balancing energy purchases, resulting mainly from higher electricity prices. At the same time, other direct production costs decreased by €2.0m due to smaller sales of additional solar services and related settlements in Q4 2021.

FIXED COSTS

Fixed costs comprise costs not directly dependent on production volumes. Fixed costs grew by €0.3m, i.e. by 4%. The biggest increases were recorded in payroll (an increase of €0.2m) and research and consulting expenses (an increase of €0.1m). Fixed costs on the maintenance of Estonian wind farms decreased by €0.1m.

NET FINANCE COSTS

Net finance costs decreased by €0.6m year on year. The decline is mainly attributable to a change in the exchange rate of the Polish zloty as well as a decrease in the balance of bank loans, which lowered interest expense on bank loans by €0.2m.

INCOME TAX

Income tax expense for Q4 2021 decreased by €1.1m compared with the same period in 2020. This is mainly due to the decline in the income tax expense of Lithuanian wind farms (Enefit Wind UAB); income tax expense for the year increased by €0.9m. Until 2021, the wind farms in Lithuania were exempt from income tax and subject to certain exceptions applying to deductions. As from 2021, a 15% income tax rate is applied on a quarterly basis. In Q4 2021, the group's effective tax rate was 1.3%.

NET PROFIT

The group's net profit for the period grew more than twofold, rising to €39.4m. Growth was driven by high electricity prices.

TOTAL REVENUES	EBITDA	NET PROFIT
68.9 mln €	49.6 mln €	39.4 mln €
+57%	**+77%**	**+142%**

Consolidated Financial Results 2021

- Total revenues grew by 13%, EBITDA by 10% in 2021 y-o-y
- Net profit grew by 17% y-o-y
- Strong operating cash flow fully covered the investment needs

Enefit Green

The Enefit Green group ended 2021 with significantly stronger results than a year earlier: supported by 13% growth in total revenues that outpaced 11% growth in operating expenses and depreciation, EBITDA improved by 10%, rising from €110.2m to €121.5m. Net profit for the year grew by €11.8m to €79.7m.
The key factors which influenced financial performance are set out below.

ENEFIT GREEN'S PRODUCTION VOLUMES

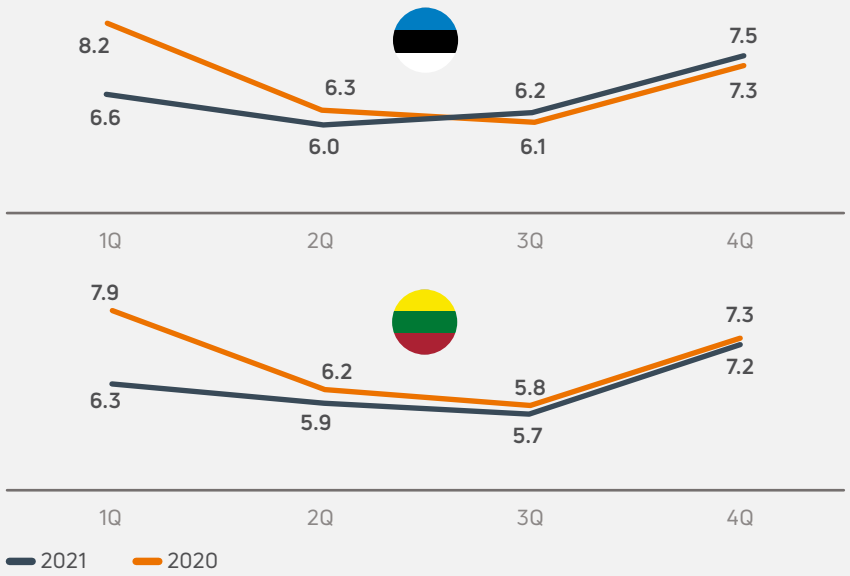
	Unit	2021	2020	Change	Change,%
Electricity production	GWh	1,193	1,350	-158	-12%
Heat production	GWh	618	544	74	14%
Pellet production	thousand t	135	162	-26	-16%
Pellet sales	thousand t	171	118	54	46%

WIND CONDITIONS

The factor which affected the production result the most was lower wind energy production in the group's wind farms in Lithuania and Estonia. The average wind speed measured in 2021 was considerably lower than in 2020 in both the Lithuanian and Estonian wind farms: 6.2 m/s and 6.6 m/s, respectively (2020: 6.8 m/s and 7.0 m/s, respectively). The difference in wind speeds is mainly attributable to exceptionally positive wind conditions in Q1 2020, which allowed Enefit Green to achieve record-high wind energy production figures in 2020. Wind conditions in 2021 as a whole were more similar to the long-term average.

AVERAGE QUARTERLY WIND SPEEDS IN ENEFIT GREEN'S ESTONIAN AND LITHUANIAN WIND FARMS

m/s



SALES REVENUE

The group's electricity production in 2021 was 1,193 GWh (158 GWh smaller than in 2020). The group's average implied captured electricity price* for the period was €107/MWh (2020: €75/MWh).

The key revenue driver was a surge in the electricity price in the Estonia price area of the Nord Pool power exchange (NP Estonia), which increased the group's sales revenue by around €38.9m. The average market price in NP Estonia in 2021 was €86.7/MWh compared with €33.7/MWh in 2020**. The average implied sales price of the group's production units that are exposed to the NP Estonia electricity price was €82.7/MWh in 2021 and €29.2/MWh in 2020..

Another major factor that influenced the group's sales revenue was pellet sales, which grew by €6.2m. While pellet production declined by 26k tonnes, inventory sales grew by 54k tonnes year on year.

Heat production grew by 14% compared with a year earlier but average sales price dropped by 30%, because on the one hand the new contract with the district heating provider Utilitas Tallinn enabled the group to sell heat year-round but on the other the heat price cap approved by the Estonian Competition Authority was lower. The combined effect of the two factors lowered heat sales revenue by €1.3m. For further information, see the cogeneration section in segment reporting.

OTHER INCOME

The decrease in other income for 2021 is attributable to a one-off sale of greenhouse gas emission allowances in the comparative period (€13.7m). Also, the renewable energy support received by the group decreased by €3.7m because the eligibility period of the earliest completed part of the Aulepa wind farm (39 MW) expired in July 2021, the electricity production of Estonian wind farms dropped by 13% and the market price of electricity generated by Polish solar farms was higher, which lowered the amount of support received.

CONSOLIDATED INCOME STATEMENT

m€

	2021	2020	Change	Change,%
Total revenues	**183.7**	**162.7**	**21.0**	**13%**
Sales revenue	153.0	114.0	39.0	34%
Renewable energy support and other income	30.7	48.7	-18.0	-37%
Total operating expenses (excl. D&A)	**62.2**	**52.5**	**9.7**	**18%**
Raw materials, consumables and services used	44.0	43.8	0.2	0%
Payroll expenses	6.7	6.1	0.6	11%
Other operating expenses	7.8	7.3	0.5	6%
Change in inventories	3.7	-4.7	8.4	-179%
EBITDA* **	**121.5**	**110.2**	**11.3**	**10%**
Depreciation, amortisation and impairment (D&A)	38.2	38.2	0.0	0%
Operating profit	**83.3**	**72.0**	**11.3**	**16%**
Net finance costs	2.1	3.4	-1.3	-37%
Corporate income tax expense	1.6	0.7	0.8	115%
Net profit	**79.7**	**67.9**	**11.8**	**17%**

Total operating expenses (excl. D&A)	**62.2**	**52.5**	**9.7**	**18%**
Variable expenses (incl. balancing energy purchases)	28.2	28.1	0.1	0%
Fixed costs	30.3	29.1	1.3	4%
Change in inventories	3.7	-4.7	8.4	-179%

*** EBITDA – earnings before net finance costs, profit or loss from equity-accounted investments in associates, tax, depreciation, amortisation and impairment losses.

* Implied captured electricity price = (electricity sales revenue + renewable energy support and efficient cogeneration support – balancing energy purchases) / production
** www.nordpoolgroup.com/Market-data1/Dayahead/Area-Prices/EE/Yearly/?view=table

EXPENSES, EBITDA AAND NET PROFIT

RAW MATERIALS, CONSUMABLES AND SERVICES USED

Expenses on raw materials, consumables and services grew by €0.2m, remaining similar to the year before. The biggest changes occurred in expenses on electricity and network charges (an increase of €4.2m), maintenance and repairs (a decrease of €0.3m) and technological fuel (a decrease of €2.5m). Underlying reasons are described in the variable and fixed costs sections below. For a detailed breakdown of expenses, see the group's financial statements.

PAYROLL EXPENSES

The group's payroll expenses grew by 11%, i.e. €0.6m, year on year. This was mainly due to an increase in the year-end number of full-time employees from 153 to 163 and growth in employee salaries. Most of the new employees joined the development function to support the implementation of the group's growth plan in all its markets.

OTHER OPERATING EXPENSES

Other operating expenses grew by €0.5m. Several items increased slightly, including consulting, IT, property related expenses, etc.

CHANGE IN INVENTORIES

Change in inventories shows the change in pellet stocks, summarising the quantities of pellets produced and sold in the period under review. In 2021 pellet sales exceeded production and inventories decreased by €3.7m whereas in 2020 pellet production exceeded sales and inventories grew by €4.8m. In 2021 pellet sales volume was 54k tonnes larger and production volume was 26k tonnes smaller than in 2020.

DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSE (D&A)

D&A expense remained similar to 2020 (€38.2m) although tangible assets grew from €594.9m to €633.1m, primarily due to increases in unfinished construction and prepayments.

VARIABLE EXPENSES

Variable expenses comprise operating expenses that depend on production operations, including purchases of balancing energy. Variable expenses grew by €0.1m. The figure includes a €3.2m rise in expenses on balancing energy purchases and €0.9m growth in expenses on electricity purchased for own use, both resulting from higher electricity prices. At the same time, a decline in the average price of biomass lowered technological fuel expenses (a decrease of €2.5m) and smaller sales of additional solar services lowered other direct production costs (a decrease of €1.6m).

FIXED COSTS

Fixed costs comprise costs not directly dependent on production volumes. Fixed costs grew by €1.3m, i.e. 4%.

The biggest increases were recorded in payroll (an increase of €0.6m), IT (an increase of €0.3m) and research and consulting expenses (an increase of €0.3m). The biggest decreases occurred in other operating expenses (a decrease of €0.3m) and maintenance and repair expenses. Estonian wind farms' maintenance expenses declined by €0.4m, mostly because the maintenance and repair needs of WinWinD turbines decreased compared with 2020.

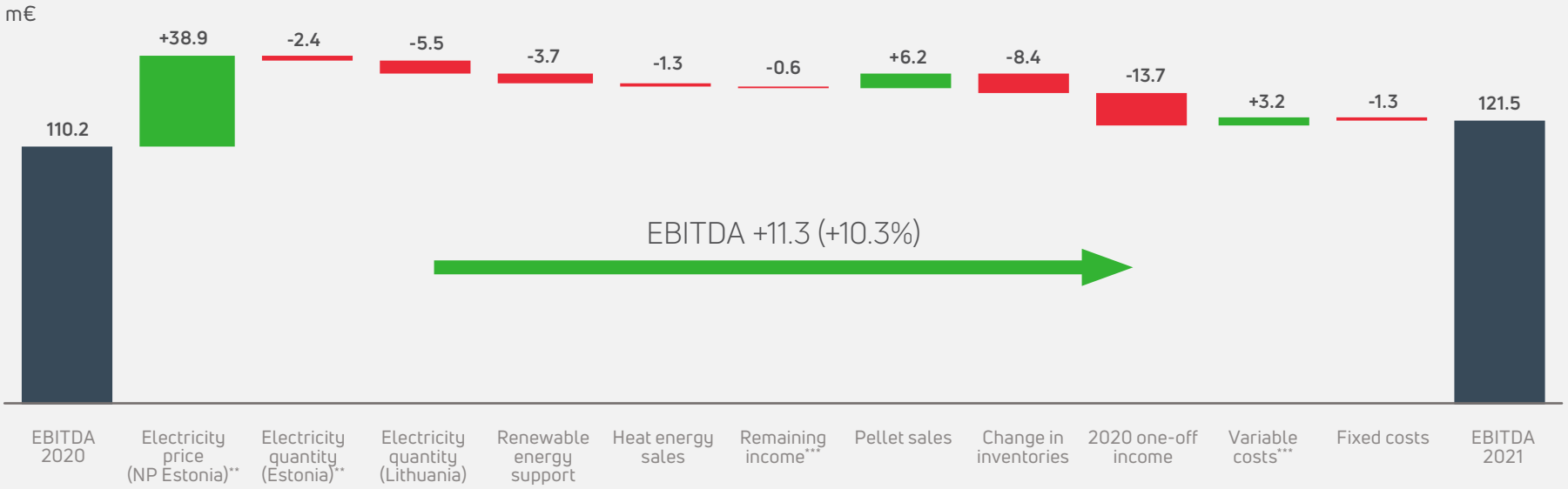
EBITDA DRIVERS

EBITDA was positively influenced by the electricity price in the Estonian production units (effect: €38.9m), growth in pellet sales revenue (€6.2m) and a decrease in variable expenses (€3.2m*). The strongest negative impact resulted from other income because in 2020 the group earned one-off income from the sale of emission allowances (€13.7m). Additionally, pellet stocks changed (negative impact: €8.4m), Lithuanian wind farms produced less electricity (negative impact: €5.5m), renewable energy support decreased (negative impact: €3.7m), heat sales revenue declined (negative impact: €1.3m) and fixed costs grew (negative impact: €1.3m).

NET FINANCE COSTS

Net finance costs decreased by €1.3m compared with 2020. The decline is mainly attributable to a decrease in the balance of bank loans and a decline in the average interest rate resulting from agreements on the reduction of the interest margins of existing bank loans signed in the second half of the year, which partly influenced the financial results for 2021 already. Interest expense on bank loans decreased by €0.5m. Net finance costs were also influenced by movements in the exchange rate of the Polish zloty and capitalisation of loan interest.

CHANGE OF GROUP EBITDA BY DRIVERS



* In this calculation, the effect of Estonian balancing energy purchases is included in the effects of the NP Estonia electricity price and the Estonian electricity quantity and is therefore not part of the effect of variable expenses and other revenues.
** Calculated based on Estonian wind parks, Iru CHP and Paide CHP implied electricity prices in 2020 and 2021 and respective electricity quantities.
*** Impact of balancing energy purchases is included in NP Estonia price and Estonian electricity quantity. Therefore, it is not part of Variable expenses impact nor Remaining income impact.

INCOME TAX

Income tax expense grew by €0.8m. The main growth driver was the income tax expense of Lithuanian wind farms (Enefit Wind UAB), which grew by €0.9m. Until 2021, the wind farms in Lithuania were exempt from income tax and subject to certain exceptions applying to deductions. As from 2021, a 15% income tax rate is applied on a quarterly basis. The group's effective tax rate in 2021 was 2.0% (2020: 1.1%).

NET PROFIT

The group's net profit increased by €11.8m to €79.7m. Growth was supported by high electricity prices in the second half of the year, control of growth in fixed costs and digitalised asset management which helped secure the availability of production assets and stability in production operations.

TOTAL REVENUES	EBITDA	NET PROFIT
183.7 mln €	121.5 mln €	79.7 mln €
+13%	+10%	+17%

DIVIDEND PROPOSAL

In coordination with the Supervisory Board, the Management Board proposes to distribute to shareholders EUR 39.9 million in dividends (0.151 euros per share) from earnings of previous periods in 2022, which is equivalent to 50% of group´s unaudited net profit in 2021.

FINANCING

The Enefit Green group finances its operations with equity and debt capital. To raise additional equity, the group carried out an initial public offering (IPO) of its shares in 2021 in which €100m worth of new shares were issued.

The group's main sources of debt capital are investment loans and credit facilities raised from regional commercial banks and the European Bank for Reconstruction and Development (EBRD).

In 2021, Enefit Green signed new loan agreements of €130m. During the year, the group twice amended an existing loan agreement with Swedbank (in September and November). As a result, the interest rate of the loan was significantly lowered and the loan was restructured into a loan repayable with a single lump-sum payment in December 2023. In addition, in December 2021 the group repaid early €40m of a loan received from SEB and changed the limits of its revolving credit facilities with the effect of a reduction in interest rates.

At 31 December 2021, the group's undrawn credit facilities totalled €140m. Enefit Green has signed three revolving credit facility agreements of €50m in total which mature in the period 2024–2026 (all facilities were undrawn at 31 December 2021). New investment loans of €90m can be drawn down until September 2022 and 2023 and their maturity dates are in September 2028 and 2026, respectively. On 11 January 2022, the group signed a new 12-year loan agreement of €80m with the Nordic Investment Bank. The loan can be drawn down until January 2023.

The amortised cost of the group's interest-bearing and debt-like liabilities at 31 December 2021 was €123.5m (31 December 2020: €199.3m). Bank loans accounted for €120.4m of the total, including a loan of €7.5m received from EBRD in Polish zloty. In addition, the group had lease liabilities of €3.1m (31 December 2020: €2.3m). At the end of 2021 an amount of €3.0m, which at the end of 2020 was reported as a payable for the acquisition of a development project, was reclassified to other long-term liabilities.

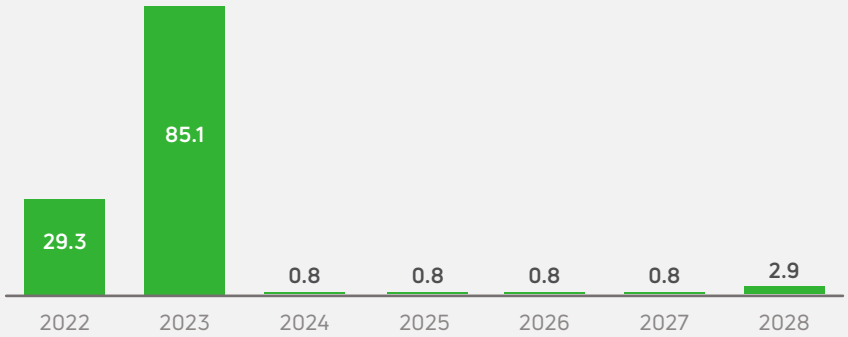
The average interest rate of bank loans drawn down at 31 December 2021 was 1.17% (31 December 2020: 1.66%). The interest rate decreased mainly in connection with the amendment of a loan agreement signed with Swedbank and the investment loan repayment and agreement amendments agreed with SEB.

COVENANTS IMPOSED BY LOAN AND CREDIT AGREEMENTS

The group's loan and credit agreements include some covenants which set certain limits to the group's consolidated financial indicators. At the end of 2021 and 2020, the group was in compliance with all contractual terms and conditions, including covenants.

LOAN REPAYMENT SCHEDULE

m€



CASH FLOWS

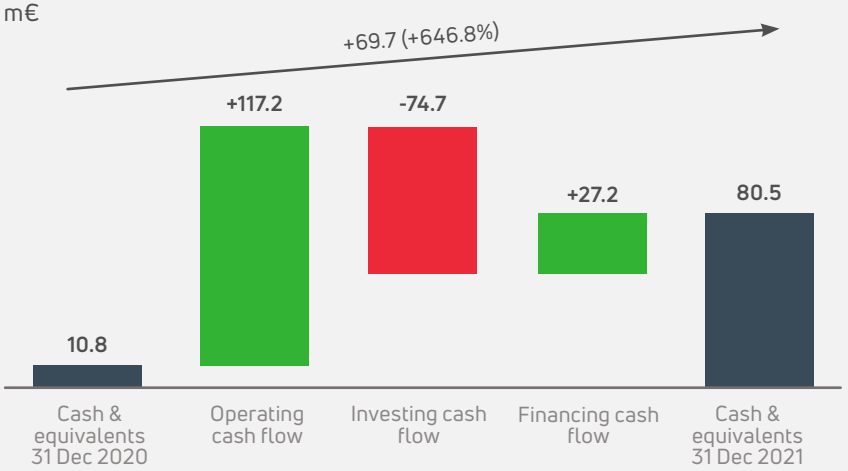
Net operating cash flow of €117.2m includes primarily the following changes in items after EBITDA (€121.5m): net change in current assets (minus €2.5m), net change in liabilities (plus €3.0m), interest paid and received and borrowing costs (minus €3.4m) and income tax paid (minus €0.7m).

Cash flows from investing activities mainly include payments made for the acquisition of non-current assets (€68.3m).

Cash flows from financing activities include bank loan receipts and repayments (minus €73.6m), equity contributions by non-controlling shareholders (plus €100m), net change in the parent's debt (€33.3m), dividends paid (minus €27.1m) and other items (minus €5.4m).

CASH FLOWS 2021

m€



FINANCING AND RETURN RATIOS

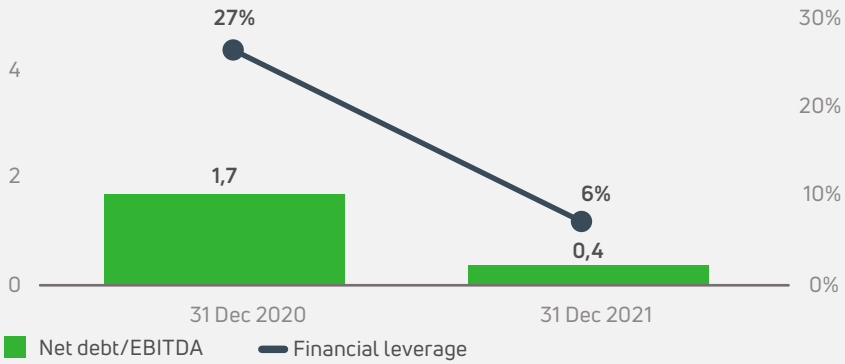
The group's management determines the maximum level of debt by reference to financial leverage and the net debt to EBITDA ratio. At the end of 2021, the level of financial leverage was unusually low due to the IPO in Q4 and the restructuring of the loan portfolio in connection with the launch of new development projects and the addition of new financing partners.

NET DEBT/EBITDA

times

FINANCIAL LEVERAGE

%



FINANCING AND RETURN INDICATORS

m€

	2021	2020
Debt and debt-like items	123.5	199.3
Minus cash and cash equivalents	-80.5	-10.8
Net debt	**43.0**	**188.6**
Equity	633.6	509.6
Invested capital	**676.6**	**698.1**
EBITDA	121.5	110.2
Operating profit	83.3	72.0
Net profit	79.7	67.9

Financial leverage*	6%	27%
Net debt/EBITDA	0.35	1.71
Return on invested capital**	12.3%	10.3%
Return on equity***	12.6%	13.3%

* Financial leverage = net debt / (net debt + equity)
** Return on invested capital = LTM operating profit / (net debt + equity)
*** Return on equity = LTM net profit / equity

EXPANSION OF ELECTRICITY PRODUCTION PORTFOLIO AND ELECTRICITY SALES TRANSACTIONS

The Enefit Green group is planning to increase the installed capacity of its electricity production portfolio from the current 457 MW to 1,092 MW by 2025, which is more than twofold, and to increase its electricity production from 1,193 GWh in 2021 to 2,861 GWh in 2025.

In 2021, the Enefit Green group made final investment decisions on the construction of three wind farms and one solar farm with a total designed capacity of 199 MW. By 28 February 2022 the group had made additional investment decisions on the construction of one wind farm and one solar farm with a total designed capacity of 27 MW. The expected annual electricity production of existing production assets, development projects with a final investment decisions and near-term wind and solar energy development projects without a final investment decision in the period 2022–2025 is 8,124 GWh, consisting of 4,787 GWh (59%) from operating assets, 1,788 GWh (22%) from development projects with an investment decision and 1,549 GWh (19%) from development projects without an investment decision. Altogether, the group has signed fixed-price power purchase agreements (PPAs) and contracts covered by fixed-price support measures (Feed-in Tariff or Contract for Difference, FiT/CfD) or renewable energy support measures (Feed-in Premium, FiP) for the period 2022–2025 on a quantity of 5,725 GWh, which accounts for 70% of the same period's expected electricity production. The breakdown and annual prices for the PPAs and support measures are presented in the Risk management chapter.

To mitigate the risks of its operating assets and investment projects, by 28 February 2022 the group had signed long-term PPAs for the period 2022–2033 on a quantity of 6,128 GWh at an average price of €44.4/MWh.

ELECTRICITY PRODUCTION PORTFOLIO

	unit	2021	2022	2023	2024	2025
Total production	**GWh**	**1,193**	**1,203**	**1,575**	**2,485**	**2,861**
From 2021 operating assets	GWh	1,193	1,195	1,197	1,197	1,197
	%	100.0%	99.3%	76.0%	48.2%	41.8%
From new operating assets, FID taken	GWh	0	7	312	733	736
	%	0.0%	0.6%	19.8%	29.5%	25.7%
From new operating assets, FID not taken	GWh	0	1	66	554	928
	%	0.0%	0.1%	4.2%	22.3%	32.4%
Quantity covered by support measures and fixed-price PPAs	**GWh**	**1,035**	**1,016**	**1,320**	**1,768**	**1,621**
	%	**86.7%**	**84.5%**	**83.8%**	**71.1%**	**56.7%**

Segment Reporting

- Wind energy segment accounted for 59% of total revenues and 74% of EBITDA
- Electricity prices were a major positive, wind conditions somewhat negative driver
- Record production volumes reached at Iru cogeneration plant

Enefit Green

Enefit Green's management assesses the group's financial performance and makes management decisions on the basis of segment reporting where the group's reportable operating segments have been identified by reference to the main business lines of its business units.

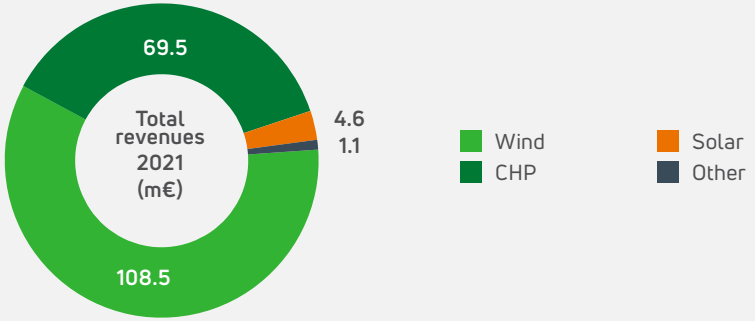
All production units operated by the group have been divided into operating segments based on the way they produce energy. Other internal structural units have been divided between operating segments based on their core activity.

The group has identified three main business lines, which are presented as separate reportable segments, and less significant business activities and functions, which are presented within Other:

1. Wind energy (comprises all of the group's wind farms);
2. Cogeneration (comprises all of the group's cogeneration plants and the pellet factory);
3. Solar energy (comprises all of the group's solar farms);
4. Other (comprises hydropower, hybrid renewable energy solutions, and central development and management units).

Based on total revenues and EBITDA for the reporting period, the group's largest segment is the Wind energy segment (with 59% of total revenues and 74% of EBITDA). The Cogeneration segment contributed 38% to total revenues and 29% to EBITDA. The smallest reportable segment was Solar energy, which accounted for 3% of the group's total revenues and 1% of the group's EBITDA.

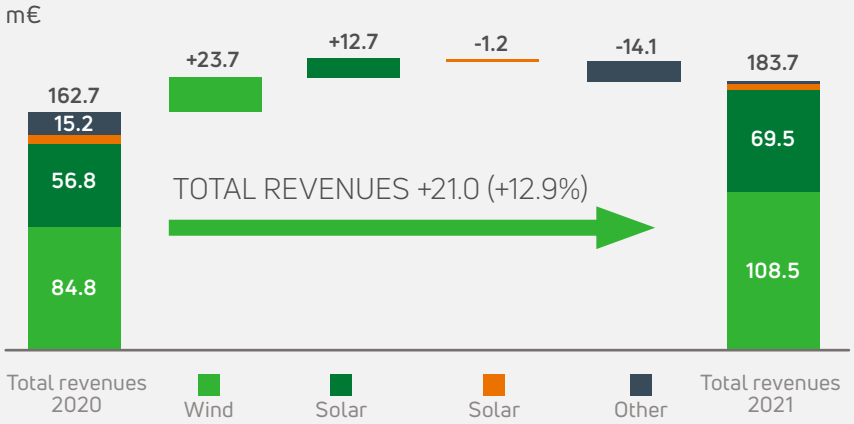
TOTAL REVENUES BY SEGMENT



In 2021, the sale of balancing energy of €4.8m was reported in the Wind energy segment. In 2020, it was reported in the segment Other in an amount of €1.5m.

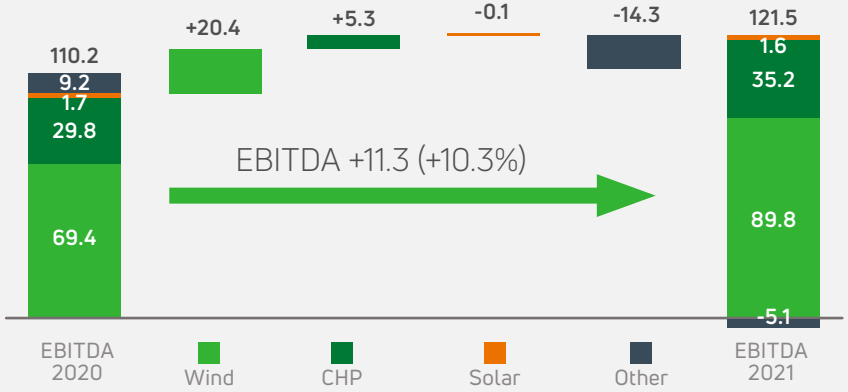
Among reportable segments, Wind energy and the Cogeneration delivered the strongest EBITDA growth as they benefited the most from higher electricity prices, which contributed €38.9m to total EBITDA.

TOTAL REVENUES BY SEGMENT



GROUP'S EBITDA BREAKDOWN AND CHANGE

m€



The EBITDA of the segment Other mainly includes general administrative expenses. The segment Other also includes the network construction services of the Paide facility, the Keila-Joa hydropower facility and the renewable energy solution on the island of Ruhnu. The negative change in the EBITDA of the segment Other is mainly due to a one-off sale of greenhouse gas emission allowances in 2020.

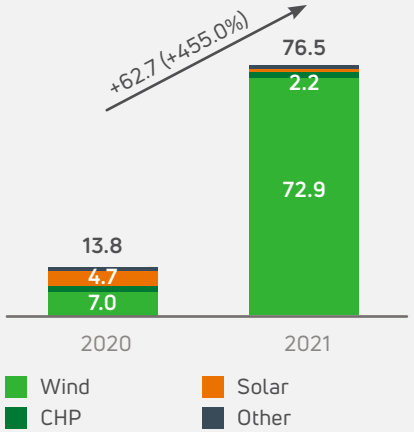
CAPITAL EXPENDITURES

The group's capital expenditures in 2021 totalled €76.5m, €62.7m up on 2020. Growth resulted from development expenditures, which amounted to €72.2m. Out of the latter, €70.0m was related to wind farm developments in the construction phase or scheduled to reach the construction phase in 2022: the group purchased from Eesti Energia's subsidiary Tootsi Windpark plots for the development of the Sopi wind farm for €29.4m and invested €19.3m in the Šilale II wind farm, €8.3m in the wind turbines of the Akmene wind farm, €6.6m in the Purtse wind farm and €7.1m in the Tolpanvaara wind farm which received an investment decision at the end of 2021. Expenditure on the improvement and maintenance of existing assets was €4.3m compared with €2.9m in 2020 and was mainly related to the improvements of the Estonian wind farms (€2.0m) and cogeneration facilities.

In 2021, non-current assets of €2.6m related to the Broceni cogeneration facility were reported in the Cogeneration segment; in 2020, the assets were reported in the Wind energy segment in an amount of €2.8m. In addition, in 2021 the group reclassified non-current assets of €0.85m from the Solar energy segment to the segment Other (the carrying amount of the assets in the Solar energy segment in 2020 was €0.9m).

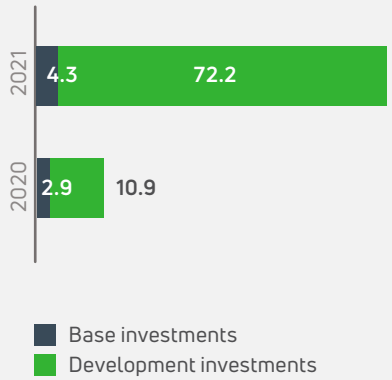
INVESTMENTS BY SEGMENT

m€



INVESTMENTS BY TYPE

m€



WIND ENERGY SEGMENT

The Wind energy segment comprises operating wind farms, wind farm development projects and a portion of wind farm development and management expenses.

PRODUCTION

Wind conditions in 2021 were less favourable for wind production and wind farm availability was somewhat lower than in 2020. Electricity production at the group's wind farms decreased by 12.7% in Estonia and 15.1% in Lithuania. Total wind energy production declined by 983 GWh, i.e.13.7% compared with 2020.

ELECTRICITY PRICES

In addition to the market price of electricity, Estonian wind farms which are eligible for support receive renewable energy support at the rate of €53.7/MWh. Lithuanian wind farms are paid a fixed price for their output, except for the 14 MW Sudenai wind farm, which has been selling its output to the market in the NP Lithuania price area since June 2021.

Our Estonian wind farms' average implied electricity price, including support, grew by 67% year on year, rising to €124/MWh. The average electricity price of our Lithuanian wind farms was €80/MWh, remaining stable compared with 2020.

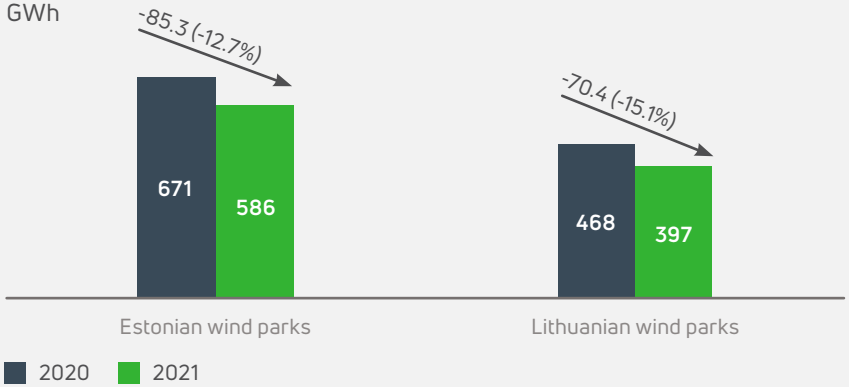
TOTAL REVENUES

Due to high market prices at Estonian wind farms, the total revenues of the Wind energy segment grew by 26% year on year (taking into account revenue from the sale of balancing energy of €1.5m in 2020), rising to €108.5m.

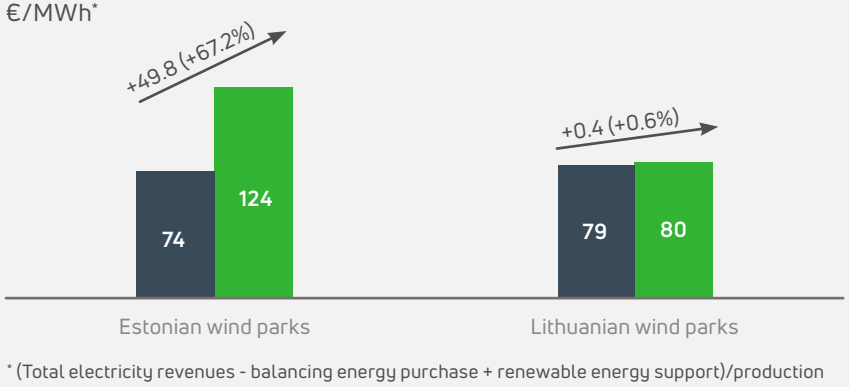
OPERATING EXPENSES

The operating expenses of the Wind energy segment (excluding depreciation and amortisation but including purchases of balancing energy) grew by €2.1m to €18.8m. The main factor was expenses on the purchase of balancing energy, which increased due to higher electricity prices, contributing €2.9m to growth in operating expenses.

ELECTRICITY PRODUCTION

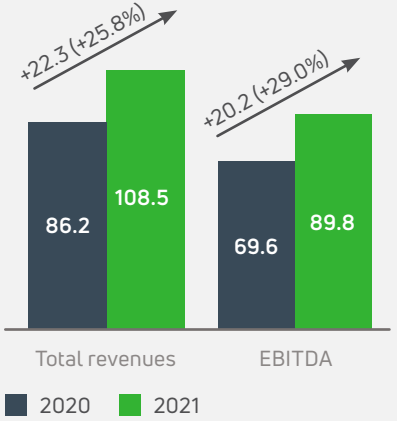


AVERAGE ELECTRICTY SALES PRICE

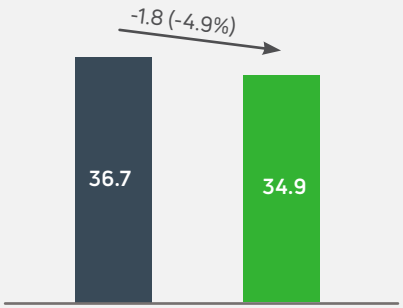


* (Total electricity revenues - balancing energy purchase + renewable energy support)/production

TOTAL REVENUES AND EBITDA
m€



OPERATING EXPENSES PER MW
€k/MW*



* (Total operating expenses - balancing energy purchase - D&A) / operating capacity. Only operating wind assets are included: Enefit Wind OÜ and Enefit Wind UAB

Other operating expenses (excluding purchases of balancing energy and depreciation and amortisation) decreased by €0.8m compared with 2020. The sharpest decline occurred in the planned maintenance costs of Estonian wind farms (a decrease of €0.4m).

EBITDA

The EBITDA of the Wind energy segment grew by 29% in 2021, increasing from €69.6m for 2020 to €89.8m (taking into account purchases and sales of balancing energy in both years).

OPERATING EXPENSES PER UNIT OF PRODUCTION

The operating expenses (excluding depreciation and amortisation and purchases of balancing energy) per installed capacity (MW) of Enefit Wind OÜ and Enefit Wind UAB that operate the group's operational wind farms in the Wind energy segment decreased by 5% compared with 2020. This is mainly attributable to major unplanned maintenance and repair works on the WinWinD turbines, the costs of which were €0.5m higher in the comparative period, as well as digitalisation of asset management.

COGENERATION SEGMENT

The Cogeneration segment comprises the Iru, Paide, Valka and Broceni cogeneration plants and the pellet factory.

ELECTRICITY PRODUCTION AND PRICES

The Cogeneration segment's electricity production for the reporting period was around 184.6 GWh, remaining at the same level as a year earlier.

In addition to the market price, the Iru and Paide power plants receive renewable energy support of €53.7/MWh for electricity produced from renewable sources and efficient cogeneration support of €32/MWh for electricity produced from non-renewable sources in the efficient cogeneration regime. The Valka cogeneration facility has been assigned a fixed electricity price of €105.6/MWh. The Broceni cogeneration facility lost its fixed electricity price of €143.6/MWh retrospectively as from March 2021 based on the decision made by BVKB (the State Construction Control Bureau of Lithuania) in October 2021. Enefit Green's subsidiary SIA Technological Solutions has contested the decision in court. From November 2021 until the litigation reaches the final outcome, the Broceni cogeneration plant will sell electricity at the price of Nord Pool Latvia price area.

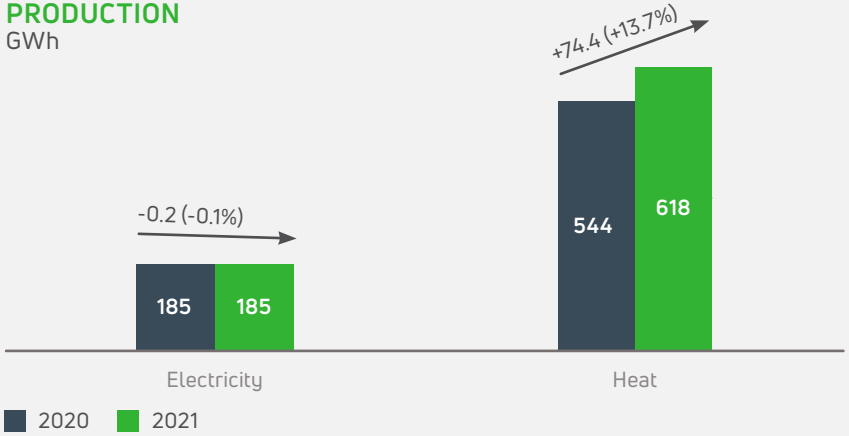
Supported by high market prices in the NP Estonia price area and efficient cogeneration support received by the Iru facility, the segment's average implied electricity price grew by 41% year on year, rising to €116/MWh (2020: €82/MWh).

HEAT PRODUCTION AND PRICES

Heat output grew by 14% to 618 GWh in 2021. The rise in heat production is attributable to a contract amendment which took effect

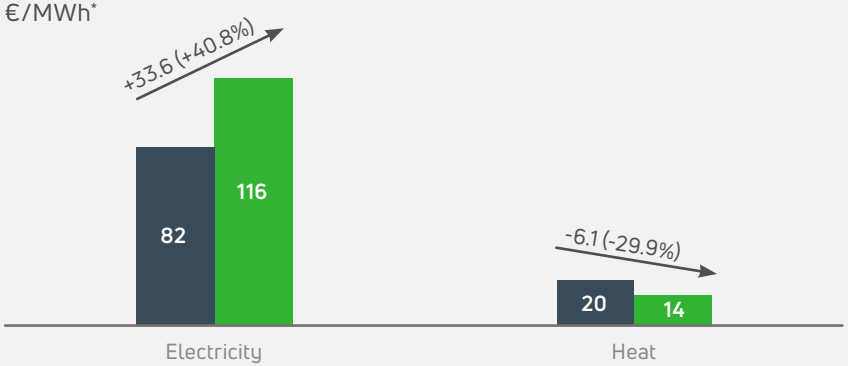
PRODUCTION

GWh



AVERAGE PRICE

€/MWh*



* (Total electricity revenues - balancing energy purchase + renewable energy support)/production

in February 2021. It enables the Iru facility to produce heat in the efficient cogeneration regime all the year round and to sell all the produced heat to the Tallinn district heating network. Colder than average weather at the end of the year also supported growth in heat production.

The average price of heat sold in 2021 was around €14/MWh, 30% lower than a year earlier (2020: €20/MWh). The decline is attributable to the new price cap of €7.98/MWh approved by the Estonian Competition Authority for the Iru facility in connection with growth in both heat sales volume and gate fees for receiving waste. The previous heat price cap was €13.99/MWh.

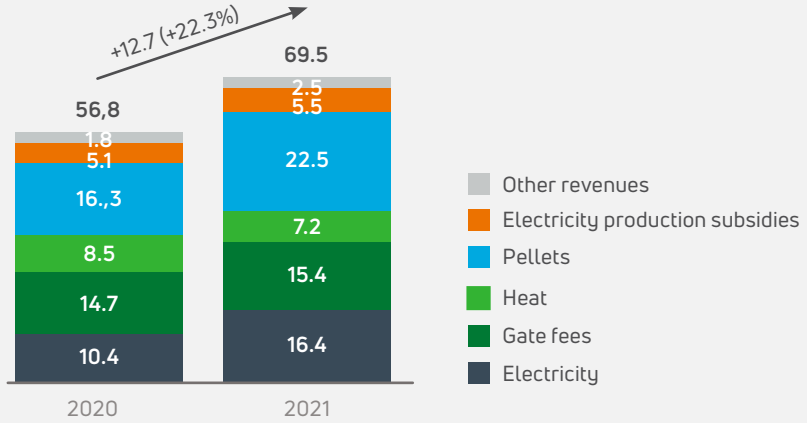
Iru facility broke the all-time record in combined annual heat and electricity production in 2021.

TOTAL REVENUES

The segment's total revenues grew by 22% year on year, rising from €56.8m to €69.5m. The strongest growth was in pellet sales, which

TOTAL REVENUES

m€



grew by €6.2m, i.e. 38%, driven by growth in sales volume, and electricity sales, which grew by €6.0m, i.e. 58%, driven by higher market prices. Slight growth was posted in waste gate fees that grew by €0.6m, electricity production support that grew by €0.4m through a rise in the efficient cogeneration support received by the Iru power

plant, and other income that grew by €0.7m. The only revenue stream that decreased was heat sales which declined by €1.3m due to the negative effect of a decrease in the price of heat approved for the Iru power plant.

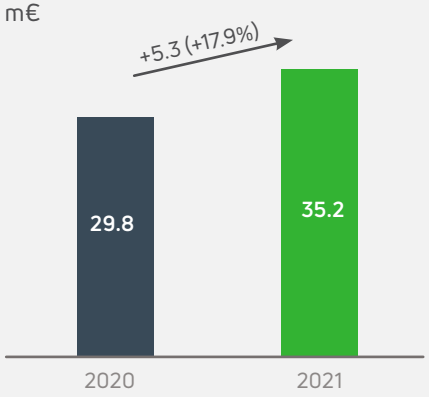
OPERATING EXPENSES

In 2021, the change in inventories was negative at €3.7m because pellet sales exceeded production whereas in 2020 the change was positive at €4.7m because pellet production exceeded sales. Variable expenses decreased by €1.5m in 2021 because pellet production volume declined. Fixed costs grew by €0.4m to €9.4m. The main sources of growth were a rise in equipment and maintenance and repair costs of €0.4m and growth in the segment's payroll expenses.

EBITDA

The segment's EBITDA improved by €5.3m, i.e. 18%, year on year, increasing to €35.2m. Growth was supported by high market prices of electricity and a rise in efficient cogeneration support.

EBITDA
m€



SOLAR ENERGY SEGMENT

The Solar energy segment comprises the group's operating solar farms, solar farm development projects and solar services.

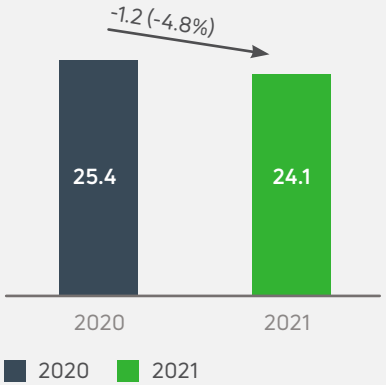
PRODUCTION

The group produced 24.1 MWh of electricity from solar energy in 2021. The segment's solar electricity production declined by 1.2 GWh year on year, i.e. by 5%. The weather was cloudier in both Estonia and Poland.

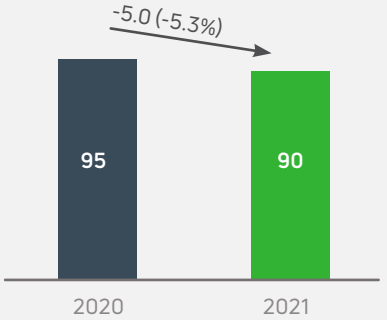
ELECTRICITY PRICES

The group's solar farms in Estonia are partly exposed to movements in the market price of electricity. The solar farms located in Poland have fixed inflation-linked prices which are adjusted on an annual basis, the price for 2021 being PLN 418–446/MWh (€92–98/MWh at

ELECTRICITY PRODUCTION
GWh



AVERAGE SALES PRICE
€/MWh*



* (Total electricity revenues - balancing energy purchase + renewable energy support)/production

the 12 month average zloty exchange rate). The solar farms' average implied electricity price including support decreased by 5% in 2021, dropping to €90.4/MWh. The parks located in Estonia partly benefited from high market prices (approx. 57% of production was covered with fixed-price contracts) whereas the implied electricity price of parks located in Poland declined due to the weakening of the Polish zloty, among other reasons.

TOTAL REVENUES

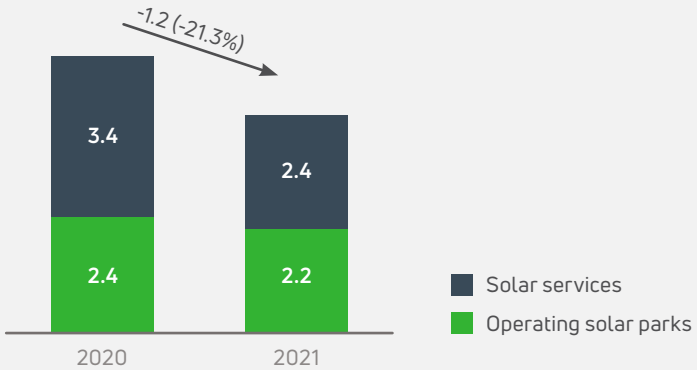
The total revenues of operating solar farms decreased by €0.3m due to smaller output (10% decrease in Estonia and 3% decrease in Poland) and a lower average sales price. Revenue from solar services decreased by 29%, i.e. €1.0m. Renewable energy support provided in Estonia to solar parks of up to 50 kW ended in 2020, which is why in the first half of 2021 sales volumes were lower than a year earlier. Moreover, in December 2021 winter weather in Estonia and Latvia was extraordinary, which reduced production capacity compared with 2020. Compared with 2020 when the group built solar farms of 8.3 MW across its markets, in 2021 solar farms of 3.8 MW were built. On the other hand, in the second half of 2021 customers' interest in the installation on solar panels increased due to high electricity prices.

EBITDA

The Solar energy segment's EBITDA for 2021 was €1.6m, 4% lower than in 2020 when it was €1.7m. Solar services are a low-margin business and their effect on the segment's EBITDA is immaterial.

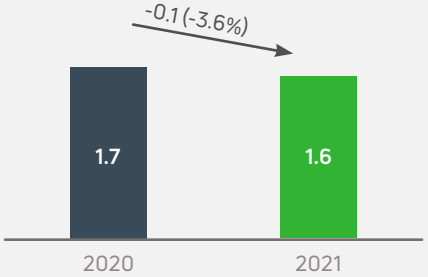
TOTAL REVENUES

m€



EBITDA

m€



Condensed Consolidated Interim Financial Statements

4Q 2021

Enefit Green

CONDENSED CONSOLIDATED INCOME STATEMENT

€ thousand

	Note	Q4 2021	Q4 2020		2021	2020
Revenue	9	59,346	35,979		153,002	113,994
Other income	10	9,562	7,990		30,705	48,689
Change in inventories of finished goods and work-in-progress		-1,468	1,057		-3,708	4,674
Raw materials, consumables and services used	11	-13,854	-13,446		-44,037	-43,820
Payroll expenses		-1,781	-1,625		-6,713	-6,071
Depreciation, amortisation and impairment		-9,553	-9,260		-38,145	-38,192
Other operating expenses		-2,236	-2,014		-7,791	-7,297
OPERATING PROFIT		**40,016**	**18,681**		**83,312**	**71,979**
Finance income		503	4		721	203
Finance costs		-669	-795		-2,833	-3,580
Net finance costs		**-166**	**-791**		**-2,112**	**-3,377**
Profit from associates under the equity method		36	20		46	5
PROFIT BEFORE TAX		**39,886**	**17,910**		**81,246**	**68,607**
Corporate income tax expense		-516	-1,639		-1,584	-737
PROFIT FOR THE PERIOD		**39,370**	**16,271**		**79,661**	**67,870**
Basic and diluted earnings per share						
Weighted average number of shares, thousand	6	256,405	4,793		86,707	4,793
Basic earnings per share, €	6	0.15	3.39		0.92	14.16
Diluted earnings per share, €	6	0.15	3.39		0.92	14.16

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

€ thousand

	Note	Q4 2021	Q4 2020		2021	2020
PROFIT FOR THE PERIOD		**39,370**	**16,271**		**79,661**	**67,870**
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
Revaluation of hedging instruments in a cash flow hedge (2021: reclassified to profit or loss: €0; 2020: reclassified to profit or loss: €0)	7	0	0		-12,426	0
Exchange differences on the translation of foreign operations	7	57	-44		-130	-892
Other comprehensive income (loss) for the period		**57**	**-44**		**-12,556**	**-892**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**39,427**	**16,227**		**67,105**	**66,978**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

€ thousand

	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Property, plant and equipment	4	612,503	594,874
Intangible assets		68,239	67,839
Right-of-use assets		2,750	2,222
Prepayments	4	20,710	106
Deferred tax assets		442	344
Investments in associates		578	532
Long-term receivables		78	103
Total non-current assets		**705,300**	**666,020**
Current assets			
Inventories		9,529	11,085
Trade and other receivables and prepayments		22,374	51,566
Cash and cash equivalents		80,454	10,774
Total current assets		**112,357**	**73,425**
Total assets		**817,656**	**739,445**

	Note	31 Dec 2021	31 Dec 2020
EQUITY			
Share capital	6	264,276	4,794
Share premium		60,351	0
Statutory capital reserve		479	479
Other reserves	7	151,793	400,000
Foreign currency translation reserve	7	-965	-835
Retained earnings		157,673	105,111
Total equity		**633,608**	**509,550**
LIABILITIES			
Non-current liabilities			
Borrowings	8	93,884	161,558
Government grants		7,458	8,020
Non-derivative contract liability	7	23,207	0
Deferred tax liabilities		12,568	12,555
Other long-term liabilities		3,000	0
Provisions		13	13
Total non-current liabilities		**140,130**	**182,146**
Current liabilities			
Borrowings	8	29,572	37,778
Trade and other payables		14,291	9,857
Provisions		56	114
Total current liabilities		**43,919**	**47,749**
Total liabilities		**184,048**	**229,895**
Total equity and liabilities		**817,656**	**739,445**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

€ thousand

	Note	31 Dec 2021	31 Dec 2020
Cash flows from operating activities			
Cash generated from operations	12	121,285	105 210
Interest and loan fees paid		-3,377	-3,653
Interest received		26	2
Corporate income tax paid		-725	-304
Net cash generated from operating activities		**117,209**	**101 255**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	4	-74,844	-11 056
Proceeds from sale of property, plant and equipment		96	34
Net change in deposits with maturities exceeding 3 months		0	5
Dividends received from other investments		68	68
Net cash used in investing activities		**-74,679**	**-10 949**

	Note	31 Dec 2021	31 Dec 2020
Cash flows from financing activities			
Change in overdrafts (net)	13	33,312	-43,415
Proceeds from bank loans received	8	10,000	8,977
Repayments of bank loans	8	-83,634	-37,528
Repayments of lease principal	8	-262	-292
Dividends paid		-27,100	-18,400
Proceeds from issue of shares	6	100,000	0
Payments for issue of shares	6	-5,166	0
Net cash generated from (used in) financing activities		**27,150**	**-90,659**
Net cash flow		**69,680**	**-353**
Cash and cash equivalents at the beginning of the period		10,774	11,127
Cash and cash equivalents at the end of the period		80,454	10,774
Net increase (decrease) in cash and cash equivalents		**69,680**	**-353**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

€ thousand

	Share capital	Share premium	Statutory capital reserve	Other reserves	Foreign currency translation reserve	Retained earnings	Total equity
Equity as at 1 January 2020	**4,794**	**0**	**479**	**400,000**	**56**	**55,657**	**460,986**
Profit for the period	0	0	0	0	0	67,870	67,870
Other comprehensive loss for the period	0	0	0	0	-892	0	-892
Total comprehensive income for the period	**0**	**0**	**0**	**0**	**0**	**67,870**	**66,978**
Dividends paid	0	0	0	0	0	-18,400	-18,400
Other adjustments	0	0	0	0	1	-16	-15
Total transactions with owners of the company, recognised directly in equity	**0**	**0**	**0**	**0**	**1**	**-18,416**	**-18,415**
Equity as at 31 December 2020	**4,794**	**0**	**479**	**400,000**	**-835**	**105,111**	**509,550**
Equity as at 1 January 2021	**4,794**	**0**	**479**	**400,000**	**-835**	**105,111**	**509,550**
Profit for the period	0	0	0	0	0	79,661	79,661
Other comprehensive loss for the period	0	0	0	-12,426	-130	0	-12,556
Total comprehensive income for the period	**0**	**0**	**0**	**-12,426**	**-130**	**79,661**	**67,105**
Transfer from other reserves to capital reserve (note 6)	225,000	0	0	-225,000	0	0	0
Issue of share capital (note 6)	34,483	60,351	0	0	0	0	94,834
Dividends paid	0	0	0	0	0	-27,100	-27,100
Fair value on initial recognition of derivative transactions entered into with the parent (notes 5, 7, 13)	0	0	0	-10,781	0	0	-10,781
Total transactions with owners of the company, recognised directly in equity	**259,483**	**60,351**	**0**	**-235,781**	**0**	**-27,100**	**56,953**
Equity as at 31 December 2021	**264,276**	**60,351**	**479**	**151,793**	**-965**	**157,673**	**633,608**

Notes to the condensed consolidated interim financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements (interim financial statements) have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting and they do not include all the notes normally included in the annual financial statements. Thus, they should be read in conjunction with the group's annual financial statements as at and for the year ended 31 December 2020, which have been prepared in accordance with IFRS as adopted by the European Union.

These interim financial statements have been prepared using the same accounting policies as those applied in the preparation of the group's annual financial statements as at and for the year ended 31 December 2020.

New International Financial Reporting Standards, amendments to issued standards and IFRIC Interpretations which became effective for the group from 1 January 2021 did not give rise to any changes in the group's accounting policies or financial reporting.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. Actual results may differ from those estimates. Significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were mainly the same as those described in the group's annual financial statements as at and for the year ended 31 December 2020.

These interim financial statements have not been audited or otherwise checked by auditors.

2. FINANCIAL RISK MANAGEMENT

Through its activities, the group is exposed to various financial risks: market risk (including currency risk, fair value and cash flow interest rate risk and price risk), credit risk and liquidity risk. Condensed interim financial statements do not contain all the information about the group's financial risk management which is required to be disclosed in the annual financial statements. Therefore, these interim financial statements should be read in conjunction with group's annual financial statements as at and for the year ended 31 December 2020. There have been no significant changes in the group's risk management policies compared with the end of the previous financial year.

The group regards equity and debt (borrowings) as capital. In order to maintain or change its capital structure, the group may change the

dividend distribution rate, repay capital contributions to owners, issue new shares or sell assets to reduce its financial liabilities, and raise debt capital in the form of loans. On raising loans, management assesses the group's ability to service the principal and interest payments with operating cash flow and, where necessary, starts timely negotiations to refinance existing loans before their maturity. For further information about financing ratios and borrowings, see in the Financing section of the management report.

3. SEGMENT REPORTING

Enefit Green's management assesses the group's financial performance and makes management decisions on the basis of segment reporting where the group's reportable operating segments have been identified by reference to the main business lines of its business units. All production units operated by the group have been divided into operating segments based on the way they produce energy. Other internal structural units have been divided between operating segments based on their core activity.

The group has identified three main business lines, which are presented as separate reportable segments, and less significant business activities and functions, which are presented within Other:

1. Wind energy (comprises all of the group's wind farms);
2. Cogeneration (comprises all of the group's cogeneration plants and the pellet factory);
3. Solar energy (comprises all of the group's solar farms);
4. Other (hydropower, hybrid renewable energy solutions, and central development and management units).

The segment Other comprises activities whose individual contribution to the group's revenue and EBITDA is insignificant. None of those activities exceeds the quantitative thresholds for separate disclosure.

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

Management assesses segment results mainly on the basis of EBITDA, but also monitors operating profit. The group's non-current assets are allocated to segments based on their purpose of use. Liabilities and current assets are not allocated to segments.

Finance income and costs, income tax expense and profits and losses on investments in equity-accounted investees are not allocated to operating segments and relevant information is not reported to the parent's management.

FINANCIAL RESULTS BY SEGMENT

€ thousand

	2021	2020
REVENUE		
Wind energy	84,409	56,463
Cogeneration	63,579	51,372
Solar energy	4,149	4,624
Total reportable segments	**152,138**	**112,459**
Other	864	1,536
Total	**153,002**	**113,994**

RENEWABLE ENERGY SUPPORT AND OTHER INCOME		
Wind energy	24,114	28,344
Cogeneration	5,906	5,439
Solar energy	465	1,239
Total reportable segments	**30,485**	**35,021**
Other	220	13,668
Total	**30,705**	**48,689**

	2021	2020
EBITDA		
Wind energy	89,741	69,398
Cogeneration	35,181	29,850
Solar energy	1,613	1,674
Total reportable segments	**126,534**	**100,921**
Other	-5,077	9,249
Total EBITDA	**121,457**	**110,171**
Depreciation, amortisation and impairment	38,145	38,192
Net finance costs	2,112	3,377
Profit (loss) from associates under the equity method	-46	-5
Profit before tax	**81,246**	**68,607**

OPERATING PROFIT		
Wind energy	62,609	41,804
Cogeneration	24,999	20,190
Solar energy	896	886
Total reportable segments	**88,505**	**62,880**
Other	-5,192	9,099
Total	**83,312**	**71,979**

INVESTMENTS IN NON-CURRENT ASSETS

€ thousand

	1 JANUARY - 31 DECEMBER	
	2021	**2020**
Wind energy	72,866	7,041
Cogeneration	2,217	1,891
Solar energy	953	4,697
Total reportable segments	**76,036**	**13,629**
Other	435	97
Total	**76,471**	**13,726**

NON-CURRENT ASSETS

€ thousand

	31 DECEMBER	
	2021	**2020**
Wind energy	535,001	490,929
Cogeneration	141,264	146,438
Solar energy	25,610	23,274
Total reportable segments	**701,875**	**660,641**
Other	3,425	5,379
Total	**705,300**	**666,020**

4. PROPERTY, PLANT AND EQUIPMENT

€ thousand

	Land	Buildings	Facilities and structures	Plant and equipment	Other	Construction in progress and prepayments	Total
Property, plant and equipment as at 31 December 2020							
Cost	10,463	25,218	42,030	738,549	180	13,973	830,413
Accumulated depreciation	0	-9,117	-22,497	-203,639	-180	0	-235,433
Carrying amount	10,463	16,101	19,533	534,910	0	13,973	594,980
Total property, plant and equipment as at 31 December 2020	**10,463**	**16,101**	**19,533**	**534,910**	**0**	**13,973**	**594,980**
Movements in the reporting period							
Purchases	29,424	0	40	0	0	46,836	76,301
Sales	-115	0	0	0	0	0	-115
Exchange differences	0	-1	-1	-82	0	-2	-86
Transfers	172	198	-2	5,846	0	-6,215	0
Depreciation and write-down	0	-628	-1,249	-35,972	0	-18	-37,867
Total movements in 2021	**29,481**	**-431**	**-1,212**	**-30,207**	**0**	**40,602**	**38,233**
Property, plant and equipment as at 31 December 2021							
Cost	39,944	25,415	42,067	744,314	180	54,593	906,513
Accumulated depreciation	0	-9,745	-23,746	-239,611	-180	-18	-273,300
Carrying amount as at 31 December 2021	**39,944**	**15,670**	**18,321**	**504,703**	**0**	**54,575**	**633,213**

5. NON-DERIVATIVE CONTRACT LIABILITY

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value. The method for recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if it is, the nature of the item being hedged. In 2021, the group used cash flow hedging instruments in order to hedge the risk of changes in the electricity price.

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

The full fair value of hedging derivatives is classified as a non-current asset or liability when the remaining maturity of the hedging instrument is more than 12 months and as a current asset or liability when the remaining maturity of the hedging instrument is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as a net amount within other operating income or operating expenses. The day one fair value of derivative instruments entered into with the parent is recognised directly in equity when its economic substance is a distribution to the parent of resources embodying economic benefits.

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

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

A part of the renewable electricity production assets operated by the group which is not subject to a subsidy scheme under a feed-in-tariff is exposed to the risk of electricity price fluctuations as the electricity is sold on the Nord Pool power exchange. To hedge the risk of electricity price volatility, the group has used base load swap derivative contracts. Under the given derivatives, the group is the payer of the floating price and the counterparty the payer of the fixed price.

Transactions designed to hedge the risk of variability in electricity prices are designated as hedging instruments under cash flow hedges. The underlying hedged item is the market price risk of highly probable forecast renewable electricity sales transactions that are exposed to

market price fluctuations. The hedge ratio of the hedging relationships is one to one.

The different levels for the determination of the fair value of financial instruments have been defined as follows:

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

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. An instrument is included in level 3 if one or more significant inputs are not based on observable market data.

The fair values of the level 3 instruments have been estimated using a combination of market prices, mathematical models, and assumptions based on historical and forward-looking market and other relevant data. The most significant input of the fair value of the derivatives is the long-term electricity price. The group determined the underlying price for the calculation of fair value based on a long-term price curve for the Lithuanian and Estonian electricity markets, which was between €34/MWh and €59/MWh. Derivative financial instruments were remeasured to fair value as at 17 August 2021.

At the trade date the fair value of derivatives designated as hedging instruments was negative at €(10,781)k, which was recognised directly in equity as it reflected a transaction with the parent, Eesti Energia AS.

Enefit Green AS and its parent Eesti Energia AS entered into an EFET General Agreement Concerning the Delivery and Acceptance of Electricity (EFET General Agreement) on 17 August 2021, simultaneously terminating all open derivative contracts existing between them. By signing the agreement, the parties entered into a fixed-price physical electricity sales contract for the period 2023–2027. The contract was entered into for the same quantities of electricity and at the same fixed prices as had been agreed for the originally recognised derivatives.

The group continued to apply hedge accounting to the open derivatives position until 17 August 2021, recognising changes in the fair value of the derivatives until the date of signature of the EFET General Agreement. The negative value of the derivative financial instruments classified as liabilities increased from €(10,781)k at the trade date to €(23,207)k at 31 December 2021 due to the change in the electricity price in the period from the trade date to 17 August 2021. The negative fair value change of €(12,426)k has been recognised in other comprehensive income as no material sources of hedge ineffectiveness were identified in the hedging relationships in the period between 1 July and 17 August 2021. Since the derivative financial instruments had been measured to fair value by the date of conclusion of the EFET General Agreement, (measurement date 17 August 2021), their value, which has been classified as a liability, will not change before the arrival of the supply period determined in the EFET General Agreement, which is 2023– 2027.

The EFET General Agreement meets the own use exemption and,

therefore, is not considered to be a financial instrument that is required to be measured at fair value under IFRS 9. Rather, it is to be accounted for as an executory contract under IFRS 15 Revenue from Contracts with Customers with the revenue being recognised at a fixed per-unit value only when the delivery of electricity takes place in the years 2023–2027. No gains or losses were recognised at the date the derivative contracts were replaced with the EFET General Agreement. Upon entering into the EFET General Agreement, the carrying amount of the derivatives classified as a liability at that date, which was €(23,207)k, was reclassified as a non-derivative liability, which will gradually increase recognised revenue until the EFET General Agreement is fulfilled. Such an increase in revenue will be partially offset by the reclassification of the €(12,426)k accumulated in the electricity cash flow hedge reserve to profit or loss due to the discontinuance of hedge accounting. The amount is the difference between the fair value of the derivative financial instruments at 17 August 2021 of €(23,207)k and the trade date fair value of the derivatives of €(10,781)k, which is recognised directly in equity. See note 7 for further information.

6. SHARE CAPITAL AND DIVIDENDS

At 31 December 2020, the share capital of Enefit Green AS amounted to €4,793,473. On 31 August 2021, share capital was increased by €225,000,000 to €229,793,473 using a capitalisation issue. The capitalisation issue was conducted using a voluntary reserve in equity. The company issued 225,000,000 new ordinary shares with a par value of €1 each. Share capital was increased without share premium.

In June 2021, Enefit Green AS paid a dividend of €27,100k, i.e. €5.66 per share (based on the number of shares before the capitalisation issue) for the year 2020. In September 2021, the general meeting approved Enefit Green's dividend policy according to which Enefit Green will distribute an annual dividend of 50% of the prior year's normalised net profit. The timing and size of future dividend distributions will depend on the group's existing and future financial position, financial performance, need to maintain a reasonable capital structure, liquidity needs and other circumstances which may be considered relevant at the time.

In October 2021, an initial public offering (IPO) of the company's shares was carried out in connection with which Enefit Green AS issued 34,482,759 new shares and Enefit Green AS's parent, Eesti Energia AS, reduced its shareholding by selling 25,862,068 shares. The sales price of the shares in the IPO was €2.90 per share. Enefit Green AS's proceeds for the shares issued for the IPO were €100m (before IPO expenses). Enefit Green AS decided to capitalise IPO expenses of €5.2m (including financial advisory and legal audit and advisory fees, marketing expenses, etc.) because without these expenses the IPO would not have taken place.

As a result of the IPO, the number of Enefit Green's shares rose to

264,276,232 and the ownership interest of the former sole shareholder, Eesti Energia AS, decreased to 77.17%. The shares in Enefit Green AS were listed in the Nasdaq Baltic Main List on 21 October 2021.

At 31 December 2021, Enefit Green AS had 264,276,232 registered shares (31 December 2020: 4,793,473 shares). The par value of a share is €1.

Basic earnings per share (EPS) have been calculated by dividing profit for the period attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period. Since the group has no potential ordinary shares, diluted earnings per share for all periods presented equal basic earnings per share.

The company's number of shares changed significantly during the year due to both a capitalisation issue and the sale of new shares. Therefore, in addition to presenting EPS consistent with IFRS requirements as described above, it may be informative to analyse EPS calculated based on the number of shares outstanding at the end of the reporting period.

The figure is an alternative performance measure (APM), which is not defined in IFRS and may not be comparable with the APMs of other companies. The group believes that APMs provide the readers of the consolidated financial statements with additional useful information about the group's financial performance. The APMs should be viewed as supplemental to, and not as a substitute for, the measures presented in the consolidated financial statements in accordance with IFRS.

BASIC AND DILUTED EARNINGS PER SHARE BASED ON WEIGHTED AVERAGE NUMBER OF SHARES

	Unit	Q4 2021	Q4 2020	2021	2020
Profit attributable to owners of the parent	€ thousand	39,370	16,271	79,661	67,870
Weighted average number of shares		256,405	4,793	86,707	4,793
Basic earnings per share	thousand	0.15	3.39	0.92	14.16
Diluted earnings per share	€	0.15	3.39	0.92	14.16

BASIC EARNINGS PER SHARE BASED ON POST-IPO NUMBER OF SHARES

	Unit	Q4 2021	Q4 2020	2021	2020
Number of shares at end of period	thousand	264,276	264,276	264,276	264,276
Basic earnings per share	€	0,15	0,06	0,30	0,26

7. OTHER RESERVES

€ thousand

	31 Dec 2021	31 Dec 2020
Other reserves at the beginning of the period	**399,165**	**400,056**
of which foreign currency translation reserve	-835	56
of which other reserves	400,000	400,000
Increase of share capital through a capitalisation issue	-225,000	0
Change in fair value of cash flow hedges	-12,426	0
of which electricity cash flow hedges	-12,426	0
Fair value on initial recognition of derivative transactions entered into with the parent entity	-10,781	0
Exchange differences on the translation of foreign operations	-130	-891
Other reserves at the end of the period	**150,828**	**399,165**
of which foreign currency translation reserve	-965	-835
of which electricity cash flow hedges	-12,426	0
of which fair value on initial recognition of derivative transactions entered into with the parent entity	-10,781	0
of which other reserves	175,000	400,000

8. BORROWINGS AT AMORTISED COST

€ thousand

	Short-term borrowings		Long-term borrowings			
	Bank loans	Lease liabilities	Bank loans	Lease liabilities	Other	Total
Borrowings at amortised cost as at 31 December 2020	**37,533**	**245**	**156,513**	**2,045**	**3,000**	**199,336**
Movements in the reporting period						
Cash movements						
Borrowings received	10,000	0	0	708	0	10,708
Repayments of borrowings	-43,634	-258	-40,000	0	0	-83,892
Non-cash movements						
Transfers	25,455	267	-25,455	-267	0	0
Effect of movements in foreign exchange rates	-7	0	-60	0	0	-67
Amortisation of borrowing expenses	0	0	51	0	0	51
Other movements	0	13	0	305	-3,000	-2,682
Total movements in 2021	**-8,185**	**22**	**-65,464**	**747**	**-3,000**	**-75,880**
Võlakohustused korrigeeritud Borrowings at amortised cost as at 31 December 2021	**29,348**	**267**	**91,049**	**2,792**	**0**	**123,456**

9. REVENUE

€ thousand

	Q4 2021	Q4 2020	2021	2020
REVENUE BY ACTIVITY				
Sales of goods				
Pellets	7,517	4,952	22,507	16,315
Scrap metal	304	202	1,090	675
Other goods	92	59	244	2,026
Total sales of goods	**7,913**	**5,213**	**23,840**	**19,017**
Sales of services				
Heat	2,119	2,671	7,187	8,523
Electricity	43,696	20,669	103,213	69,324
Waste reception and resale	3,913	3,913	15,371	14,756
Rental and maintenance of assets	1,333	3,477	2,961	703
Other services	373	36	430	1,672
Total sales of services	51,433	30,767	129,161	94,978
Total revenue	**59,346**	**35,979**	**153,002**	**113,994**

10. RENEWABLE ENERGY SUPPORT AND OTHER INCOME

€ thousand

	Q4 2021	Q4 2020	2021	2020
RENEWABLE ENERGY SUPPORT				
Sale of CO2 emission allowances	8,955	6,698	29,546	33,279
Government grants	0	0	0	13,668
Other income	183	135	588	541
Total renewable energy support and other income	424	1,157	571	1,202
Kokku taastuvenergia toetus ja muud äritulud	**9,562**	**7,990**	**30,705**	**48,689**

11. RAW MATERIALS, CONSUMABLES AND SERVICES USED

€ thousand

	IV kv 2021	IV kv 2020	2021	2020
Maintenance and repairs	3,689	3,708	15,414	15,705
Technological fuel	4,212	3,944	12,381	14,667
Electricity	3,279	1,044	8,169	3,363
Services related to ash treatment	875	1,820	2,812	3,661
Transport of finished goods	483	485	1,769	1,654
Materials and spare parts for production	963	1,966	2,243	2,884
Transmission services	68	272	344	999
Waste handling	101	87	385	0
Resource charges for natural resources	2	2	7	7
Other raw materials, consumables and services	106	48	232	639
Environmental pollution charges	77	69	282	242
Total raw materials, consumables and services used	**13,854**	**13,446**	**44,037**	**43,820**

12. CASH GENERATED FROM OPERATIONS

€ thousand

	2021	2020
PROFIT BEFORE TAX	**81,246**	**68,607**
Adjustments for		
Depreciation and impairment of property, plant and equipment	38,028	38,077
Amortisation and impairment of intangible assets	118	114
Amortisation of government grant related to assets	-554	-541
Interest expense on borrowings	2,816	3,580
Profit from associates under the equity method	-115	-5
Gain on sale of property, plant and equipment	19	-1
Interest and other finance income	-26	-2
Amortisation of connection and other fees	-8	-14
Loss(gain) on other non-cash transactions	-691	0
Foreign exchange loss (gain) on loans granted and taken	-67	0
Adjusted profit before tax	**120,766**	**109,816**
Net change in current assets related to operating activities		
Change in receivables related to operating activities	-712	5,541
Change in inventories	1,556	-4,362
Net change in other current assets related to operating activities	-3,319	-4,015
Total net change in current assets related to operating activities	**-2,475**	**-2,836**
Net change in current liabilities related to operating activities		
Change in provisions	-57	46
Change in trade payables	-2,062	504
Net change in other current liabilities related to operating activities	5,114	-2,320
Total net change in current liabilities related to operating activities	**2,995**	**-1,770**
CASH GENERATED FROM OPERATIONS	**121,285**	**105,210**

13. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The parent of Enefit Green AS is Eesti Energia AS. At 31 December 2021, the sole shareholder of Eesti Energia AS was the Republic of Estonia.

For the purposes of the condensed consolidated financial statements of Enefit Green, related parties include the owners, other companies belonging to the same group (group companies), members of the executive and higher management, and close family members of the above persons and companies under their control or significant influence. Related parties also include entities under the control or significant influence of the state.

The Group has applied the exemption from disclosure of individually insignificant transactions and balances with the government and other related parties where the state has control or joint control of, or significant influence over, such parties.

Enefit Green AS and its subsidiaries produce renewable energy that is sold directly to third parties (incl. to the Nord Pool power exchange). The parent, Eesti Energia AS, provides Enefit Green AS with back-office services to assist in those sales procedures. The costs related to the service are presented in the table within purchases of services.

The original negative fair value of the derivative financial liability of €(10,780)k has been recognised directly in equity. The subsequent cumulative negative change in the fair value of the derivative financial liability of €(12,427)k has been recognised in other comprehensive income and the cash flow hedge reserve in equity (see also note 7).

The group also discloses transactions with companies under the control or significant influence of the state. In the reporting period and the comparative period, the group conducted significant purchase and sales transactions with the Estonian transmission system operator Elering AS, which is wholly owned by the state.

Income for 2020 includes one-off income from the sale of CO2 emission allowances of €13,668k.

At 31 December 2020, Enefit Green AS's current accounts at Swedbank AS were part of the cash pooling facility of Eesti Energia AS. In the reporting period, Enefit Green AS did not incur interest expense on the use of the cash pooling facility (2020: €9.6k). In H1 2021, the interest rate of the facility was 2.06% (H1 2020: 2.19%). The cash pooling facility with Eesti Energia was terminated in June 2021.

Enefit Wind Purtse AS acquired land plots of €29,364k from Eesti Energia AS's subsidiary Tootsi Windpark OÜ in June 2021.

At 31 December 2021, Enefit Green AS had signed long-term physical electricity sales contracts of 5,775 GWh with Eesti Energia AS for the supply of electricity in the Lithuanian, Estonian and Finnish electricity networks in the period 2023–2033. The contracts are for the supply of both annual and monthly baseload energy. The weighted average price of the physical electricity sales contracts signed with the related party is €42.3/MWh.

13. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

€ thousand

	Q4 2021	Q4 2020		31 Dec 2021	31 Dec 20201
	TRANSACTIONS			BALANCES	
PARENT					
Purchases of services	3,530	1,292	Receivables	3,293	36,199
Sales of goods	0	0	Incl. cash pooling facility	0	33,312
Sales of services	4,815	3,711	Payables	24,755	535
			Non-derivative contract liability	23,207	0
OTHER GROUP COMPANIES					
Purchases of goods	0	0	Receivables	908	84
Purchases of services	1,341	376	Payables	941	58
Sales of goods	46	38			
Sales of services	1,469	291			
OTHER RELATED PARTIES (INCL. ASSOCIATES)					
Purchases of services	654	0	Receivables	0	2
Sales of services	20	0	Payables	454	460
ELERING AS					
Purchases of services	72	117	Receivables	2,217	504
Sales of services	9,105	6,477	Payables	43	269

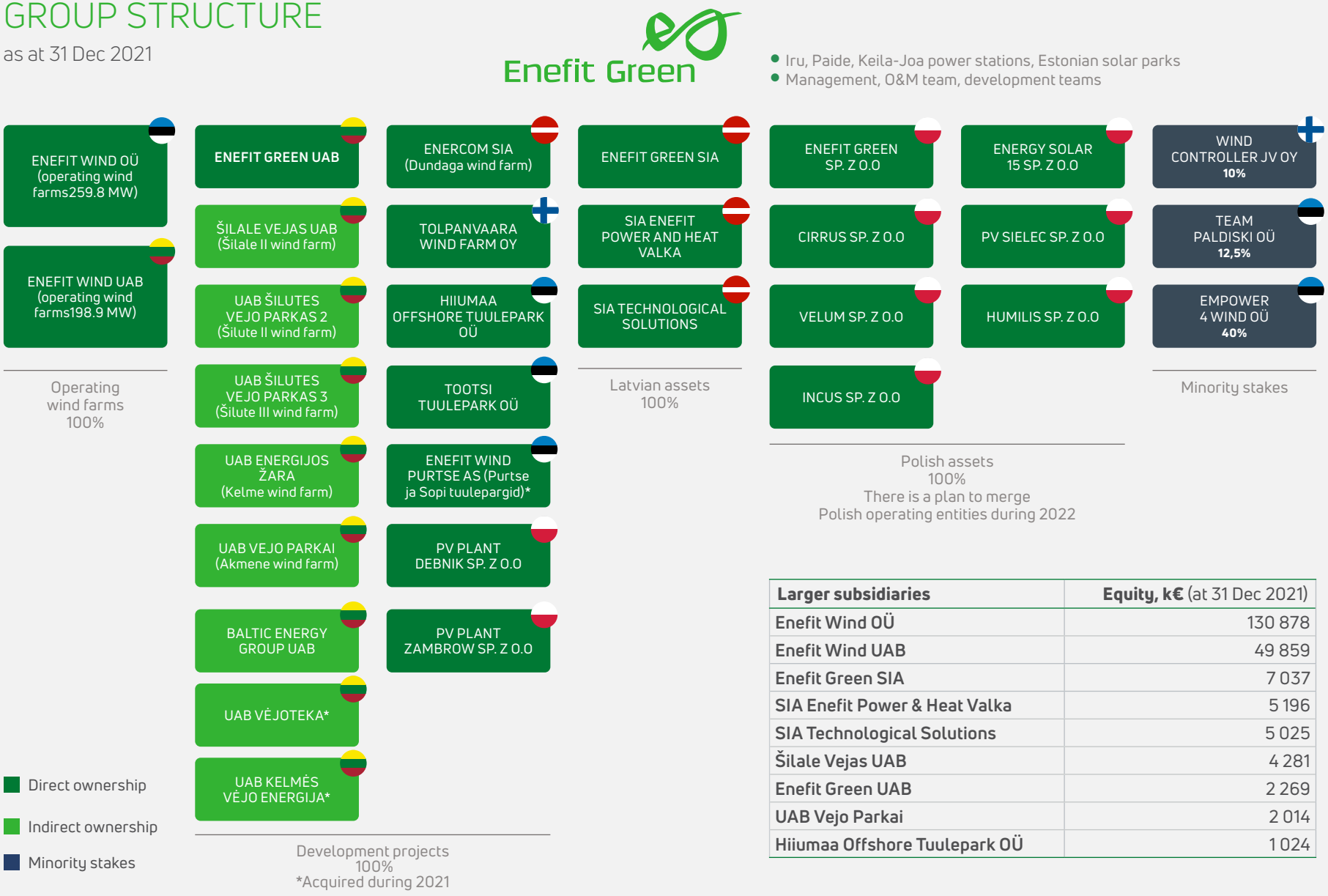
14. EVENTS AFTER THE REPORTING PERIOD

On 11 January 2022, Enefit Green AS signed a fixed-term loan agreement of €80m with the Nordic Investment Bank. The term of the agreement is 12 years and the purpose of the loan is to support Enefit Green's development of new wind farms in the Baltics.

On 27 January 2022, Enefit Green made final investment decisions on the construction of the 21 MW Purtse wind farm in Estonia and the 6 MW Debnik solar farm in Poland. The Purtse wind farm is scheduled to be completed in 2023 and its expected production capacity is around 46 GWh per year. Enefit Green will invest around €28m in the Purtse wind farm. The Debnik solar farm is scheduled to be completed in 2023 and its expected production capacity is around 6.3 GWh per year. Enefit Green will invest around €4m in the Debnik solar farm.

GROUP STRUCTURE

as at 31 Dec 2021



Larger subsidiaries	**Equity, k€** (at 31 Dec 2021)
Enefit Wind OÜ	130 878
Enefit Wind UAB	49 859
Enefit Green SIA	7 037
SIA Enefit Power & Heat Valka	5 196
SIA Technological Solutions	5 025
Šilale Vejas UAB	4 281
Enefit Green UAB	2 269
UAB Vejo Parkai	2 014
Hiiumaa Offshore Tuulepark OÜ	1 024