Enefit Green

Annual Report 2024

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* Enefit Green's Sustainability Report on pages 41-61 is unaudited and is based on company's data.

Enefit Green

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Main Activities
Production of electricity and heat energy in cogeneration plants, production of electricity in wind farms, solar farms and a hydropower plant

Reporting Period
1 January 2024 – 31 December 2024

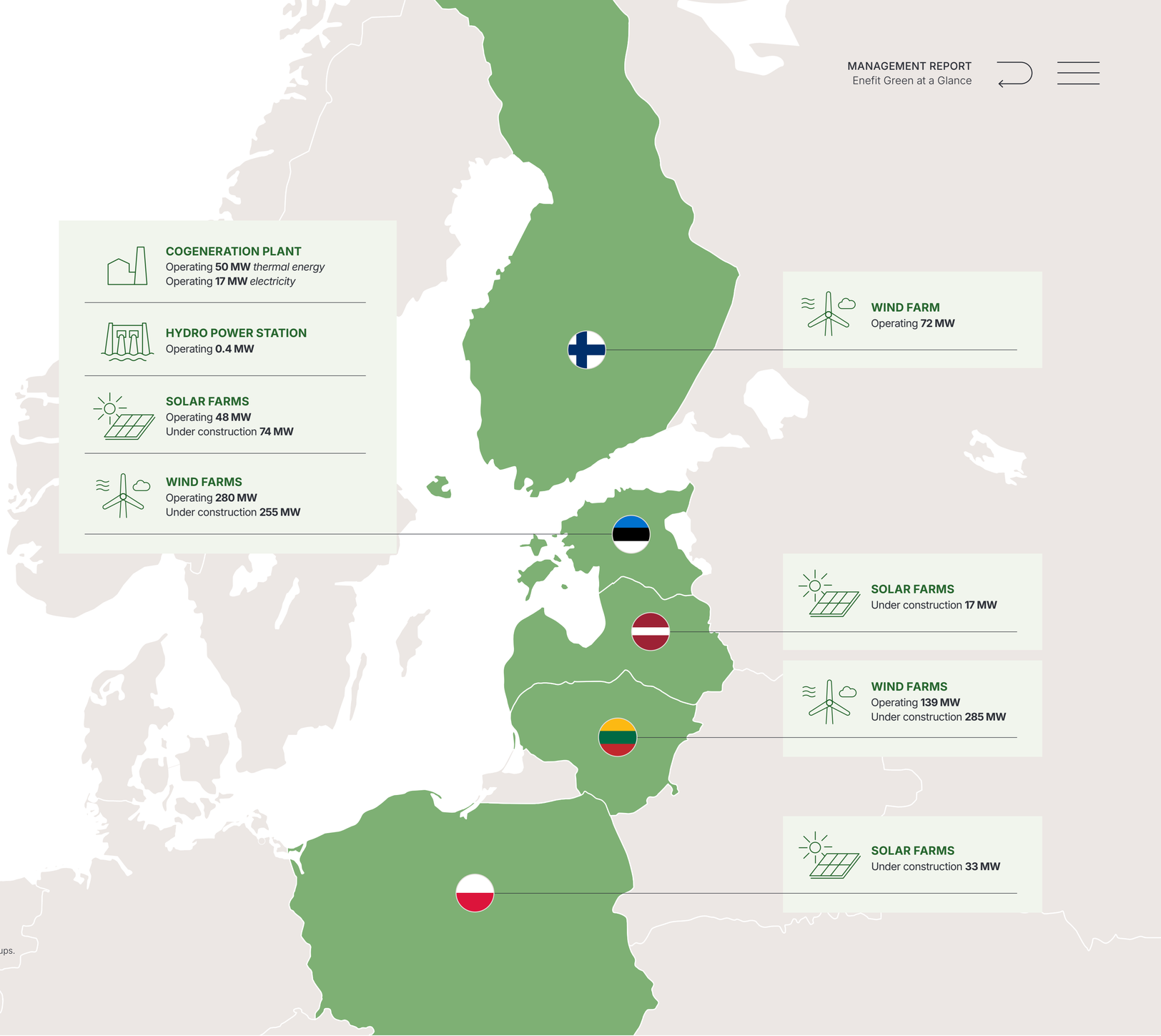
Auditor
AS PricewaterhouseCoopers

Translation of the AS Enefit Green's consolidated financial statements in pdf-format without European Single Electronic Format (ESEF) markups. The original document is digitally signed and submitted in machine-readable .xhtml format to the Nasdaq Tallinn Stock Exchange (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3100137985/reports).

Management Report

Enefit Green at a Glance

- One of the leading renewable energy companies in the region
- Over 20 years of experience in renewable energy
- The largest wind energy producer in the Baltics
- Core markets: Estonia, Lithuania, Poland, Latvia and Finland



Chairman's Letter

Dear reader

Enefit Green has grown into a large energy production company whose rapid growth in recent years has been made possible by strategic investments in new wind and solar farms. We are the largest wind energy producer in the Baltic countries.

Energy was one of the main topics of discussion in most of our core markets in 2024. The unprecedented volatility of electricity and energy commodity prices in recent years has given way to a more stable situation. We are adapting to the ongoing changes in geopolitics, the global economy, our markets and the industry.

The changes have not been limited to the external environment: the renewal of Enefit Green's management team has underlined the strength, unity and professionalism of our people. Thanks to an experienced team, we have successfully navigated the transition period and helped new colleagues in onboarding. We can now focus on the sustainable development of the company.

ADAPTING TO MARKET CONDITIONS

In 2024, Enefit Green's electricity production increased by 40% to 1.9 TWh. Thermal energy production was 415 GWh, 31% less than a year earlier. Operating income for the year was €220m (down 4%), EBITDA was €115m (up 8%) and net profit was €70m (up 26%). The company's production and financial results were affected by a combination of factors.

Our focus was on the completion and commissioning of our largest projects. At the beginning of the year, we had over 700 MW of renewable energy projects under construction, but currently

only the Kelmė II wind farm in Lithuania and the Dzērves solar power plant in Latvia, with a combined capacity of nearly 100 MW, are under active construction.

The growth in electricity production was driven by our new generation assets that were completed and reached a more stable output during the period, including the Sopi-Tootsi wind farm in Estonia (255 MW), which became fully operational. Compared to 2023, the number of generating assets in operation has increased significantly and their total capacity now exceeds 1,100 MW (457 MW in 2021). This increase has significantly boosted electricity production and sales volumes and helped meet our commitments under long-term power purchase agreements.

Although we ended the year with strong production results, operating income and EBITDA were affected by the slower than expected completion of new production capacity. The number of projects in progress was high and their contribution to cash flow was lower than expected. The availability and operational reliability of new wind farms was challenging at times, also due to warranty work. On the other hand, the availability of our older wind farms was higher than a year earlier.

Enefit Green's results were also impacted by lower electricity prices. The rapid growth of solar and wind power in our core markets has created oversupply, resulting in record renewable energy discounts. In periods of favourable weather, there is an increasing surplus of generation capacity in the market. This trend has made us cautious about the amount and growth rate of renewable energy that the market can accept, as well as the impact of oversupply on the business environment.

Digital solutions have allowed us to flexibly adjust generation and avoid overproduction and unprofitable energy sales during periods of exceptionally low electricity prices. By the end of 2024, we had developed the ability to automatically regulate the output of our wind and solar farms. This allows us not only to avoid loss-making transactions, but also to provide the necessary system services to the Estonian and Lithuanian transmission system operators. We have also developed manual frequency restoration reserve (mFRR) down-regulation capacity at ten wind farms. We will continue to expand our capacity to provide system services to most of our generation assets.

The thermal generation result was affected by the sale of our biomass cogeneration and pellet businesses a year ago. The lower than expected availability of the Iru CHP plant, due to maintenance and repair outages, also had an impact.

Years of intensive growth and delays in bringing our large farms up to full capacity have affected the return on invested capital (ROIC). Now that most of our wind and solar farms have been completed or are in the process of obtaining the necessary permits and testing, cash flow stability is gradually improving.

OUTLOOK

As a major energy producer, it is important for Enefit Green that every megawatt of generation capacity delivers maximum value. This means maintaining high levels of availability and operational reliability of our completed generation assets, completing assets under construction on time and maximising the market potential of all generation assets.

We will carefully analyse how to maximise the productivity of our assets and projects. To achieve this, we will focus on the most strategic and profitable wind and hybrid park projects. Going forward, we see the Baltic countries and Poland as our core markets, where the continuing energy deficit offers opportunities for business development.

We intend to complete the Kelmė wind farm development project, the third phase of which is awaiting construction. As of the beginning of 2025, all wind turbines at Kelmė I wind farm are generating electricity and grid connection tests are being carried out. Kelmė II is under active construction.

In order to maintain focus, we are looking for a buyer for the Tolpanvaara wind farm in Northern Finland. We believe that a new owner with existing or planned wind assets in Finland can further develop the potential of this farm.

After years of work, we have achieved strong potential in the field of offshore wind energy: we are developing the Liivi and Northwest Estonia offshore wind farm projects. The Liivi offshore wind farm (also known as Gulf of Riga offshore wind farm) is one of the most prominent projects in the market. The introduction of offshore wind energy in Estonia offers an opportunity to significantly reduce the country's import dependency and carbon footprint. Our strategic partner Sumitomo Corporation brings extensive international experience in offshore wind project development and will help accelerate the implementation of the Liivi project.

Renewable energy remains the most competitive form of energy. As a large producer, Enefit Green plays an important role in the region’s energy market, providing consumers with competitive renewable energy and creating long-term value for its owners. After years of intensive growth, we are now focusing on securing a steady cash flow and finding a balance between business development and profitability. Our focus is on the sustainable development of the business.

My sincere thanks go to all Enefit Green employees for their commitment and to our investors and partners for their confidence.

Juhan Aguraiuja
CEO and Chairman of the Management Board

Enefit Green in Numbers 2020-2024

Financial indicators

		2024	2023	2022	2021	2020
Operating income	€m	220.9	230.1	257.0	183.7	162.7
Revenue	€m	185.5	205.8	233.3	153.0	114.0
Renewable energy support and other operating income	€m	35.4	24.3	23.7	30.7	48.7
EBITDA	€m	114.8	105.9	154.8	121.5	110.2
Net profit	€m	70.3	55.8	110.2	79.7	67.9
Capex	€m	389.6	355.7	193.5	76.8	13.8
Invested capital	€m	1,450.7	1,137.9	867.4	676.6	698.1
Equity capital	€m	760.3	717.2	718.7	633.6	509.6
Net Debt	€m	690.5	420.7	148.7	43.0	188.6
Earnings per share[1]	€/per share	0.27	0.21	0.42	0.30	0.26
Share price, year end[2]	€	2.76	3.56	4.38	4.04	-
Return on invested capital		5.2%	5.7%	13.5%	12.3%	10.3%
Return on equity		9.2%	7.8%	15.3%	12.6%	13.3%
Net debt/EBITDA		6.0	4.0	1.0	0.4	1.7

Operating indicators

		2024	2023	2022	2021	2020
Operating capacity, year end	MW	592	515	457	457	457
Capacity under construction, year end[3]	MW	631	709	596	199	-
Electricity production	GWh	1,883	1,343	1,118	1,193	1,350
Wind energy	GWh	1,681	1,103	912	983	1,139
Solar energy	GWh	77	64	32	24	25
Cogeneration	GWh	123	174	173	185	185
Other	GWh	2	1	1	1	1
CO_2 footprint (Scope 1)	thousand tonnes CO_2e	138.9	150.5	129.7	142.0	137.6
CO_2 intensity of energy production (Scope 1)	gCO_2e/kWh	61	77	77	78	73
Number of employees		132	154	183	165	153

[1] In order to ensure comparability the post-IPO number of shares has been used in the calculations for 2020 and 2021.

[2] In the course of the initial public offering of shares held in October 2021 shares were sold to investors at a price of €2.90 per share.

[3] Production assets in construction may be partially capable of producing output, but have not yet been classified as operating assets (e.g. due to the lack of final permits for use, etc.). At the end of 2024, the assets under construction (631 MW) included the Akmenė (75 MW), Šilalė II (43 MW), Sopi-Tootsi (255 MW) wind farms and the Sopi solar farm (74 MW), which had reached full capacity by the end of the year but were not yet classified as operating assets.

Highlights in 2024

Q1

JANUARY

- Construction of Sopi-Tootsi wind farm reaches **turbine installation stage**

FEBRUARY

- Turbine installation begins at **Kelmė I wind farm**
- Solar panel installation begins at **Sopi solar farm**

MARCH

- **Sale of Paide and Valka CHP plants** is finalised

Q2

APRIL

- Construction of **Tolpanvaara wind farm** is completed
- **Co-development agreement for early-stage onshore wind projects** is signed with RES Global Investment sp. z o.o.
- **Power purchase agreement is signed** for construction of a direct power line between Iru CHP plant and Elcogen's new production facility
- Installation of wind turbines at **Sopi-Tootsi wind farm** begins
- Public information days on environmental studies for **Gulf of Riga offshore wind farm**

MAY

- **Annual general meeting**
- **Kristjan Kuhi** is appointed as a new member of the supervisory board

JUNE

- **Rescue exercise** at Paldiski wind farm
- **Purtse hybrid farm** passes Elering's grid compliance tests

Q3

JULY

AUGUST

- **Loan agreement** is signed with EBRD
- **Sopi-Tootsi wind farm** delivers first electricity to the grid
- Cooperation agreement is signed with the City of Pärnu and Sunly for the **development of Põldemaa wind farm**

SEPTEMBER

- Installed power generation capacity **exceeds 1,000 MW**
- **Šilalė II wind farm is inaugurated**
- **Cornerstone is laid** for Kelmė II wind farm

Q4

OCTOBER

- **Juhan Aguraiuja** takes over as chairman of the management board
- Supervisory board appoints **Argo Rannamets** as member of the management board and CFO
- Public information days on environmental studies for **Gulf of Riga offshore wind farm**
- **Floating meteorological station** is deployed for research in the Gulf of Riga

NOVEMBER

- **Sopi-Tootsi wind farm** reaches full production capacity
- **Kuressaare Regional Training Centre** receives two wind turbine blades for training purposes

DECEMBER

- **Karin Madisson** joins the supervisory board as an independent member
- **Kelmė I wind farm** delivers first electricity to the grid
- **Sopi solar farm** reaches full production capacity
- Environmental impact assessment report for **Gulf of Riga offshore wind farm** is completed
- Enefit Green passes **ISO** and **EMAS** recertification audits

Operating Environment

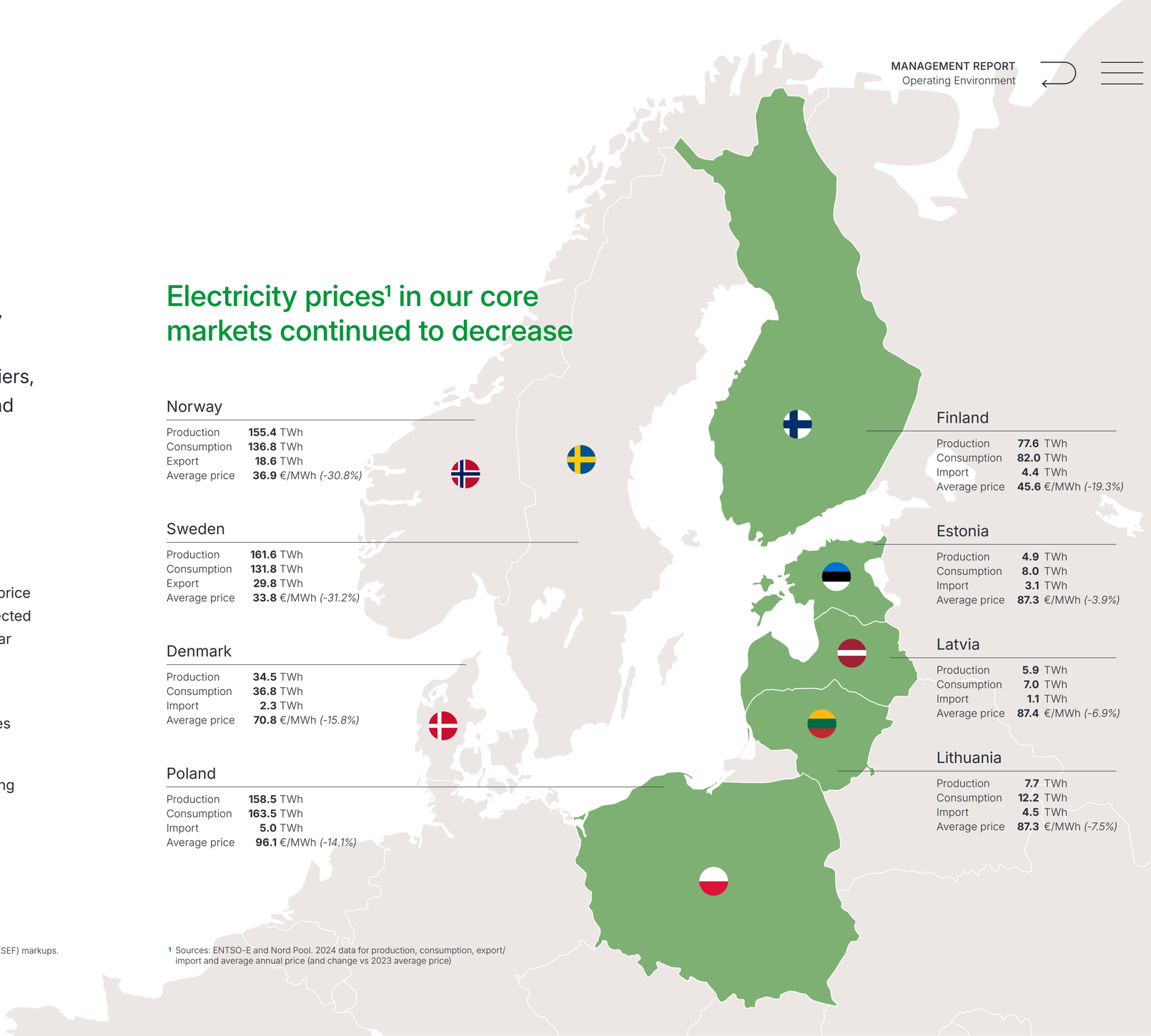
Enefit Green is a renewable energy company focused on wind and solar. As a result, its performance is influenced by electricity and emission allowance prices, electricity supply and demand, competition between energy types and suppliers, regulation of the energy sector and the weather (mainly wind conditions).

ELECTRICITY PRICES

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

- Electricity prices in our core markets decreased due to the decline in the price of natural gas and abundant supply of hydropower, but were strongly affected by weather conditions, power plant and interconnector failures, and regular maintenance outages.
- Gas prices dropped to their lowest level in four years, driven by changes in supply chains, falling demand, efficiently planned natural gas inventories in Europe and improved LNG supply capacity.
- Emission allowance prices fell sharply at the beginning of the year, reaching their lowest level in two years in February, before recovering in Q2 and remaining relatively stable in the second half of the year. Compared with a year earlier, the price of emission allowances fell by a fifth.

Electricity prices[1] in our core markets continued to decrease



Norway

Production	**155.4** TWh
Consumption	**136.8** TWh
Export	**18.6** TWh
Average price	**36.9** €/MWh *(-30.8%)*

Sweden

Production	**161.6** TWh
Consumption	**131.8** TWh
Export	**29.8** TWh
Average price	**33.8** €/MWh *(-31.2%)*

Denmark

Production	**34.5** TWh
Consumption	**36.8** TWh
Import	**2.3** TWh
Average price	**70.8** €/MWh *(-15.8%)*

Poland

Production	**158.5** TWh
Consumption	**163.5** TWh
Import	**5.0** TWh
Average price	**96.1** €/MWh *(-14.1%)*

Finland

Production	**77.6** TWh
Consumption	**82.0** TWh
Import	**4.4** TWh
Average price	**45.6** €/MWh *(-19.3%)*

Estonia

Production	**4.9** TWh
Consumption	**8.0** TWh
Import	**3.1** TWh
Average price	**87.3** €/MWh *(-3.9%)*

Latvia

Production	**5.9** TWh
Consumption	**7.0** TWh
Import	**1.1** TWh
Average price	**87.4** €/MWh *(-6.9%)*

Lithuania

Production	**7.7** TWh
Consumption	**12.2** TWh
Import	**4.5** TWh
Average price	**87.3** €/MWh *(-7.5%)*

[1] Sources: ENTSO-E and Nord Pool. 2024 data for production, consumption, export/import and average annual price (and change vs 2023 average price)

Enefit Green participates in the Nord Pool power exchange, where power producers that sell electricity on the exchange trade with power suppliers that buy electricity from the exchange in order to resell it to end consumers. Our performance indicators are most sensitive to electricity prices in Estonia, Lithuania, Finland and Poland, where we both generate and sell electricity. In the Latvian market Enefit Green participated with a very small volume at the beginning of 2024, when the completion of the sale of the Valka CHP plant due to the divestment of our biomass-based cogeneration business was awaiting approval from the relevant authorities.

Our core markets are closely linked by cross-border transmission cables. As a result, our electricity production and prices are affected by various factors outside our main markets, such as the level of water resources in the Norwegian hydropower reservoirs and wind conditions in the region. Potential disruptions to transmission cables have a strong impact on the balance between electricity supply and demand, causing significant price fluctuations.

In 2024 Baltic electricity prices were on one hand affected by failures of EstLink2, on the other hand by growing renewable energy supply and falling natural gas prices. As a result the average electricity prices declined, but less than in neighbouring markets and prices were clearly higher than in the Nordic countries.

In 2024, electricity prices in the Baltic countries were strongly affected by the disruption of the power link between Finland and Estonia: the EstLink2 undersea power cable was shut down due to a fault at the beginning of the year, with long and complex repairs lasting until September. As a result, lower-priced Nordic electricity reached the Estonian, Latvian and Lithuanian markets in reduced volumes, which in turn affected energy market dynamics and price formation. Weather conditions, maintenance of generation facilities in the Nord Pool region and relatively low market prices for natural gas also played a role.

In the second half of the year, the market started to stabilise, but electricity prices continued to be affected by weather conditions and the state of infrastructure. In Q3, peak prices decreased compared to the previous year, supported by the return to service of EstLink2 and a strong increase in solar energy supply.

In Q4, electricity prices in the Baltic and Nordic countries were volatile due to weather conditions, but low natural gas prices and growing renewable generation volumes supported a downward trend.

Renewable energy production in Enefit Green's core markets continued to grow rapidly in 2024. Solar and wind power generation in the Baltic countries, Finland and Poland increased by more than 14 TWh compared to 2023 and the improvement in the Nordic hydro balance also had a stabilising effect on energy prices.

In the last days of 2024, the EstLink2 undersea cable suffered another disruption, which will continue to put pressure on electricity prices in the Baltic countries for much of 2025.

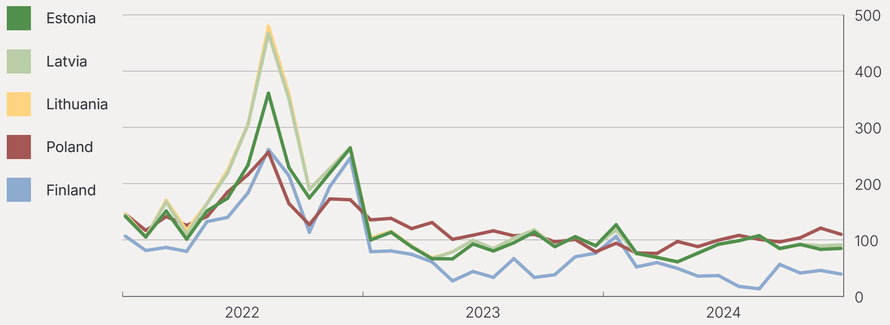
Wind and solar energy production in Enefit Green's core markets in 2022–2024

Source: ENTSO-E

TWh	2022		2023		2024	
	Solar	**Wind**	**Solar**	**Wind**	**Solar**	**Wind**
Estonia	0.6	0.7	0.7	0.8	1.0	1.2
Latvia	0.0	0.2	0.0	0.3	0.4	0.3
Lithuania	0.4	1.5	0.7	2.4	1.4	3.3
Poland	9.3	18.8	13.2	22.1	17.3	23.9
Finland	0.0	11.1	0.9	14.0	1.2	19.5
Total	**10.2**	**32.2**	**15.4**	**39.6**	**21.3**	**48.1**
Growth (TWh)	5.1	6.9	5.2	7.4	5.9	8.5
Growth (%)	101%	27%	51%	23%	38%	21%

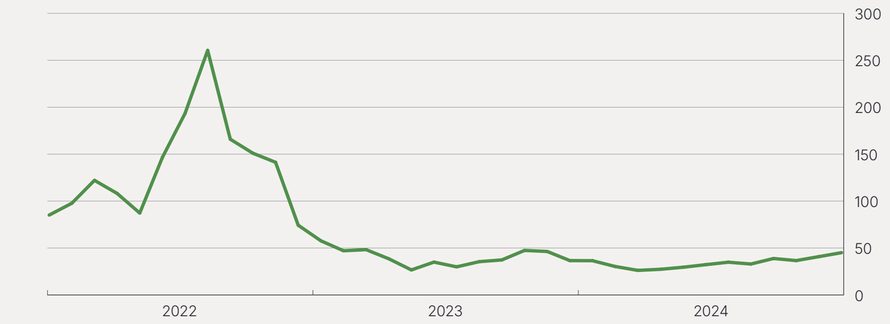
Average quarterly market prices of electricity in core markets, €/MWh

Source: Nord Pool



Natural gas price, €/MWh

Source: Intercontinental Exchange



The supply and price of natural gas are significant factors for electricity prices, as natural gas is used to generate peak energy at times when renewable energy or other less expensive generation capacity is scarce.

In 2024, the European natural gas market was relatively stable and the average price of traded natural gas was lower than in previous years. The annual average price was €33.8/MWh (-€6.3/MWh, -15.7% compared to 2023).

The first half of the year was relatively favourable for the European natural gas market, thanks to high inventories, mild weather conditions and the resulting low demand, as well as improved LNG supplies. In the second half of the year, the gas price fluctuated somewhat, mainly due to weather conditions, demand and geopolitical factors.

In Q3, global LNG supply was reduced due to planned maintenance at LNG production facilities in Norway and emergency maintenance at facilities in Australia and Malaysia. In Q4, rising demand in Asia, geopolitical tensions in the Middle East and colder weather in Europe put upward pressure on LNG prices. While European gas storage facilities had reached 95% of their capacity in preparation for the winter, a cold spell in Europe led to a faster than expected drawdown, with year-end storage levels around 15% lower than at the end of 2023.

CO_2 EMISSION ALLOWANCE PRICES DECLINED

The purpose of the EU Emissions Trading System is to reduce greenhouse gas emissions in Europe and encourage energy producers to generate more energy from renewable sources, which will become more competitive as the price of emission allowances increases.

The average price of CO_2 allowances in 2024 was €66.6/t, 22% (-€18.7/t) lower than in 2023. Weak economic growth in Europe and the sale of additional allowances by the European Commission caused the allowance price to fall to its lowest level in two years, before stabilising in the second half of the year.

Prices of CO_2 emission allowances, €/t

Source: Intercontinental Exchange

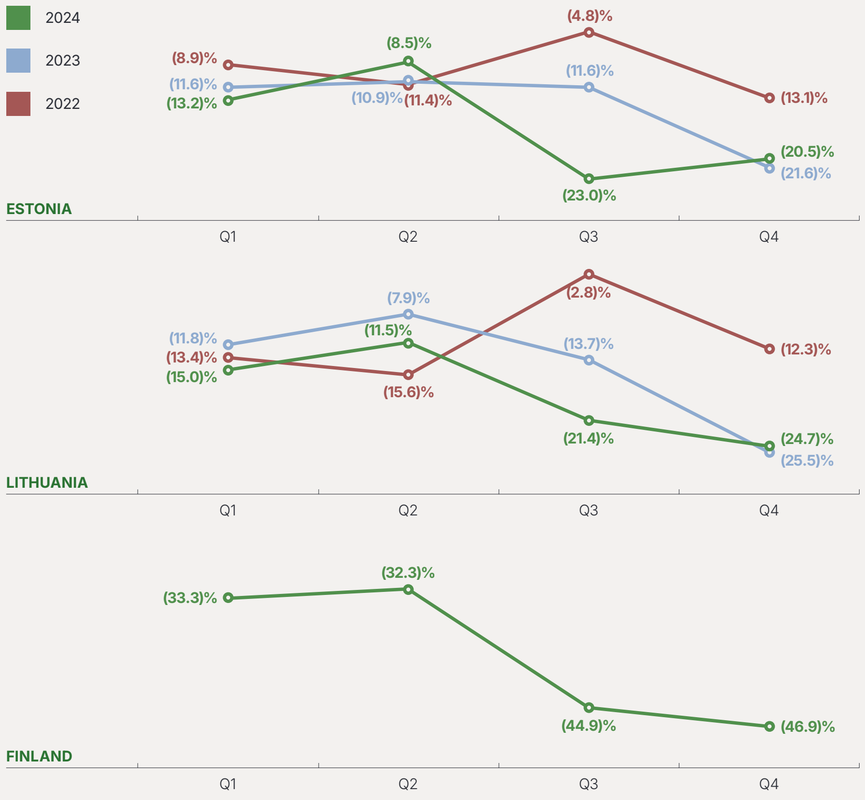
Average quarterly wind speed in Enefit Green's wind farms in Estonia, Lithuania and Finland in 2022–2024, m/s

WIND CONDITIONS

With the exception of the fourth quarter in Estonia and Finland, the measured wind speeds at Enefit Green wind farms were lower than forecast in 2024 (vs P50 forecast).

Information on the average wind speeds over the last three years is presented in the graphs to the left. Information for Finland is only provided for 2024, when Enefit Green's Tolpanvaara wind farm started to produce electricity.

Market average wind discount
in Estonia, Lithuania and Finland in 2022–2024, %



RENEWABLE ENERGY DISCOUNTS

The increase in renewable energy production brings with it the effect of renewable energy discounts. In 2024, renewable energy discounts increased significantly.

The captured renewable energy price is the average market price, weighted by hourly production. Due to the volatility of renewable energy production, the captured renewable energy price differs from the market price (the arithmetic mean of hourly prices). Market prices tend to be lower during periods of high renewable energy production and higher during periods of low renewable energy production, which is why the captured renewable energy price is usually lower than the market price. The renewable energy discount measures the difference between the captured renewable energy price and the market price as a percentage.

The renewable energy discount can be measured for different renewable energy sources. As Enefit Green produces mainly wind energy, the graphs below show the discounts for wind profiles (wind discounts) in the markets where we produce and sell wind energy. They reflect the overall market situation and not necessarily the conditions in Enefit Green’s production portfolio.

Larger wind discounts are caused by hours with negative prices, which generators can counteract by actively managing, in particular curtailing, their generation assets (requires relevant capability, which Enefit Green has set up and actively uses at it's wind farms). In addition, assets that are less correlated with the overall market (mainly due to their different location – for example Enefit Green's Tolpanvaara wind farm in Finland) can help achieve discounts below the market average.

Significant Changes in the Regulatory Environment

Events and changes influencing future renewable energy development projects

EUROPEAN PARLIAMENT ELECTIONS

The Greens were the clear losers in the June 2024 European Parliament elections, while the centrist groups (the European People's Party, the Socialists and Democrats, and Renew Europe) retained their majority.

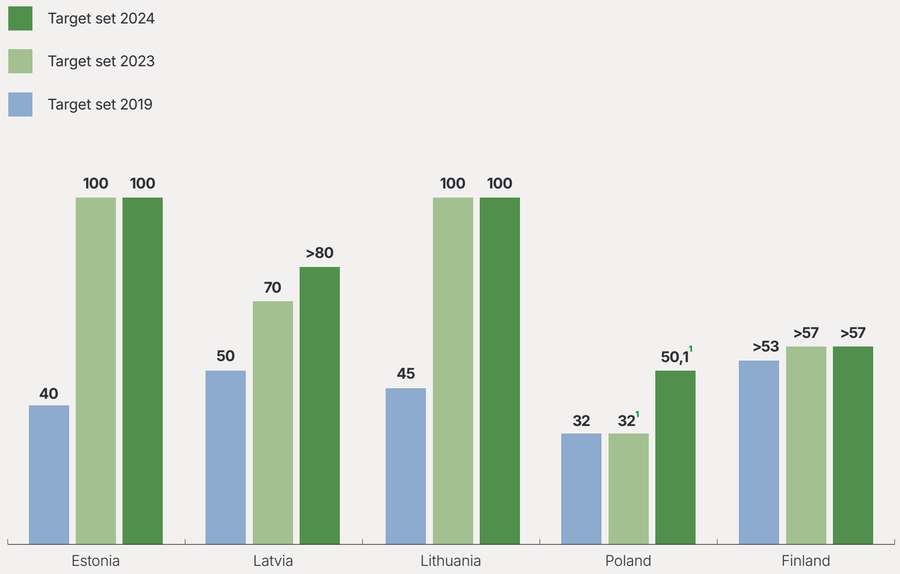
It is highly unlikely that the green policies adopted during the previous legislature will be reversed and that the policies already in place to promote the production and consumption of renewable electricity will be changed.

UPDATES TO EU MEMBER STATES' NATIONAL ENERGY AND CLIMATE PLANS

Member states were required to submit their updated energy and climate plans by 30 June 2024, based on the feedback from the European Commission. The plans provide investors with the necessary information on national plans for developing renewable electricity production, supporting the timely planning of renewable energy investments and reducing the risks associated with unexpected changes for electricity producers.

In 2024, among Enefit Green's core markets, Latvia and Poland increased the renewable electricity production targets in their climate and energy plans. The two countries aim to achieve their 2030 targets primarily by expanding onshore wind and solar power production. Recent years' aggressive updates to national energy plans indicate a growing risk of renewable energy discounts in Enefit Green's core markets.

Targets set in the national energy and climate plans of Enefit Green's core markets for the share of electricity produced annually from renewable sources in the country's electricity consumption in 2030, %



[1] Poland emphasises in its energy and climate plan that the figure is not a target, but a forecast.

LITHUANIAN PARLIAMENT ADOPTED REVISED NATIONAL ENERGY INDEPENDENCE STRATEGY

The cornerstone of Lithuania's revised National Energy Independence Strategy is the production of electricity from renewable energy sources and using it to produce hydrogen derivatives (green synthetic fuels, methanol, ammonia, synthetic methane, etc). Under the strategy, the state will need to create conditions for a competitive environment for the production and storage of electricity and other energy sources in order to maximise their use in Lithuania.

The strategy envisages a more than sixfold increase in Lithuania's electricity consumption from the current 12 TWh to 74 TWh by 2050. The implementation of the strategy could have a transformative impact on renewable electricity production in Lithuania.

CHANGES TO THE EU ELECTRICITY MARKET DESIGN

In June 2024, a thoroughly prepared reform of the European Union's electricity market design (EMD) was approved with the adoption of Directive (EU) 2024/1711 and the directly applicable Regulation (EU) 2024/1747 in an effort to improve the EMD.

Two-way contracts for difference

The most significant change related to renewable electricity production is a restriction that will take effect in July 2027. It will allow direct price support for the construction of new renewable power-generating facilities that are connected to a single bidding zone to be provided only through two-way contracts for difference or similar measures. This restriction will be extended to offshore wind farms and power-generating facilities connected to multiple bidding zones in July 2029.

Under a two-way contract for difference, consumers will pay support to renewable power generators when market prices are low, while power generators will pay support to consumers when market prices are high. Supporting renewable power generation will thus become a risk-sharing arrangement between producers and consumers.

The simplest two-way contract for difference guarantees power generators the price specified in the contract, while reducing their incentive to combine power generation with storage in a way that prioritises supply to the grid during periods of higher demand when market prices are higher.

Derogations for the Baltic electricity markets

Regulation (EU) 2024/1747 gives the transmission system operators (TSOs) in the Baltic countries the right to compete with electricity producers for system services.

Directive (EU) 2024/1711 gives Estonia, Latvia and Lithuania the right to allow their TSOs and their affiliates to own, develop, manage and operate energy storage facilities without an open, transparent and non-discriminatory tendering procedure and to allow such energy storage facilities to buy or sell electricity in the market. It also allows the Baltic TSOs to allocate less than 70% of the transnational transmission capacities to the electricity market. The derogations can be applied for up to eight years after the decoupling from the Russian electricity system.

Estonian, Latvian and Lithuanian TSOs were granted exceptional rights to procure the creation of capacities necessary for balancing the electricity system with long-term contracts for up to eight years after decoupling from the Russian electricity system. This will reduce the risks associated with building the power plants and storage facilities needed to provide system services in Estonia, Latvia and Lithuania. Normally, under the EU electricity market rules, such services can only be purchased under short-term contracts.

Based on the amended rules, in mid-2024, the Estonian transmission system operator Elering announced a reverse auction for the construction of up to 500 MW of dispatchable generation or storage capacity for frequency containment reserves. The deadline for bid submissions is 14 July 2025. If successful, the reverse auction could significantly accelerate large-scale investments in electricity storage and dispatchable electricity generation facilities. These investments would help reduce the frequency of high market prices and, among other benefits, lower the riskiness of fixed-price baseload PPAs.

Harmonised principles for renewable energy auctions

In May 2024, the European Commission issued a recommendation on the design of renewable energy auctions. As a result, non-price criteria in future auctions can be expected to become more harmonised across member states, potentially making it easier for companies to participate in auctions in multiple countries and encouraging competition.

At the same time, the recommendation allows for the introduction of requirements other than price (such as pre-qualification criteria for bidders), which may limit competition.

The actual impact of the recommendation will become clear once the terms of future auctions are published.

Accelerating permitting for renewable energy production

The deadline for member states to transpose the provisions on accelerating permitting, as set out in the amendments to the Renewable Energy Directive (RED III), adopted in 2023, was 1 July 2024. These amendments apply to new renewable energy generation developments.

In Lithuania, relevant amendments to the Law on Construction and related regulations entered into force on 1 November 2024. One stage was removed from the previous three-stage construction planning process, and the responsibility of designers was increased. While this will shorten the time required for pre-construction planning, it will also make the design process more complex and, consequently, more expensive.

At the end of 2024, Latvia decided to establish an Energy and Climate Agency to accelerate the development of renewable energy. Its role will be to serve as a single point of contact for developers of wind energy projects and coordinate the processing of the required documents by public authorities. The Agency will start operating in February 2025.

In Estonia and Poland, the process of adopting planned amendments to laws and regulations aimed at accelerating the permitting process for renewable power generation is still ongoing.

Amendments impacting existing renewable power generation facilities

ENERGY RECOVERY FROM MUNICIPAL WASTE IN ESTONIA

The Estonian parliament passed an amendment to the Electricity Market Act, ending renewable energy and efficient cogeneration support for the Iru CHP plant starting from 2025. In Enefit Green's view, the amendment is disproportionate, discriminatory and calls into question whether the state will honour its future 12-year renewable energy development commitments.

The company asked the chancellor of justice to assess the constitutionality of the amendment. The chancellor of justice concluded that the amendment was unconstitutional and submitted a proposal to the president of the Estonian parliament to rectify the inconsistency with the constitution. The Ministry of Climate has prepared a proposal for a relevant amendment to the law, on the basis of which the support payments suspended in January will be paid to the company retrospectively during 2025.

At the end of 2024, draft legislative amendments were submitted for consultation, which are aimed at reducing energy recovery from municipal waste of Estonian origin. The main impact on Enefit Green's operations will be the introduction of a tax on energy recovery from waste, which will increase the gate fee for waste incineration. As the legislative amendments are in early stage, the financial impact remains unquantifiable. The legislative amendments are scheduled to be adopted in 2025.

RULES FOR PROTECTING BIRDS AND BATS IN LITHUANIA

In November 2024, new rules for assessing the impact of wind farms on birds and bats came into force in Lithuania. These rules will primarily affect existing wind farms that were not subject to these rules at the time of their development.

If a monitoring report prepared under the new rules identifies that an existing wind farm has a negative impact on birds or bats, mitigation measures will have to be taken for the wind farm to continue operating. These may include shutting down wind turbines during periods of increased risk to birds and bats (e.g. seasonal migration and nesting periods), installing automatic bird detection devices on turbines, or re-painting turbine blades.

The same rules will apply to wind farms under development, but in the development of a new wind farm the requirements can already be considered during the planning phase.

The extent of the impact of the new rules will become clear once the first monitoring report is completed.

PROPERTY TAX INCREASE AND CLARIFICATION OF RULES IN POLAND

In Poland, the property tax was increased by 15% at the beginning of 2024. This has raised the fixed costs for solar farms. In the same year, the Local Taxes and Fees Act was amended to exempt, from 2025 onwards, electricity generation and transmission equipment not connected to buildings (e.g. solar panels, inverters, cables) from property tax.

Electricity Sales Portfolio: Balance Between Market Price and National Revenue Security Mechanisms

Enefit Green primarily sells electricity on the day-ahead wholesale market (i.e. on the Nord Pool power exchange) at market prices and through long-term power purchase agreements at fixed prices.

The share of national fixed-price renewable energy support measures in Enefit Green's electricity sales portfolio has decreased significantly in recent years. While in 2022 around a quarter of our electricity production was covered by these support measures (the feed-in-tariff (FiT) support scheme for wind farms in Lithuania), in 2024 only 1% of production was covered by similar contracts (contracts for difference (CfD) in Poland).

The decline in the share of national support measures has been due to our own proactive replacement of Lithuanian support measures with market-based contracts in 2022. The objective was to lower the longer-term electricity price risks of the Lithuanian wind farms in a situation where the national support measures were about to expire in the coming years.

The share of feed-in premium (FiP) support, previously used in Estonia, has also decreased in Enefit Green's portfolio in recent years due to the expiry of the scheme. Most of the 12-year support agreements under this scheme will expire by the end of 2025.

The energy crisis of 2022 and the resulting high energy prices created strong market demand and conditions for a transition from soon-to-expire national support measures to market-based, long-term fixed-price power purchase agreements (PPAs).

A PPA is a power purchase agreement under which the buyer commits to purchase and the seller commits to sell electricity at the time, price and amount agreed between the parties. A PPA can be physical, where electricity is delivered under the agreement, or virtual, where only a financial settlement is made.

At 31 December 2024, all long-term PPAs signed by Enefit Green were physical PPAs, i.e. with the physical delivery obligation. In 2024, we also used short-term financial transactions to manage the portfolio of long-term PPAs as described on page 23 (in the end of the section discussing profile risks of baseload PPAs).

In the case of PPAs, a distinction is made between two volume profiles:

1. a pay-as-produced PPA – the contracted amount of electricity is determined by the actual future production of the underlying production facility; and
2. a baseload PPA – the parties agree a fixed amount of electricity that the seller is obliged to supply and the buyer is obliged to purchase each hour.

A pay-as-produced PPA involves a lower risk for the producer, as it guarantees an agreed price for each MWh produced and the producer only bears production volume risk. For the time being, however, there is not yet sufficient buyer demand for this type of PPAs in the Baltic markets. This is mainly due to the small share of large industrial consumers and limited experience in managing electricity price risk.

A baseload PPA hedges the producer against the risk of low electricity prices. The format of the agreement is standardised and comparable to futures contracts traded on Scandinavian markets. However, baseload PPAs change the nature of the risk in the portfolio, as the producer bears the production profile risk, the profile discount risk and, to some extent, price risk. It results from the need to make purchases at market prices in the event of production shortfalls.

Most of PPAs signed by Enefit Green follow the monthly baseload model. It takes into account the different monthly wind and solar power generation profiles throughout the year, but the amount of electricity sold each month remains the same for all hours of a given month.

	TYPE OF PPA	
	BASELOAD	**PAY-AS-PRODUCED**
Price of electricity	**Fixed**	**Fixed**
Amount of electricity	**Fixed** Equal amount of electricity in each hour of a month; months vary according to the agreement.	**Variable** Amount varies according to the actual production of a specific facility/farm; a minimum production requirement may apply.
Bearer of profile risk	**PPA seller** In the event of a production shortfall, the seller has to buy electricity at the market price in order to ensure supply to the buyer.	**PPA buyer** The amount depends on the actual production; in the case of a shortfall, the buyer has to buy electricity at the market price.
Bearer of profile discount risk	**PPA seller** In the event of a production shortfall, the seller has to buy electricity at a market price that is likely to be higher than average. A production surplus will have to be sold at a market price, which is likely to be below average during periods of high renewable energy production; in addition, an increase in the profile discount is accompanied by an increase in the gap between purchase and sales prices.	**PPA buyer** Electricity is likely to be supplied in a period when the market price is below average. A shortfall occurs in a period when the market price is higher than average.

Sufficient demand for such contracts in 2022 enabled Enefit Green to create competition between the region's leading energy companies and to sign a considerable number of attractively priced contracts. In subsequent years, end-customer interest in long-term power purchases has declined and demand for PPAs has therefore been very low.

In 2024, the company did not sign any new long-term fixed-price PPAs (2023: 52.6 GWh at an average price of €70/MWh).

In 2024, Enefit Green's electricity production was significantly below initial forecasts, leading to a higher-than-planned share of production covered by PPAs. This, in turn, resulted in a considerably higher need to purchase electricity to cover the PPA portfolio.

Based on the latest production forecasts, price expectations and other relevant factors, we reduced the volume of PPAs where necessary, balancing the hedging of price risk with the management of risks associated with purchases related to baseload PPAs.

PROFILE RISK OF BASELOAD PPAs

The profile risk of baseload PPAs is the risk that the producer will have to cover the short-term production shortfalls arising from differences between the actual production profiles of its production assets and the baseload PPAs by purchasing electricity on the day-ahead market (purchases to cover PPAs) at current market prices. Electricity produced in excess of the PPA volumes is sold by the producer on the day-ahead market at the market price.

The chart on the right illustrates how fluctuations in wind power production can cause electricity surpluses and shortfalls for the producer (compared to the fixed amounts sold under the baseload PPAs) and the resulting purchases and sales. It also reflects the day-ahead production forecast and the actual production volume, which, if different, give rise to the so-called open supply transactions (both purchases and sales).

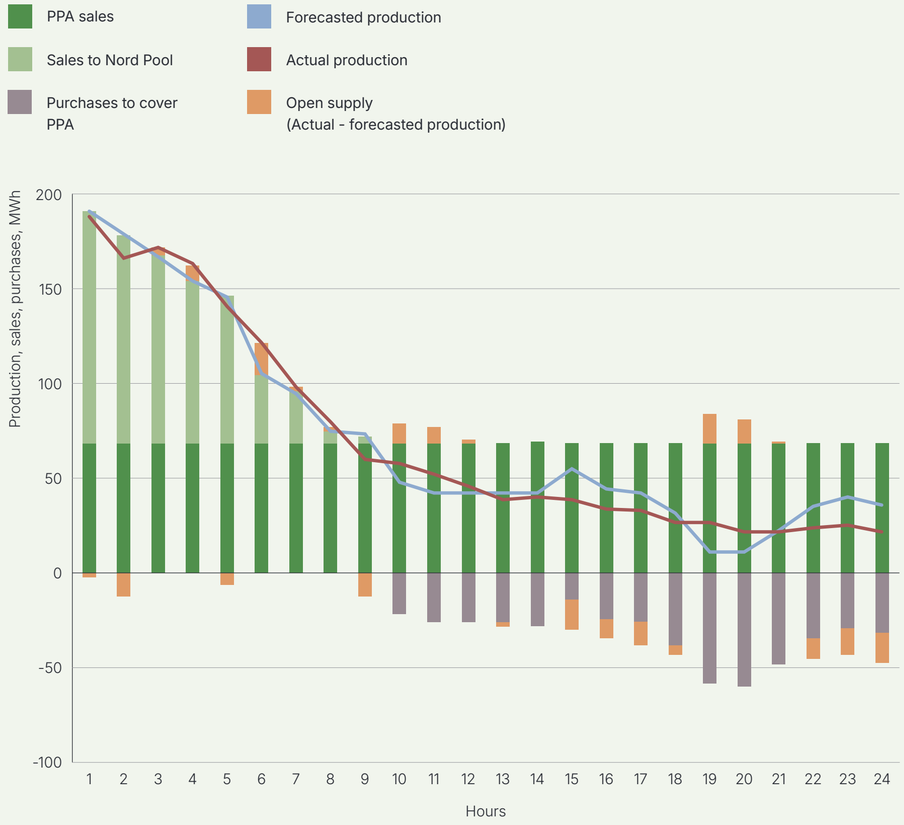
In the case of purchases resulting from the materialisation of the profile risk of baseload PPAs, Enefit Green is also exposed to the price risk of these purchases. The price risk of purchases depends on two components: Nord Pool's general price level and the size of the profile discount.

The profile discount results from the fact that the market price is lower when the production of a renewable energy asset is high and higher when the production of the asset is low or zero. As purchases are typically made during periods of low production, the purchase price is generally higher than the Nord Pool average. Therefore, the steeper the profile discount, the higher the purchase price compared to the Nord Pool average.

In addition to the purchase price, the profile discount also affects the sales price of electricity produced in excess of the volume of baseload PPAs, as production surpluses generally occur when renewable energy production is high and prices are lower.

Purchases made due to the materialisation of the profile risk of baseload PPAs will also increase the volume of electricity sold, with sales exceeding the production volume by the exact amount of electricity purchased. In the case of no profile discount, if monthly production exceeds the volume of baseload PPAs, there would be no negative impact from the intra-month electricity shortfall purchases, as the surplus would be sold at the same average price as the purchases were made. The negative impact of these purchases on the financial results stems from the fact that, due to the profile discount, the purchase price of the electricity shortfall is higher than the selling price of the electricity surplus.

Example: transactions in a wind energy portfolio
with baseload PPAs during a theoretical 24h period, MWh



When managing a portfolio of baseload PPAs, it is essential to monitor the share of PPAs in total production. Production is tracked separately for each country, as PPAs require electricity to be supplied to the electricity grid of a specific country, and electricity produced in one country can only be supplied to the grid of that country. For example, if production in Lithuania falls below the volume of the PPAs in a given hour, this shortfall cannot be covered by production in Estonia. In such cases, Enefit Green purchases the shortfall in Lithuania from the market while simultaneously selling the surplus production in Estonia to the market. In the hours when prices are equal in both countries, the sales revenue offsets the purchase costs, although the transactions are recorded separately as purchases and sales.

A higher share of PPAs in production generally results in a higher volume of purchases. Therefore, Enefit Green actively monitors its PPA portfolio and adjusts its short-term position when necessary, considering the latest production, price, and profile discount forecasts. A large part of short-term portfolio management is carried out using financial instruments, particularly swap instruments. These do not involve the delivery of physical electricity but a financial settlement at the end of the period based on the difference between the agreed price and the actual market price as well as the agreed volume. As a result, reduction of the PPA position with financial transactions does not affect the volume of physical electricity purchases but helps mitigate the price risk associated with such purchases.

COMPARISON OF PPAS AND SUPPORT MEASURES WITH FORECASTED PRODUCTION VOLUMES FOR 2025–2033

Long-term PPAs

According to its previous practice, Enefit Green has generally fixed the sales price of electricity through PPAs for 60% of a development project's projected output for the first five years before making the final investment decision on the project. In addition, the company has used PPAs to sell the output generated by its existing production assets.

In Q3 2024, we revised our investment criteria, moving away from the previous target for the share of fixed-price output. Going forward, we will focus on targeting a minimum guaranteed revenue level to cover fixed costs and debt service.

As at 31 December 2024, Enefit Green had signed PPAs (incl. financial swaps) in the volume of 8,214 GWh at an average price of €71.2/MWh for the period 2025–2033. The counterparty to most of the PPAs is Eesti Energia AS (7,409 GWh).

46.6% of Enefit Green's expected electricity production in 2025–2028 is covered by PPAs at an average price of €67.8/MWh. For the years 2029–2033, Enefit Green has signed PPAs for a total of 2,458 GWh at an average price of €79/MWh.

National support measures

Part of Enefit Green's electricity production in Estonia continues to receive renewable energy support, which is paid in addition to the sales price on the electricity market (feed-in-premium, FiP). 4% of the company's expected electricity production in 2025–2028 is covered by FiP support measures at an average FiP rate of €51.9/MWh.

The share of fixed-price support measures has decreased significantly. Only 1% of Enefit Green's expected electricity production in 2025–2028 is covered by fixed-price support measures (contracts for difference (CfD) schemes in Poland) at an average price of €120/MWh.

Coverage of Enefit Green's electricity portfolio by PPAs and renewable energy support measures

	2025	2026	2027	2028	TOTAL 2025–2028
PPA[1]	54%	49%	48%	38%	47%
Volume, GWh	1,453	1,534	1,549	1,219	5,755
Price[2] €/MWh	62.6	64.8	69.0	76.4	67.8
FiP support[1]	9%	3%	3%	2%	4%
Volume, GWh	255	91	83	80	509
Price[2], €/MWh (added to the market price)	50.1	53.7	53.7	53.7	51.9
FiT-/CfD[1]	1%	1%	1%	1%	1%
Volume, GWh	26	26	27	27	106
Price[2] €/MWh	116.6	118.9	121.0	123.4	120.0

[1] Estimated share of production covered by the measure. Estimated production comprises the forecasted production of operating assets and assets under construction.
[2] Weighted average sales price or support for production covered by the measure.

Estimated production volumes of production assets (completed and under construction) and their coverage by PPAs and renewable energy support measures in 2024–2028, GWh

[3] The assets under construction include the Kelme I and Kelme II wind farms, all other assets are classified as operating/producing.
[4] Price floor – state support in the form of a price floor received through a reverse auction at a price level of €34.9/MWh (maximum support €20/MWh) for 12 years.

By Digitalising Business Processes In Asset Management, We Improve The Availability And Performance Of Production Assets

Enefit Green's asset management focuses on data-driven management of production assets. We integrate new assets into existing digitalised control systems and implement innovative solutions in order to identify areas where availability can be improved and to provide system services to transmission system operators (TSOs).

24/7 CONTROL CENTRE FOR PRODUCTION ASSETS

In 2024, we significantly improved our monitoring and response capabilities for production assets, extending the scope of the 24/7 control centre from cogeneration to wind and solar farms in all core markets.

Changes in the electricity market, such as the transition to 15-minute trading intervals and volatile electricity prices, combined with the company's fast-growing generation portfolio, require an increasingly agile response to managing production. This is the only way to ensure the best financial results for the company.

The 24/7 control center has significantly increased our ability to detect and react quickly to unplanned production stoppages at any time. For example, we are able to shorten production downtime caused by icing of the wind turbine blades by ordering the restart of wind turbines from a maintenance partner. In addition, the staff of the control centre ensures that the production forecasts are updated around the clock for the partner carrying out energy sales.

CHANGES IN THE BUSINESS ENVIRONMENT AFFECT PERFORMANCE

The rapid growth of renewable generation capacity in all our markets has created a situation where favourable weather conditions lead to more frequent occurrence of excess generation capacity in the market. This results in very low or even negative electricity prices, which generally translate into loss-making generation for the company. On the other hand, a market for the provision of system services to TSOs has opened up, creating opportunities to generate additional revenue, provided we are able to manage our assets flexibly.

While negative electricity prices were recorded for 123 hours in the Estonian price area in 2023, this number increased strongly in 2024: due to excessively low prices, we curtailed production during 349 hours (including 170 hours with negative prices) in Estonia, 339 (173) hours in Lithuania and 960 (495) hours in Finland. Enefit Green decided not to offer 87 GWh of energy to the day-ahead market in 2024 in order to avoid supplying at a loss.

By the end of 2024, we had developed automated production control capabilities for 469 MW and 5.6 MW of wind and solar farms, respectively. Implementing the solution not only allows us to avoid the above loss-making transactions, but also to provide the system services required by TSOs.

System services include rapidly adjusting the output of generation assets to the grid based on the needs of the energy system to ensure system-wide stability and security of supply. By providing modern system services, we actively contribute to a smoother integration of renewable energy into the energy system. This will improve the competitiveness of renewable energy compared to other forms of power generation.

We are the first renewable energy company in the Baltic energy markets whose wind energy production facilities have passed the qualification tests required by both the Estonian and Lithuanian TSOs.

By the end of 2024, we had developed the manual Frequency Restoration Reserve (mFRR) down-regulation capability at 11 wind farms with 245 MW of capacity qualified to participate in the market.

We have prequalified for the automatic Frequency Restoration Reserve (aFRR) market with a portfolio of 75 MW. In 2025, we will continue to expand our system services capacity to the majority of our generation assets.

In the Baltic countries, the frequency reserve market opened in Q1 2025. We plan to actively participate in this market to generate additional revenues from our assets. During the year we also intend to develop the capability and start providing up-regulation services.

AVAILABILITY OF PRODUCTION ASSETS

Annual availability of production assets in 2022–2024[1]

Percentage %	2022	2023	2024
Total for wind farms[2]	94.7	93.6	92.4
incl. operating wind farms[3]	94.7	93.6	95.5
Iru CHP plant	86.4	94.8	91.2
Solar farms	99.8	99.8	99.8
Keila-Joa hydroelectric facility	98.4	100.0	100.0
Ruhnu renewable energy solution	99.8	99.8	99.4

1 We use availability metrics to assess the performance of our generation assets. For wind and solar farms, we use output-based availability, which characterises how much of the potential output the assets actually produced, excluding the impact of grid constraints, deliberate curtailment and environmental requirements. For other production units, we use time-based availability, which indicates the amount of time the assets were either generating or ready to generate electricity during the entire period.

2 Total availability also includes the farms that produced energy throughout 2024 but were developed during the year: Akmenė, Šilalė II and Tolpanvaara.

3 Wind farms classified as operating prior to 2024.

Wind farms

In 2024, the overall availability of our wind farms was 92.4%, which was below expectations. However, the availability of wind farms classified as operational before 2024 was 95.5%, confirming the effectiveness of our knowledge-based and data-driven maintenance and repair strategy. We are pleased with the availability of the WinWinD wind farms, which was better than expected (93.3%) in 2024. The availability of the Šilutė wind farm in Lithuania also improved significantly as we overcame the problems encountered in 2023.

Although the new wind farms Akmenė, Šilalė II and Tolpanvaara were online throughout 2024, their availability and production volumes remained well below the designed levels. This was due to various warranty works.

Also noteworthy are the changes made in 2024 to the maintenance strategy for wind turbine blades. We have increased the use of drones to reduce blade inspection time and associated production downtime. We have also implemented software to improve analytical accuracy and created a database to monitor the life cycle of blades. These activities are helping to improve preventive maintenance and reduce unexpected major repairs.

Iru CHP plant

In 2024, the availability of the Iru CHP plant was 91.2%, significantly below our expectations. Although there were no major one-off unexpected malfunctions that greatly reduced availability, the number of failures that required short-term repairs increased. In total, the plant experienced 35 failures in 2024. During the planned two-week maintenance in the summer, it became apparent that extensive masonry repairs were needed to the interior surfaces of the boiler's combustion chamber. This extended the maintenance period by one week.

Based on the results for 2024, we have scheduled more time for the regular summer maintenance in 2025. This will allow us to improve the masonry throughout the boiler and replace the heat exchanger pipes in the necessary sections. We will also install new air preheaters. In total, we have planned a 6.5 week outage for the planned maintenance in the summer of 2025. The reason for the long shutdown is also the scheduled maintenance of the turbine, which will be carried out on the manufacturer’s premises.

Solar farms

The availability of our solar power plants has remained high for years and was the same last year (99.8%).

Operating assets of Enefit Green

at 31 December 2024

Segment	Country	Production unit	Electrical capacity (MW)	Generators (pcs)	Turbine supplier	Age (yrs)	Remaining useful life (yrs)	Expiry of renewable energy support (month/year)	Capacity factor[1] (%)
Wind									
	Estonia	Pakri	18.4	8	Nordex	19.7	5.3	12/2016	23.6
	Estonia	Esivere	8.3	4	Enercon	19.3	10.7	10/2017	21.0
	Estonia	Aulepa I	39.0	13	WinWind	15.8	4.2	07/2021	21.4
	Estonia	Tooma I	16.0	8	Enercon	15.1	14.9	04/2022	24.7
	Estonia	Virtsu I	1.2	2	Enercon	22.6	7.4	10/2014	28.1
	Estonia	Virtsu WT1	0.6	1	Enercon	22.2	7.8	10/2014	29.8
	Estonia	Virtsu WT2	0.8	1	Enercon	17.0	13.0	12/2019	18.3
	Estonia	Virtsu II	6.9	3	Enercon	16.8	13.2	07/2020	21.9
	Estonia	Virtsu III	6.9	3	Enercon	14.6	15.4	08/2022	23.0
	Estonia	Vanaküla	9.0	3	WinWind	15.0	5.0	09/2022	19.8
	Estonia	Aseriaru	24.0	8	WinWind	12.3	7.7	10/2024	24.8
	Estonia	Viru-Nigula	21.0	7	WinWind	17.5	2.5	04/2025	24.1
	Estonia	Narva	39.1	17	Enercon	12.0	18.0	06/2025	20.0
	Estonia	Paldiski I	22.5	9	GE	12.2	12.8	06/2025	28.3
	Estonia	Paldiski II	22.5	9	GE	12.2	12.8	06/2025	28.1
	Estonia	Aulepa II	9.0	3	WinWind	13.8	6.2	03/2027	21.7
	Estonia	Tooma II	7.1	3	Enercon	8.5	21.5	05/2029	27.2
	Estonia	Ojaküla	6.9	3	Enercon	11.7	18.3	–	25.1
	Estonia	Purtse	21.0	5	Vestas	1.8	28.2	04/2036	20.8
	Total Wind energy segment in Estonia		**280.2**	**110**		**13.5**	**11.7**		

continues

[1] Ratio of the actual output of the period under review to the theoretical maximum output.

Segment	Country	Production unit	Electrical capacity (MW)	Generators (pcs)	Turbine supplier	Age (yrs)	Remaining useful life (yrs)	Expiry of renewable energy support (month/year)	Capacity factor[1] (%)
Wind									
	Lithuania	Sūdėnai	14.0	7	Enercon	16.0	14.0	06/2021	22.9
	Lithuania	Mockiai	12.0	6	Enercon	14.1	15.9	08/2022	34.2
	Lithuania	Šilalė	13.8	6	Siemens	13.3	11.7	08/2022	30.3
	Lithuania	Čiūteliai	39.1	17	Enercon	12.0	18.0	09/2022	29.9
	Lithuania	Šilutė	60.0	24	GE	8.4	16.6	09/2022	36.3
	Total Wind energy segment in Lithuania		**138.9**	**60**		**11.2**	**16.2**		
	Finland	Tolpanvaara	72.0	13	Nordex	0.7	29.3	–	29.1
	Total Wind energy segment in Finland		**72.0**	**13**		**0.7**	**29.3**		
Solar									
	Estonia	22 farms	48.2	362		2.5	29.5	To the extent of 11.8 MW, average remaining period 7.6 years	
	Poland	21 farms	33.0	378		3.8	23.9	To the extent of 18.2 MW, average remaining period 9.3 years	
	Total Solar energy segment		**81.2**	**740**		**3.2**	**29.4**		
Cogeneration (mixed municipal solid waste)									
	Estonia	Iru[2]	19.3			**11.3**	**13.7**	12/2024	
	Total Cogeneration segment		**19.3**			**11.3**	**13.7**		
Other									
Hydro	Estonia	Keila-Joa	0.365			20	5.1	01/2017	–
Combined	Estonia	Ruhnu	0.455			6	16.5	03/2033	–
	Total segment Other		**0.82**			**12.2**	**11.4**		
TOTAL			**592.4**						

1 Ratio of the actual output of the period under review to the theoretical maximum output.

2 Iru CHP thermal capacity is 50 MW.

Construction and Development Activities

Total installed production capacity exceeds 1,100 MW

Following the IPO in 2021, Enefit Green has been in an active growth and construction phase in all its core markets and has more than doubled its installed production capacity to 1,124 MW. During the past three years, we have taken several financing and investment decisions and built both large- and small-scale wind and solar farms in Estonia, Lithuania, Finland, Poland and Latvia.

The growth over the last three years has been significant not only for Enefit Green, but also for the entire Baltic renewable energy market, where we are one of the leading renewable energy companies. The addition of around 700 MW of power generation capacity by us has been a major catalyst towards reducing our markets' dependence on imported and fossil fuel-based energy. This has created new added value in local communities and contributed to mitigating the energy crisis that erupted in 2022.

In 2024, we focused on completing projects under construction and bringing them into stable and sustainable operation. We started the year with more than 700 MW of renewable energy projects under construction. By the end of the year, only one wind farm in Lithuania (Kelmė II) and one solar farm in Latvia (Dzērves) with a total capacity of around 100 MW were still under active construction.

Development of production capacity 2024, MW

[1] Assets where active construction has been completed and production has started, but testing and commissioning work and/or various permitting processes are still ongoing.

Overview of Renewable Energy Projects 2021–2024

WIND FARM

Purtse

Project status
Completed

Expected annual output	Avoided carbon emissions per year[1]	Tower height	Tip height
45 GWh	40 thousand t	82 m	150 m

Wind generator model: **Vestas V136**

Number of generators	Installed production capacity[3]	Start of electricity production[2]	Actual production in 2023	Actual production in 2024	Total investment
5 pcs	21 MW	2023 March	24.3 GWh	37.3 GWh	34.9 €m

1 The annual avoided carbon emissions have been calculated compared to the carbon intensity of oil shale-based energy production. The carbon intensity rate of the Eesti Energia group for this type of production was 0.87 t CO_2e/MWh in 2024.

2 First production refers to the time when a wind or solar farm first delivers a significant amount of electricity to the grid. This is not the time of completion of the farm, as adjustments and tests are required to obtain the final permits from the transmission system operator.

3 The generation capacity of the project will be limited to 18 MW for a period of 12 years while the support mechanism is in operation, and will increase to 21 MW after 2036.

WIND FARM
Tolpanvaara

Project status
Completed

Expected annual output	Avoided carbon emissions per year[1]	Tower height	Tip height
250 GWh	218 thousand t	148 m	230 m

Wind generator model: Nordex N163/5.X

Number of generators	Installed production capacity	Start of electricity production[2]	Actual production in 2023	Actual production in 2024	Total investment
13 pcs	72 MW	2023 December	11.8 GWh	180.1 GWh	90.9 €m

WIND FARM
Sopi-Tootsi

Project status
The start-up process has been completed. Preparations are being made for Elering's grid connection tests.

Expected annual output	Avoided carbon emissions per year[1]	Tower height	Tip height
700 GWh	609 thousand t	159 m	250 m

Wind generator model: Nordex N163/6.X

Number of generators	Installed production capacity	Start of electricity production[2]	Actual production in 2023	Actual production in 2024	Total investment
38 pcs	255 MW	2024 September	– GWh	200.5 GWh	355.7 €m

1 The annual avoided carbon emissions have been calculated compared to the carbon intensity of oil shale-based energy production. The carbon intensity rate of the Eesti Energia group for this type of production was 0.87 t CO_2e/MWh in 2024.

2 First production refers to the time when a wind or solar farm first delivers a significant amount of electricity to the grid. This is not the time of completion of the farm, as adjustments and tests are required to obtain the final permits from the transmission system operator.

WIND FARM

Silalė II

Project status
Project Commissioned and is undergoing final LitGrid approvals and commissioning of construction process as per Lithuanian Legislation.

Expected annual output	Avoided carbon emissions per year[1]	Tower height	Tip height
160 GWh	139 thousand t	131 m	200 m

Wind generator model: **General Electric GE3.6-137**

Number of generators	Installed production capacity	Start of electricity production[2]	Actual production in 2023	Actual production in 2024	Total investment
12 pcs	43 MW	2023 January	115.5 GWh	134.0 GWh	77.1 €m

WIND FARM

Akmenė

Project status
Project Commissioned and is undergoing final LitGrid approvals and commissioning of construction process as per Lithuanian Legislation.

Expected annual output	Avoided carbon emissions per year[1]	Tower height	Tip height
258 GWh	224 thousand t	151 m	230 m

Wind generator model: **General Electric 10x5.3-158, General Electric 4x5.5-158**

Number of generators	Installed production capacity	Start of electricity production[2]	Actual production in 2023	Actual production in 2024	Total investment
14 pcs	75 MW	2023 March	74.3 GWh	220.0 GWh	106.7 €m

1 The annual avoided carbon emissions have been calculated compared to the carbon intensity of oil shale-based energy production. The carbon intensity rate of the Eesti Energia group for this type of production was 0.87 t CO_2e/MWh in 2024.

2 First production refers to the time when a wind or solar farm first delivers a significant amount of electricity to the grid. This is not the time of completion of the farm, as adjustments and tests are required to obtain the final permits from the transmission system operator.

WIND FARM
Kelmė I

Project status
The start-up process is in the final phase. LitGrid's grid connection tests are due to begin soon.

Expected annual output	Avoided carbon emissions per year[1]	Tower height	Tip height
266 GWh	231 thousand t	148 m	230 m

Wind generator model
Nordex N163/5.X

Number of generators	Installed production capacity	Start of electricity production[2]	Actual production in 2023	Actual production in 2024	Total investment
14 pcs	80 MW	2025 January	– GWh	0.01 GWh	165.7 €m

WIND FARM
Kelmė II

Project status
Under construction

Expected annual output	Avoided carbon emissions per year[1]	Tower height	Tip height
315 GWh	274 thousand t	159 m	240 m

Wind generator model
Vestas V162/6.2

Number of generators	Installed production capacity	Expected start of electricity production[2]	Actual production in 2023	Actual production in 2024	Total investment
14 pcs	87 MW	2025 November	– GWh	– GWh	157.7 €m

1 The annual avoided carbon emissions have been calculated compared to the carbon intensity of oil shale-based energy production. The carbon intensity rate of the Eesti Energia group for this type of production was 0.87 t CO_2e/MWh in 2024.

2 First production refers to the time when a wind or solar farm first delivers a significant amount of electricity to the grid. This is not the time of completion of the farm, as adjustments and tests are required to obtain the final permits from the transmission system operator.

SOLAR FARM
Purtse

Project status
Completed

Installed production capacity **32** **MW**		Expected annual output **32** **GWh**	Avoided carbon emissions per year[1] **28** **thousand t**
Producer of solar panels **Yingli**	Technology **Bifacial, half cut**		Number of solar panels **48.8** **thousand pcs**
Start of electricity production[2] **2023** **May**	Actual production in 2023 **25.7** **GWh**	Actual production in 2024 **30.2** **GWh**	Total investment **18** **€m**

SOLAR FARM
Estonia

Project status
Completed

Installed production capacity **3** **MW**		Expected annual output **4.1** **GWh**	Avoided carbon emissions per year[1] **4** **thousand t**
Producer of solar panels **Recom**	Technology **Bifacial, half cut, TopCon**		Number of solar panels **9.9** **thousand pcs**
Start of electricity production[2] **2023** **March**	Actual production in 2023 **0.1** **GWh**	Actual production in 2024 **3.7** **GWh**	Total investment **2.6** **€m**

1 The annual avoided carbon emissions have been calculated compared to the carbon intensity of oil shale-based energy production. The carbon intensity rate of the Eesti Energia group for this type of production was 0.87 t CO_2e/MWh in 2024.

2 First production refers to the time when a wind or solar farm first delivers a significant amount of electricity to the grid. This is not the time of completion of the farm, as adjustments and tests are required to obtain the final permits from the transmission system operator.

SOLAR FARM

Kabala and Mõisavalla

Project status
Completed

Installed production capacity **0.4** **MW**		Expected annual output **0.4** **GWh**	Avoided carbon emissions per year[1] **0.3** **thousand t**	
Producer of solar panels **Risen**	Technology **Bifacial, half cut, PERC**		Number of solar panels **0.6** **thousand pcs**	
Start of electricity production[2] **2024** **May**	Actual production in 2023 **–** **GWh**	Actual production in 2024 **0.2** **GWh**	Total investment **0.2** **€m**	

SOLAR FARM

Zambrów

Project status
Completed

Installed production capacity **8.8** **MW**		Expected annual output **9.6** **GWh**	Avoided carbon emissions per year[1] **8** **thousand t**	
Producer of solar panels **Risen**	Technology **Bifacial, half cut, PERC**		Number of solar panels **16.3** **thousand pcs**	
Start of electricity production[2] **2023** **April**	Actual production in 2023 **7.6** **GWh**	Actual production in 2024 **8.9** **GWh**	Total investment **5.8** **€m**	

1 The annual avoided carbon emissions have been calculated compared to the carbon intensity of oil shale-based energy production. The carbon intensity rate of the Eesti Energia group for this type of production was 0.87 t CO_2e/MWh in 2024.

2 First production refers to the time when a wind or solar farm first delivers a significant amount of electricity to the grid. This is not the time of completion of the farm, as adjustments and tests are required to obtain the final permits from the transmission system operator.

SOLAR FARM
Debnik

Project status
Completed

Installed production capacity **6** **MW**		Expected annual output **6.3** **GWh**	Avoided carbon emissions per year[1] **6** **thousand t**
Producer of solar panels **Canadian Solar**	Technology **Bifacial, half cut, PERC**		Number of solar panels **9.2** **thousand pcs**
Start of electricity production[2] **2024** **February**	Actual production in 2023 **–** **GWh**	Actual production in 2024 **5.8** **GWh**	Total investment **4.2** **€m**

SOLAR FARM
Sopi

Project status
Under construction

Installed production capacity **74** **MW**		Expected annual output **75** **GWh**	Avoided carbon emissions per year[1] **66** **thousand t**
Producer of solar panels **Risen**	Technology **Bifacial, half cut, PERC**		Number of solar panels **111.6** **thousand pcs**
Expected start of electricity production[2] **2025** **January**	Actual production in 2023 **–** **GWh**	Actual production in 2024 **0.3** **GWh**	Total investment **43** **€m**

1 The annual avoided carbon emissions have been calculated compared to the carbon intensity of oil shale-based energy production. The carbon intensity rate of the Eesti Energia group for this type of production was 0.87 t CO_2e/MWh in 2024.

2 First production refers to the time when a wind or solar farm first delivers a significant amount of electricity to the grid. This is not the time of completion of the farm, as adjustments and tests are required to obtain the final permits from the transmission system operator.

SOLAR FARM
Carnikava Dzērves

Project status
Under construction

Installed production capacity **11** **MW**			Expected annual output **11.5** **GWh**	Avoided carbon emissions per year[1] **10** **thousand t**
Producer of solar panels **Leapton**	Technology **Bifacial, half cut, TopCon**			Number of solar panels **16** **thousand pcs**
Expected start of electricity production[2] **2025** **March**	Actual production in 2023 **–** **GWh**	Actual production in 2024 **–** **GWh**		Total investment **5.5** **€m**

SOLAR FARM
Carnikava Austrumi

Project status
Under construction

Installed production capacity **5.8** **MW**			Expected annual output **6.2** **GWh**	Avoided carbon emissions per year[1] **5** **thousand t**
Producer of solar panels **Leapton**	Technology **Bifacial, half cut, TopCon**			Number of solar panels **8.5** **thousand pcs**
Start of electricity production[2] **2025** **February**	Actual production in 2023 **–** **GWh**	Actual production in 2024 **–** **GWh**		Total investment **2.7** **€m**

1 The annual avoided carbon emissions have been calculated compared to the carbon intensity of oil shale-based energy production. The carbon intensity rate of the Eesti Energia group for this type of production was 0.87 t CO_2e/MWh in 2024.

2 First production refers to the time when a wind or solar farm first delivers a significant amount of electricity to the grid. This is not the time of completion of the farm, as adjustments and tests are required to obtain the final permits from the transmission system operator.

OFFSHORE WIND ENERGY

Electricity generation in the Baltic states has historically relied on a Soviet-era nuclear power plant in Lithuania, oil shale-based power production in Estonia, hydroelectric plants in Latvia, and electricity imports. Lithuania's outdated nuclear power plant was shut down at the end of 2009, and Estonia's oil shale-based electricity generation is no longer competitive under current market conditions due to its high CO_2 emissions. The development of new nuclear power plants in the region is unlikely within the next 10–15 years, leaving wind energy as the only large-scale, year-round electricity generation alternative that is independent of imports.

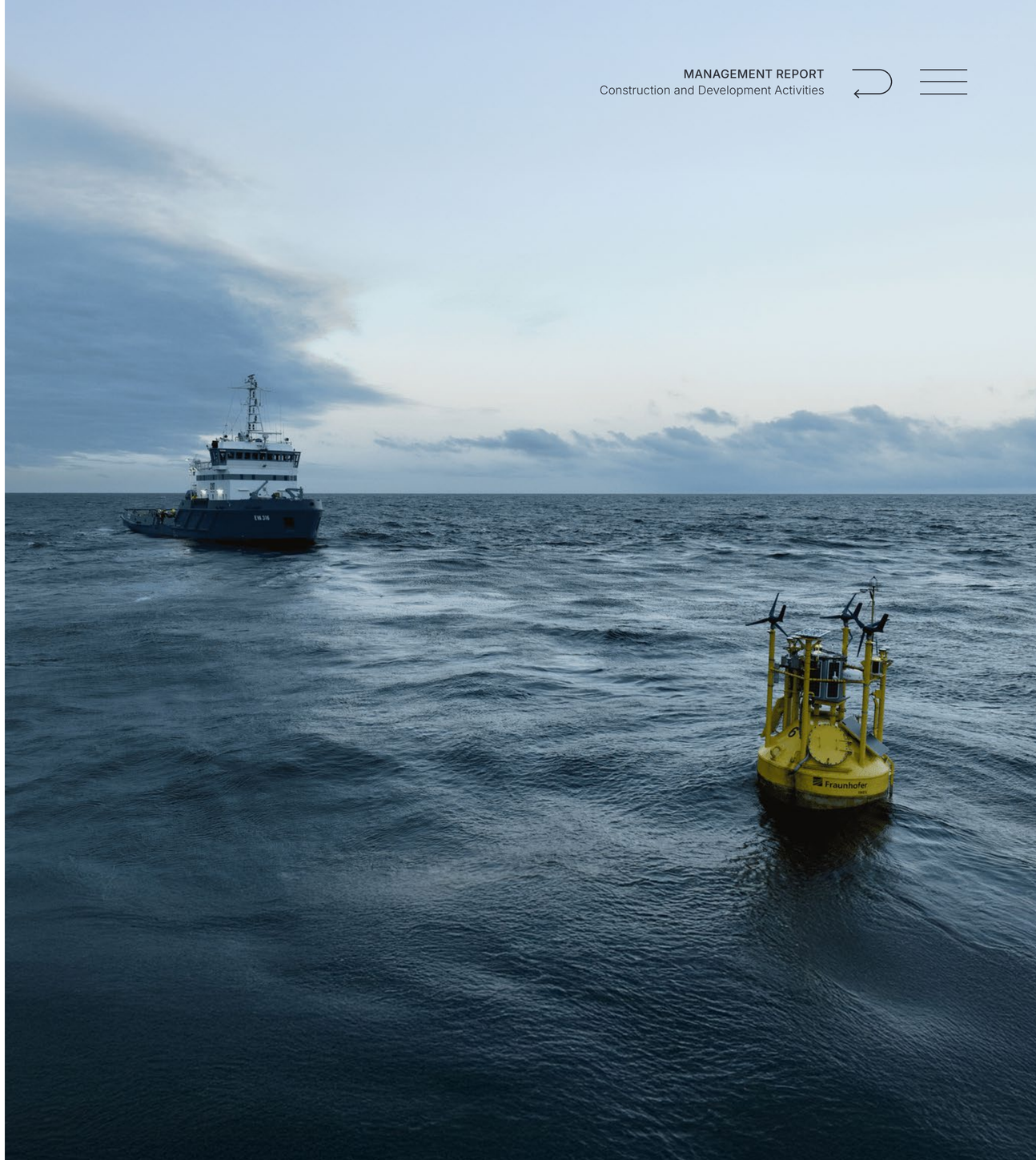
In addition to onshore wind and solar farms, large-scale use of electricity generated by offshore wind farms is the best way to meet existing and growing future energy needs. Due to more consistent wind conditions at sea, offshore wind farms can produce more energy and complement the output of onshore wind and solar farms in the nation's energy mix. It is estimated that the energy generated by just fifty offshore wind turbines could meet half of Estonia's current electricity consumption.

Offshore wind farms also have a wider socio-economic impact, as the increased availability of renewable electricity attracts investment in energy-intensive and value-adding industries. It can thus contribute to the development of the local community (€1m–€1.4m per year in support of neighbouring municipalities) and create around 150 direct and 150 indirect jobs.

Offshore wind farms could play a key role in the electricity market of the next decade, but their main challenge is their extremely high capital intensity. Therefore, their construction requires the availability of electricity price security mechanisms to limit the risks for financing providers.

Enefit Green is developing two offshore wind projects in Estonia: the Gulf of Riga offshore wind farm and the Northwest Estonia offshore wind farm, each with a capacity of around 1 GW and an expected annual output of around 4 TWh. Of these two projects, the Gulf of Riga offshore wind farm, with an expected construction period of 2028–2033, can be considered the preferred project due to its more favourable location.

The environmental impact assessment report for the Gulf of Riga offshore wind farm was completed and submitted to the Consumer Protection and Technical Regulatory Authority for public display



in December 2024. The results of the studies were presented to local authorities and communities during information days held in spring and autumn.

In February 2025, we signed a cooperation agreement with Sumitomo Corporation for the development of the Gulf of Riga offshore wind farm. Strategic partnership with a global trading house such as Sumitomo Corporation enables us to accelerate the development of the Gulf of Riga offshore wind farm by combining international expertise and experience in construction of offshore wind farms.

The Gulf of Riga offshore wind farm can host up to 84 wind turbines with a total capacity of 1,000 MW, generating up to 4 TWh of electricity per year. The actual total capacity of the wind farm will depend on the conditions of the reverse auction.

The environmental impact assessment report for the Northwest Estonia offshore wind farm was approved by the Ministry of Climate at the end of 2023. The next steps in the development process are the preparation of the technical design for the building permit process and the adoption of a marine spatial plan. The design process will clarify the technology and require further studies.

BATTERY STORAGE AND HYDROGEN TECHNOLOGY

The falling prices of battery energy storage systems in recent years, combined with increased volatility of intra-day energy prices and supply, have made investment in battery storage more attractive. Storage solutions, including battery storage, will facilitate market access for more renewable energy sources by enabling the shifting of electricity supply from hours of high renewable energy production to hours of low production. In addition, storage solutions can participate in the frequency reserve market, providing additional flexibility and supporting the stability and reliability of the electricity system.

Given the role of storage technologies in the future energy system, Enefit Green continued to analyse and test battery storage and hydrogen technologies in 2024.

During the year, preparations were made for a pilot project to install a battery energy storage system (BESS) at the Purtse hybrid farm. The plan is to install a 4 MW BESS capable of storing 9 MWh of energy. The investment decision for the project was made at the end of November 2024. The project is partly supported by the Environmental Investment Centre (KIK) with funds from the Recovery and Resilience Facility of the European Union's NextGenerationEU programme. The system is expected to be operational by the end of 2025.

If the Purtse pilot project is successful, Enefit Green plans to use a similar concept in other development projects, both in Estonia and other core markets, thereby expanding its portfolio of renewable energy solutions. The total investment in the Purtse pilot project amounts to around €3.9m, of which €1m is funded by KIK.

We are also interested in building green hydrogen production plants in our main markets. As part of a pilot project for a comprehensive green hydrogen solution, which received support from KIK already in 2023, Enefit Green plans to build a green hydrogen production unit in Estonia in 2026. It will have an electrolyser with a capacity of at least 0.5 MW and the production is expected to be consumed mainly by the vehicles of the Alexela and Eesti Energia groups. The total cost of the complete hydrogen supply chain (production-distribution-consumption) project is €27.5m, of which KIK will contribute €24.7m with funding from the Recovery and Resilience Facility of the European Union's NextGenerationEU programme.

In 2024, Enefit Green also successfully applied for funding from the Modernisation Fund of the Lithuanian Environmental Project Management Agency under the green hydrogen support measure: we received €16.9m for the development of four green hydrogen projects (with a total electrolyser capacity of 22 MW).

In 2024, Enefit Green also received support from the European Union's INTERREG programme to explore carbon capture technologies and the use of hydrogen synthesis for production purposes (e.g. to produce future marine fuels).

It is important for Enefit Green to support the use of clean fuels and the development of new, environmentally sustainable energy sources in the transport sector, which is the second largest source of CO_2 emissions after the power generation industry. The production of green hydrogen will open up new and wider green energy sales opportunities for Enefit Green.

Sustainability Report

Sustainability Principles

At Enefit Green, we are committed to operating sustainably and reducing our environmental footprint. We understand that the production of renewable energy has an impact on the environment and we work with our stakeholders to ensure the sustainability and social responsibility of our operations.

We are transparent and report regularly on our progress towards our sustainability goals. We are leading the transition to a future based on clean renewable energy and are working to make the world a better place for future generations.

Enefit Green's sustainability principles are aligned with the UN Sustainable Development Goals. We are gradually integrating selected environmental, social and governance criteria into our business objectives.

We operate in balance with the environment

We value our people and communities

We are trustworthy and transparent

Environmental Report

RESPONSIBLE AND SUSTAINABLE USE OF RESOURCES

Enefit Green is increasingly realising the significance of sustainable business in line with the growing environmental awareness in society. Following the principles of responsible business conduct and compliance with social and environmental requirements and expectations are an important part of our day-to-day operations alongside business performance. We are aware of our responsibility to society. We want to actively contribute to the achievement of environmental goals and do more than just comply with the law.

We are fully committed to the generation and development of renewable energy in Estonia and our other core markets. This way we can help reduce the dependence on fossil fuels, make our energy system more independent and sustainable and contribute to mitigating the climate crisis.

The Iru CHP plant plays a role in protecting the environment by producing heat and electricity from mixed municipal solid waste, which is unsorted waste from Estonian households. Although not directly considered a circular economy, the incineration of municipal solid waste is an environmentally preferable way of dealing with waste than landfilling it. Large-scale landfilling of municipal solid waste has been phased out in Estonia, largely due to the Iru CHP plant.

Enefit Green's goal is to use resources efficiently and to take responsibility for protecting the environment.

ENVIRONMENTAL MANAGEMENT

At Enefit Green, environmental management is a strategic activity, which includes continuously assessing the potential environmental impacts of our activities, setting environmental goals and targets, and seeking ways to improve our processes.

Effective environmental management means that environmental principles are embedded in our day-to-day operations in such a way that taking them into account in our activities is a natural choice. See the corporate governance chapter for further information about our environmental management audits.

Environmentally conscious decisions are based on the personal contribution of each employee. Therefore, since 2023, all our employees have been required to complete an e-course on environmental issues to help them understand the environmental impact of both the company and the individual. We encourage the acquisition of new knowledge and skills through our bite-sized learning sessions and environmental training at the Enefit Academy.

CLIMATE RESILIENCE ASSESSMENT

We started assessing the climate resilience of Enefit Green in 2024. The first version of the report, which describes the company's ability to prevent and mitigate the physical risks of climate change in all our markets, has been completed. Although the instability caused by climate change may affect the company's assets, operations and supply chains, the overall climate risks in the area where Enefit Green operates are significantly lower than in other parts of Europe.

To ensure climate resilience, Enefit Green has set itself three objectives:

1. protect assets and infrastructure, both in the development and operation phase;
2. maintain business continuity throughout the life of the assets;
3. ensure the financial stability of the company by managing the financial risks of climate change.

To achieve these objectives, we rely on a wide range of measures, including site surveys, application of design standards, monitoring of asset health, risk reassessment, use of insurance and continuous sharing of experience.

We are also planning to conduct an in-depth climate risk assessment in 2025.

Regular monitoring of the risk profile and ongoing risk assessment based on new knowledge help ensure that Enefit Green's activities remain sustainable in the context of climate change.

SUPPORTING BIODIVERSITY

We acknowledge that renewable energy installations can have a negative impact on biodiversity, such as the loss of birds or bats, but this impact is many times smaller than the impact of fossil fuels on climate and habitats.

The scientific consensus is that the impact of climate change on biodiversity is greater than the local losses from renewable energy production. As a relatively new sector, renewable energy is more environmentally aware than average and is actively implementing measures to reduce potential environmental damage.

The International Union for Conservation of Nature (IUCN) guidelines 'Mitigating Biodiversity Impacts Associated with Solar and Wind Energy Development' provide a framework for our development project planners on how to minimise the potential negative impacts of renewable energy solutions on biodiversity. The approach is based on a mitigation hierarchy consisting of four sequential steps: avoid, minimise, restore and offset.

In Enefit Green's projects, we have so far only had to implement the first two steps of the hierarchy. However, as a responsible company, we have trained and prepared our team to recognise situations where we need to focus our efforts on restoring natural values and offsetting impacts.

Each development project begins with the selection of a suitable site. We need to find areas that have been affected by human activity in the past, such as former mining sites, low-value farmland or areas close to settlements.

While this principle helps reduce the impact on wildlife, it may not match the community's expectations for land use in the area. In all cases, after an initial site selection, we carry out in-depth studies to gain a detailed overview of the natural values in the development area to guide our next steps.

Sopi-Tootsi: new life for a former peat extraction site

The Sopi-Tootsi renewable energy site in Põhja-Pärnumaa, Estonia, started producing energy in 2024. Consisting of a wind farm and a solar farm, it is the most powerful renewable energy production site in the Baltics with an estimated annual output of 750 GWh. This covers almost a tenth of Estonia's annual electricity consumption and marks a major step towards meeting the country's renewable energy targets.

Sopi-Tootsi is unique in that it has been built on a former peat extraction site that had long been affected by human activity. The reuse of former industrial sites helps to avoid building in natural areas and is in line with the biodiversity conservation objectives.

Development and construction activities have taken into account the humid environment and the need for different humidity regimes inside and outside the production areas, where excess humidity helps prevent emissions of the CO_2 stored in the peat. In this way, land use is deliberately targeted to give nature a chance to recover.

The planning of the Sopi-Tootsi renewable energy site was preceded by a thorough environmental impact assessment and a number of specific studies, including studies of bats and birds in the area. Particular attention was paid to the common cranes that use the area and the black storks that nest nearby, which are still being studied. Two black storks, Kergu and Kerli, which nest near the wind farm and are fitted with transmitters, reached Africa for a safe winter in the autumn of 2024.

Follow-up monitoring of birds and bats in the Sopi-Tootsi area will continue until at least 2030 to assess the impact of the wind farm. This will allow us to take further mitigation measures if necessary, such as improving the quality of the habitats or optimising the operation of the wind turbines.

The completion of the Sopi-Tootsi renewable energy site is an example of how carefully planned renewable energy development and environmental protection can go hand in hand.

Tolpanvaara: helping to study the impact of wind farms on the reindeer population

At the Tolpanvaara wind farm in Finland, we are working closely with the local reindeer farmers' association. Five reindeer have been fitted with GPS collars to study the impact of the new wind farm on their regular movement patterns and behaviour. We share the data we collect with scientists from the Natural Resources Institute Finland (Luonnonvarakeskus), who are studying the wider impact of wind farms on the Finnish wild reindeer population.

Akmenė and Kelmė wind farms: automated bird detection systems to be installed

In 2024, we decided to equip two of our Lithuanian wind farms (Akmenė and Kelmė II) with automated bird detection systems to prevent bird collisions with wind turbines.

The innovative technology, supplied by the German company ProTecBird, not only detects birds approaching the wind turbine, but also identifies the species of the birds. When birds come dangerously close to a wind turbine, the system automatically stops the wind turbine, allowing the birds to fly safely through the wind farm area.

The first system will be installed at the Akmenė wind farm in March 2025 and its effectiveness will be assessed during follow-up monitoring.

The experience gained will provide us with valuable new insights into how to further reduce the potential negative impacts of wind farms on birds.

EIA report for the Gulf of Riga offshore wind farm completed

A thorough environmental impact assessment (EIA) of the Gulf of Riga offshore wind farm, one of Enefit Green's most exceptional long-term projects, was completed by the end of 2024. It involved around 20 studies by more than 45 experts from Estonia and abroad.

The experts concluded that a wind farm with wind turbines with a higher unit capacity but a lower total number of turbines should be preferred. We have also been assured that the proposed offshore wind farm will not have a significant negative impact on the environment if appropriate mitigation measures are implemented. The report has been submitted to the Consumer Protection and Technical Regulatory Authority.

The future offshore wind farm in the Gulf of Riga will be presented in more detail together with public consultations in 2025.

EUROPEAN GREEN OFFICE

Enefit Green's head office in Tallinn has been certified as a European Green Office since 2017. Our Riga office joined the same programme in 2024.

A Green Office is a simple environmental management system, which sets out important governance and environmental principles that we follow. The main objectives of the Green Office are to:

1	continuously monitor and reduce the environmental impact of office activities;
2	promote a healthy working environment;
3	reduce the amount of waste generated.

The most noticeable change in our day-to-day work has been the increased use of video conferencing, which has enabled us to significantly reduce car use and fuel consumption by our office staff.

Our office building in Tallinn has an indoor health trail to encourage physical activity. The office has indoor plants, relaxation areas, collaborative workspaces and environmental awareness materials to promote health and environmental friendliness and ensure the productivity of our employees.

CARBON FOOTPRINT

In order to reduce carbon pollution, or at least the carbon intensity of energy production, in line with the climate goals, Enefit Green started to assess the carbon footprint of its activities in 2020.

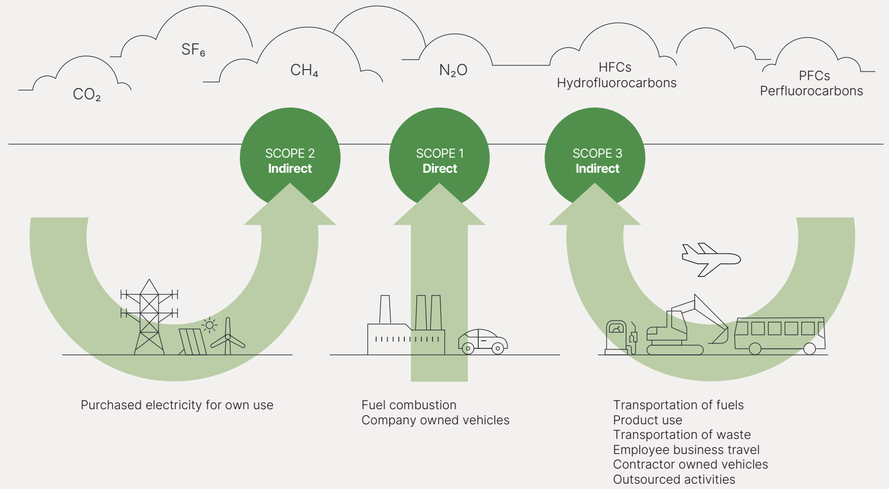
The carbon footprint expresses the total amount of greenhouse gas (GHG) emissions in quantitative terms. It is measured in CO_2 equivalents and includes emissions from all activities of a company (transport, energy consumption and waste management). GHG emissions are categorised according to the GHG Protocol standard.

The standard classifies a company's GHG emissions into three scopes:

1	direct emissions from sources owned or controlled by the company;
2	indirect emissions from the generation of purchased energy consumed by the company;
3	other indirect emissions from upstream and downstream activities in the company's value chain.

Carbon footprint

Formation of greenhouse gas emissions by scopes across the value chain



The standard requires direct biogenic CO_2 emissions to be reported separately from the above scopes.

Since 2021, we have included in scope 3 the GHG emissions from the production of the wind turbines and solar panels installed in our new wind and solar farms.

Our carbon footprint reports for 2022 and 2023 have been verified by AS PricewaterhouseCoopers and Nomine Consult OÜ, respectively, which have issued assurance reports under ISAE 3410. Due to the calculation methodology, the figures for 2024 are preliminary and have not been verified by a third party and may be revised by the time the next annual report is published.

Enefit Green's carbon footprint by source in 2022–2024

thousand tonnes CO_2e	2022	2023	2024
Scope 1			
Incineration of waste	128.1	147.7	135.0
Combustion of natural gas	1.1	2.4	3.8
Other low-impact emissions assessed	0.5	0.4	0.1
Total Scope 1	**129.7**	**150.5**	**138.9**
Scope 2			
Electricity purchased	23.3	24.3	6.2
Total Scope 2	**23.3**	**23.3**	**6.2**
Scope 3			
Transport of pellets to the consumer	4.1	4.2	–
Combustion of pellets, fossil part[1]	7.8	8.0	–
Production of solar panels and wind turbines	12.1	15.5	23.0
Transport of waste	1.8	1.8	1.7
Other low-impact emissions assessed	1.0	0.7	0.2
Total Scope 3	**26.8**	**30.2**	**24.9**
Total Scopes 1–3	**179.8**	**204.0**	**170.0**

thousand tonnes CO_2e	2022	2023	2024
Biogenic[2]			
Combustion of biomass	144.7	146.9	8.8[3]
Incineration of waste, biogenic part	121.4	141.1	130.0
Combustion of pellets, biogenic part	259.1	260.9	–
Total Biogenic	**525.2**	**548.9**	**138.8**
Total	**705.0**	**742.3**	**308.8**

1 CH_4 and N_2O resulting from the combustion of biogenic material and converted to CO_2e are considered part of the relevant scope. Enefit Green exited the pellet production and sales business at the end of 2023.

2 CO_2 from biogenic sources resulting from the combustion of organic material, including wood.

3 Enefit Green fully exited the biomass-based cogeneration business in the first quarter of 2024.

Measuring emissions by scope allows targets to be set to reduce the company's carbon footprint. At the end of 2023, Enefit Green signed agreements to sell its biomass-based cogeneration and pellet production businesses. As a result, in 2024 total carbon emissions of all scopes decreased by around 17% and biogenic CO_2 emissions by around 75% compared to 2023.

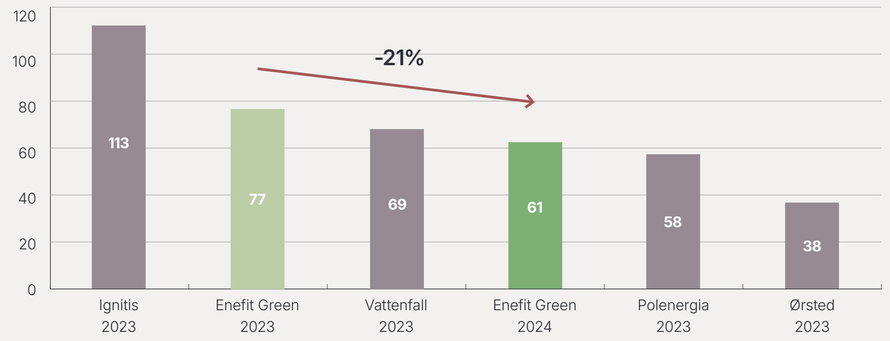
Following these transactions, the Iru CHP plant, which uses mixed municipal solid waste as fuel, remains the main production unit with emissions to air. To address these emissions, we will prepare a long-term development plan for the plant, which will include measures to reduce the carbon footprint per unit of energy produced, as well as ways to maintain the positive socio-economic impact of the plant.

A better overview of a company's emissions is provided by the emissions intensity indicator, which reflects the amount of emissions per unit produced or per service volume. This makes it possible to assess the environmental impact of a company regardless of its size and production volume and compare different companies with each other as has been shown in the chart below. For Enefit Green, the most meaningful indicator is the carbon intensity of scope 1 emissions per kWh of heat and electricity produced.

Carbon intensity of thermal energy and electricity production at Enefit Green (scope 1) in 2022–2024

gCO_2/kWh	2022	2023	2024
Carbon intensity of energy production	77	77	61

Carbon intensity of energy production, gCO_2/kWh



IRU CHP PLANT

The waste incinerator at the Iru CHP plant, which mainly incinerates mixed municipal solid waste, emits relatively more fossil carbon dioxide (CO_2) and nitrogen oxides (NO_X) than other pollutants (see the table 'Emissions to air'). The amount of mixed municipal solid waste incinerated per year (see the table 'Resources used in production') has remained relatively stable, so the amount of fossil CO_2 has not fluctuated much over the years.

We monitor the concentrations of pollutants released into the atmosphere from the Iru CHP plant using continuous monitoring equipment. At the end of 2022, the equipment used to monitor the concentrations of flue gases from waste incineration was replaced. The new equipment was commissioned in early 2023, following mandatory calibrations to ensure the accuracy of the data output. In 2024, the continuous monitoring system did not pass the QAL2 (Quality Compliance Level 2) test for one of the parameters - CO or carbon monoxide. In order to bring the monitoring system into compliance with the requirements, the CO measurement range of the continuous monitoring system must be increased according to the recommendation of the Estonian Environmental Research Centre, which carried out the test. These works will be carried out at the beginning of 2025.

Resources used in production at the Iru CHP plant in 2022–2024

Type of Fuel	Unit	2022	2023	2024
Mixed municipal solid waste	thousand tonnes	216	249	226
Natural gas	thousand m³	530	1,157	1,883

The production of energy from natural gas, which has high emissions to air, has been minimised through the use of low-nitrogen boilers, which help reduce the formation of nitrogen oxides during combustion. In 2023, the burners of the Iru natural gas-fired standby steam boiler were upgraded using this technology.

As natural gas is classified as a fossil fuel, we strive to minimise its use in electricity and heat generation. We use natural gas to start the Iru waste incinerator and to generate heat in the water heating boilers. We do not use natural gas to generate electricity.

The water heating boilers at the Iru CHP plant are used when the incinerator is not in operation to supply heat to the district heating network. In 2024, there was a small number of incinerator outages and the water heating boilers were used for heat production. As a result, the amount of natural gas used increased compared to 2023.

EMISSIONS TO AIR

The exhaust gases emitted by the Iru CHP plant as combustion products are discharged into the atmosphere through a chimney with three separate flue passages at a height of 202 m. The pollutants originate mainly from waste incineration and include nitrogen dioxide, carbon monoxide, volatile organic compounds, carbon dioxide, sulphur dioxide, particulate matter and ammonia.

Waste incineration also results in the release of heavy metals and dioxins and furans into the atmosphere. The level of emissions to air is influenced by the quality, calorific value and quantity of the waste incinerated.

The operation of the Iru CHP plant has complied with the maximum permitted annual quantities of pollutants. At the beginning of 2024 (between 18 February and 9 March), the dust limit value was exceeded several times, resulting in a slightly higher annual amount of dust than in the previous year. This was due to the failure of bag filters. When this was discovered, the control system equipment was checked and the team was re-briefed to detect signs of possible bag filter failure within a shorter period of time.

The issue was resolved and the limit values for dust have not been exceeded since. We reported the incident to the Environmental Board when we submitted the analysis of the quarterly continuous monitoring data.

Emissions to air from the Iru CHP plant in 2022–2024

Tonnes	2022	2023	2024
Nitrogen dioxide (NO_x)	173.00	196.35	177.85
Carbon monoxide (CO)	6.24	11.49	10.86
Non-methane volatile organic compounds (NMVOC)	0.54	0.65	0.87
Carbon dioxide (CO_2)	129,146	149,941	138,711
Sulphur dioxide (SO_2)	24.30	20.22	16.22
Total particulate matter	0.07	0.11	0.71

USE OF WATER RESOURCES AND GENERATION OF WASTEWATER

From 2024, the Iru CHP plant is the only Enefit Green production facility that uses water resources in its operations.

The Iru CHP plant uses surface water from the Pirita river for industrial and cooling purposes and, if necessary, for fire-fighting. A dam has been built on the river near Nehatu to obtain the water.

Groundwater, which is obtained from two nearby drilled wells, is used only for human consumption at the Iru CHP plant.

In order to ensure the long-term protection of surface and groundwater resources and an adequate water supply for production activities, the Iru CHP plant reuses cooling water: the heated water is cooled in the cooling tower and then reused.

By implementing these measures, we have minimised the use of additional water resources. In 2023, the surface water consumption of the Iru CHP plant was higher than in previous years. In 2023, the plant operated in condensation mode for a longer period of time, which increased the amount of cooled water in the cooling tower. As the cooling water is reused, its quality deteriorates after several uses and raw water has to be added by pumping.

The conditions for water extraction (quantities of water, damming of water bodies, aquifers, monitoring of groundwater levels, etc.) are set out in the production unit's environmental permit, which is available in KOTKAS, the Environmental Board's information system for environmental decisions.

Use of water at the Iru CHP plant in 2022–2024

Thousand m_3/y	2022	2023	2024
Groundwater	3.0	2.7	2.8
Surface water	182.1	284.4	198.1
TOTAL	**185.1**	**287.1**	**200.9**

Domestic wastewater and industrial effluent (excess from desalination and coagulation) are discharged into the public sewer system. Used cooling water is discharged into settling basins.

The Iru CHP plant has three settling basins for industrial effluent. Two of them have a watertight bottom and walls, and one has a natural bottom. Inspection wells have been set up near the basins.

Used cooling water together with stormwater collected from the site is discharged into the settling basins and from there via overflows into the combined sewer system. Stormwater is collected from hard paved surfaces on the site. It passes through the oil and sand traps into the basins where it mixes with used cooling water. Most of the time, however, cooling water is in circulation. It is discharged into the settling basins only a few times a year.

The Iru production unit complies with the requirements set out in the environmental permit and keeps records of the quantities of water extracted from and discharged into the environment. It also complies with the monitoring requirements set out in the environmental permit. We pay national resource charges for the water we use and pollution charges for the substances contained in our wastewater. Each year we submit an annual report on water use to the authorities.

WASTE GENERATION, RECYCLING AND PROMOTING THE CIRCULAR ECONOMY

We are committed to reducing waste, promoting the circular economy and recycling.

Waste incineration for energy recovery is one way of reusing waste. We use non-recyclable mixed municipal solid waste to produce electricity and heat at the Iru CHP plant, where we have implemented environmentally sustainable technology.

Most of the non-hazardous waste generated by Enefit Green is reused or recycled. Around 86% of the waste generated by our manufacturing operations is non-hazardous. The largest component of non-hazardous waste is ash from the incineration of mixed municipal solid waste.

The Iru CHP plant can produce heat and electricity from up to 260 thousand tonnes of waste per year. As the only plant of its kind in Estonia authorised to incinerate mixed municipal solid waste, it has put an end to large-scale landfilling of such waste.

All member states of the European Union had to organise separate collection of municipal bio-waste on their territory by 1 January 2024. In Estonia, this requirement was met on time in almost the whole country. This means that the biomass content of mixed municipal solid waste will gradually decrease in the coming years. This is also reflected in the results of 2023-2024 studies on the composition of mixed municipal solid waste received at the Iru CHP plant.

Like bio-waste, textile waste is collected separately from municipal solid waste (from 1 January 2025). However, there is currently no viable alternative to the incineration of mixed municipal solid waste. Separate collection of municipal waste has been at the same level for a decade and experience shows that it takes time to move to the next level. According to the Estonian Environment Agency, Estonia generates more than 300 thousand tonnes of mixed municipal solid waste per year.

The environmental impact of using mixed municipal solid waste to generate heat and electricity is much lower than that of landfilling, where waste decomposition releases gases and produces wastewater, which requires resource-intensive treatment.

The share of waste that remains after incineration is approximately 30% (bottom ash, metals separated from ash, hazardous fly ash and flue gas purification residues). Waste incineration produces different

types of ash: non-hazardous waste (bottom ash) and hazardous fly ash and flue gas purification residues.

All non-hazardous waste generated during incineration is recycled or reused. Bottom ash is delivered to the Tallinn landfill, where it is aged and used as a substitute for mineral material when the landfill is closed. In addition to ash, the Iru CHP plant produces metals that are separated from bottom ash. The metals are recycled, as is the scrap metal generated during repair work in the production units.

The main source of hazardous waste is the Iru CHP plant. Fly ash from the incineration process and flue gas purification residues have environmentally hazardous properties. Hazardous waste is transferred to companies authorised to handle it.

Waste generation at the Iru CHP plant in 2022–2024

Thousand t/y	2022	2023	2024
Non-hazardous waste			
Bottom ash from waste incineration	57.6	63.4	55.6
Metals	3.6	3.5	2.2
Total non-hazardous waste	**61.3**	**66.9**	**57.8**
Hazardous waste			
Fly ash	3.0	3.5	2.9
Flue gas purification residues	7.5	7.6	7.5
Total hazardous waste	**10.5**	**11.1**	**10.4**
TOTAL WASTE	**71.8**	**78.0**	**68.2**

The conditions for the use of waste are set out in the environmental permits. At Enefit Green, only the Iru CHP plant uses waste in its production operations and, based on the technology used, the environmental permit specifies the requirements for waste incineration, both in terms of the quantities of waste and the monitoring conditions.

Our production units collect information on the waste generated during the year, analyse it and submit a waste report to the government and local authorities on the generation, handling and disposal of waste.

In the construction and maintenance of wind and solar farms, Enefit Green takes into account all requirements for the management of natural resources and the waste generated.

When preparing procurement documents and carrying out work, we comply with legal requirements for the use of natural resources and the reduction and recycling of waste. For example, we recycle construction waste and packaging as much as possible. Waste that cannot currently be recycled is used to generate energy or, in the case of inert materials, as a filler. We have also adopted an internal waste management policy.

Compliance of Enefit Green's activities with the sustainability criteria of the EU taxonomy for sustainable activities

At the end of 2024, most of our production facilities met the sustainability criteria of the EU taxonomy for sustainable activities by contributing either to climate change mitigation or adaptation.

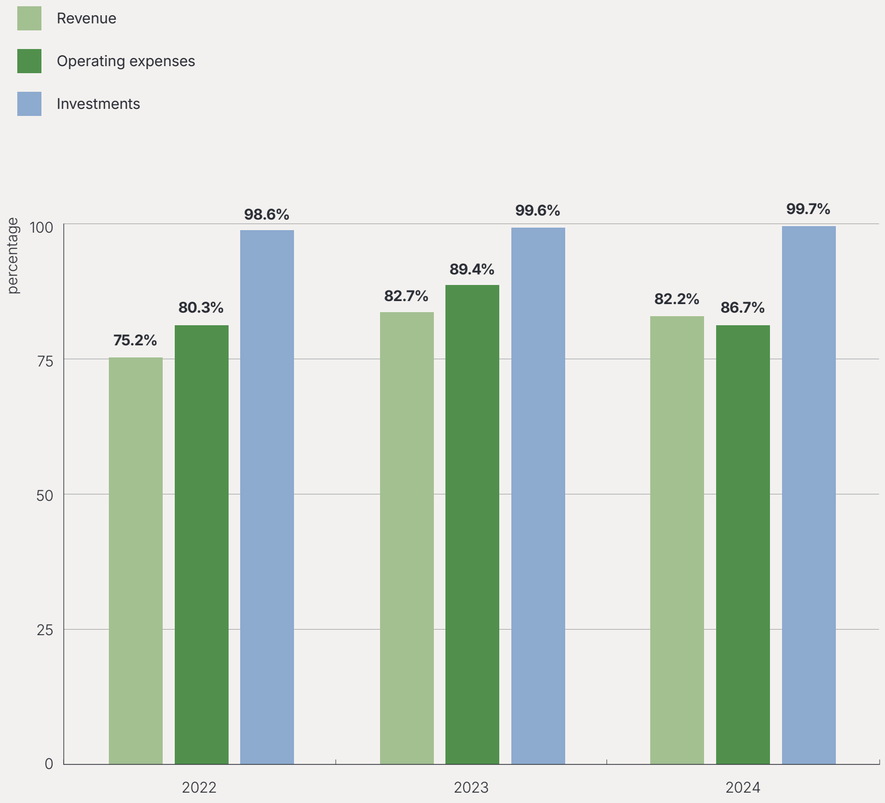
In the end of 2023 and the beginning of 2024, we exited the biomass-based cogeneration and pellet production businesses, the activities of which met the sustainability criteria of the EU taxonomy at the time of sale.

In 2024, the share of sustainable, taxonomy-compliant economic activities in Enefit Green's consolidated revenue, operating expenses and capital expenditures was 82.2%, 86.7% and 99.7%, respectively.

Indicators for Enefit Green's activities that qualify as sustainable under the EU taxonomy

€m	2022	2023	2024
Revenue	175.5	170.1	152.5
Operating expenses	112.4	147.3	125.9
Capital expenditure	190.7	354.4	388.6

Share of sustainable economic activities in Enefit Green's revenue, operating expenses and capital expenditure according to the EU taxonomy, %



Translation of the AS Enefit Green's consolidated financial statements in pdf-format without European Single Electronic Format (ESEF) markups.
The original document is digitally signed and submitted in machine-readable .xhtml format to the Nasdaq Tallinn Stock Exchange
(Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3100137985/reports).

A Values-driven Organisational Culture and Strong Community Relationships

Enefit Green's goal is to be the best employer, offer its employees development opportunities and contribute to the wellbeing of local communities. The production and development of green energy requires a dedicated team and strong relationships with local communities. Therefore, both our current and future employees, as well as the communities we serve, are integral to the company's development.

OUR EMPLOYEE ENGAGEMENT IS ABOVE THE ESTONIAN AVERAGE

In 2024, Enefit Green's international team comprised 132 people, 22 fewer than the previous year. The number of managers (at all levels) was 18. The decrease in headcount was mainly due to the sale of the Paide and Valka biomass assets in March 2024.

Each year, Kantar Emor conducts a comprehensive employee engagement survey to measure the composite employee engagement index, which is calculated on the basis of overall satisfaction, the net promoter score, intent to rejoin, motivation and company performance. In 2024, Enefit Green's employee engagement score was 78 points (2023: 89 points) and management quality score was 84 points (2023: 94 points).

Although employee engagement has decreased, it remains higher than the average for Estonia and for the energy sector (68 points).

The response rate to our annual employee engagement survey was 85%, reflecting our employees' willingness to share their views and express their opinions. In addition to surveys, we monitor employee satisfaction through regular meetings with direct managers.

In 2024, we conducted 17 recruitment projects, resulting in 16 new experts joining Enefit Green. In addition, six internal candidates took advantage of mobility opportunities within the company and took on new responsibilities.

The results of the engagement survey show that nearly 70% of our employees recommend Enefit Green as a strong employer and 76% would rejoin the company if they had to make that decision again.

Our employees' length of service remained at a level comparable to previous years. According to the results of the engagement survey, the most engaged employees are those whose length of service is six to ten years.

In 2024, Enefit Green was ranked as the third most desirable employer in Estonia, which confirms the company's good position in the labour market.

Workforce indicators of Enefit Green, 2022–2024

	2022	2023	2024
Number of employees at year-end	**183**	**154**	**132**
Estonia	106	111	101
Latvia	54	18	5
Lithuania	15	15	15
Poland	8	10	10
Finland	-	-	1
Employees by gender			
Women	29	30	31
Men	154	124	101
Average length of service, years	10	9	10
Average age, years	45	43	41
Voluntary employee turnover, %	6.3	5.3	8.8
Lost time injury frequency rate (LTIFR[1]), %	0	0	0
Payroll expenses, €m	9.1	10.8	9.1
Employee engagement index, points	91	89	78
Management quality index, points	95	84	84
Number of interns during the year	12 (3 became employees)	6 (1 became an employee)	15 (4 became employees)

1 LTIFR — the number of lost time injuries occurring in a workplace per one million hours worked.

ENEFIT GREEN'S UPDATED VALUES

In 2024, we updated the values of the Enefit Green organisation, which are: we care, we are responsible and we create value for our customers. We reinforced these new values through team workshops and trained ambassadors to help our people connect with the values in a meaningful way.

The new values are easy to identify with and help us as a company to stay competitive. They foster collaboration, encourage taking responsibility and giving and receiving feedback, and support us in maintaining work-life balance.

TALENT MANAGEMENT AND WORK-LIFE BALANCE

Continuous learning and development keep our employees motivated and engaged. We carry out systematic development activities to improve business performance and enhance our organisational culture.

In 2024, we organised over 90 training days for our employees, a significant proportion of which was aimed at developing and maintaining technical and professional competencies.

In the Enefit Academy training programme, we offered our employees bite-sized learning sessions on strategy, values and work processes. In addition to traditional classroom study, our people could participate in experience clubs, co-vision groups and language cafés.

A joint project with the University of Tartu gave one of Enefit Green's managers an opportunity to participate in a micro-credential programme.

The last Friday of every month is a development day at our company: employees can choose the development opportunities that best suit their needs and the employer supports them with training courses, internal development sessions and e-learning materials.

With the launch of a 24/7control centre for production assets, nine employees acquired the skills necessary to monitor the operation of renewable power plants and respond to failures.

To improve work arrangement and planning, we initiated a project to digitalise work schedules at the Iru CHP plant. The main purpose is to ensure a better work-life balance for employees.

SUCCESSION DEVELOPMENT

Succession planning is a conscious and strategic investment that ensures long-term success and stability. It involves not only transferring existing skills but also building a strong and motivated team for the future.

In 2024, Enefit Green hosted 15 interns, more than double the number of the previous year. It is worth noting that one intern returned for a second placement to gain further experience, while another joined the offshore wind farm development team from the Netherlands.

Each year, some of our interns choose to stay with the company and start their careers with us. In 2024, four former interns joined Enefit Green while still completing their studies.

Developing the next generation is a priority for us. We have created opportunities to support education in areas of strategic importance to the company. In 2024, we awarded a scholarship of €2k to a student working at Enefit Green to support their studies.

We organised 57 study trips during the year, which were attended by more than 1,000 students from vocational and secondary schools and universities. They had the opportunity to visit the Iru CHP plant, the Paldiski wind and solar farm, the Purtse hybrid farm and the Keila-Joa hydroelectric facility.

We donated two wind turbine blades to the Kuressaare Regional Training Centre. These will be used in a training programme for wind turbine blade maintenance technicians, set to launch in autumn 2025, where they will serve as essential learning tools.

A practical approach to learning supports the training of young professionals and helps ensure that Estonia has a sufficient number of skilled workers. Training young people strengthens local communities, encourages young people to stay in their home region, and promotes local development.

For the second year in a row, we participated in organising Positron, a major event in the electricity sector. We also contributed to the development and publication of a secondary school economics textbook in collaboration with Junior Achievement Eesti.

SAFETY CULTURE

Enefit Green's goal is to work without accidents and occupational diseases. Therefore, we make daily efforts to create and maintain a healthy and safe work environment. One of the company's core values is taking responsibility for safety and considering the safety and wellbeing of oneself and others.

We assess workplace risks and provide training to equip our employees with appropriate methods and techniques for dealing with hazardous situations. Our aim is to ensure that there are no accidents at work.

We take a systematic approach to promoting a safety culture and ensuring workplace safety through regular education and training. The company's safety culture is based on managers' leadership, employees' personal responsibility and collaboration.

We measure the safety of our work environment at all levels of management using the lost time injury frequency rate (LTIFR). It is a safety indicator for production units' work environment, which reflects the number of lost time injuries occurring in a workplace per one million hours worked.

In 2024, as in the previous two years, there were no workplace accidents involving Enefit Green employees.

At Enefit Green, we encourage dialogue with employees to promote health, supervision, safety and a cleaner work environment. To support this, we provide various channels for employees to report hazardous situations and near-miss incidents. We record and analyse the reported data to identify the root causes of potential risks.

The main health and safety processes have been agreed group-wide and each company is responsible for their implementation.

Measures to ensure safety at work and protect employee health and wellbeing:

- appointing persons responsible for health and safety at work;
- coordinating occupational health and safety matters at the level of Enefit Green;
- assessing health and safety risks associated with workplaces;
- determining and implementing preventive measures based on the risk assessment;
- preparing safety instructions and guidelines for jobs;
- purchasing and providing employees with appropriate personal protective equipment;
- ensuring the safety of workplaces;
- arranging regular health checks;
- providing regular mandatory training to employees consistent with the safety and qualification requirements of their work and maintaining a database for monitoring employee training;
- conducting regular checks (safety days) and internal audits at workplaces for employees and subcontractors;
- reporting and registering hazardous situations, incidents and accidents;
- analysing breaches and accidents and identifying and implementing corrective measures.

We arrange regular health and safety training and share information with our employees and partners.

In 2024, we continued our collaboration with various rescue and law enforcement agencies to practice responding to potential emergencies. Together with the Estonian Rescue Board, we organised 12 drill exercises at the Iru CHP plant and our wind and solar farms. Effective cooperation with the Rescue Board, emergency medical services and the police, combined with preparedness testing, provides reassurance for the future.

A SOUND MIND IN A SOUND BODY

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

In 2024, almost 80% of our employees chose to participate in the supplementary health insurance scheme offered by Enefit Green. This gave them access to paid medical services (e.g. dental care, psychological counselling, medical check-ups, specialist visits) with employer support. In addition, we offer our employees vaccination against influenza and tick-borne encephalitis.

Our employees are active in recreational sports. Throughout the year, they competed in various fields, took part in exercise evenings and participated in joint training sessions organised in the offices.

Our annual health forum in 2024 focused on maintaining mental health. Experts gave valuable advice on managing stress and explained how personal relationships can affect work.

STRONG COMMUNITY RELATIONSHIPS

Enefit Green recognises that the production and development of renewable energy is a huge responsibility. We therefore invest in the development of the regions where we operate or wish to develop renewable energy production in the future.

We contribute to the overall advancement of the energy sector through our membership in industry associations.

Enefit Green is a member of the following organisations:

- Estonian Wind Power Association
- Latvian Wind Energy Association
- Lithuanian Wind Energy Association
- Lithuanian Solar Energy Association
- Polish Association of Solar Energy
- Paldiski Association of Entrepreneurs
- Estonian Circular Economy Industries Association

To support the implementation of our development projects, we set up joint working groups within local communities to address key issues and regularly discuss the concerns and questions that arise during the planning process. We also organise open days where people can get a glimpse of the day-to-day operations of wind and solar farms as renewable power plants. This helps to raise community awareness and understanding of the role of renewable energy in society as a whole.

Enefit Green's development principles

We use the best available technology

We plan for possible future scenarios so that we can use the latest and best technologies.

We do not harm the environment

We conduct thorough and comprehensive environmental impact assessments and involve experts with diverse local and international experience.

We see communities as partners

We set up joint working groups to carry out development projects in partnership with communities and key stakeholders.

We find synergies

We help communities plan their green journeys in a personal and flexible way.

We involve the best international expertise

We lead the way and work with the best international experts in their field.

In the autumn of 2024, we invited the people of Põhja-Pärnumaa to visit the Sopi-Tootsi wind farm, which was in the final stages of construction. More than 300 people interested in wind energy attended the event. They were transported by bus to the wind farm site, where they were able to see and examine the wind turbines up close. Enefit Green's specialists answered a wide range of questions, mainly about the benefits of the wind farm for local residents, its impact on electricity prices and its entire life cycle.

We have consistently supported the development of the areas around our wind farms in Estonia and Lithuania. In 2024, Enefit Green continued to contribute to the wellbeing of the communities near its wind farms through non-profit associations established in cooperation with local authorities.

The amount of the support depends on the terms of the agreement and the output of the wind farms. In 2024, the support provided for local projects through non-profit associations amounted to €130k in Estonia and €126k in Lithuania.

In addition, in 2024 Enefit Green paid the legally required environmental fee for wind turbines in Estonia, generating additional income for people and communities living near new wind turbines. We paid €40k to the municipality of Lüganuse for the Purtse wind farm and €51k to the municipality of Põhja-Pärnumaa for the Sopi-Tootsi wind farm.

We participated in the organisation of the conference Another Kind of Paldiski. The event was held for the seventh time, this time under the title 'Drivers of a Sustainable Living Environment'. The conference focused on the development of the living environment in small towns and communities, including the role of industry, investment and initiative in ensuring a high-quality and sustainable way of life in small towns. We also continued our cooperation with the Estonian Circular Economy Industries Association on a waste sorting stations project. The aim is to raise awareness among young people about the importance of waste sorting and the potential value of sorted waste.

Grant amounts in 2022–2024

€ thousand	2022	2023	2024
Through non-profit associations			
Estonia	142	113	130
Lithuania	138	118	126
Environmental fee for wind turbines			
Purtse wind farm	–	7	40
Sopi-Tootsi wind farm	–	22	51

Note In July 2023, an environmental fee for wind turbines came into force in Estonia, providing additional income for people and communities living near new wind turbines. The amount of the fee depends on the amount of electricity produced and the market price of electricity in the previous quarter.

Corporate Governance Report

We act responsibly and transparently

For Enefit Green, good corporate governance is the basis for building trust with stakeholders. As a company listed on the Nasdaq Tallinn Stock Exchange, we are committed to applying the best governance practices. We follow the law in all our activities and expect the same from all our business partners.

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(Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3100137985/reports).

GOVERNANCE PRINCIPLES

The objective of Enefit Green's supervisory board and management board is to develop and manage the company in a manner that sets a positive example for other companies in terms of a clear strategy, good corporate governance practices, operational 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. In addition to the requirements of the Estonian Commercial Code, we follow the guidelines of the Corporate Governance Recommendations approved by the Estonian Financial Supervision and Resolution Authority and the rules and regulations for listed companies.

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

Eesti Energia, whose sole shareholder is the Republic of Estonia, owns 77.2% of the shares 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 review them annually. We have adopted key performance indicators (KPIs) for strategic goals, which we use to continuously assess the effectiveness of work done. The KPIs for 2024 included EBITDA, return on invested capital, the availability of wind farms and the Iru CHP, the production capacity of development projects, the lost time injury frequency rate and the management quality index.

To achieve our goals, managers engage and motivate their team members in line with our values and group-wide management principles. We keep our employees informed about the organisation's goals and the progress made in achieving them. We make sure that our people have a safe working environment, and maintain a high work ethic. We pay our employees competitive salaries and recognise and reward them.

The company's management and supervisory boards are accountable to the shareholders for meeting their expectations and achieving the goals set. The company is committed to transparency in its operations, disclosure of information and relationships with shareholders, customers, partners and other stakeholder groups.

Enefit Green presents, and comments on, its financial results four times a year and makes its quarterly and annual reports and related presentation materials available on its website. To further improve transparency, we publish and comment on our main production results on a monthly basis.

We are certified to three ISO standards in all our core markets: the quality management standard ISO 9001, the environmental management standard ISO 14001 and the occupational health and safety management standard ISO 45001. In addition, the Iru cogeneration plant is registered under the EU Eco-Management and Audit Scheme (EMAS).

In 2024, the surveillance audit carried out by Bureau Veritas confirmed the compliance of the integrated management system with the three ISO standards throughout the organisation: ISO 9001 Quality Management, ISO 14001 Environmental Management and ISO 45001 Occupational Health and Safety Management.

In addition, Metrosert's surveillance audit confirmed that the environmental management system of the Iru cogeneration plant complies with EMAS requirements.

CODE OF ETHICS

The Enefit Green Code of Ethics has been in effect since August 1, 2024. Prior to that, Enefit Green implemented Code of Ethics of the Eesti Energia Group. Among other matters, both documents stipulate, that the company's organisational culture is free of discrimination, harassment, bullying and other inappropriate behaviour. We treat all employees fairly and equitably regardless of their ethnicity, age, race, gender, language, origin, skin colour, religion, disability, sexual orientation, or political or other beliefs. In 2024, all employees completed an online ethics course.

To ensure that Enefit Green's ethical standards also apply to the parts of our value and supply chain that involve contractors, we have established a Code of Ethics for Partners. The Code sets out, among other things, minimum requirements for the prevention of fraud and corruption and for the respect of labour and human rights. We have installed information boards at the company's construction sites to inform partners of the established ethical standards.

At Enefit Green, we have zero tolerance for unethical and fraudulent behaviour – this applies to both employees and partner organisations. All allegations of corrupt behaviour will be reviewed and investigated without exception. Any suspicion or detection of alleged wrongdoing or unethical behaviour will be reported to the appropriate authorities. We provide a whistleblowing channel on our website that can be used to report possible breaches or concerns, either anonymously or confidentially.

CONFLICTS OF INTEREST

In line with Enefit Green's values and ethical standards and in order to prevent corruption, we have adopted a group-wide policy for avoiding conflicts of interest.

The policy requires both the members of the governing bodies and the employees of group companies who may encounter conflicts of interest due to their responsibilities, authority and/or liability to declare their business interests to the company. A reminder is sent annually to all relevant individuals to review their business interests and update the information they have provided.

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 such transactions have been performed in the ordinary course of business and on an arm's length basis.

Where there is a risk of a conflict of interest, the person exposed to the risk is obliged to inform the company's management and refrain from discussing and voting on the relevant matter.

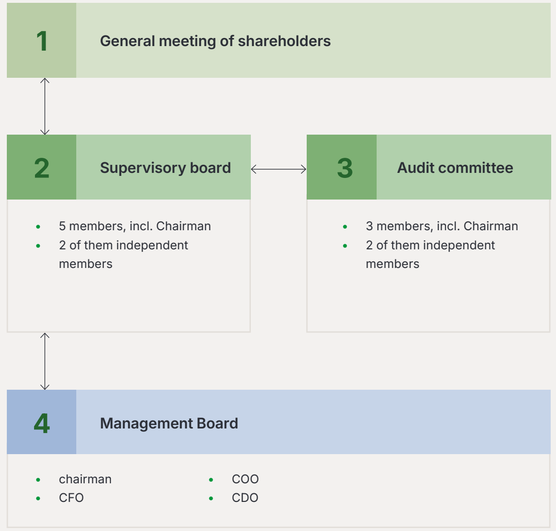
ORGANISATIONAL STRUCTURE AND GOVERNING BODIES

We consider it important to ensure that the group's structure is clear and logical. We are guided by the organisation's goals and needs and take into account the evolving business environment.

The governing bodies of Enefit Green are the general meeting, the supervisory board and the management board. The supervisory board is advised by the audit committee.

Governing bodies of Enefit Green

1	Shareholders can use their vote on the general meeting regarding important matters related to the Company (for example – distribution of profit, electing supervisory board members, appointing an auditor etc)
2	• Strategic planning • Organising and supervision of management • Adopting major strategic decisions
3	• Advising the supervisory board on accounting, auditing, risk management, internal control and audit, supervision, budgeting and compliance matters • Monitoring that transactions with related parties comply with market conditions
4	• Daily operational management and respresentation of the Company • Business and financial reporting to the supervisory board



GENERAL MEETING

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

- Amendments to the articles of association and the share capital
- The appointment and removal of the members of the supervisory board
- The appointment and remuneration of the auditor
- The approval of the results of the financial year and the allocation of profit
- The approval of the remuneration policy for members of the management board
- The approval of transactions which according to the rules of the Nasdaq Tallinn Stock Exchange must be submitted to the general meeting for approval

The general meeting may change the articles of association in accordance with the requirements of the Estonian Commercial Code. A resolution to amend the articles of association is adopted if at least two thirds of the votes represented at the general meeting are in favour.

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

On 14 May 2024, Enefit Green held the annual general meeting of shareholders, which was attended by all members of the management board and, additionally, by supervisory board members Andrus Durejko, Erkki Raasuke, Marlen Tamm and Anne Sulling.

On 19 December 2024, Enefit Green held an extraordinary general meeting of shareholders, which elected Karin Madisson as a new independent member of the supervisory board. The meeting was also attended by management board members Juhan Aguraiuja and Innar Kaasik and all members of the supervisory board.

SUPERVISORY BOARD

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

Organising the management of the group and supervising the activities of the management board.

Approving the group's strategy and supervising its implementation.

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

At 31 December 2024, the members of the supervisory board of Enefit Green were Andrus Durejko, Marlen Tamm, Kristjan Kuhi, Erkki Raasuke and Karin Madisson. The latter two are independent members as defined in the Corporate Governance Recommendations.

At the general meeting held on 14 May 2024, Raine Pajo was removed from the supervisory board, Kristjan Kuhi was elected as a new member of the supervisory board, and the mandate of Erkki Raasuke as a member of the supervisory board was extended for three years.

On 21 October 2024, the mandate of Anne Sulling, an independent member of the supervisory board, expired. At the extraordinary general meeting held on 19 December 2024, Karin Madisson was elected as a new independent member of the supervisory board.

Since 25 May 2023, the chairman of the supervisory board of Enefit Green has been Andrus Durejko.

The members of the supervisory board do not hold shares in any companies that are partners, suppliers or customers of Enefit Green. Information on memberships in the governing bodies of other companies is presented in the table below.

The terms of office of the current members of the supervisory board expire as follows: Andrus Durejko and Marlen Tamm on 25 May 2026, Kristjan Kuhi on 14 May 2027, Erkki Raasuke on 21 October 2027 and Karin Madisson on 19 December 2027.

In accordance with the resolution of the general meeting dated 14 May 2024, the remuneration of the independent members of Enefit Green's supervisory board is €1.5k per month, effective from 23 October 2024. Before that, it was €1k per month. No remuneration or other benefits are paid to other members of the supervisory board.

Remuneration paid to independent members of the supervisory board in 2024

	Erkki Raasuke	Anne Sulling	Karin Madisson
Annual remuneration paid, €	13,152	9,652	432

The supervisory board normally meets once a month, except during the summer months. In 2024, the supervisory board held 16 meetings. In addition, on six occasions decisions were adopted by electronic means. Kristjan Kuhi was absent from one meeting, while all other members attended all meetings.

Supervisory board

At 31 December 2024

Andrus Durejko
Chairman of the Supervisory Board

Marlen Tamm
Member of the Supervisory Board

Kristjan Kuhi
Member of the Supervisory Board

Erkki Raasuke
Member of the Supervisory Board (independent)

Karin Madisson
Member of the Supervisory Board (independent)

Start of term of office	24 May 2023	24 May 2023	14 May 2024	21 October 2021	19 December 2024
End of term of office	24 May 2026	24 May 2026	14 May 2027	21 October 2027	19 December 2027
Experience	**2023–...** –... Eesti Energia, Chairman of the Management Board **2018–2023** 2023 Ericsson Eesti and Ericsson Latvia, Chairman of the Management Board and CEO **2016–2018** Ericsson Eesti, Head of Digital Services in Sweden, Finland and the Baltics **2014–2016** Ericsson Estonia, Program Director in the Nordic and Baltic Countries **1996–2014** Ericsson, various positions Previously worked for Reveko Telekom AS, OY LM Ericsson AB and Baltcom Eesti AS.	**2023– ...** Eesti Energia, Member of the Management Board **2021–2023** Eesti Energia, Head of Management Accounting **2019–2021** Eesti Energia, Head of Controlling **2016–2019** Eesti Energia, Head of Financial Controllers of Management Accounting **2012–2016** Eesti Energia, Lead Financial Controller Previously held various positions in Swedbank.	**2023–...** Eesti Energia, Member of the Management Board **2022–2023** IT Architecture Consultant, Systems and Software Development Management Services, Startup Mentor **2022–2023** Tallinn University of Technology, Blockchain Expert, Faculty of Engineering, Institute of Electrical Power and Mechatronics **2018–2022** Wepower, Development Manager and Chief Architect **2005–2018** Ericsson, various positions Previously worked as a software developer in various companies.	**2021–2024** OÜ Skeleton Technologies Group, Member of the Management Board, Financial Director **2016–2021** Luminor Group, Chairman of the Management Board **2013–2016** AS LHV Group, Chairman of the Management Board **2012–2013** Adviser to the Minister of Economic Affairs Previously held various positions in the banking sector.	**2005–...** Law firm Sorainen, Partner **1997–2004** Law firm Sorainen, Associate **1996–1997** Law firm Sorainen, Legal Assistant **1995–1996** Chancellery of the Riigikogu (Parliament of Estonia), Specialist
Education	**Estonian University of Life Sciences**, Electrical Power Engineering, Master of Science	**Estonian Business School**, Economics/Business Administration, Master of Science, cum laude **Tallinn University of Technology**, Economics/ Business Administration, Bachelor of Science	**Tallinn University of Technology**, , Faculty of Engineering, Institute of Mechanics and Industrial Engineering, PhD **Tallinn University of Technology**, Faculty of Information Technology, Master of Science	**INSEAD** Advanced Management Programme **Tallinn University of Technology**, Faculty of Economics	**Tallinn University of Technology**, AI tools for companies to optimize business processes during digital transformation (micro-degree) **Riga Graduate School of Law**, International and European Law, LLM **University of Tartu**, EuroCollege, European Studies **Institute of Law Estonia**, Law
Membership in governing bodies of other companies	Enefit Outotec Technology OÜ, Enefit AS, Enefit Power AS, Attarat Holding OÜ, Enefit Solution AS	Attarat Holding OÜ, Enefit Solutions AS, Enefit AS, Enefit Power AS, Enefit Outotec Technology OÜ	Enefit AS, Enefit Outotec Technology OÜ, F11 OÜ, Goby OÜ, Nopilot Technology OÜ, Gridmind OÜ	AS Inbank, Ussilaka OÜ	Advokaadibüroo Sorainen OÜ, Management OÜ
Number of Enefit Green's shares held by the member of the supervisory board at 31 December 2024	2,000	950	0	51,849	33,000
Number of Enefit Green's shares held by persons closely associated with the member of the supervisory board at 31 December 2024	0	401	0	0	0
Attendance at supervisory board meetings	16/16	16/16	8/7	16/16	– [1]

[1] No supervisory board meetings were held in 2024 following her election to the supervisory board.

MANAGEMENT BOARD

Enefit Green's day-to-day executive management is the responsibility of the management board that follows the strategy approved by the supervisory board.

The chairman of the management board is appointed by the supervisory board. The members of the management board are appointed by the supervisory board on the basis of a proposal from the chairman of the management board. The supervisory board can remove a member of the management board.

At 31 December 2024, the management board of Enefit Green consisted of the chairman of the management board, Juhan Aguraiuja, and the members of the management board Andres Maasing and Innar Kaasik.

In 2024, the management board of Enefit Green changed as follows:

The chairman of the management board, Aavo Kärmas, resigned in agreement with the supervisory board on 1 July 2024. During the period between his resignation and the appointment of Juhan Aguraiuja, the acting chairman of the management board was management board member Andres Maasing. Juhan Aguraiuja was elected as a member and chairman of the management board on 14 October 2024. Veiko Räim's term of office as a member of the management board expired on 24 September 2024. Innar Kaasik's mandate as a member of the management board was extended by three years until 24 September 2027.

Argo Rannamets became a member of the management board and chief financial officer on 31 January 2025. Andres Maasing, currently a member of the management board and chief development officer, has decided to resign from the management board effective from 5 March 2025.

The terms of office of the members of the management board are presented in the table on the next page.

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 memberships of the members of the management board in the governing bodies of other companies, except the companies of the Enefit Green group, are presented in the table below. The members of the management board do not hold shares in any companies that are partners, suppliers or customers of Enefit Green.

The remuneration of the management board of Enefit Green is regulated by the principles of remuneration of the members of the management board, which were 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 2024 is presented in the remuneration report, which is part of the audited annual report.

Severance pay is paid in the cases specified in the contract signed with the member of the management board (e.g. a member of the management board is not entitled to severance pay if he or she is removed from office by the supervisory board due to breach of duty). Severance pay is not paid if this would be clearly detrimental to the interests of Enefit Green. The decision is made by the supervisory board.

The maximum amount of severance pay is four times the amount of the last basic remuneration of the member of the management board. A member of the management board is not entitled to any other compensation or benefits in connection with the expiry of the contract or removal from office.

Management board

At 31 December 2024

Juhan Aguraiuja
Chairman of the Management Board

Innar Kaasik
Member of the Management Board responsible for production

Andres Maasing
Member of the Management Board responsible for development

Start of term of office	14 October 2024	31 August 2012	3 April 2023
End of term of office	14 October 2027	24 September 2027	4 April 2025
Previous Positions Held	**Adven**, Head of Baltic Business **Adven Eesti AS**, Chairman of the Management Board **Adven Latvia SIA**, Member of the Management Board **Danpower Eesti AS**, Member of the Management Board Previously held various positions in **Danpower Eesti AS**.	**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	**Cubico Sustainable Investments Australia**, Development and Acquisition Manager for Renewable Energy Projects **Tilt Renewables**, Development Manager for Renewable Energy Projects **Mitsui & Co., Ltd**, Development and Financing of Infrastructure Projects **Ernst & Young ja PricewaterhouseCoopers**, Project and Corporate Finance and Acquisition Advisory roles
Education	**Tallinn University of Technology**, Thermal Power Engineering, Master's degree	**Tallinn University of Technology**, Electrical Power Engineering **Tallinn University of Technology**, Business Administration	**Australian Institute of Company Directors**, Further Studies **Griffith University, Australia**, Master's degree in Law, Bachelor's degree in Law, Bachelor's degree in International Business
Membership in the governing bodies of other companies	AJ Energia OÜ	4Wind Services	Wind OÜ
Number of Enefit Green's shares held by the member of the management board	825 (via AJ Energia OÜ)	3,000	1,006
Number of Enefit Green's shares held by persons closely associated with the member of the management board	0	2,000	0

AUDIT COMMITTEE AND INTERNAL AUDIT

The audit committee is a body set up by the supervisory board, which is responsible for advising the supervisory board in matters relating to accounting, external audit, risk management, internal control and internal audit, supervision and budgeting, and legal and regulatory compliance.

The audit committee reviews 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) and assesses them to make sure that they function in the best possible manner, that they take into account the needs of Enefit Green and that the interests of the controlling shareholder are not favoured in the decisions made by the supervisory board and the management board. Among other things, the audit committee monitors that transactions with related parties are 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 them, including the chairman, have to be independent as defined in the Corporate Governance Recommendations.

Audit committee at 31 December 2024

	Erkki Raasuke	Marlen Tamm	Karin Madisson
Role	Chairman of the Audit Committee	Member of the Audit Committee	Member of the Audit Committee
Start of the term	22 October 2021	24 May 2024	20 December 2024

In 2024, the audit committee changed as follows:

On 24 May 2024, Raine Pajo was removed from the audit committee and Marlen Tamm was appointed as a new member. On 22 October 2024, Anne Sulling's mandate as a member of the audit committee expired. On 20 December 2024, Karin Madisson was elected as a member of the audit committee.

Erkki Raasuke continued to serve as the chairman of the audit committee.

Erkki Raasuke and Karin Madisson meet the independence requirements as defined in the Corporate Governance Recommendations. Anne Sulling also met these requirements when she was a member of the audit committee.

The audit committee convenes according to an agreed schedule, generally once a month. In 2024, the committee held 16 meetings. All meetings were attended by all members of the audit committee.

The audit committee submits its activity report to the supervisory board once a year, prior to the approval of the annual report by the supervisory board.

The rates of remuneration of the independent members of the audit committee were set by the supervisory board on 22 October 2021. The rate of remuneration of the chairman of the audit committee is €500 per meeting and the rate of remuneration of a member of the audit committee is €250 per meeting. If a member does not attend a meeting, the member does not receive remuneration for that meeting.

The remuneration paid to the members of the audit committee for participation in the work of the committee is presented in the table below. The members of the audit committee from Eesti Energia do not receive any remuneration.

Remuneration paid to members of the audit committee in 2024

	Erkki Raasuke	Anne Sulling	Karin Madisson
Annual remuneration, €	8,000	3,250	–

The tasks and responsibilities of the internal audit function of Enefit Green AS have been assigned to the internal audit department, which consists of two employees. The department carries out its work in accordance with the Auditors Activities Act and related regulations as well as the Global Internal Audit Standards, the International Professional Practices Framework and the Statutes approved by the supervisory board.

In 2024, the internal audit department underwent an external evaluation, which confirmed that its activities are in line with the Global Internal Audit Standards.

The role of the internal audit department is to contribute to the improvement of the internal control environment, risk management and corporate governance culture. The scope of the internal audit function covers the activities of the entire Enefit Green group.

The internal audit department reports to the audit committee and the supervisory board. The action plan and resources of the internal audit department are approved by the audit committee, which oversees and evaluates the effectiveness of the internal audit function. The internal auditors' report on 2024 was submitted to the audit committee and the supervisory board in February 2025.

FINANCIAL REPORTING

The preparation of the financial statements is the responsibility of the company's management board. The consolidated financial statements are prepared in accordance with the Estonian Accounting Act and International Financial Reporting Standards as adopted by the European Union (IFRS EU).

The auditor of Enefit Green is PricewaterhouseCoopers and the signatory of the independent auditors' report is Jüri Koltsov.

The contract with the auditor was signed for three years (for the audit of the financial statements for 2024–2026). The company has the right to unilaterally extend the contract for the financial years 2027–2028.

The audit firm has not provided the company with any services that might compromise the auditor's independence. The Eesti Energia group conducted a public procurement process to select the auditor, placing significant emphasis on the auditors' experience.

In 2024, the total amount of fees paid or payable for the services provided by PricewaterhouseCoopers was €152.8k (2023: €126.5k). The services included financial audit fees of €147.2k (2023: €126.5k) and other services of €5.6k (2023: €0k). Other services included fees for expressing assurance on packaging reporting. During 2024 PriceWaterhouseCoopers provided other services to Enefit Green AS parent Eesti Energia for a total consideration of €277.5k (2023: €42.3k)

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

As a listed company, we are required to disclose our compliance with the Corporate Governance Recommendations based on the principle of 'comply or explain'. This requires us to explain our positions and practices regarding those articles of the Corporate Governance Recommendations that Enefit Green does not comply with.

In 2024, Enefit Green followed most of the Corporate Governance Recommendations.

From 21 October to 19 December 2024, the following recommendation was not complied with: "3.2.2 At least half of the members of the Supervisory Board of the Issuer shall be independent. If the Supervisory Board has an odd number of members, then there may be one independent member less than the number of dependent members." During this period, due to the expiry of Anne Sulling's mandate, Enefit Green had four supervisory board members and only one of them was independent. As the process of selecting a new independent member, which also required the convening of and the approval from an extraordinary general meeting of shareholders, took longer than expected, Enefit Green did not comply with the above recommendation for less than two months.

Share and Shareholders

Following the successful initial public offering (IPO) in autumn 2021, during which Enefit Green's shares were acquired by more than 60,000 investors at a price of €2.90 per share, the company's shares were listed on the Baltic Main List of the Nasdaq Tallinn Stock Exchange. The company raised €100m through new shares issued for the IPO. In addition, the former sole owner Eesti Energia sold shares, reducing its stake in Enefit Green to 77.2%.

All of Enefit Green's shares are registered ordinary shares of the same class, each carrying one vote at the general meeting of the company's shareholders.

Stock exchange	Nasdaq Tallinn
Listing date	21.Oct.21
List/segment	Baltic Main List
Ticker symbol on the stock exchange	EGR1T
Bloomberg ticker symbol	EGR1T ET Equity
ISIN code	EE3100137985
Number of shares issued and listed	264,276,232
Par value	€1

Translation of the AS Enefit Green's consolidated financial statements in pdf-format without European Single Electronic Format (ESEF) markups. The original document is digitally signed and submitted in machine-readable .xhtml format to the Nasdaq Tallinn Stock Exchange (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3100137985/reports).

DIVIDEND POLICY

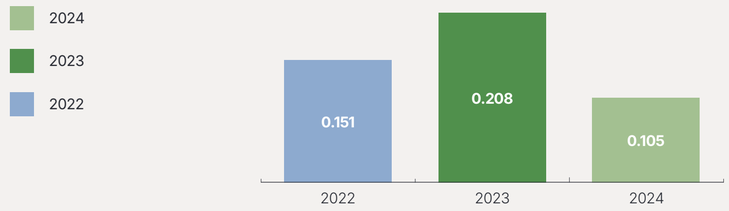
Enefit Green's dividend policy was approved before the IPO in 2021. According to the policy, Enefit Green intends to distribute 50% of its net profit for the previous year to the shareholders each year. Exceptions are possible in the case of non-recurring events, such as adverse market conditions, major asset transactions with one-off effects, the need to implement growth and development strategies, and the need to maintain an appropriate level of liquidity and a reasonable capital structure.

In general, Enefit Green's existing financing agreements do not impose any restrictions on the distribution of dividends.

The Management Board will make a dividend distribution proposal from the net profit for the financial year 2024 together with the publication of the audited annual report and in its proposal, will adhere to the dividend policy described above. The amount of the dividend and the payment procedure are decided by the general meeting of the shareholders after the approval of the audited annual report.

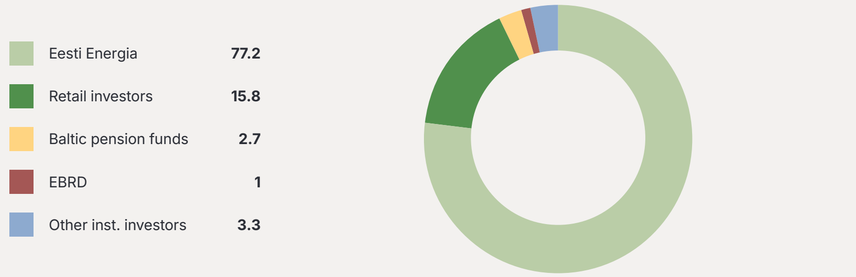
The annual general meeting of the shareholders was held on 14 May 2024. The general meeting decided to pay the shareholders a dividend of €27,749k (€0.105 per share) for the financial year 2023, which accounted for 50% of net profit for 2023. In 2023, a dividend of €54,969k (€0.208 per share) was paid to the shareholders.

Dividend per share 2022–2024, €



Shareholder structure, %

As at 31 December 2024



SHAREHOLDERS

At the end of 2024, Enefit Green's shares were held in 60,425 Nasdaq CSD securities accounts (2023: 64,101, change -3,676).

There were modest changes in the shareholder structure in 2024. The share of Baltic pension funds remained stable at 2.7%, while other institutional investors slightly increased their share (3.3%, +0.2%) at the expense of retail investors (15.8%, -0.2%).

Enefit Green's 10 largest shareholders

As at 31 December 2024

Shareholder	Number of shares	Proportion
Eesti Energia AS	203,931,405	77.17
European Bank for Reconstruction and Development	2,773,277	1.05
SEB AB/Säästopankki Korko Plus - Sijoitusrahasto	2,407,823	0.91
Swedbank Pension Fund Generation 1970–79	1,135,834	0.43
Swedbank AB Clients	1,078,942	0.41
SEB Pension Fund 55+	950,056	0.36
Swedbank AS Clients	864,06	0.33
SEB AB Lux Branch - UCITS Clients	828,521	0.31
AS LHV Pank	755,201	0.29
Swedbank Pensija 1975-1981	683,034	0.26
Other (60,415 securities accounts)	48,868,079	18.49
Total number of shares	**264,276,232**	**100.00**

TRADING STATISTICS OF THE ENEFIT GREEN SHARE

From listing until the end of 2023, the Enefit Green shares were the most actively traded ones on the Nasdaq Baltic stock exchanges.

In 2024, trading activity decreased significantly: the total trading value was €44.7m, which accounted for around 12% of the total turnover of the Main List on the Nasdaq Baltic. This made Enefit Green's share the fourth most traded. In more than 136k transactions, 14.5m shares changed hands.

During the year, the share traded between €2.70 and €3.796. The share closed at €2.76, down 22.4% over the year (excluding the dividend).

Trading statistics of the Enefit Green share on the Nasdaq Baltic Main List in 2022–2024

€	2022	2023	2024
Closing price, €	4.378	3.556	2.760
High, €	4.932	4.888	3.796
Low, €	3.334	3.420	2.700
Traded volume, m	28.6	17.3	14.5
Turnover, €m	115.3	72.3	44.7
Market capitalisation at the end of the year, €m	1,157	938	729

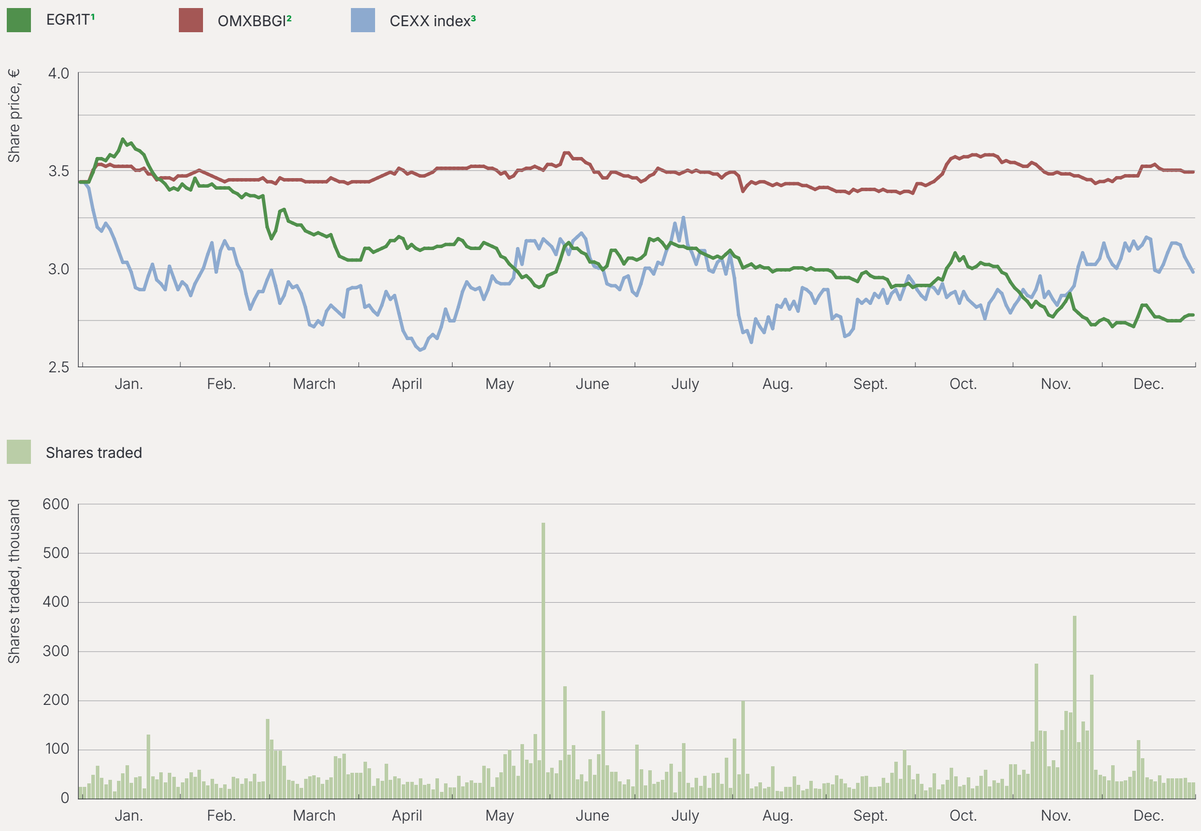
Adjusted for the dividend (€0.105 per share), the total return of the Enefit Green share in 2024 was -19.8%, meaning that the share underperformed its benchmark indexes.

Relevant benchmark indexes include the Nasdaq Baltic Benchmark (2024 return +1.5%) and the Nasdaq Clean Edge Green Energy Total Return Index, which tracks the share prices of the green energy sector and related companies listed on Nasdaq (2024 return -13.3%). In the 2023 annual report, we used the Nasdaq OMX Renewable Energy Generation Total Return Index for global comparison, but Nasdaq discontinued the calculation and publication of the index in May 2024.

The Enefit Green share underperformed its benchmark indexes for a second consecutive year. The total return on investment for investors who acquired shares in the initial public offering in 2021, including dividends, has been +6.8% since then. The return on the above benchmark indexes in the same period has been -6.1% and 43.5% in the same period, respectively.

Performance of the benchmark indexes and the price and trading volume of Enefit Green shares are shown in the following chart.

Enefit Green's share price and benchmark indexes in 2024, €



1 Enefit Green's (dividend-adjusted) share price

2 The Nasdaq Baltic Benchmark (Gross Return), an index which tracks the share prices of companies listed on the Nasdaq Baltic stock exchanges.

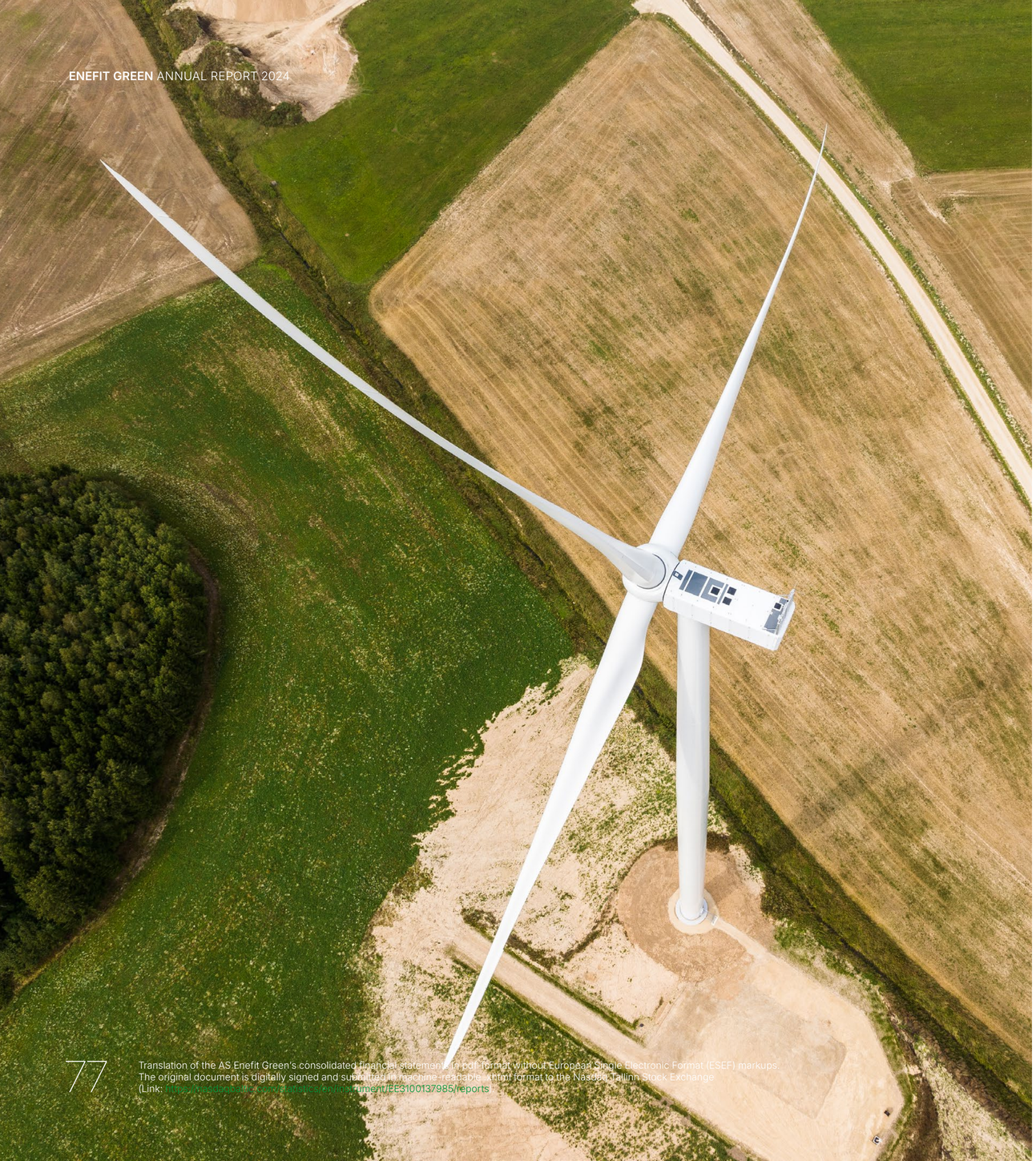
3 The the Nasdaq Clean Edge Green Energy Total Return Index which tracks the share prices of the green energy sector and related companies.

Tax Footprint

The tax footprint reflects how Enefit Green contributes to society by paying taxes.

In carrying out our activities, we adhere to the following tax risk management principles, according to which we:

1	comply with all applicable tax laws and regulations;
2	conduct all transactions at market prices and document them in accordance with relevant requirements;
3	assess the tax implications of new projects for Enefit Green's tax liabilities;
4	maintain an open and trusting relationship with the tax authorities; and
5	engage external advisers in projects where we do not have in-house tax expertise.



In disclosing our tax footprint, we present tax information by tax and by country.

When calculating the tax footprint, we distinguish between taxes borne and taxes collected:

1	taxes borne are taxes that are borne directly by Enefit Green;
2	taxes collected are taxes for which Enefit Green acts as an intermediary, i.e. we collect the taxes from consumers and employees and transfer them to the tax administrator.

Our tax footprint includes the taxes borne and collected in all our markets.

In 2024, the taxes borne by Enefit Green totalled €8,291k (2024: €15,197k) and the taxes collected by Enefit Green totalled €(34,267)k (2023: €(23,020)k). As a result, the group's tax footprint was negative at €(25,976)k (2023: €(7,822)k).

The tax footprint was negative due to VAT refunds related to the development of new production assets.

In 2024, Enefit Green paid income tax of €4,539k on dividends distributed to shareholders (2023: €9,481k).

Tax Footprint: Taxes borne and collected by the Enefit Green group

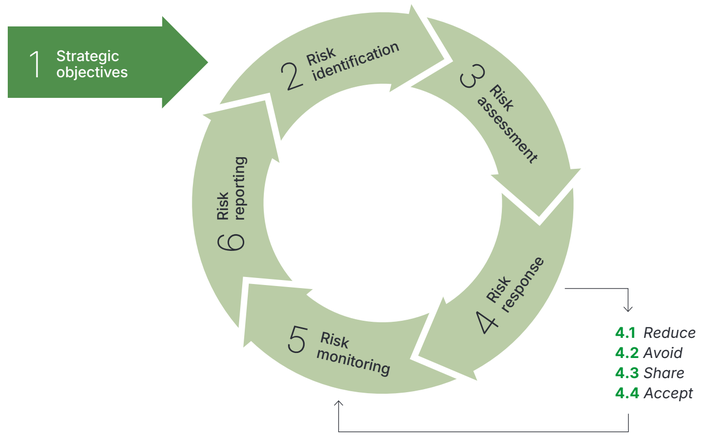
€ thousand	2024						2023					
	Estonia	**Latvia**	**Lithuania**	**Poland**	**Finland**	**TOTAL**	**Estonia**	**Latvia**	**Lithuania**	**Poland**	**Finland**	**TOTAL**
Taxes borne												
Payroll taxes borne by the employer	1,757	85	17	0	13	**1,872**	1,659	412	18	54	0	**2,143**
Environmental charges	801	0	2	0	0	**803**	267	33	0	0	0	**301**
Corporate income tax	4,538	0	32	1	0	**4,571**	9,514	0	2,154	39	0	**11,707**
Property taxes	38	1	805	200	0	**1,045**	66	5	934	41	0	**1,046**
Total taxes borne	**7,135**	**86**	**855**	**201**	**13**	**8,291**	**11,507**	**451**	**3,106**	**134**	**0**	**15,197**
Taxes collected												
Excise taxes	76	0	0	0	0	**76**	63	1	0	0	0	**64**
Employees' payroll taxes	1,415	107	397	83	0	**2,002**	1,227	502	416	71	0	**2,217**
VAT (VAT on sales less VAT on purchases)	(32,023)	(136)	(1,981)	(598)	(1,608)	**(36,345)**	(10,383)	(1,793)	(1,620)	381	(11,885)	**(25,301)**
Total taxes collected	**(30,532)**	**(29)**	**(1,584)**	**(515)**	**(1,608)**	**(34,267)**	**(9,093)**	**(1,289)**	**(1,204)**	**452**	**(11,885)**	**(23,020)**
Total taxes	**(23,397)**	**57**	**(729)**	**(314)**	**(1,594)**	**(25,976)**	**2,414**	**(838)**	**1,902**	**586**	**(11,885)**	**(7,822)**

Risk Management

The main objective of risk management is to support the achievement of Enefit Green's strategic objectives: to help mitigate the business risks associated with the execution of the strategy and to identify new business opportunities.

Risk management is a natural part of all Enefit Green's business processes and operations. Risks are managed in a systematic, consistent, transparent and timely manner in accordance with the established risk management policy. We apply the three lines of defence approach to risk management in our organisational structure. This helps assure that the risks inherent in and affecting our operations are identified, assessed, mitigated and controlled effectively and that losses are prevented.

A simplified structure of the risk management process is shown in the figure below.



Our objective is to ensure a risk-conscious approach to development activities, operations, change management and business continuity. To make sure that our risk management activities are effective and to prevent risks from materialising, we regularly and systematically collect information about the materialisation of risk, threats of the materialisation of risk, and incidents.

We assess risks using a risk matrix (probability x impact) methodology. When a risk changes, we initiate risk self-assessment processes to determine its potential scope and impact and implement appropriate mitigation measures.

We analyse materialised risks (i.e. risk incidents) to identify their root cause and improve risk mitigation measures, if necessary. We also analyse near misses so that additional measures can be applied before the risk materialises. This information is used to make improvements and thereby lower the probability of the recurrence and/or impact of similar events in the future.

We use the information, analyses and expert assessments gathered in the course of risk management to set Enefit Green's strategic objectives and plan the activities to achieve them.

The main risks are summarised in the figure to the right.

MARKET AND FINANCIAL RISKS

As demand and the prices of products and services can change in the market, Enefit Green is exposed to fluctuations in the value of its assets or liabilities, or in the amount of income it earns on its assets and services.

Price risk

Enefit Green's main market risk is electricity price risk, which also includes price discount risk for solar and wind power due to an increasing number of production units in these segments.

Previously, renewable energy support measures had an important role in mitigating this risk, reducing the impact of price volatility on financial performance. However, the share of renewable energy support

Main risks

has steadily declined. At the same time, the share of long-term power purchase agreements (PPAs) has increased to mitigate the risk of low electricity prices.

The share of PPAs in our electricity sales and other risks associated with them are discussed in more detail in the chapter on PPAs.

We manage price risk by applying the market risk management framework and conduct stress tests to assess our tolerance of price risk.

A ±€10/MWh change in the average realised sales price of electricity would have had a ±€12.3m impact on Enefit Green's profit before tax for 2024 (2023: €7.7m). A ±€10/MWh change in the average realised purchase price of electricity would have had a ±€5.5m impact on Enefit Green's profit before tax for 2024 (2023: €4.1m).

Even though purchase and sales prices do not always follow the same trend, a simultaneous ±€10/MWh change in the purchase and sales price would have had a ±€6.8m impact on Enefit Green's profit before tax for 2024 (2023: €3.6m).

Financial leverage risk

Enefit Green has used a large amount of debt to accelerate business growth through the development of new production assets. The objective is to enhance the company's prospects for long-term return on equity.

In a situation where the company has a high number of projects under construction relative to the assets generating stable cash flow, and the completion of new projects is slower than expected, production shortfalls may occur compared to the original forecasts. As a result, financial performance may be weaker than projected.

We assess and mitigate the risk associated with financial leverage using the net debt-to-EBITDA and EBITDA-to-interest expense ratios as the key metrics, tracking their dynamics on a monthly basis and conducting stress tests. Enefit Green's loan covenants impose specific limits on these ratios and exceeding them can lead to higher interest expense and restrictions on the company's operations.

We have projected that in the active development phase of new projects, the net debt-to-EBITDA ratio may increase significantly and rise to 5.0 or even higher in the short term. At 31 December 2024, the ratio stood at 6.0 and we expect it to decline below 6.0 by the end of 2025.

At 31 December 2024, Enefit Green was in compliance with all loan terms and conditions, including the covenants.

Interest rate risk

The fair value or cash flows of financial instruments may fluctuate due to changes in market interest rates, which may have a positive or negative effect. Cash flow interest rate risk arises from Enefit Green's floating-rate borrowings and is the risk that finance costs will increase when interest rates rise.

We have used interest rate swaps to mitigate interest rate risk.

At 31 December 2024, Enefit Green had three interest rate swap agreements in the nominal amount of €142.5m (2023: €157.7m), which accounted for 19.8% (2023: 33.4%) of total borrowings.

At the same date, the weighted average effective interest rate of bank loans including the effect of interest rate swaps was 3.88% (31 December 2023: 3.75%).

The interest rate of Enefit Green's bank loans depends on the base interest rate: the level of the 3- or 6-month EURIBOR for borrowings denominated in euros, and the level of the 6-month WIBOR for borrowings denominated in Polish zloty. At 31 December 2024, a 1.0% percentage point rise in the average base interest rate would have had an impact of -€5.8m on Enefit Green's profit before tax for the year (31 December 2023: -€3.2m).

In January 2025, Enefit Green's management board approved a new interest rate risk mitigation framework.

Credit risk

Credit risk is the risk of a potential loss that occurs when a counterparty is unable to meet its contractual obligations. Cash at bank, long-term fixed-price PPAs, trade and other receivables and derivatives with a positive value are exposed to credit risk.

In the case of each long-term fixed-price PPA signed with a counterparty not belonging to the Eesti Energia group, we assess the potential credit risk and use appropriate credit risk mitigation measures, such as a credit limit, a parent company guarantee or a bank guarantee. We regularly monitor the counterparty's credit behaviour and creditworthiness. The amounts and due dates of obligations are spread out over different periods to prevent excessive exposure to credit risk.

At 31 December 2024, the counterparty to 90.2% of the long-term fixed-price PPAs was Eesti Energia AS (31 December 2023: 88.9%).

Liquidity risk

Liquidity risk is the risk that Enefit Green will not be able to discharge its financial obligations due to insufficient cash flow. Short-term liquidity risk is the risk that there is insufficient cash in Enefit Green's bank accounts to meet current payment obligations. Long-term liquidity risk is the risk that Enefit Green does not have enough cash available to cover future liquidity needs in implementing its business plan and to fulfil its obligations.

We mitigate short-term liquidity risk by keeping a sufficient cash buffer in our bank accounts to ensure that funds are available even when there is a deviation from the cash flow forecast.

To mitigate long-term liquidity risk, we regularly forecast the liquidity needs for the next 12 months to finance investments, make loan repayments and dividend payments, taking into account cash inflow from operating activities. In order to meet our liquidity needs, we maintain a sufficient liquidity buffer in the form of undrawn loans and unused credit limits (both short-term credit facilities and long-term investment loans).

LEGAL RISK

Legal risk is the risk that changes in legislation, either in Enefit Green's core markets or at the EU level, which affect Enefit Green's operations will prevent the company from achieving its business objectives.

We mitigate legal risk by monitoring the developments and planned changes in the regulatory environment, both in our core markets and at the EU level. We participate actively in public debates and discussions on the development of new legislation and make sure that our activities comply with legislation.

OPERATIONAL RISKS

Operational risks (incl. those related to development and operation) are risks that can arise from in-effective internal processes, employee errors, staff shortages, equipment failures and external events.

Technical and technological risks

The identification and management of the risks associated with physical assets and technological solutions used to achieve our business objectives along with the implementation of preventive measures help prevent or mitigate the occurrence of business risks and their adverse consequences.

We conduct criticality analyses, which are based on the risk assessments for components of production assets, to achieve the expected availability and operational reliability of our production assets with optimal resources. We apply risk-specific preventive measures in planning maintenance, repairs and inventories. In the case of emergencies, we take pre-planned actions to reduce their impact or duration. This approach ensures the business continuity of the organisation and production assets. We have transferred part of the availability risk to our contractual partners.

In September 2024, we signed an agreement with GE Vernova regarding the incident on 2 May 2023, when a wind turbine supplied by GE Vernova collapsed at the Akmenė wind farm that was under construction in Lithuania. GE Vernova replaced the wind turbine in the first half of 2024 and at 31 December 2024 all the wind turbines in the Akmenė wind farm were fully operational.

In 2024, we also focused on updating and testing the business continuity risk assessments and plans for our production assets. Business continuity planning includes services provided to achieve strategic business objectives and for district heating as a vital service.

IT risk (incl. cyber risk)

IT risk is the risk that Enefit Green will not be able to meet its business objectives or will suffer a loss due to flaws in IT solutions or due to 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 have established cybersecurity requirements for our business partners to help mitigate the IT risks associated with counterparties. It is also important to consistently raise the cyber security awareness of our employees.

In 2024, extensive preparations began for an audit in accordance with the Estonian Information Security Standard (an E-ITS audit). We assessed and identified all business-critical processes, and the assets associated with them. Work will continue on developing a plan for implementing measures, during which we will assess additional IT risks based on the business-criticality of the processes.

Fraud risk

Fraud is a deliberate act or failure to act on the part of a person belonging or not belonging to Enefit Green, which involves breach of legislation or rules by misleading, making false representations, abusing trust, withholding information or deceiving.

Enefit Green has zero tolerance to fraud. We respond to all incidents of fraud based on the nature of the case and strive to reduce the impacts on the company.

PHYSICAL CLIMATE RISK

Physical climate risk is the risk that, due to climate change, Enefit Green's development portfolio and production assets will be affected by physical climate risk factors, including changing wind conditions, more intense storms, snowfall and rainfall, floods and prolonged periods of high air temperatures. Given that our production portfolio primarily consists of wind farms, which are non-dispatchable production assets, we are highly dependent on wind conditions.

We take these risks into account in the planning and construction of our development projects, the maintenance of newly completed and operating assets, and production forecasts. We transfer the risk through all-risk insurance.

ENVIRONMENTAL RISKS

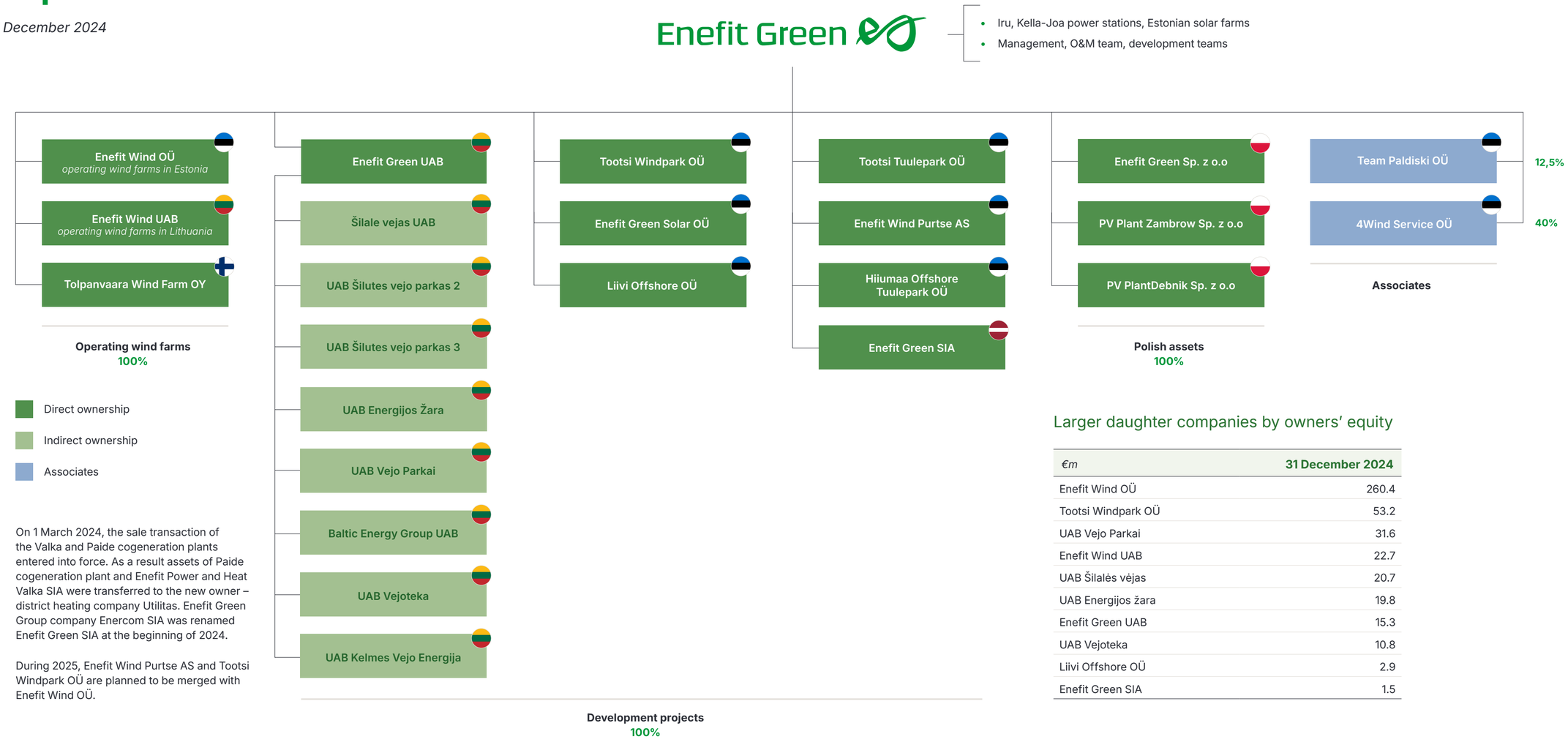
We define environmental risk as a situation in which Enefit Green's activity or failure to act causes damage to the environment that exceeds permissible limits and does not comply with the agreed requirements, including the conditions specified in environmental permits.

Our environmental risk management measures are aimed at preventing the occurrence of these risks. We update them to reflect changes in Enefit Green's strategy, operations and organisational structure.

For further details on environmental risk management, see the environmental part of the sustainability report.

Group Structure

As at 31 December 2024



On 1 March 2024, the sale transaction of the Valka and Paide cogeneration plants entered into force. As a result assets of Paide cogeneration plant and Enefit Power and Heat Valka SIA were transferred to the new owner – district heating company Utilitas. Enefit Green Group company Enercom SIA was renamed Enefit Green SIA at the beginning of 2024.

During 2025, Enefit Wind Purtse AS and Tootsi Windpark OÜ are planned to be merged with Enefit Wind OÜ.

Larger daughter companies by owners' equity

€m	**31 December 2024**
Enefit Wind OÜ	260.4
Tootsi Windpark OÜ	53.2
UAB Vejo Parkai	31.6
Enefit Wind UAB	22.7
UAB Šilalės vėjas	20.7
UAB Energijos žara	19.8
Enefit Green UAB	15.3
UAB Vejoteka	10.8
Liivi Offshore OÜ	2.9
Enefit Green SIA	1.5

Analysis of Financial Results

Group Performance in 2024

In 2024, Enefit Green's operating income decreased by 4%, while operating expenses (excluding depreciation and amortisation) declined by 15% compared to 2023. As a result, the group's EBITDA improved by 8% to €114.8m and net profit increased by €14.5m to €70.3m

IMPACT OF ASSETS SOLD ON GROUP PERFORMANCE

The comparison of the group's performance indicators for 2024 with those for 2023 is affected by the sale of the Brocēni CHP plant and pellet factory, which was completed in Q4 2023, and the sale of the Paide and Valka CHP plants, which was completed in March 2024 ('assets sold').

The group's results for 2023 include operating income of €43.9m, operating expenses of €35.6m and EBITDA of €8.3m related to the assets sold. The same figures for 2024 are operating income of €7.2m (including sales gain of €5.0m), operating expenses of €1.6m and EBITDA of €5.6m.

In the next parts of the report, the term 'continuing business' is used in the context of figures and indicators from which the impact of the assets sold has been eliminated.

PRODUCTION AND SALE OF ELECTRICITY AND HEAT

The group's total electricity production increased by 540 GWh (+40%) to 1,883 GWh and production from new wind and solar farms completed and under construction increased by 561 GWh during the year. Heat production decreased by 188 GWh (-31%) over the year. The decrease in heat production was mainly due to the assets sold. The impact of the assets sold on electricity and heat production is shown in the table below.

Electricity production and sales and heat

GWh	2024	2023	Change	Change %
Electricity production, net	1,883	1,343	540	40%
Of which from new wind and solar farms	821	259	561	216%
Of which from assets sold	4	43	(39)	(90)%
Electricity sales[1]	2,417	1,736	681	39%
Heat production	415	604	(188)	(31)%
Of which from assets sold	21	188	(167)	(89)%

1 The difference between the quantities of electricity sold and produced is attributable to differences between sales under baseload PPAs and wind energy production profiles as well as day-ahead forecasts and unrealised production, which is covered by purchases from Nord Pool and/or the energy imbalance market.

Operating income

Operating income decreased by €9.2m in 2024, the figure reflecting a €20.3m decrease in revenue and a €11.1m increase in renewable energy support and other operating income. Operating income from the continuing business increased by €27.6m, the figure including revenue growth of €19.9m and growth in other operating income of €7.7m.

Consolidated income statement

€m	2024	2023	Change	Change %
Total operating income	**220.9**	**230.1**	**(9.2)**	**(4)%**
Revenue	185.5	205.8	(20.3)	(10)%
Renewable energy support and other operating income	35.4	24.3	11.1	46%
Total operating expenses (excl. D&A)	**106.1**	**124.2**	**(18.1)**	**(15)%**
Electricity purchase costs	56.6	48.4	8.2	17%
Other variable costs	7.5	31.8	(24.3)	(76)%
Fixed costs	42.0	44.0	(2.0)	(5)%
EBITDA[2]	**114.8**	**105.9**	**8.9**	**8%**
Depreciation, amortisation and impairment (D&A)	39.1	40.6	(1.5)	(4)%
Operating profit	**75.7**	**65.3**	**10.4**	**16%**
Net finance income (costs)	(0.1)	0.1	(0.2)	(200)%
Profit from associates under the equity method	0.04	0.07	(0.03)	(42)%
Income tax	5.3	9.7	(4.4)	(45)%
Net profit	**70.3**	**55.8**	**14.5**	**26%**
Impact of assets sold on income statement line items				
Total operating income	7.2	43.9	(36.7)	(84)%
Total operating expenses (excl. D&A)	1.6	35.6	(34.0)	(95)%
EBITDA[2]	**5.6**	**8.3**	**(2.7)**	**(33)%**
Depreciation, amortisation and impairment (D&A)	0.0	4.7	(4.7)	(100)%

2 EBITDA – earnings before net finance income or costs, profit or loss from associates under the equity method, tax, depreciation, amortisation and impairment losses.

REVENUE

Revenue from the continuing business grew by €19.9m, driven by electricity revenue, which grew by €20.0m due to higher electricity production (+579 GWh, +45%). In 2024, the average electricity price[1] in the group's core markets was €83.3/MWh (2023: €92.7/MWh) and the group's average implied captured electricity price[2] was €67.1/MWh (2023: €89.0/MWh).

The implied captured electricity price differs from the average market price in the group's core markets, because it takes into account long-term fixed-price power purchase agreements (PPAs), renewable energy support, purchases of balancing energy, electricity purchases from the Nord Pool day-ahead and intraday markets, and the fact that the renewable energy generation profile differs significantly from the baseload profile.

The group's average price of electricity supplied to the market in 2024 was €60.9/MWh (2023: €73.0/MWh). The amount of electricity supplied to the market in 2024 was 1,129 GWh compared with 783 GWh in 2023.

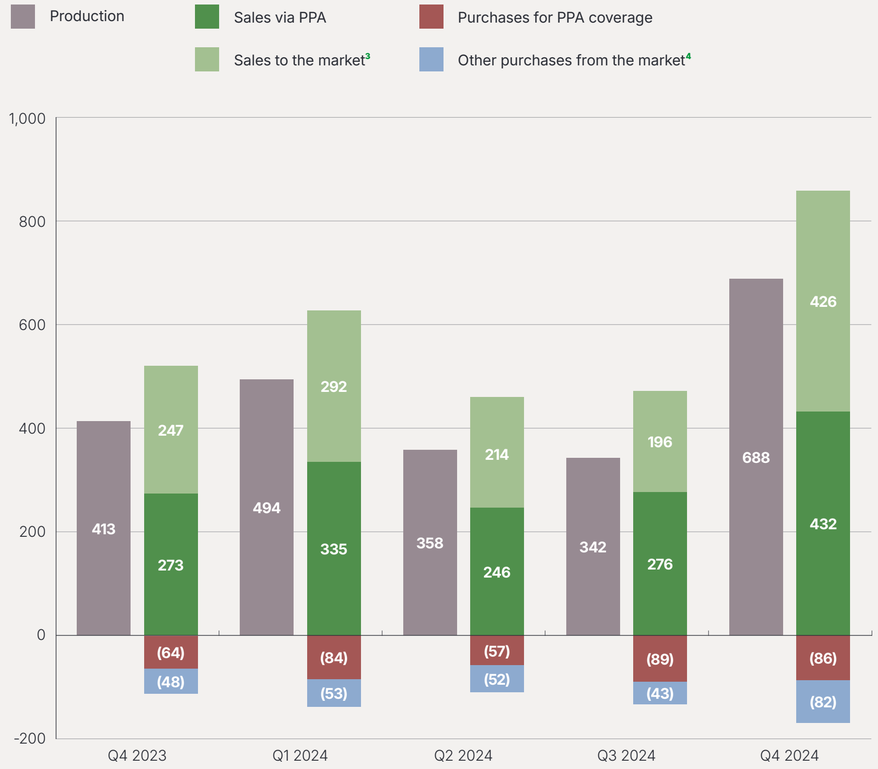
In 2024, 1,288 GWh of the group's electricity production was covered by PPAs at an average price of €67.7/MWh. In 2023, 953 GWh of electricity was supplied under PPAs at an average price of €86.9/MWh. The average price of electricity sold under PPAs has decreased significantly compared to 2023 because the supply periods under the PPAs signed in Estonia, Lithuania and Finland in 2021 at relatively low prices began in Q1 2024. The share and prices of production covered by PPAs in future periods are disclosed in the risk management chapter.

An overview of the amounts of electricity produced, purchased and sold, the realised prices and the resulting implied captured electricity price in 2024 and 2023 is presented in the chart on the right and table below.

1 Production-weighted average market price in the group's core markets

2 (electricity sales revenue + renewable energy support and efficient cogeneration support + revenue from sale of guarantees of origin – cost of electricity purchases from the power exchange – cost of balancing energy purchases) / production

Electricity produced, purchased and sold



3 Sales to the market include sales transactions on the power exchange and the balancing market.

4 Other purchases from the market include purchases from the power exchange and the balancing market, excl. purchases to cover PPAs.

Average electricity prices

Prices, €/MWh	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	2023	2024
Core markets' average electricity price[1]	93.1	87.0	72.2	87.5	91.3	92.7	83.3
Price of electricity sold to the market	64.1	77.6	52.5	50.1	58.5	73.0	60.9
PPA price	91.2	75.0	68.2	60.7	66.4	86.9	67.7
Realised purchase price	121.5	106.1	80.4	107.0	98.8	110.2	99.0
Implied captured electricity price[2]	80.3	81.4	69.7	50.3	63.8	89.0	67.1

1 Production-weighted average market price in the group's core markets. This is the arithmetic price that the group would receive if it sold all its production on the power exchange without any profile discount, if its farms did not receive any support, if no balancing costs were incurred on the forecast result and if no PPA contracts were signed.

2 (electricity sales revenue + renewable energy support and efficient cogeneration support + revenue from sale of guarantees of origin – cost of electricity purchases from the power exchange – cost of balancing energy purchases) / production

In 2024, we purchased 546 GWh of electricity from the market at an average price of €99.0/MWh, compared with 411 GWh at an average price of €110.2/MWh in 2023 (the prices and volumes exclude the electricity purchased for pellet production in 2023).

The increase in the volume of electricity purchased (+135 GWh) is the result of both higher purchases for PPAs (+88 GWh) and an increase in production volume, which increased the volume of other purchases (+47 GWh). The volume of electricity purchased to meet PPA obligations was higher than expected in 2024 due to delays in the start of production from wind farms under construction.

The realised purchase price decreased compared to 2023, in line with the overall decrease in market prices, but the relative difference between the purchase and sales prices increased due to a higher wind discount. Wind discounts increased slightly compared to the previous year. Enefit Green's wind discounts in Estonia and Lithuania were similar to the overall market level, increasing by 3.9 and 0.6 percentage points over the year in Estonia and Lithuania, respectively.

The low correlation of production with other Finnish wind farms and the curtailment of generation capacity during periods of excessively low electricity prices helped Enefit Green to significantly reduce its Finnish wind energy discount compared to the market average. Wind discounts are also discussed in the operating environment chapter of this report.

Heat revenue from the continuing business increased by €2.1m to €5.5m. The increase in heat revenue was due to an increase in the heat price of €5.9/MWh (+73%) compared to the previous year, while heat production from the continuing business decreased by 21 GWh to 395 GWh (2023: 416 GWh).

RENEWABLE ENERGY SUPPORT AND OTHER OPERATING INCOME

Other operating income from the continuing business increased by €7.7m to €30.3m (2023: €22.6m). Renewable energy support for the continuing business increased by €1.5m to €22.4m. The renewable energy support is linked to the amount of electricity produced by eligible wind and solar farms in Estonia, the Iru CHP plant and solar farms in Poland.

The renewable energy support received for eligible generation assets located in Estonia increased by €0.9m. The eligibility period for the Purtse wind farm started in Q2 2024, which increased the amount of support received by €1.2m year-on-year, and the eligibility period for the Aseriaru wind farm ended in October, which reduced the support received in Q4 by €0.6m year-on-year. The support received in Poland increased by €0.6 million compared to 2023 because the market price of electricity (€96.1/MWh) was lower than the prices fixed in the Contracts for Difference (€125–134/MWh). As a result, Enefit Green was compensated for the difference between the market price and the fixed price.

Other operating income in 2024 and 2023 was significantly influenced by gains on the sale of production assets: the gain on the sale of the Brocēni CHP plant and pellet factory completed in Q4 2023 (€1.0m) and the gain on the sale of the Paide and Valka CHP plants completed in Q1 2024 (€5.0m).

Other operating income for Q3 2024 included €5.3m of income related to a settlement reached between Enefit Green and GE Vernova in connection with an incident during the construction of the Akmenė wind farm, which resulted in the collapse of a wind turbine. As a result of the negotiations, Enefit Green and GE Vernova agreed on an amendment to the Akmenė wind farm turbine supply

contract signed between the parties, including compensation of €8.2m, of which €3.9m was paid by GE Vernova to Enefit Green in cash and the remaining amount was offset against reciprocal receivables and liabilities. Of the €8.2m, €5.3m was recognised as other operating income and €1.6m as a reduction of previously made investments. GE Vernova and Enefit Green also entered into additional agreements totalling €1.3m, which had no impact on Enefit Green's financial results.

Operating expenses

ELECTRICITY PURCHASE COSTS

Electricity purchase costs include the cost of purchases from the power exchange and the balancing market as well as directly attributable administrative expenses. Compared to 2023, electricity purchase costs increased by €8.3m. Electricity purchase costs for the continuing business increased by 25% to €56.6m in 2024. The increase in the volume of electricity purchased (+135 GWh) is due to both purchases related to PPAs (+88 GWh) and growth in the production volume, which increased the volume of other purchases (+47 GWh). An overview of the volumes and prices of electricity purchases is presented in the revenue section above. The impact of the price and volume of electricity purchased on the group's EBITDA is presented in the EBITDA section of this chapter.

FIXED COSTS

Fixed costs are costs that are not directly related to the production volume. In 2024, fixed costs decreased by €2.0m (-5%) to €42.0m. The impact of the assets sold on the decrease in fixed costs was €5.4m. Fixed costs for the continuing business increased by €3.4m (+9%) to €41.3m, including an increase of €2.2m in the maintenance and repair costs of production assets and an increase of €1.3m in land costs related to production assets and development projects.

Development of fixed costs

	Total			Continuing business			Assets sold		
€m	2024	2023	Change	2024	2023	Change	2024	2023	Change
Fixed costs	**42.0**	**44.0**	**-2.0 (-5%)**	**41.3**	**38.0**	**3.4 (+9%)**	**0.6**	**6.0**	**-5.4 (-90%)**
Maintenance costs	18.0	18.4	-0.3 (-2%)	18.0	15.9	2.2 (+14%)	0.0	2.5	-2.5 (-100%)
Land costs	4.4	3.1	1.3 (+42%)	4.4	3.1	1.3 (+43%)	0.0	0.0	-0.0 (-100%)
Payroll expenses	9.1	10.8	-1.7 (-16%)	8.9	8.1	0.7 (+9%)	0.2	2.7	-2.4 (-92%)
Other	10.4	11.7	-1.3 (-11%)	10.1	10.9	-0.8 (-8%)	0.4	0.9	-0.5 (-55%)

The increase in maintenance costs is related to the addition of maintenance costs for assets that started production in 2023. The growth in land costs is partly related to the addition of the land costs and taxes for new operating assets and the land costs for projects in the pre-development stage. Payroll expenses for the continuing business grew by €0.7m (+9%).

At the end of 2024, the group had 132 employees (2023: 154, including 133 in the continuing business).

OTHER VARIABLE COSTS

Other variable costs are costs related to the production volumes, which vary according to the intensity of production. These costs include direct and indirect costs incurred in the production process, excluding electricity purchase costs and fixed costs.

In 2024, other variable costs decreased by €24.3m (-76%), of which €25.5m was related to the assets sold. Variable costs for the continuing business increased by €1.2m, of which €1.7m was related to the Iru CHP plant. The main driver of the increase in the variable costs of the Iru CHP plant was the

increase in pollution charges (€1.1m) – a new, 12 times higher CO_2 emission charge (€25/t) for heat producers took effect on 1 July 2024. As heat prices are regulated in Estonia, the increase in the pollution charge was passed on to the price of heat sold by Enefit Green. The increase in the variable costs of the Iru CHP plant is further explained in the chapter on the cogeneration segment.

EBITDA

Group's EBITDA change by drivers, €m

In 2024, the decrease in the price of electricity sold reduced EBITDA by €33.0m compared to the previous year. Due to the increase in production volume, the amount of electricity sold increased significantly, improving EBITDA by €54.4m compared to 2023. As the volume of electricity sold under PPAs increased significantly, the volume of electricity purchased to balance the electricity portfolio also increased, reducing EBITDA by €15.4m year-on-year. The overall effect of these items on EBITDA was influenced by both the volume and profile of electricity generation during the period.

The impact of the assets sold on EBITDA was negative at €2.7m.

The Iru CHP plant, excluding fixed costs and the impacts of electricity price and volume, reduced EBITDA by €1.2m. The figure reflects the effects of heat energy, gate fees and technological fuel (mainly natural gas). The results of the Iru CHP plant are described in more detail in the chapter on the cogeneration segment.

The increase in the fixed costs of the continuing business reduced EBITDA by €3.4m compared to the previous year. Further information on this is provided in the operating expenses section above and in the chapters on the group's operating segments.

DEPRECIATION, AMORTISATION AND IMPAIRMENT (D&A)

D&A expenses decreased by €1.4m (-4%) compared to 2023, of which €4.7m was due to the assets sold. The figure for the continuing business increased by €3.3m (+9%) due to the recognition of new assets in 2024.

The Purtse wind farm (D&A for 2023 €0.6m, D&A for 2024 €1.0m) and the Purtse solar farm (D&A for 2023 €0.3m, D&A for 2024 €0.5m) in Estonia were recognised as depreciable non-current assets in Q3 2023 and the Zambrow solar farm in Poland (D&A for 2023 €80k, D&A for 2024 €0.2m) and the Estonia solar farm in Estonia (D&A for 2023 €7k, D&A for 2024 €86k in 2024) in Q4 2023.

The Tolpanvaara wind farm in Finland (D&A for 2024 €1.9m) and the Debnik solar farm in Poland (D&A for 2024 €44k) were recognised as depreciable non-current assets in Q3 2024.

D&A expenses are expected to increase in 2025 due to the completion of major development projects in Estonia and Lithuania.

NET FINANCE INCOME AND COSTS

The change in net finance income and costs was negative at €0.2m. Interest expense on bank loans increased by €12.2m year-on-year to €25.1m, but 98% of the loan interest was capitalised due to the construction period of the assets. Interest expense recognised in the income statement is expected to increase in 2025, as the completion of development projects in Estonia and Lithuania will reduce the share of interest expense that is capitalised.

INCOME TAX

Income tax expense decreased by €4.4m compared to 2023 due to a lower dividend distribution and therefore lower income tax expense in Estonia.

NET PROFIT

The group's net profit increased by €14.5m (+26%) to €70.3m in 2024.

OPERATING INCOME **€ 220.9 m**	▼ –4%
EBITDA **€ 114.8 m**	▲ +8%
NET PROFIT **€ 70.3 m**	▲ +26%
RETURN ON INVESTED CAPITAL (ROIC)[1] **5.2%**	▼ –0.5 pp
RETURN ON EQUITY (ROE)[2] **9.2%**	▲ +1.4 pp

1 Return on invested capital (ROIC) = Operating profit for the last 12 months / invested capital
2 Return on Equity (ROE) = net profit for the last 12 months / equity

RETURN ON INVESTED CAPITAL AND RETURN ON EQUITY

Return on invested capital (ROIC) decreased by 0.5 percentage points year-on-year due to the increase in the volume of invested capital - a large part of the investments made during the year were in assets under construction, which are not yet fully operational. Return on equity (ROE) increased due to the increase in net profit, driven by higher operating profit and lower income tax expense.

Investment

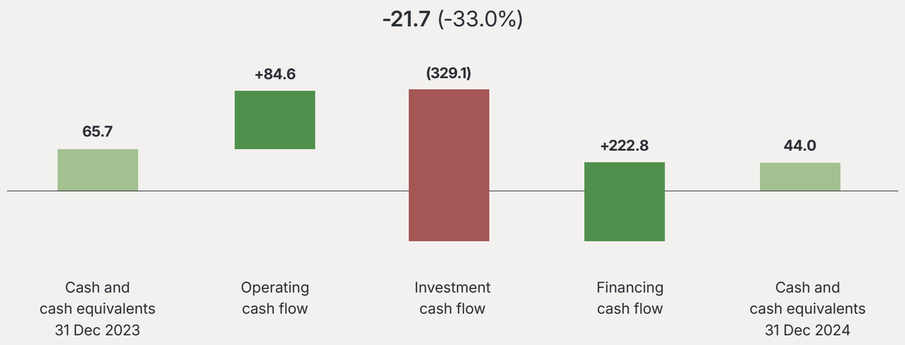
The Group's investments in 2024 amounted to €389.6m, €34.0m more than in 2023. The increase was driven by development investments, which totalled €384.2m. Of this, €324.1m was invested in the construction of new wind farms: €200.9m in the Sopi-Tootsi wind farm and €102.7m in the Kelmė wind farms, including €47.4m in Kelmė I and €52.5m in Kelmė II. As regards solar developments, the largest investments were made in the Sopi solar farm (€28.4m) and the Latvian solar farms (€6.8m). Baseline investments (expenditure for the maintenance and improvement of existing assets) amounted to €5.4m in 2024 (2023: €5.1m) and were mainly related to wind farms in Estonia (€4.4m) and the Iru CHP plant (€1.0m).

At 31 December 2024, the carrying amounts of the non-current assets of the group's operating segments were as follows: Wind energy €1,245.9m (of which 53% in construction), Cogeneration €90.8m (of which 0% in construction), Solar energy €104.5m (of which 41% in construction) and Other €65.5m.

At 31 December 2024, the assets of the Wind energy segment included goodwill of €23.6m (2023: €23.6m), the assets of the Cogeneration segment included goodwill of €32.4m (2023: €32.4m) and the assets of the Solar energy segment included goodwill of €2.2m (2023: €2.2m).

Cash flows

Liquidity development in 2024, €m



Cash inflow from operating activities amounted to €84.6m, consisting of cash inflow from operating activities of €117.1m, cash outflow from interest paid and borrowing costs of €28.2m, cash inflow from interest received of €1.1m and cash outflow from income tax paid of €5.4m.

Cash outflow from investing activities was €329.1m, consisting of investments in property, plant and equipment and intangible assets of €346.5m and proceeds from the sale of businesses of €17.4m.

Cash inflow from financing activities consisted of inflows from bank loans received of €355m and outflows from loan repayments of €108.5m, lease payments of €0.3m and dividends paid of €27.7m and receipts from the realization of interest rate swap agreements (€4.3m).

Financing

The Enefit Green group finances its activities through equity and debt. In 2024, we continued to raise additional capital by entering into new loan agreements and drawing down previously secured loans to finance the development programme of new wind and solar farms that was launched in 2021.

During the year, we signed new loan agreements and amended existing ones for a total of €180m. In June, we signed an amendment to the loan agreement with Swedbank, increasing the loan amount from €50m to €100m. In August we signed a new 8-year loan agreement for €100m with EBRD and in September we signed a new revolving credit facility agreement of €20m with OP and extended the €10m revolving credit facility agreement with SEB.

At 31 December 2024, the amount of investment loans raised but not yet drawn was €165m.

In addition to the investment loans, Enefit Green has three revolving credit facilities totalling €50m, which will mature in the period 2026–2027. At 31 December 2024, all the facilities were undrawn.

At 31 December 2024, the amortised cost of the group's interest-bearing liabilities was €734.5m (31 December 2023: €486.4m). The figure consists of bank loans and lease liabilities of €724.9m and €9.5m, respectively.

The average interest rate on bank loans drawn down as at 31 December 2024 was 3.90% (31 December 2023: 4.09%). The base rates at the end of 2024 were lower than a year earlier. During the year, the 3-month EURIBOR decreased by 1.20 percentage points to 2.71% and the 6-month EURIBOR decreased by 1.29 percentage points to 2.57%. At 31 December 2024, the interest rate risk of 19.8% of the loans drawn by Enefit Green was hedged with interest rate swaps.

LOAN COVENANTS

The group's loan agreements include covenants, which set certain limits to the group's consolidated financial indicators. At the end of 2024 and 2023, the group was in compliance with all loan terms and conditions, including the covenants.

FINANCING RATIOS

The group's management determines the maximum level of debt by reference to financial leverage, the ratio of net debt to EBITDA and the interest coverage ratio (interest cover). At the end of 2024, the level of borrowings was higher than a year earlier due to ongoing investments in new wind and solar farms.

€m	31.12.2024	31.12.2023
Interest-bearing liabilities	734.5	486.4
Less cash and cash equivalents	(44.0)	(65.7)
Net debt	**690.5**	**420.7**
Equity	760.3	717.2
Invested capital	**1,450.7**	**1,137.9**
EBITDA	114.8	105.9
Financial leverage[1]	48%	37%
Net debt / EBITDA	6.0	4.0
Interest cover[2]	4.5	7.9

[1] Financial leverage = net debt / invested capital

[2] Interest cover = EBITDA for the last 12 months / interest expense

Segment reporting

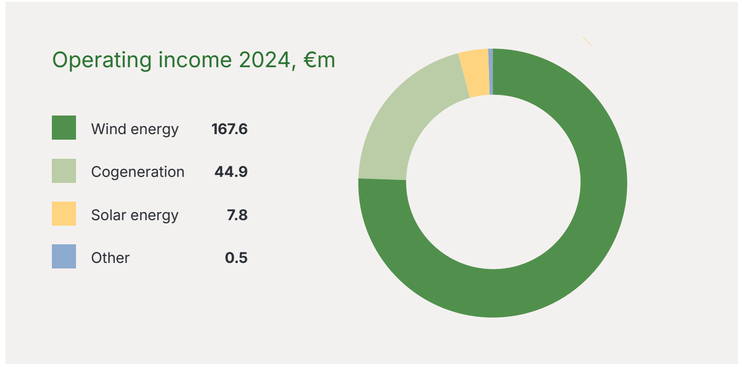
The group has identified three main business areas, which are presented as separate reportable segments, and less significant business activities and functions, which are presented in Other. The management board of Enefit Green assesses the group's financial performance and makes management decisions on the basis of segment reporting whereby the reportable operating segments of Enefit Green AS have been identified by reference to the main areas of activity of its business units. All production units operated by the group have been divided into operating segments based on the way in which they produce energy. Other internal structural units have been included in the segment Other.

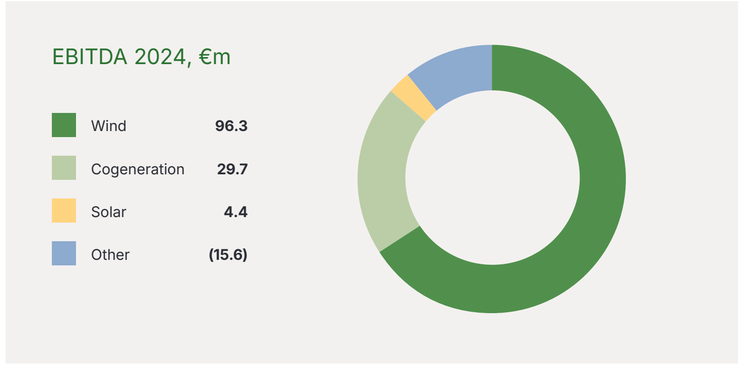
1. **Wind energy.** The segment comprises the group's operating wind farms and wind farm developments that have an investment decision. From Q1 2024, the costs of wind farm development teams and the development costs of wind energy projects without an investment decision are included in the

segment Other and not the Wind energy segment (the figures for the comparative period have been adjusted accordingly).

2. **Cogeneration.** Until the end of 2023, the segment comprised the Iru, Paide, Valka and Brocēni cogeneration (CHP) plants and a pellet factory. The sale of the Paide, Valka and Brocēni CHP plants and the pellet factory was announced in Q4 2023. The sale of the Brocēni CHP plant and the pellet factory took place before the end of 2023. The sale of the Paide and Valka CHP plants was completed on 1 March 2024. Since the completion of the sale of the Paide and Valka CHP plants, the Cogeneration segment has consisted of the Iru cogeneration plant.
3. **Solar energy.** The segment comprises operating solar farms and solar farm developments. From Q1 2024, the management costs of the development of solar farms and the development costs of solar projects without an investment decision are included in the segment Other and not in the Solar energy segment (the figures for the comparative period have been adjusted accordingly).
4. **Other.** The segment comprises hydropower, hybrid renewable energy solutions, and central development and management units. From Q1 2024, the segment also includes the costs of the teams involved in the development of wind and solar farms as well as offshore wind farm developments and wind and solar farm development projects without an investment decision (the figures for the comparative period have been adjusted accordingly). 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.

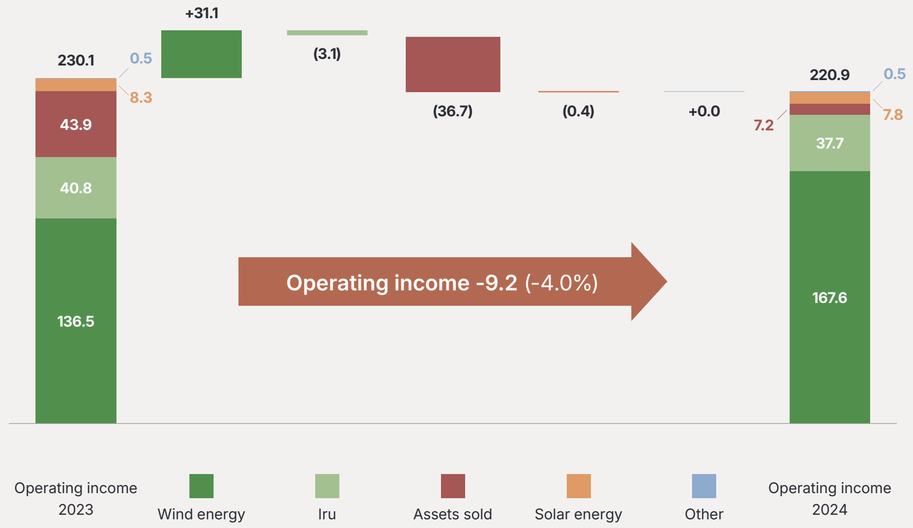
OPERATING INCOME BY SEGMENT



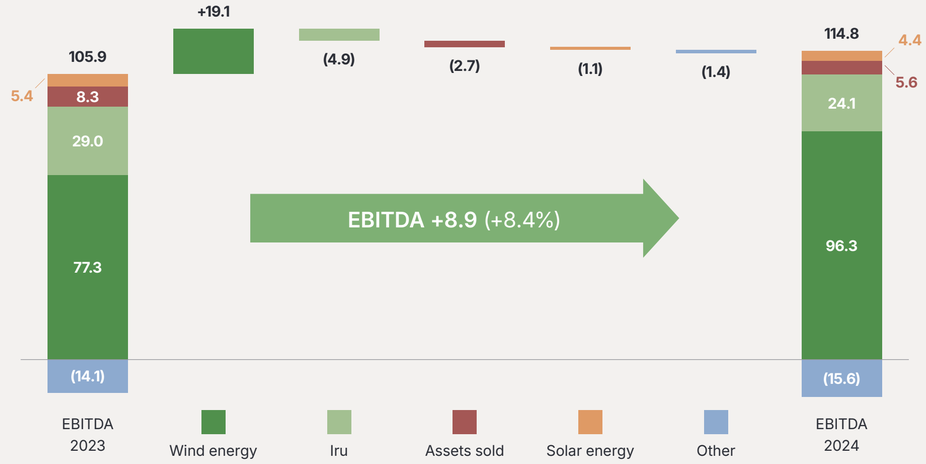


In terms of operating income and EBITDA, the group's largest segment is Wind energy, which accounted for 76% of operating income and 84% of EBITDA in 2024. The Cogeneration segment contributed 20% of operating income and 26% of EBITDA. The smallest reportable segment is Solar energy, which accounted for 4% of operating income and 4% of EBITDA in 2024.

Operating income by segment, €m



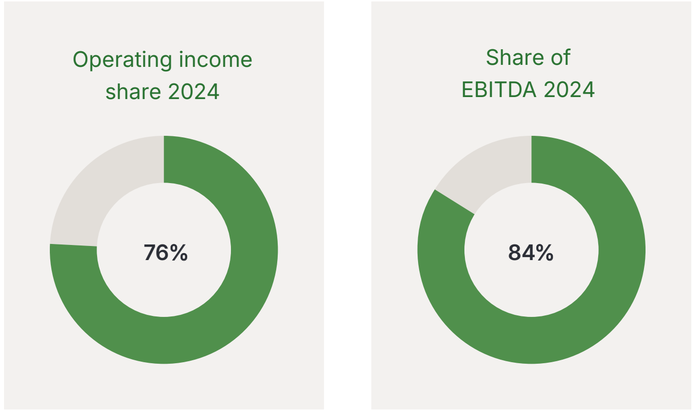
Group's EBITDA breakdown and change, €m



In segment terms, the strongest EBITDA growth came from the Wind energy segment. A more detailed analysis by segment is presented in the respective segment chapters. In Q1 2024, the group adjusted the allocation of income and expenses to segments (the figures for the comparative period have been adjusted accordingly). Before Q1 2024, the Wind energy and Solar energy segments included their respective payroll expenses and predevelopment costs of development projects without an investment decision, and the Wind energy segment also included the costs of offshore wind developments. From Q1 2024, the Wind energy and Solar energy segments include the financial impacts of their operating assets and development projects with an investment decision.

The EBITDA of the segment Other mainly includes general administrative expenses, the payroll expenses for employees involved in the Wind energy and Solar energy segments, and the costs of development projects without an investment decision. The segment also includes the Keila-Joa hydroelectric facility and the renewable energy solution on the island of Ruhnu. The loss of the segment Other increased by €1.4m.

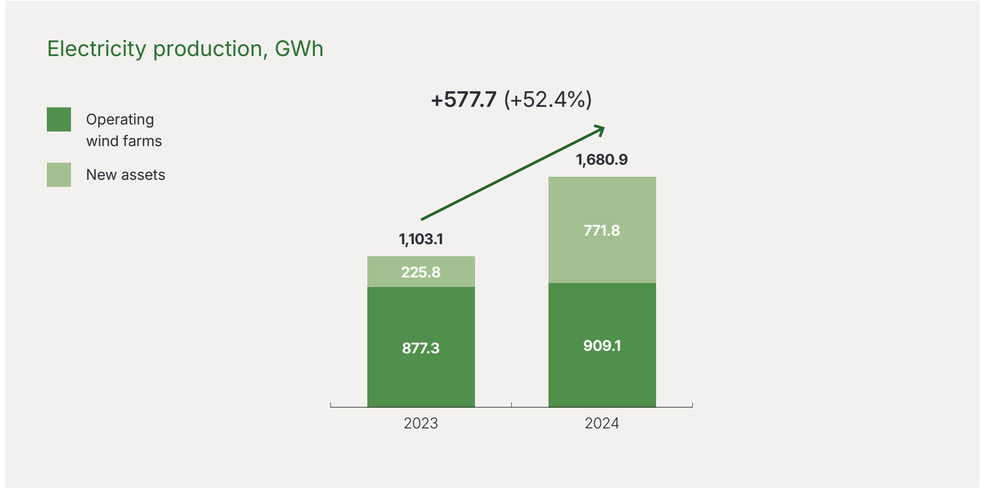
Wind energy segment



The Wind energy segment comprises the group's operating wind farms and wind farm developments with an investment decision. From Q1 2024, the expenses for wind energy development teams, wind farm developments without an investment decision and offshore wind developments are included in the segment Other and not in the Wind energy segment.

WIND POWER PRODUCTION

Wind power generation at the group's Estonian and Lithuanian wind farms grew by 44% and 31% year-on-year, respectively. In Finland, the output of the Tolpanvaara wind farm multiplied. Total wind energy production for the year was 1,681 GWh, up 52% (+578 GWh). All of the increase came from new wind farms (including those under construction), which contributed 772 GWh to the annual wind energy production. Among the new wind farms, production was highest at Sopi-Tootsi (+200 GWh), Tolpanvaara (+168 GWh) and Akmenė (+146 GWh).



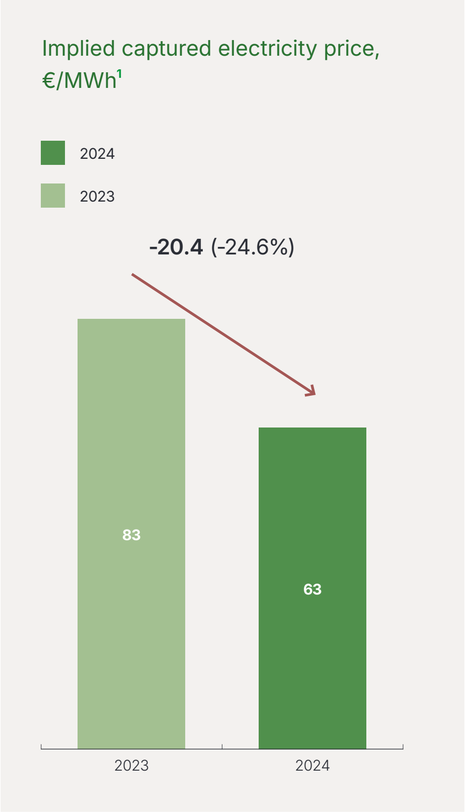
The availability of the group's operating wind farms was 95.5%, which is slightly above target. See the asset management chapter for further information about the availability of the group's production assets.

Due to weaker than expected wind conditions (P50 forecast), the electricity produced by our operating wind farms in 2024 was around 43 GWh lower than it would have been in a year of average wind conditions. See the operating environment chapter for further information about wind conditions.

Wind power production by countries and operating and new wind farms (new – under construction or completed during the year)

GWh	2024	2023	Change	Change
Estonian wind farms	763	529	234	44%
of which operating	526	505	21	4%
of which new	238	24	214	892%
Lithuanian wind farms	737	562	175	31%
of which operating	383	373	10	3%
of which new	354	190	164	86%
Finnish wind farm	180	12	168	1,400%
TOTAL	**1,681**	**1,103**	**577**	**52%**

ELECTRICITY PRICES



[1] (Electricity sales revenue + renewable energy support and efficient cogeneration support – electricity purchases on the Nord Pool day-ahead and intraday market – balancing energy purchases) / production

The implied captured electricity prices of our Estonian, Lithuanian and Finnish wind farms depend on the combination of the market price and PPAs. In 2024, the Estonian wind farms' implied captured electricity price including support was €84.9/MWh (19% lower than in 2023). The Lithuanian wind farms' average implied captured electricity price was €49.1/MWh (23% lower than in 2023) and the average implied captured electricity price of the Finnish wind farm was €22.8/MWh (45% lower than in 2023). The implied captured electricity price in all countries was affected by lower prices on the Nord Pool market and a lower average PPA price. The supply period under the PPAs signed in 2021 at a lower price, which began in 2024, lowered the average PPA price for Estonian wind farms by €11.1/MWh and for Lithuanian wind farms by €17.7/MWh. Although production volumes were lower than expected (mainly due to delays in the start of energy production at wind farms under construction), active portfolio management in the Baltic markets helped to keep the ratio of purchases made to balance the PPAs to the total contracted volume under PPAs at a slightly lower level than in the previous year. The share of the total PPA volume purchased from the market in 2024 was 15.8% in Estonia and 29.1% in Lithuania. In 2024, the Estonian and Lithuanian wind discounts were at a similar level, resulting in comparable power purchase prices: €109.8/MWh in Estonia and €110.1/MWh in Lithuania.

In addition to the market price of electricity, our Estonian wind farms whose eligibility period has not expired receive renewable energy support in the form of feed-in premium (FiP) at the rate of €53.7/MWh. While the eligibility period of the Aseriaru wind farm (24 MW) expired in Q4 2024, the eligibility period of the Purtse wind farm (21 MW) began in Q2 2024.

OPERATING INCOME

In 2024, the segment's operating income increased by €31.1m (+22.8%) due to increased production from new wind farms, including those under construction. The main growth driver was electricity revenue, which increased by €23.4m (+19.5%) to €143.3m.

The Wind energy segment’s operating income for 2024 was significantly improved by the settlement reached in Q3 with GE Vernova regarding the incident at the Akmenė wind farm in May 2023. Of the agreed settlement amount, €5.3m was recognised as other operating income. For further information about the effects of the transaction, see the renewable energy support and other operating income section in the group performance chapter.

The segment's operating income was further improved by a €1.4m increase in renewable energy support for Estonian wind farms, mainly due to the start of the support period for the Purtse wind farm (€1.2m) in Q2 2024 and increased production from other supported wind farms. The share of Estonian renewable energy support in other operating income will decrease in the coming years. In Q4 2024, the support period for the Aseriaru wind farm (24 MW) ended, which reduced renewable energy support by €0.6 million year-on-year. The 12-year support periods for the Viru-Nigula (21 MW), Narva (39.1 MW) and Paldiski I and II (2 x 22.5 MW) wind farms will end in 2025.

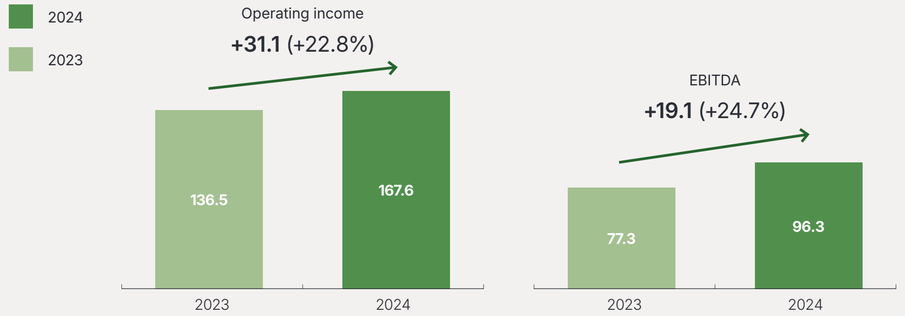
OPERATING EXPENSES

The segment's operating expenses increased due to the cost of electricity purchased to balance the PPA portfolio (+€6.6m) and balancing energy purchases (+€4.6m), which were offset by a decrease in the market price of electricity (-€11.2/MWh). Operating costs were also influenced by the provision of system services, which was recognised as a reduction of electricity purchase. For further information about system services, see the asset management chapter.

Other operating expenses (excluding electricity purchased from the power exchange, balancing energy purchases and D&A) increased by €1.7m compared to 2023 (+9%). The main growth drivers were higher maintenance and repair costs for wind farms (+€1.0m) and land-related costs (+€0.5m). The increase in maintenance and repair costs was mainly due to the maintenance fees (+€1.1m) for the new wind farms (Tolpanvaara, Akmenė, Šilale II) whose maintenance periods started in 2024. Research and consultancy costs for wind farms under development decreased during the year (-€0.6m).

EBITDA

Operating income and EBITDA, €m



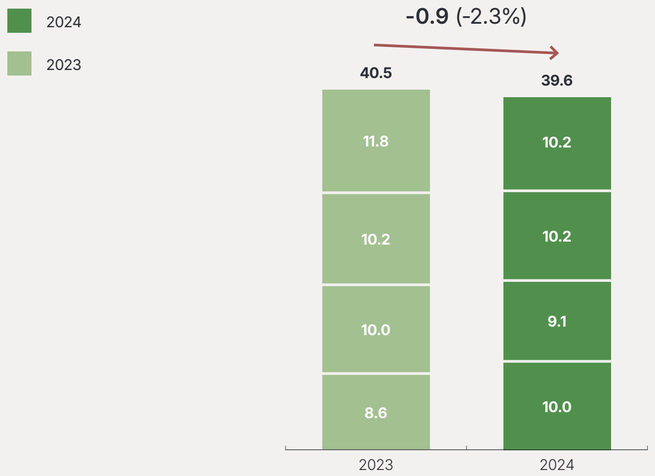
The Wind energy segment's EBITDA grew to €96.3m (2023: €77.3m), mainly due to higher electricity production from new wind farms, including those under construction. The EBITDA of wind farms classified as operating before the reporting period increased by €4.0m while the EBITDA of new wind farms (including those under construction) increased by €15.1m.

OPERATING EXPENSES PER MW

Based on the expenses of the companies holding the group's operating wind farms (Enefit Wind OÜ and Enefit Wind UAB), which are part of the Wind energy segment, wind farm operating expenses (excl. D&A, balancing energy purchases and the cost of electricity purchased to service PPAs) per installed capacity (MW) decreased by 2.3% (from €40.5k per MW to €39.6k per MW).

For comparability purposes, the above chart and calculations do not include new wind farms that were classified as operating assets in 2023 and 2024. From Q3 2023, Purtse with a capacity of 21 MW, and from Q3 2024, Tolpanvaara with a capacity of 72 MW were classified as operating wind farms. The average operating expenses of the Purtse wind farm increased to €23.2/MW in 2024 (2023: €16.1/MW). The average operating expenses of the Tolpanvaara wind farm were €19.4/MW in 2024.

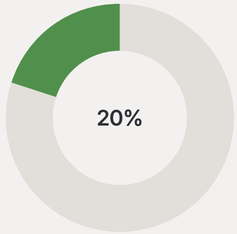
Operating expenses per MW in Enefit Wind OÜ and Enefit Wind UAB wind farms for last 4 quarters, €k/MW[1]



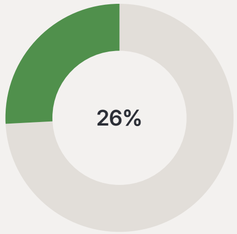
1 (Total operating expenses – balancing energy purchase – D&A) / operating capacity. Only operating wind assets are included: Enefit Wind OÜ, Enefit Wind UAB, starting from Q3 2023 Purtse windfarm and starting from Q3 2024 Tolpanvaara.

Cogeneration segment

Operating income share 2024



Share of EBITDA 2024



Until the end of 2023, the Cogeneration segment comprised the Iru, Paide, Valka and Brocēni combined heat and power (CHP) plants and a pellet factory. After the sale of the biomass assets at the end of 2023 and the beginning of 2024, the segment comprises the Iru CHP plant that uses mixed municipal waste as fuel.

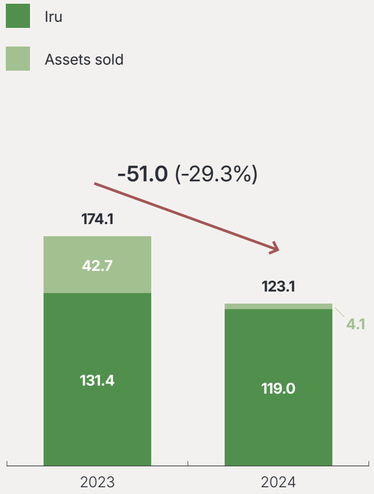
ELECTRICITY PRODUCTION AND PRICES

The Cogeneration segment produced 123 GWh of electricity in 2024. Electricity production decreased by 29% (2023: 174 GWh), mainly due to the sale of the biomass assets. Electricity production at the Iru CHP plant decreased by 12 GWh (-9%) compared to 2023. The main reason was a lower availability of 91.2% (2023: 94.8%) due to a high number of shorter and longer unplanned outages. A planned maintenance outage in July had a significant impact, lasting a week longer than planned and 4 days longer than in 2023. For further information on the availability of the Iru CHP plant, see the asset management chapter.

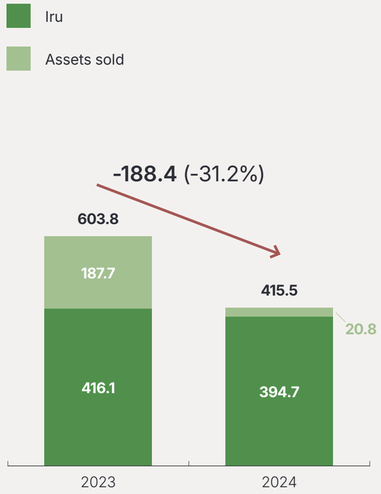
In addition to the market price of electricity, the Iru CHP plant receives renewable energy support of €53.7/MWh for electricity produced from renewable sources and efficient cogeneration support of €32/MWh for electricity produced from non-renewable sources in an efficient cogeneration mode.

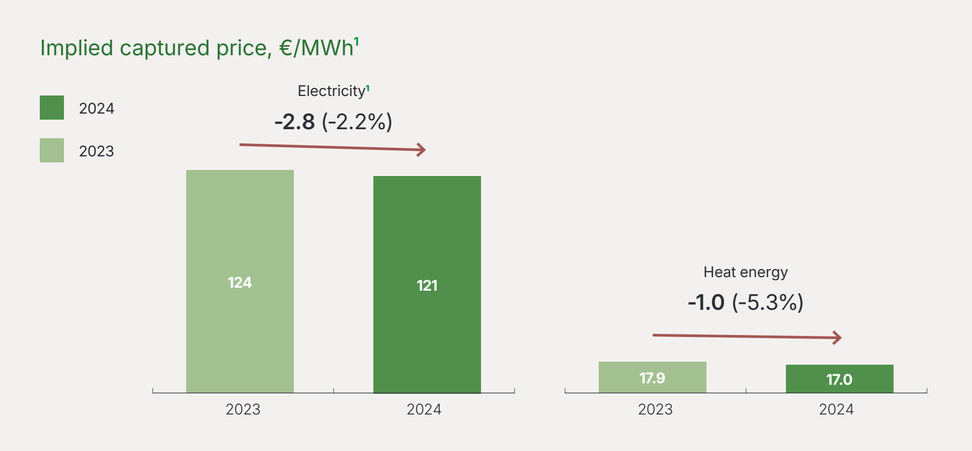
The segment's average implied captured electricity price decreased to €121/MWh due to the decline in the market price in the Nord Pool Estonia price area.

Electricity production, GWh



Heat production, GWh



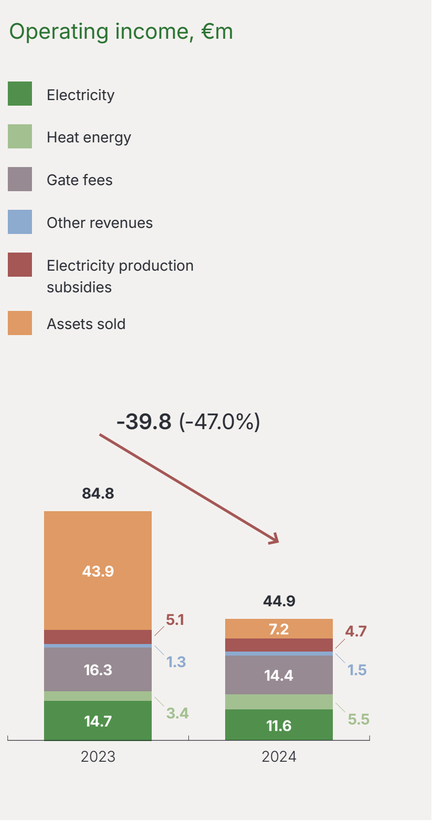


1 (Electricity sales revenue + renewable energy support and efficient cogeneration support – electricity purchases on the Nord Pool day-ahead and intraday market – balancing energy purchases) / production

HEAT PRODUCTION AND PRICES

Heat production decreased by 31% to 415 GWh. The decline attributable to the assets sold was 167 GWh. Heat production at the Iru CHP plant decreased by 21 GWh (-5%) to 395 GWh compared to 2023 (416 GWh). As with electricity production, heat production at the Iru CHP plant was affected by the extended maintenance outage in July.

In 2024, the price cap for heat produced at the Iru CHP plant from mixed municipal waste changed several times, rising to €12.36/MWh from 19 April 2024 and to €18.29/MWh from 1 July 2024. The price cap applied in 2023 of €7.98/MWh had not changed since the beginning of March 2021. Despite a significant increase last year, the price cap for heat produced from mixed municipal waste at the Iru CHP plant was about twice lower than the price cap for heat produced from other sources and supplied to the central heating network of the city of Tallinn. The annual average price of heat sold by Iru increased by 73% in 2024, reaching €13.9/MWh (2023: €8.1/MWh). The annual average heat price for the whole segment decreased by 5% year-on-year to €17.0/MWh in 2024, as the higher prices of the Paide, Valka and Brocēni CHP plants no longer supported the average price for the segment in 2024.



OPERATING INCOME

The segment's operating income decreased by €39.8m (-47%) to €44.9m. Of the decrease, €36.7m was related to the assets sold.

The Iru CHP plant's operating income for 2024 was €37.7m, down 8% year-on-year (2023: €40.8m). Operating income was mainly affected by lower electricity production (-12 GWh, -9%) and the decrease in the market price in the Nord Pool Estonia price area.

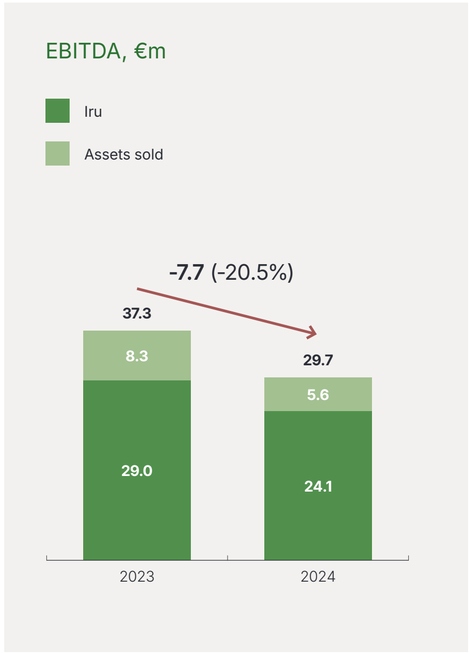
The Iru CHP plant's heat revenue increased by €2.1m due to a higher price (+73%, +€5.9/MWh).

OPERATING EXPENSES

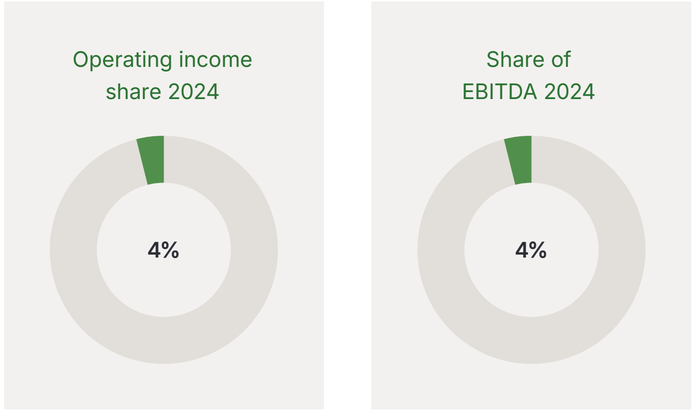
The segment's operating expenses (excluding D&A) decreased to €15.2m (2023: €47.4m). In 2023, the segment's operating expenses included expenses of €35.6m related to the assets sold. In 2024, the corresponding figure was €1.6m. The segment's variable costs decreased by €27.6m (-76%), of which variable costs related to the assets sold decreased by €28.6m. The segment's fixed costs decreased by €4.6m (-42%), of which €5.4m was related to the assets sold.

EBITDA

The segment's EBITDA decreased by €7.7m (-21% compared to 2023) to €29.7m. Of the decrease in segment EBITDA, €2.7m was related to the assets sold and the reast to the Iru CHP plant, whose EBITDA decreased by €4.9m to €24.1m. The decrease in the EBITDA of the Iru CHP plant was mainly due to the decrease in the market price of electricity and lower energy production as a result of the plant's lower availability.



Solar energy segment



The Solar energy segment comprises operating solar farms, solar farm developments with an investment decision and solar services. The group exited the turnkey solar solutions business in 2023. From Q1 2024, the expenses for the development of solar projects without an investment decision, management of solar farms and solar farm development teams are included in the segment Other and not in the Solar energy segment (the figures for the comparative period have been adjusted accordingly).

ELECTRICITY PRODUCTION AND PRICES

In 2024, solar power production was 77.4 GWh, which is 13.5 GWh (+21%) higher than in 2023 due to the addition of production from the Estonia and Debnik solar farms in the reporting period. In Q4 2023, the Estonia solar farm in Estonia produced its first electricity, and in Q1 2024, the Debnik solar farm in Poland started production. Electricity production from new solar farms (those completed and/or under construction in recent years) amounted to 48.8 GWh in 2024. The availability of the solar farms remained on target at a high 99.8% (2023: 99.8%).

Our solar farms in Estonia are partly exposed to movements in the market price of electricity. The Estonia solar farm sells electricity at a fixed price of €69/MWh. Most of our solar farms in Poland sell electricity at fixed prices, which are adjusted for inflation on an annual basis – the price for 2024 was €125–134/MWh. The price charged by the new Zambrow solar farm is €63/MWh.

The segment's implied captured electricity price was €75.5/MWh, which is 19% lower than in 2023. Compared to 2023, the implied captured electricity price decreased by 28% in Estonia and by 7% in Poland.

OPERATING INCOME

The operating income of the Solar energy segment decreased by €0.4m. The segment's electricity revenue decreased in both Estonia and Poland due to lower prices. However, the support received in Poland increased by €0.6m compared to 2023. As the market price of electricity (€96.1/MWh) was below the fixed price of €125–134/MWh, the difference was paid out as support. Operating income from solar services decreased by €0.7m due to the one-off impact of the Lithuanian solar services recognised at the end of 2023.

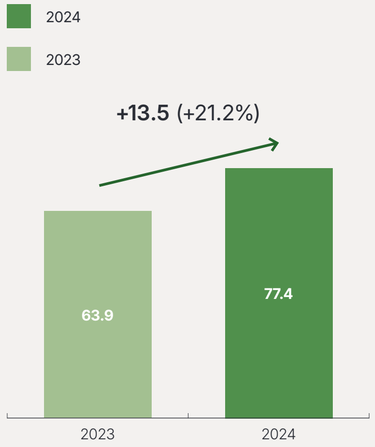
OPERATING EXPENSES

The segment's operating expenses excluding D&A increased by €0.6m compared to 2023. Of the change in the segment's variable costs, the change related to the solar service decreased segment costs by €0.5m, as the one-off impact of Lithuanian solar services was recognised in December 2023. Operating expenses were increased by the cost of electricity purchases to balance the PPA contracts of the Purtse solar farm (+€0.3m) and growth in balancing energy costs (+€0.1m), network charges (+€0.3m) and solar farm maintenance costs (+€0.3m).

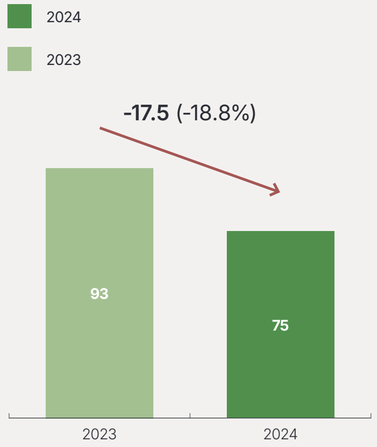
EBITDA

In 2024, the Solar energy segment's EBITDA was €4.4m, €1.1m less than in 2023. EBITDA was positively impacted by higher production (+13.5 MWh), but negatively affected by a lower implied captured electricity price (-€17.5/MWh).

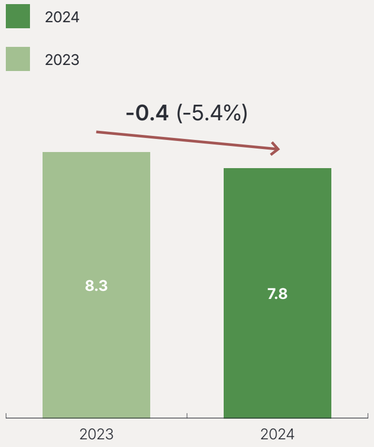
Electricity production, GWh



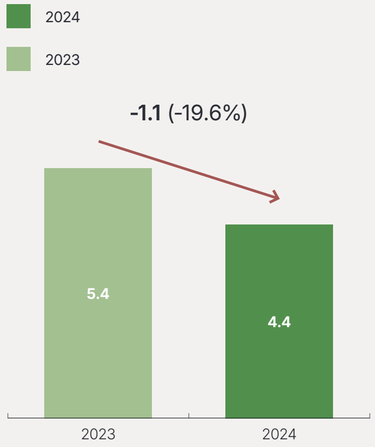
Implied captured electricity price, €/MWh[1]



Operating income, €m



EBITDA, €m



1 (Electricity sales revenue + renewable energy support and efficient cogeneration support – electricity purchases on the Nord Pool day-ahead and intraday market – balancing energy purchases) / production

Consolidated Financial Statements 2024

Consolidated Income Statement

€ thousand	1 January – 31 December		Note
	2024	2023	
Revenue	185,489	205,757	21
Renewable energy support and other operating income	35,412	24,307	22
Change in inventories of finished goods and work in progress	0	2,210	
Raw materials, consumables and services used	(81,975)	(100,330)	23
Payroll expenses	(9,077)	(10,807)	24
Depreciation, amortisation and impairment losses	(39,138)	(40,559)	6, 7, 8
Other operating expenses	(15,037)	(15,237)	25
Operating profit	**75,674**	**65,341**	
Finance income	1,307	1,960	26
Finance costs	(1,420)	(1,858)	26
Net finance income (costs)	**(113)**	**102**	
Profit from associates under the equity method	38	66	
Profit before tax	**75,600**	**65,509**	
Corporate income tax expense	(5,332)	(9,716)	27
Profit for the year	**70,268**	**55,793**	
Attributable to shareholders of the parent	70,268	55,793	
Basic earnings per share (€)	0.266	0.211	16
Diluted earnings per share (€)	0.266	0.211	16

Note The notes on pages 114–196 are an integral part of these consolidated financial statements.

Consolidated Statement Of Comprehensive Income

€ thousand	1 January – 31 December		Note
	2024	2023	
Profit for the year	**70,268**	**55,793**	
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Remeasurement of hedging instruments in cash flow hedges (incl. reclassifications to profit or loss)	223	(2,968)	15, 20
Exchange differences on the translation of foreign operations	344	600	20
Other comprehensive income (loss) for the year	**567**	**(2,368)**	
Total comprehensive income for the year	**70,835**	**53,425**	
Attributable to shareholders of the parent	70,835	53,425	

Note The notes on pages 114–196 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

€ thousand	31 December		Note
	2024	2023	
Assets			
Non-current assets			
Property, plant and equipment	1,394,343	1,027,057	7
Intangible assets	59,727	59,891	8
Right-of-use assets	8,525	9,097	6
Prepayments for non-current assets	37,536	55,148	7
Deferred tax assets	1,211	2,013	27
Investments in associates	548	548	
Derivative financial instruments	3,400	5,054	15
Non-current receivables	1,330	0	11
Total non-current assets	**1,506,620**	**1,158,808**	
Current assets			
Inventories	2,011	3,180	10
Trade receivables	10,151	8,618	11, 12
Other receivables	13,291	16,380	11, 12
Prepayments	7,814	30,084	11
Derivative financial instruments	3,274	3,806	15
Cash and cash equivalents	44,023	65,677	14
	80,564	**127,745**	
Assets classified as held for sale	0	15,370	
Total current assets	**80,564**	**143,115**	
Total assets	**1,587,184**	**1,301,923**	

€ thousand	31 December		Note
	2024	2023	
Equity			
Equity and reserves attributable to shareholders of the parent			
Share capital	264,276	264,276	16
Share premium	60,351	60,351	16
Statutory capital reserve	8,291	5,556	16
Other reserves	163,674	163,451	15, 20
Foreign currency translation reserve	182	(162)	20
Retained earnings	263,502	223,718	16
Total equity and reserves attributable to shareholders of the parent	**760,276**	**717,190**	
Total equity	**760,276**	**717,190**	
Liabilities			
Non-current liabilities			
Borrowings	669,313	454,272	17
Government grants	2,809	3,102	19
Deferred tax liabilities	12,484	12,497	27
Contract liabilities	6,345	12,412	15
Other long-term liabilities	8,059	5,239	18
Provisions	194	8	
Total non-current liabilities	**699,204**	**487,530**	
Current liabilities			
Borrowings	65,160	32,126	17
Trade payables	36,926	29,464	18
Other payables	19,450	24,981	18
Provisions	8	6	
Contract liabilities	6,161	5,674	15
	127,704	**92,251**	
Liabilities directly associated with assets classified as held for sale	0	4,952	
Total current liabilities	**127,704**	**97,203**	
Total liabilities	**826,908**	**584,733**	
Total equity and liabilities	**1,587,184**	**1,301,923**	

Note The notes on pages 114–196 are an integral part of these consolidated financial statements.

Translation of the AS Enefit Green's consolidated financial statements in pdf-format without European Single Electronic Format (ESEF) markups.
The original document is digitally signed and submitted in machine-readable .xhtml format to the Nasdaq Tallinn Stock Exchange
(Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3100137985/reports).

Consolidated Statement of Cash Flows

€ thousand	1 January – 31 December		Note
	2024	2023	
Cash flows from operating activities			
Cash generated from operations	117,142	94,918	28
Interest and loan fees paid	(28,175)	(12,569)	26
Interest received	1,064	826	26
Corporate income tax paid	(5,389)	(11,676)	27
Net cash generated from operating activities	**84,642**	**71,499**	
Cash flows from investing activities			
Paid for purchase of property, plant and equipment and intangible assets	(346,521)	(312,692)	7, 8
Proceeds from sale of property, plant and equipment	27	0	
Proceeds from sale of investments in subsidiaries (net of cash and cash equivalents transferred)	17,405	30,548	9
Dividends from associates	0	24	
Net cash used in investing activities	**(329,089)**	**(282,120)**	

€ thousand	1 January – 31 December		Note
	2024	2023	
Cash flows from financing activities			
Bank loans received	355,020	302,000	17
Repayments of bank loans	(108,467)	(104,571)	17
Repayments of lease principal	(260)	(324)	17
Dividends paid	(27,749)	(54,970)	16
Proceeds from realisation of interest rate swaps	4,250	2,707	17
Net cash generated from financing activities	**222,795**	**144,842**	
Net cash flow	**(21,654)**	**(65,779)**	
Cash and cash equivalents at the beginning of the period	65,677	131,456	14
Cash and cash equivalents at the end of the period	44,023	65,677	14

Note The notes on pages 114–196 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

€ thousand	Share capital	Statutory capital reserve	Share premium	Other reserves	Foreign currency translation reserve	Retained earnings	TOTAL	Note
Equity at 1 January 2023	**264,276**	**3,259**	**60,351**	**166,419**	**(762)**	**225,190**	**718,733**	
Profit for the year	**0**	**0**	**0**	**0**	**0**	**55,793**	**55,793**	
Other comprehensive loss for the year	**0**	**0**	**0**	**(2,968)**	**600**	**0**	**(2,368)**	15, 20
Increase of statutory capital reserve	0	2,297	0	0	0	(2,297)	**0**	
Dividends paid	0	0	0	0	0	(54,970)	**(54,970)**	16
Total contributions by and distributions to shareholders of the company, recognised directly in equity	**0**	**2,297**	**0**	**0**	**0**	**(57,267)**	**(54,970)**	
Equity at 31 December 2023	**264,276**	**5,556**	**60,351**	**163,451**	**(162)**	**223,718**	**717,190**	
Profit for the year	**0**	**0**	**0**	**0**	**0**	**70,268**	**70,268**	
Other comprehensive income for the year	**0**	**0**	**0**	**223**	**344**	**0**	**567**	
Increase of statutory capital reserve	0	2,735	0	0	0	(2,735)	**0**	15, 20
Dividends paid	0	0	0	0	0	(27,749)	**(27,749)**	
Total contributions by and distributions to shareholders of the company, recognised directly in equity	**0**	**2,735**	**0**	**0**	**0**	**(30,484)**	**(27,749)**	16
Equity at 31 December 2024	**264,276**	**8,291**	**60,351**	**163,674**	**182**	**263,502**	**760,276**	

Note The notes on pages 114–196 are an integral part of these consolidated financial statements.
See note 16 for further information about equity.

Notes to the Consolidated Financial Statements

Note 1. General Information

The consolidated financial statements of the Enefit Green group for the year ended 31 December 2024 comprise the financial information of Enefit Green AS (the 'parent', legal form: limited liability company defined as aktsiaselts (AS) under Estonian law) and its subsidiaries (together referred to as the 'group').

Enefit Green AS is the largest wind energy producer and one of the leading renewable energy producers in the Baltics. Enefit Green AS also operates in Poland and in Finland. The Enefit Green group produces electricity mainly from wind, solar, mixed municipal waste and hydropower (until Q1 2024, the group also produced electricity from biomass).

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

Enefit Green has been listed on the Nasdaq Tallinn stock exchange since 21 October 2021.
At 31 December 2024, the controlling shareholder was Eesti Energia AS with a 77.17% interest.

The management board authorised these consolidated financial statements for issue on 31 March 2025. In accordance with the Estonian Commercial Code, the annual report must also be approved by the supervisory board of the parent company and ultimately by the general meeting.

1.1. SIGNIFICANT EVENTS IN 2024

Electricity prices in the Baltic countries in 2024 were affected by the outages of the EstLink2 transmission cable, on the one hand, and the increase in renewable energy supply and lower natural gas prices, on the other. Overall, average electricity prices in the Baltic countries decreased, but less than in neighbouring markets and remained significantly higher than in the Nordic countries.

The production-weighted average electricity price in our core markets decreased by 10% (from €92.7/MWh in 2023 to €83.3/MWh in 2024). The price of electricity sold to the market fell slightly more (€60.9/MWh in 2024, €73.0/MWh in 2023, a change of almost -17%) due to the increase in wind and solar discounts and had a significant negative impact on the group's operating income and profitability.

Operating income was positively impacted by a significant increase in electricity generation of 540 GWh (+40%) compared to 2023, including 561 GWh contribution from new wind and solar farms under construction and completed. Tolpanvaara wind farm in Finland and the Debnik solar farm in Poland were completed and classified as operating assets during the year. At the same time contribution to production growth of several wind farms in the final stages of construction, such as Akmenė and Šilale II in Lithuania, Sopi-Tootsi wind farm and Purtse hybrid farm (that was completed already during 2023) in Estonia, was significant in 2024.

The sale of the biomass CHP plants and the pellet plant at the end of 2023 and the beginning of 2024 had a significant negative impact on both electricity and heat production and operating income, as Enefit Green exited the entire biomass business, which was part of the Cogeneration segment. Following these transactions, the Cogeneration segment consists only of the Iru CHP plant.

As a result of the above factors, Enefit Green's revenue decreased by almost 10% to €185,489k compared to the previous year, with electricity revenue increasing by almost 11% to €162,040k, pellet revenue declining by €31,985k (-100%) due to the exit from the business and heat revenue decreasing by 18% to €7,044k. See also note 21.

The increase in other operating income was significantly impacted by the gain on sale of a business (€4,958k) resulting from the sale of the Valka and Paide biomass CHP plants in Q1 and the settlement agreement reached with GE Vernova in Q3 2024 regarding a collapsed wind turbine at the Akmenė wind farm (impact on other operating income €5,290k).

The group's costs were also affected by the events mentioned above: due to the sale of the biomass CHP plants, the technological fuel costs decreased by 92% to €2,141k (2023: €27,033k).

At the same time, the cost of electricity purchases continued to rise, driven by the start of the delivery period of the baseload power purchase agreements (PPAs) signed in previous years, which require electricity to be delivered as agreed. As the group has in previous years replaced expiring or soon to expire national renewable energy subsidies with baseload PPAs, and as the same contracts also serve as the basis for the sale of electricity generated by new wind and solar farms under construction, the group is required to purchase electricity in the event of a shortfall in its own generation to ensure the continued fulfilment of its supply obligations under the PPAs. In the case of baseload PPAs, the parties agree on a fixed amount of electricity that the seller is obliged to supply and the buyer is obliged to purchase every hour. There can be various reasons for a shortfall in own production, but the most important are the weather (mainly lower than expected wind speed) and the availability of generation assets (mainly delays in reaching full capacity of new generation assets). Some electricity purchases are also considered to be natural, as they are due to natural fluctuations in renewable energy production.

In 2024, we purchased 546 GWh of electricity from the market at an average price of €99.0/MWh, compared with 411 GWh at an average price of €110.2/MWh a year earlier (the prices and volumes exclude electricity purchased for pellet production in 2023). The increase in the volume of electricity purchased (+135 GWh) is due both to purchases related to PPAs (+88 GWh) and to an increase in the volume of production, which increased the volume of other purchases (+47 GWh). The volume of electricity purchases related to PPA obligations was higher than expected in 2024 due to the delay in the start of production from wind farms under construction. For the reasons mentioned above, electricity purchase costs increased to €55,494k in 2024 (2023: €48,394k). See also note 23.

1.2. INVESTMENT ACTIVITIES

The group’s capital expenditure was €389,648k in 2024 (2023: €355,690k) (notes 5 and 7). The growth was driven by development investments, which increased to €382,017k (2023: €350,606k). The largest investments were made in the Sopi-Tootsi wind farm (€200,918k) and the Kelmė I, Kelmė II and Kelmė III wind farms (€102,657k). Significant investments were also made in the Sopi solar farm (€28,409k).

Note 2. Material Accounting Policies

The material accounting policies used in the preparation of these consolidated financial statements are set out below. The accounting policies have been consistently applied to all reporting periods presented, unless otherwise stated.

2.1. BASIS OF PREPARATION

The group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and the Interpretations of the IFRS Interpretations Committee (IFRIC Interpretations) as adopted by the European Union (IFRS).

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets and liabilities (including derivative financial instruments) measured at fair value through profit or loss. The preparation of consolidated financial statements in accordance with IFRS requires the use of certain accounting estimates. It also requires management to exercise judgement in applying accounting policies. The areas involving a higher degree of judgement and where accounting assumptions and estimates have a significant effect on the information presented in the consolidated financial statements are disclosed in note 4.

2.2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(a) New standards, amendments and interpretations already effective

New standards, amendments and interpretations effective for annual periods beginning on or after 1 January 2024.

The group began to apply the following amendments from 1 January 2024:

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

These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. The October 2022 amendment established that loan covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Management's expectations as to whether they will subsequently exercise the right to defer settlement do not affect the classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments clarify the classification requirements for the debt an entity might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

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

The application of those amendments did not have a material impact on the group's consolidated financial statements.

(b) New standards, amendments and interpretations not yet effective

Certain new or revised standards and interpretations have been issued that are mandatory for the group in annual periods beginning after 1 January 2024 and which have not yet been endorsed by the European Union.

IFRS 18 Presentation and Disclosure in Financial Statements

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

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

A more structured statement of profit or loss

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

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

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

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

MPMs – Disclosed and subject to audit

IFRS 18 also requires some 'non-GAAP' measures to be reported in the financial statements.

It introduces a narrow definition for Management-defined Performance Measures (MPMs), requiring them to be:

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

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

Greater disaggregation of information

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

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

Other changes applicable to the primary financial statements

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

Transition

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

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

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

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

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

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

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

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

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

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

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

IFRS 19 Subsidiaries without Public Accountability: Disclosures

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

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

IFRS 19 will resolve these challenges by:

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

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

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

Lack of Exchangeability (Amendments to IAS 21)

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

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

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

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

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

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

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

The amendments include:

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

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

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

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

Annual Improvements to IFRS Accounting Standards – Volume 11

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

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

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

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

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

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

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

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

2.3. CONSOLIDATION

(a) Subsidiaries

A subsidiary is an entity controlled by the group. The group controls an entity when it has exposure, or rights, to variable returns from its involvement with the entity and the ability to use its power over the entity to affect the amount of those returns.

Subsidiaries are consolidated from the date the group gains control to the date the group loses control of them.

The group accounts for business combinations by applying the acquisition method. The consideration transferred at the acquisition of a subsidiary is measured at fair value, which is the sum of the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

For each business combination, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are recognised as an expense as incurred.

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

Business combinations of entities under common control are accounted for using the accounting policies described above. In preparing consolidated financial statements, the financial statements of the parent company and its subsidiaries are consolidated on a line-by-line basis. In the preparation of consolidated financial statements, intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated. Where necessary, amounts reported by subsidiaries are adjusted to ensure conformity with the group's accounting policies.

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

(b) Disposal of subsidiaries

When the group loses control of a subsidiary, any investment retained in the entity is remeasured to its fair value at the date when control is lost and the change in the carrying amount is recognised in profit or loss. The fair value is the initial carrying amount of the investment retained that is subsequently accounted for as an associate, a joint venture or a financial asset.

In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for on the same basis as if the group had directly disposed of the related assets and liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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

2.4. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker responsible for allocating resources and assessing the performance of operating segments is the management board of the parent company.

2.5. FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the financial statements of each group entity are recorded in the currency of the primary economic environment in which the entity operates ('the functional currency'). The group has subsidiaries in Poland whose functional currency is the Polish zloty (PLN). The consolidated financial statements are presented in euros (€), which is the functional currency of the parent company and the presentation currency of the group. The figures in the financial statements have been rounded to the nearest thousand, unless stated otherwise.

(b) Transactions and balances

Monetary assets and liabilities denominated in a foreign currency are translated using the official closing exchange rate of the European Central Bank. Foreign exchange gains and losses arising on translation are recognised in profit or loss. Exchange gains and losses on borrowings and cash and cash equivalents are presented as finance income and costs; other exchange gains and losses are presented as other operating income and expenses.

(c) Group companies

The financial performance and financial position of the subsidiaries whose functional currency differs from the group's presentation currency are translated into the presentation currency as follows:

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

The closing rates used to translate assets and liabilities were €/PLN 4.275 at 31 December 2024 and €/PLN 4.3395 at 31 December 2023. Income and expenses were translated using €/PLN 4.278 for 2024 and €/PLN 4.355 for 2023.

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

2.6. CLASSIFICATION OF ASSETS AND LIABILITIES AS CURRENT OR NON-CURRENT

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

The group classifies a liability as current when:

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

All other liabilities are classified as non-current.

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

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

2.7. PROPERTY, PLANT AND EQUIPMENT

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

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

When the construction of an item of property, plant and equipment lasts for a substantial period of time and is funded with a loan or another debt instrument, related borrowing costs (interest) are capitalised as part of the cost of the item. Capitalisation of borrowing costs begins when the borrowing costs and expenditures for the asset have been incurred and the construction of the asset has commenced. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. The group suspends capitalisation of borrowing costs during extended periods in which it suspends active development of a qualifying asset.

Useful lives assigned to classes of property, plant and equipment:

	Range of useful life	Average useful life	Average remaining useful life at 31 December 2024
Buildings	22–40 years	32 years	26 years
Facilities and structures	10–30 years	25 years	20 years
Electricity transmission equipment	5–45 years	29 years	25 years
Power plant equipment	7–35 years	23 years	17 years
Other items of property, plant and equipment	3–30 years	8 years	5 years

The depreciation rate, depreciation method and residual value of an asset are reviewed at each reporting date.

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

2.8. INTANGIBLE ASSETS

An intangible asset is recognised in the statement of financial position only if:

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

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

Intangible assets (except goodwill) are tested for impairment when there is any indication of impairment, similarly to items of property, plant and equipment.

(a) Goodwill

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

(b) Software

The costs associated with day-to-day maintenance of computer software are recognised as an expense as incurred. Purchased computer software which is not an integral part of the related hardware is recognised as an intangible asset.

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

(c) Emission allowances

The European Union Emissions Trading System (EU ETS) was set up in 2005 as a tool for reducing greenhouse gas, particularly carbon dioxide, emissions. In the framework of the system, countries have allocated certain installations EU allowances for emissions (EUAs, emission allowances) free of charge or at a price below fair value. Emission allowances are purchased and sold on relevant exchanges where installations that need more allowances that have been allocated to them free of charge or at a subsidised price have to purchase additional emission allowances to meet their obligations.

During the first trading period in 2005–2007, only EUAs were traded. During the second trading period in 2008–2012, which was the first commitment period of the Kyoto Protocol, the EU ETS was opened up for trade in Certified Emission Reductions (CERs) and Emission Reduction Units (ERUs).

Since the third trading period in 2013–2020, the power generation sector is no longer allocated emission allowances free of charge and all electricity producers have to purchase all emission allowances they need. In other sectors such as heat production, there is a transition period during which producers can be allocated emission allowances free of charge, but the quantity of such allowances will gradually decrease. The Iru CHP plant has been allocated free emission allowances for 307 tonnes of CO_2 emissions for heat production in 2025.

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

In the reporting and the comparative period, the group was allocated the following quantities of emission allowances free of charge:

- 2023: for 325 tonnes of emissions at a fair value[1] of €26k;
- 2024: for 307 tonnes of emissions at a fair value[1] of €23k.

Emission allowances received from the state free of charge are recognised at zero cost. As carbon dioxide is emitted, an obligation arises to deliver the corresponding quantity of emission allowances (EUAs, CERs, ERUs) to the authorities (the state). An expense and a liability are recognised when the emission allowances received free of charge do not cover the obligation to the authorities. The liability is measured in the amount that is expected to be required to settle the obligation.

The group has not recognised a liability because the quantity of emission allowances allocated to it free of charge was sufficient to cover the obligation to the authorities. The group does not have any emission allowances recognised at carrying amounts higher than zero.

[1] Fair value is based on EUA market prices at relevant reporting dates.

2.9. IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have indefinite useful lives (for example goodwill) are not amortised. Instead, they are tested for impairment annually. Assets that are amortised or depreciated and land are assessed for impairment when events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognised at the amount by which the asset's carrying amount exceeds its recoverable amount. An impairment test is also performed when the group identifies any other evidence of impairment.

An impairment test is performed either for an individual asset or a group of assets (a cash-generating unit). A cash-generating unit is the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows generated by other assets or groups of assets. An impairment loss is recognised immediately as an expense in profit or loss.

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

2.10. FINANCIAL ASSETS

Classification

The group classifies its financial assets into the following measurement categories:

- financial assets measured at fair value (either through other comprehensive income or through profit or loss);
- financial assets measured at amortised cost.

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

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade date, which is the date on which the group commits itself to purchase or sell an asset.

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

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. The transaction costs of financial assets carried at fair value through profit or loss are recognised in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. All of the group's debt instruments have been classified into the amortised cost category.

Amortised cost

Assets that are held to collect contractual cash flows where those cash flows represent solely payments of principal and interest on the principal amount outstanding are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other operating income or expenses. Foreign exchange gains and losses and credit losses are presented within separate line items in profit or loss.

Equity instruments

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

Derivative financial instruments

Derivative financial instruments are carried at their fair value. All derivative financial instruments are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivative financial instruments are recognised in profit or loss for the period unless the instruments qualify for hedge accounting. The group applies hedge accounting. Hedge accounting policies are set out in note 2.11.

Impairment

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

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

For trade receivables without a significant financing component the group applies a simplified approach permitted by IFRS 9 and measures the loss allowance at an amount equal to lifetime expected credit losses from initial recognition of the receivables. The group uses a provision matrix in which an allowance for expected credit losses is calculated based on the ageing profile of the receivables.

Trade receivables

Trade receivables are amounts due from customers for energy sold or services provided in the ordinary course of business. Trade receivables are initially recognised at the transaction price and subsequently measured at amortised cost using the effective interest method. Trade receivables which are collected within twelve months after the reporting period or in the normal operating cycle are classified as current. The difference between the nominal and present value of a collectible receivable is recognised as interest income over the period until the maturity date of the receivable using the effective interest method.

2.11. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Derivatives are initially recognised at fair value at 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. The group uses cash flow hedges to hedge interest rate risk resulting from floating-rate borrowings.

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 fair vales of derivatives designated as hedging instruments are disclosed in note 3.3. Changes in the hedge reserve recognised through other comprehensive income are disclosed in note 20. 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 twelve months and as a current asset or liability when the remaining maturity of the hedging instrument is less than twelve 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 other operating expenses. The day one fair value of the derivative instruments entered into with the parent company is recognised directly in equity when its economic substance is a distribution to the parent company of resources embodying economic benefits.

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 forecast 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 other operating expenses in profit or loss.

2.12. CASH AND CASH EQUIVALENTS

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

2.13. INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, and other direct and indirect costs (based on the normal operating capacity of the production facilities). Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

2.14. SHARE CAPITAL

Ordinary shares are classified as equity. No preference shares have been issued. Unavoidable costs directly attributable to the issue of new ordinary shares are recognised in equity as a deduction from the proceeds. Share premium is the portion of consideration received for shares issued that exceeds the par value of the shares.

2.15. STATUTORY CAPITAL RESERVE

The parent company has recognised a statutory capital reserve (a legal reserve) in accordance with the requirements of the Estonian Commercial Code. Every financial year at least 5% of net profit has to be transferred to the capital reserve until the reserve amounts to at least 10% of share capital. The capital reserve may be used to cover losses and to increase share capital. The capital reserve may not be used to make distributions to shareholders. See also note 16.

2.16. TRADE PAYABLES

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

2.17. BORROWINGS

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

Fees paid on the origination of loans are recognised as borrowing costs to the extent that it is probable that some or all of the loan will be drawn down. Such fees are deferred and treated as borrowing costs when the draw-down occurs. When there is no evidence that the loan will be drawn down either in part or in full, the loan fee is recognised as a prepayment for liquidity services and amortised to expenses during the period in which the loan is drawn down.

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

Borrowing costs

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

2.18. TAXATION

(a) Corporate income tax including the taxation of dividends in Estonia

In accordance with the Estonian Income Tax Act, the undistributed earnings of companies registered in Estonia are not subject to tax. Income tax is levied on profit distributions, including dividends.

In 2024, the income tax rate was 20% (the amount of tax payable was calculated as 20/80 of the net distribution) and regular dividend distributions were taxable at a lower, 14% rate (the amount of tax payable was calculated as 14/86 of the net dividend). From 1 January 2025, the income tax rate for dividends is 22% (the amount of tax payable is calculated as 22/78 of the net dividend). The lower, 14% tax rate has been abolished and all dividends are taxed at the same rate.

Income tax payable on dividends is recognised as income tax expense in the period in which the dividends are declared. The maximum income tax liability that would arise if all of the retained earnings were distributed as dividends is disclosed in note 16.

(b) Security tax

From 1 January 2026, a temporary security tax consisting of the following components will be introduced in Estonia:

- the standard VAT rate will increase from 22% to 24% from 1 July 2025;
- the taxable income of individuals will be subject to an additional 2% tax from 2026;
- corporate profits will be subject to an additional 2% tax from 2026, which means that the total tax rate for corporate profits will be 24% (22% income tax + 2% security tax).

The purpose of the security tax is to cover the expenditure on strengthening national defence capabilities and other security-related investments. Companies must take into account that this tax will be paid from 2026 in the form of advance payments based on the profit for the previous financial year (or, in certain cases, quarter).

(c) Other taxes in Estonia

The group's expenses are affected by the following taxes:

Tax	Tax rate
Social security tax	33% of payments made and fringe benefits provided to employees
Unemployment insurance contributions	0.8% of payments to employees
Income tax on fringe benefits	20%, calculated as 20/80 of fringe benefits provided to employees
Pollution charges	Paid for pollutant releases to air, water, groundwater and soil and waste storage based on relevant rates per tonne
Charge for special use of water	2024: €1.74–184.18 per 1,000 m³ of water extracted from a surface water body or groundwater (2023: €1.72–182.35 per 1,000 m³ of water extracted from a surface water body or groundwater)
Land tax	0.1–2.0% of the taxable value of land per year
Excise duty on electricity	€0.5–1.0/MWh of electricity until 30 April 2024 and €1.45/MWh of electricity from 1 May 2024
Corporate income tax on non-business expenses	20%, calculated as 20/80 of non-business expenses

(d) Income tax rates in other countries where the group operates

Country	Tax rate
Latvia	Income earned by resident legal persons is taxed at distribution at the rate of 20%, ccalculated as 20/80 of the amount of the net distribution
Lithuania	Income earned by resident legal persons is taxed at the rate of 15%
Poland	Income earned by resident legal persons is taxed at the rate of 19%
Finland	Income earned by resident legal persons is taxed at the rate of 20%

(e) Deferred tax

Deferred tax is recognised at foreign subsidiaries, except Latvian subsidiaries, for temporary differences arising between the tax bases and carrying amounts of assets and liabilities. Deferred tax assets and liabilities are recognised using the liability method.

Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill or the initial recognition of an asset or a liability in a transaction other than a business combination which at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is measured using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax is recognised for temporary differences arising between the carrying amounts and tax bases of the group's assets and liabilities (the tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes).

Under Estonian laws, corporate profit for the year is not subject to taxation. The obligation to pay corporate income tax arises on the distribution of profit and it is recognised as an expense (in profit or loss for the period) when the dividend is declared.

Due to the nature of the taxation system, companies registered in Estonia and Latvia do not have deferred tax assets and liabilities except for possible deferred tax liabilities related to their investments in subsidiaries, associates, joint ventures and branches.

The group incurs deferred tax liabilities through group entities that operate in countries where corporate profit for the year is taxable. The group also incurs deferred tax liabilities in connection with investments in Estonian and Latvian subsidiaries and associates, except to the extent that the group is able to control the timing of the reversal of the taxable temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Examples of the reversal of taxable temporary differences are the distribution of a dividend, the sale or liquidation of an investment, and other transactions.

As the group controls the dividend policy of its subsidiaries, it is able to control the timing of the reversal of the temporary differences associated with its investments in the subsidiaries. If the parent company has decided not to distribute a subsidiary's profit in the foreseeable future, it does not recognise a deferred tax liability. If the parent company assesses that dividends will be paid in the foreseeable future resulting in reversals of temporary differences on investments in its subsidiaries, a deferred tax liability is recognised to the extent of the planned dividend distribution.

The maximum income tax liability which would arise if all of the retained earnings were distributed as dividends is disclosed in the notes to the consolidated financial statements.

2.20. CONTINGENT LIABILITIES

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

2.21. REVENUE

Revenue is income arising in the course of the group's ordinary activities. Revenue is measured in the amount of the transaction price. The transaction price is the total amount of consideration to which the group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The group recognises revenue when it transfers control of the goods or services to the customer. Revenue is recognised net of associated value added tax and excise duties payable by the group.

Sale of services – electricity, heat, reception of waste and other services

The group provides electricity, heat sale, waste reception and other services in accordance with the relevant contracts. The sales prices, possible price regulation and the contractual volumes of the service/goods are fixed by contracts. Revenue from the sale of electricity and heat is based on units delivered because the customer receives and consumes the benefits simultaneously. Revenue from the reception of waste is recognised based on units received. Relevant invoices are issued monthly. Therefore, in accordance with IFRS 15, the group has elected to apply the practical expedient in paragraph 121(b) of IFRS 15, and has not disclosed the transaction prices allocated to contracts not performed (performance obligations not satisfied) at the reporting date. The group satisfies its delivery obligations under long-term power purchase agreements in multiple periods, over time. The group recognises respective revenue when it has the right to invoice for the power that has been delivered to the counterparty.

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

Interest income

Interest income is recognised when it is probable that the economic benefits associated with the transaction will flow to the group and the amount of the income can be measured reliably. Interest income is recognised using the effective interest rate unless the receipt of interest is uncertain. In the latter case, interest income is recognised on a cash basis.

Financing component

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

2.22. GOVERNMENT GRANTS

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

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

Support for electricity produced from renewable sources

In accordance with section 59 (1) of the Estonian Electricity Market Act, the group receives support of €53.7/MWh for electricity generated from renewable energy sources with a generating installation whose net capacity does not exceed 125 MW and, in accordance with section 59 (3) of the same Act, the group receives support of €32/MWh for electricity generated in an efficient cogeneration process from waste within the meaning of the Waste Act. The group receives the support on a monthly basis, based on the volume of electricity generated that is eligible to the support. The support is not intended to cover specific costs. Instead, it is a government measure designed to facilitate and promote the transition to renewable energy in Estonia. The support is recognised in the line item 'Renewable energy support and other operating income'.

2.23. LEASES

(a) The group as a lessee

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

The group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease, if the group is reasonably certain to exercise that option, and periods covered by an option to terminate the lease, if the group is reasonably certain not to exercise that option. The group reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the group and affects whether the group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term. The group revises the lease term if there is a change in the non-cancellable period of a lease or the exercise of an extension or termination option.

Contracts may contain both lease and non-lease components. The group's leases are mostly contracts for the creation of the right to use land and they do not contain non-lease components.

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

At the commencement date, the group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the group uses its incremental borrowing rate, being the rate that the group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

To determine the incremental borrowing rate, the group:

- uses, where possible, the interest rate of recent third-party financing received by the group as a starting point, adjusted to reflect changes in financing conditions since the third party financing was received;
- uses a build-up approach that starts with the average interest margin of the industry, adjusted for the credit risk of the group;
- makes adjustments specific to the lease by taking into account factors such as the lease term, country, currency and security.

Initial measurement

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

a) fixed payments, less any lease incentives receivable;
b) variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date. Variable lease payments that depend on an index or a rate include, for example, payments linked to a consumer price index or a benchmark interest rate (such as LIBOR) or payments that vary to reflect changes in market rental rates. Some of the group's leases contain variable lease payments;
c) amounts expected to be payable by the group under residual value guarantees;
d) the exercise price of a purchase option if the group is reasonably certain to exercise that option; and
e) payments of penalties for terminating the lease, if the lease term reflects the group exercising an option to terminate the lease.

Subsequent measurement

After the commencement date, the group measures the right-of-use asset by applying the cost model. To apply the cost model, the group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. If the lease transfers ownership of the underlying asset to the group by the end of the lease term or if the cost of the right-of-use asset reflects that the group will exercise a purchase option, the group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset and the end of the lease term.

After the commencement date, the group measures the lease liability by:

a) increasing the carrying amount to reflect interest on the lease liability;
b) reducing the carrying amount to reflect the lease payments made; and
c) remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. After the commencement date, the group recognises in profit or loss interest on the lease liability and variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occurs.

If there are changes to the lease payments, it may be necessary to remeasure the lease liability. The group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the group recognises any remaining amount of the remeasurement in profit or loss.

The group has elected not to apply the requirements of IFRS 16 to short-term leases and leases for which the underlying asset is of low value. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

(b) The group as a lessor

Assets leased out under operating leases are accounted for using the same accounting policies that are applied to items of property, plant and equipment. Lease payments receivable during the lease term are recognised as income on a straight-line basis over the lease term.

2.24. DIVIDEND DISTRIBUTIONS

Dividends are recognised when they are declared as a reduction of retained earnings and a liability to the shareholders.

2.25. RELATED PARTIES

For the purposes of these consolidated financial statements, related parties include:

a) the parent company, Eesti Energia AS, and, as 100% of the shares in Eesti Energia AS are held by the Republic of Estonia, all entities under the control or significant influence of the state;
b) other companies belonging the same group;
c) associates and joint ventures;
d) members of the executive and higher management;
e) close family members of the above persons and companies under their control or significant influence.

2.26. PRIMARY FINANCIAL STATEMENTS OF THE PARENT COMPANY

In accordance with the Estonian Accounting Act, the notes to the consolidated financial statements have to include the separate primary financial statements of the consolidating entity (the parent company). The primary financial statements of the parent company, disclosed in note 32, have been prepared using the same accounting policies and measurement bases as those applied in the preparation of the consolidated financial statements. In the parent company's primary financial statements, investments in subsidiaries are accounted for using the cost method. Under the latter, an investment is initially recognised at cost, i.e. at the fair value of the consideration given for it, and measured thereafter at cost less any impairment losses.

Note 3. Financial Risk Management

3.1. FINANCIAL RISKS

The group's activities are exposed to various financial risks: market risk (including currency risk, cash flow and fair value interest rate risk, and price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse impacts on the group's financial performance.

The group's risk management policy is based on the requirements set by regulatory authorities, generally accepted practice and the group's internal rules. The underlying principle is to manage risk-taking in a manner that ensures an optimal risk-benefit ratio. The group's risk management process involves identifying and defining all potential risks, assessing and controlling risks, and preparing action plans to mitigate risks while ensuring the achievement of the group's financial and other strategic goals and targets.

Primary responsibility for risk management rests with the management board of the Enefit Green group. Oversight of the risk mitigation measures implemented by the management board is the responsibility of the supervisory board of Enefit Green AS. The group assesses and limits risks through systematic risk management. In financial risk management, the group works with the finance department and energy trading unit of the parent company, Eesti Energia AS, which support the group in the mitigation and hedging of its financial risks.

3.1.1. Market risks

Currency risk

Currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. Financial assets and liabilities denominated in euros are considered to be free of currency risk when an entity's functional currency is the euro.

The group has financial liabilities that are exposed to currency risk – a bank loan denominated in Polish zloty (PLN) which is disclosed in note 17 with a balance of €5,601k at 31 December 2024 (31 December 2023: €6,340k). If the PLN/€ exchange rate changed by +/-3.5% (2023: +/ 10%), the group's net profit would change by -/+ €196k (2023: -/+ €605k). The impact of the change in the exchange rate has been calculated on the basis of the maximum fluctuation of the Polish zloty against the euro in the respective reporting period.

Cash flow and fair value interest rate risk

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.

Cash flow interest rate risk arises from the group's floating-rate borrowings and is the risk that finance costs will grow when interest rates increase.

The group's interest rate risk arises mainly from short-term and long-term borrowings (note 17). At 31 December 2024, the weighted average effective interest rate of the group's loans, including the effect of interest rate swaps, was 3.90% (31 December 2023: 4.09%). At 31 December 2024, 80.2% of borrowings drawn down were exposed to interest rate risk (31 December 2023: 66.6%) and if

the average base interest rate increased by 100 basis points, Enefit Green's profit before tax would decrease by €5,852k (31 December 2023: by €3,150k).

The group uses interest rate swap (IRS) agreements to manage its interest rate risk exposure. At 31 December 2024, the total nominal amount of Enefit Green's open IRS agreements was €142,547k (31 December 2023: €157,836k), which accounted for 19.8% of total borrowings (31 December 2023: 33.4%). Further information about the interest rate swaps, their fixed interest rates and fair values is provided in note 17.

The fair values of short-term and long-term borrowings do not differ significantly from their carrying amounts because the borrowings bear interest at floating rates that change in line with fluctuations in market interest rates, so the effectiveness of the group's activities is reflected in the risk margin (level 2). Based on the above, the management board estimates that the fair values of borrowings do not differ significantly from their carrying amounts.

See note 17 for further information on the group's borrowings and their interest rates and fair values.

3.1.2. Credit risk

Credit risk is the risk that the other party to a financial instrument will cause a financial loss to the group by failing to discharge an obligation. Items exposed to credit risk include cash at bank, trade and other receivables and derivative financial instruments with a positive value.

Requirements for the credit risk levels of issuers of financial instruments and counterparties, and the maximum exposure to each individual counterparty are approved by the group's financial risk committee.

Available cash may only be invested in financial instruments denominated in euros. The group has also established requirements for the maturities and diversification of financial instruments.

The group has outsourced the management of past due trade receivables. Automated reminders and warnings are sent to customers with overdue receivables. Policies are in place for taking legal action to collect a receivable and for transferring a receivable to a collection agency. Special arrangements are at the discretion of the group's management board.

The maximum credit risk exposure at the end of the reporting period was as follows:

€ thousand	31 December	
	2024	2023
Trade receivables (note 11)	10,151	8,618
Other receivables (note 11)*	1,040	5,089
Receivables from the parent, other group companies and other related parties (notes 11 and 30)	13,581	9,884
Cash and cash equivalents (note 14)	44,023	65,677
Derivative financial instruments with a positive value (notes 3.3 and 15)	6,674	8,860
Total amount exposed to credit risk	**75,469**	**98,128**

* The balance of other receivables at 31 December 2023 excludes a €1,407k post-closing receivable from the sale of the Brocēni biomass and pellet plants as this is not a financial asset.

Trade receivables are presented net of the allowance for expected credit losses. Although the collection of receivables may be affected by economic factors, management believes that there is no significant risk of loss beyond the allowances already recognised. Other classes of receivables do not include items that have been written down.

At 31 December 2024, the group had 3 customers (31 December 2023: 2 customers) that each accounted for over 10% of the group's trade receivables. Total receivables from those customers amounted to €5,635k at 31 December 2024 (31 December 2023: €3,571k).

See notes 11 and 13 for further information on credit risk.

3.1.3. Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting its financial liabilities due to insufficient cash inflows. Liquidity is managed both on a daily and longer-term basis.

The following liquidity analysis reflects the maturity profile of the group's current and non-current liabilities. All amounts presented in the table are contractual undiscounted cash flows. The amounts of liabilities falling due within twelve months after the end of the reporting period, except for borrowings, are equal to their carrying amounts.

At the end of the reporting period, the group had undrawn loans of €215,000k (31 December 2023: €335,000k).

Maturity profile of liabilities at 31 December 2024

€ thousand	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	Later than 5 years	Total undiscounted cash flow	Carrying amount
Borrowings excl. lease liabilities (note 17)[1]	87,721	120,971	405,483	253,784	867,959	724,933
Lease liabilities (note 17)	845	842	2,438	13,104	17,229	9,540
Trade and other payables (note 18)	52,397	3,125	5,357	0	60,879	60,456
Financial guarantees	30,462	0	0	0	30,462	0
Total	**171,425**	**124,938**	**413,278**	**266,888**	**976,529**	**794,929**

[1] Interest expense has been estimated on the basis of interest rates as at 31 December 2024.

Maturity profile of liabilities at 31 December 2023

€ thousand	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	Later than 5 years	Total undiscounted cash flow	Carrying amount
Borrowings excl. lease liabilities (note 17)[2]	51,067	71,353	273,581	183,206	579,207	476,555
Lease liabilities (note 17)	745	774	2,166	9,992	13,677	9,842
Trade and other payables (note 18)	50,600	0	5,803	0	56,403	55,839
Financial guarantees	41,210	0	0	0	41,210	0
Total	**143,622**	**72,127**	**281,550**	**193,198**	**690,497**	**542,236**

[2] Interest expense has been estimated on the basis of interest rates as at 31 December 2023.

In addition to the liabilities presented in the above tables, the group has commitments related to variable lease payments. See note 29 for further information.

3.2. CAPITAL MANAGEMENT

The group uses financial leverage to support its development of new production assets and to improve the return on equity and targets a long-term net debt to EBITDA ratio of 4.0, which may be exceeded on a short-term basis during the development phases of new projects. The group regards equity and borrowings (debt) as capital. To maintain or change its capital structure, the group may change the dividend policy, repay capital contributions to shareholders, 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 maturity. In setting the cap for borrowings, management monitors the net debt to capital ratio and the net debt to EBITDA ratio and takes into account the restrictions imposed by the terms of loan agreements.

EBITDA and net debt are alternative performance measures (APMs), which are 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 and management. The APMs are used by the group's management in analysing the group's results and in management reporting. 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.

€ thousand	31 December	
	2024	2023
Total borrowings (notes 3.1.3 and 17)	734,473	486,398
Less: Cash and cash equivalents (note 14)	(44,023)	(65,677)
Net debt	690,450	420,721
Total equity	760,276	717,190
EBITDA[1] (note 5)	114,811	105,900
Assets	1,586,601	1,301,923
Net debt/EBITDA	6.0	4.0
Equity/assets	48%	55%
Total capital (net debt + equity)	1,450,726	1,137,911
Net debt/capital	48%	37%

[1] EBITDA – profit before finance income and costs, share of profit (loss) of equity-accounted associates, tax, depreciation, amortisation and impairment losses.

3.3. FAIR VALUE

According to the group's assessment, at 31 December 2024 and 31 December 2023 the fair values of assets and liabilities measured at amortised cost did not differ materially from their carrying amounts. The carrying amounts of current trade receivables and payables, less impairments, are estimated to be equal to their fair values. For disclosure purposes, the fair value of financial liabilities is determined by discounting the future contractual cash flows at the market interest rate which is available for similar financial instruments of the group.

The following reflects the categorisation of financial instruments measured at fair value based on inputs to valuation techniques. The different levels are defined as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2);
- unobservable inputs for the asset or liability (level 3).

Since the interest rates of overdrafts and borrowings change in line with changes in money market interest rates, their fair values do not differ from their carrying amounts (level 2). Further information about the group's borrowings and their interest rates and fair values is provided in note 17.

The fair value of financial instruments that are not traded in an active market are 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 the group's own estimates. An instrument is included in level 3 if one or more significant inputs required to establish the fair value of the instrument are not based on observable market data.

The following tables present the group's assets and liabilities that are measured at fair value by the level in the fair value hierarchy at 31 December 2024 and 31 December 2023.

€ thousand	31 December 2024			TOTAL
	Level 1	Level 2	Level 3	
Assets				
Cash flow hedges (notes 3.1.2, 15 and 20)	0	5,779	0	5,779
Total financial assets (notes 3.1.2, 15 and 20)	**0**	**5,779**	**0**	**5,779**

€ thousand	31 December 2023			TOTAL
	Level 1	Level 2	Level 3	
Assets				
Cash flow hedges (notes 3.1.2, 15 and 20)	0	8,860	0	8,860
Total financial assets (notes 3.1.2, 15 and 20)	**0**	**8,860**	**0**	**8,860**

Level 2 financial instruments comprise interest rate swaps whose fair value has been calculated using a third party model, which is supported by the confirmation of the transaction partner. On the basis of the group's internal calculations, the fair value of interest rate swaps is determined as the present value of the expected future cash flows based on the EURIBOR forward curves derived from observable market data. The fair value measurement takes into account the credit risk of the group and the counterparty, which is calculated on the basis of credit spreads derived from credit default swaps or bond prices.

Note 4. Critical Accounting Estimates and Assumptions

The preparation of financial statements in accordance with IFRS requires the use of accounting estimates. It also requires management to use judgement in matters related to accounting policies. The estimates and judgements are consistently reviewed and are based on historical experience and other factors including forecasts of future events that are believed to be reasonable in the circumstances. Although the estimates are based on management's best knowledge, they may differ from actual results. Changes in management's estimates are recognised in profit or loss in the period of the change.

Estimates that have the most significant effect on the information reported in the financial statements are set out below.

(a) Determining the useful lives of items of property, plant and equipment

The useful lives of items of property, plant and equipment are determined based on management's estimates of the economic lives over which the assets can be used. Historical experience reflects that the actual economic lives of assets are sometimes somewhat longer than their estimated useful lives. At 31 December 2024, the total carrying amount of the group's property, plant and equipment was €1,431,879k (31 December 2023: €1,082,205k), including non-depreciable assets (assets under construction, land and prepayments for property, plant and equipment) of €860,203k (31 December 2023: €577,964k). Depreciation expense for the reporting period amounted to €38,561k (2023: €39,888k) (note 7).

At the year-end, the average remaining useful life of items of property, plant and equipment was 21.0 years (31 December 2023: 11.0 years). The average remaining useful life has increased significantly due to the recognition of new assets. If the average remaining useful life of depreciable items of property, plant and equipment were one year longer, depreciation expense would decrease by €1,295k (2023: €3,730k) and if their average remaining useful life were one year shorter, depreciation expense would increase by €1,330k (2023: €3,575k). The effect on depreciation has been calculated based on the individual remaining useful lives of asset classes.

(b) Estimating the recoverable amounts of property, plant and equipment and goodwill

The group performs impairment tests and estimates the recoverable amounts of its property, plant and equipment and goodwill as and when required. In carrying out impairment tests, management uses various estimates of cash inflows from the use and sale of assets and cash outflows from the maintenance and repair of assets, as well as estimates of inflation and growth rates. The estimates are based on forecasts of developments in the general economic environment, and the consumption and sales price of electricity.

Where necessary, the fair value of assets is determined using the assistance of experts. When circumstances change, the group may have to recognise additional impairment losses or reverse previously recognised impairment losses either in part or in full.

Based on the impairment tests performed at the end of 2024 and 2023 no impairment was identified or recognised. An impairment test is performed when there is reason to assume that an asset is impaired, there is a need to reverse a previously recognised impairment loss or a cash-generating unit has been allocated a material amount of goodwill.

(c) Recognition of deferred tax on the retained earnings of the group's Estonian and Latvian subsidiaries

At 31 December 2024, the group had not recognised deferred tax liabilities for the taxable temporary differences related to the retained earnings of its Estonian and Latvian subsidiaries of €209,439k (31 December 2023: €184,488k). The group has adopted a dividend policy, which has been approved by the supervisory board and requires at least 50% of the net profit to be paid out as dividends. Based on the dividend policy, the group has assessed that no dividends will be distributed from the retained earnings of the group's Estonian and Latvian subsidiaries in the foreseeable future (the next five years). The group is able to control the timing and the amount of the dividend distributions of its subsidiaries.

(d) Recognition of long-term power purchase agreements (PPAs)

Enefit Green uses long-term, fixed-price power purchase agreements (PPAs) to sell the electricity it generates, and thus hedge the risk of fluctuations in electricity prices. As a rule, the group seeks to fix the sales price of electricity for up to 60% (on an annual basis) of a development project's forecast output for the first five years prior to the final investment decision on the development project. The remaining output is expected to be sold on the open market. The volumes under the signed PPAs vary from month to month, taking into account the wind profile.

From a risk management perspective, the primary objective of entering into PPAs is to effectively hedge the price risk of electricity sales, not to make a profit from price fluctuations. By entering into PPAs, the group secures future cash flows, as prices on an open market fluctuate in line with sales. The objective is therefore effective price risk management, not speculation or trading. Majority of PPAs are baseload PPAs with physical delivery of the electricity produced, which take into account the monthly production profile of the generation assets. PPA for the Estonia solar farm is pay-as-produced PPA with physical delivery. As an electricity producer, Enefit Green has a commercial need to sell the electricity it produces. Given the volatility of the wind farms' output and the nature of the baseload PPAs, there are situations where the actual hourly output (the Baltic electricity market operates on an hourly basis) is not sufficient to meet the hourly sales obligations under the PPAs. These situations occur despite the risk management strategy applied, which is generally based on annual rather than hourly expected production levels.

In the event of underproduction, the group has to physically purchase the shortfall from the market (at Nord Pool's spot price) in order to meet its obligations under the PPAs. As mentioned above, these purchases are not made with the intention of making a profit or for trading purposes, but only to meet the group's sales obligations under the PPAs. From a management point of view, the monitoring of shortfalls or surpluses is carried out on a weekly basis, which allows for more informed decisions based on the analysis of trends and patterns over time, rather than reacting to daily or hourly fluctuations.

With some assets Enefit Green is able to curtail production in case of unfavourable market conditions (market price lower than variable costs). Under such conditions electricity purchases may become necessary to fulfil PPA delivery obligations. Monetary value of such transactions was insignificant during 2024.

In 2024, shortfalls did not represent a significant proportion of the weekly contracted (PPA) volume. The shortfalls were influenced by one-off events in Finland due to the availability issues resulting from the completion of the construction of a wind farm (see note 1.1).

Based on the above, the PPAs signed by the group meet the own use exemption and are therefore not considered to be financial instruments that are required to be measured at fair value under IFRS 9. The one-off events in 2024 do not create a structural mismatch with the long-term PPAs and management does not believe that these events are likely to recur in the future. The frequency of fluctuations in the current generation and the volume of electricity that needs to be purchased on the open market are considered to be tolerable. Accordingly, the PPAs are classified as contracts accounted for in accordance with IFRS 15 Revenue from Contracts with Customers and revenue from them is recognised on a fixed unit value basis at the point of delivery of the electricity.

Note 5. Segment Reporting

Enefit Green's management board 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. The segment comprises the group's operating wind farms and wind farm developments that have an investment decision. From the interim report for Q1 2024, the costs of wind farm development teams and the development costs of wind energy projects without an investment decision are included in the segment Other and not in the Wind energy segment (the figures for the comparative period have been adjusted accordingly).

2. Cogeneration. Until the end of 2023, the segment comprised the Iru, Paide, Valka and Brocēni cogeneration (CHP) plants and a pellet factory. The sale of the Paide, Valka and Brocēni CHP plants and the pellet factory was announced in Q4 2023. The sale of the Brocēni CHP plant and the pellet factory took place before the end of 2023. The sale of the Paide and Valka CHP plants was completed on 1 March 2024. Since the completion of the sale of the Paide and Valka CHP plants, the Cogeneration segment has consisted of the Iru cogeneration plant.

3. Solar energy. The segment comprises operating solar farms, solar farm developments and solar services. From the interim report for Q1 2024, the management costs of the development of solar farms and the development costs of solar projects without an investment decision are included in the segment Other and not in the Solar energy segment (the figures for the comparative period have been adjusted accordingly).

4. Other. The segment comprises hydropower, hybrid renewable energy solutions, and central development and management units. From the interim report for Q1 2024, the segment also includes the costs of the teams involved in the development of wind and solar farms as well as offshore wind farm developments and wind and solar farm development projects without an investment decision (the figures for the comparative period have been adjusted accordingly). 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 and other operating income include revenues and other operating income from external customers only, generated by the sale of respective products or services. As the segments are based on externally sold products and services, there are no intragroup transactions between the segments that need to be eliminated.

Management assesses segment results mainly on the basis of EBITDA but also monitors operating profit. Finance income and costs and income tax expense are not allocated to operating segments. 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.

Under the Estonian District Heating Act, the maximum price of heat, which may be charged by a heating undertaking which sells heat to customers or to a network operator that sells heat to customers, or which produces heat in a combined heat and power generation process, must be approved by the Competition Authority.

€ thousand	1 January – 31 December	
	2024	2023
Revenue		
Wind energy	143,419	119,970
Cogeneration	35,124	77,910
Solar energy	6,547	7,415
Total reportable segments	**185,089**	**205,295**
Other	399	463
Total (note 21)	**185,489**	**205,757**

In 2024, the group had 2 customers in the Wind energy segment that each accounted for over 10% of the group's revenue. Sales to the parent company, Eesti Energia AS, were €83,876k (note 30) and sales to Nord Pool were €54,211k (2023: 2 customers, Eesti Energia AS €78,713k and Nord Pool €43,012k).

In 2024, the group had no customers in the Cogeneration segment that accounted for over 10% of the group's revenue (2023: 1 customer, Orsted A/S €23,121k).

Further information about the revenue decrease is provided in note 1.1.

€ thousand	1 January – 31 December	
	2024	**2023**
Renewable energy support and other operating income		
Wind energy	24,209	16,557
Cogeneration	9,802	6,858
Solar energy	1,285	866
Total reportable segments	**35,296**	**24,281**
Other	116	26
Total (note 22)	**35,412**	**24,307**

The group monitors EBITDA as a performance measure at a consolidated level and believes that this measure is relevant to understanding the group's financial performance. EBITDA is not a performance measure defined in IFRS. The group's definition of EBITDA may not be comparable to similarly titled performance measures and disclosures by other entities.

Interest income and expenses, corporate income tax expense and the share of profit (loss) of equity-accounted associates are not allocated to segments and relevant information is not reported to the management board of the parent company.

The following tables provide information about the results of each reportable segment. Performance is measured on the basis of EBITDA, which is defined as profit before finance income and costs, profit (loss) from equity-accounted associates, tax, depreciation, amortisation and impairment losses.

€ thousand	1 January – 31 December	
	2024	**2023**
Profit for the year	**70,269**	**55,793**
Income tax expense (note 27)	5,331	9,716
Net finance income and costs (note 26)	113	(102)
Profit from associates under the equity method	(38)	(66)
Depreciation, amortisation and impairment losses (notes 7 and 8)	39,137	40,559
EBITDA[1]	**114,811**	**105,900**
Total EBITDA by segments		
Wind energy	96,319	77,256
Cogeneration	29,689	37,346
Solar energy	4,377	5,445
Total reportable segments	**130,384**	**120,046**
Other	(15,573)	(14,146)
Total EBITDA by segments	**114,811**	**105,901**

[1] EBITDA – profit before finance income and costs, share of profit (loss) of equity-accounted associates, tax, depreciation, amortisation and impairment losses.

€ thousand	1 January – 31 December	
	2024	2023
Operating profit		
Wind energy	64,954	48,810
Cogeneration	24,001	26,970
Solar energy	3,142	4,715
Total reportable segments	**92,098**	**80,495**
Other	(16,424)	(15,153)
Total	**75,674**	**65,341**

€ thousand	1 January – 31 December	
	2024	2023
Investments		
Wind energy	339,797	309,002
Cogeneration	1,144	3,456
Solar energy	36,378	23,234
Total reportable segments	**377,320**	**335,691**
Other	12,328	19,999
Total	**389,648**	**355,690**

€ thousand	31 December	
	2024	2023
Non-current assets		
Wind energy (note 1.1)	1,245,892	944,792
Cogeneration (note 1.1)	90,762	97,747
Solar energy (note 1.1)	104,463	65,269
Total reportable segments	**1,441,118**	**1,107,807**
Other	65,502	51,000
Total	**1,506,620**	**1,158,808**

See note 1.1. for further information about growth in investments in non-current assets.

At 31 December 2024, the assets of the group's Wind energy segment included goodwill of €23,641k (2023: €23,641k), the assets of the Cogeneration segment included goodwill of €32,412k (2023: €32,412k) and the assets of the Solar energy segment included goodwill of €2,194k (2023: €2,194k).

Revenue by the location of customers

€ thousand	1 January – 31 December	
	2024	2023
Estonia	160,891	151,129
Lithuania	18,042	14,523
Finland	2,640	492
Poland	2,596	2,760
Latvia	1,320	9,628
Denmark	0	27,217
Belgium	0	8
Total revenue (note 21)	**185,489**	**205,757**

Non-current assets by location [1]

€ thousand	31 December	
	2024	2023
Estonia	770,523	557,884
Lithuania	596,281	474,834
Latvia	8,577	1,717
Poland	26,784	23,166
Finland	89,441	84,495
Right-of-use assets, Estonia (note 6)	1,721	2,497
Right-of-use assets, Lithuania (note 6)	1,510	1,772
Right-of-use assets, Poland (note 6)	1,271	1,044
Right-of-use assets, Finland (note 6)	3,964	3,784
Right-of-use assets, Latvia (note 6)	59	0
Total non-current assets (notes 6, 7 and 8)	**1,500,131**	**1,151,193**

[1] Excluding financial assets, deferred tax assets and investments in associates.

Note 6. Right-of-use Assets

The group has classified the following contracts as right-of-use assets: notarised long-term lease contracts, right of superficies (building rights) agreements and personal right of use agreements. The group uses long-term lease contracts to secure the land needed for current or future production assets. The leases are signed for periods that take into account the expected lifespan of the production assets. The average lease term for land is 30 years. The contract with the longest term expires in 2054.

The calculation of the right-of-use asset and the lease liability depends on the lease term. The group determines the lease term as the non-cancellable period of a lease, taking into account the options to extend the lease or terminate the lease early if the group is reasonably certain to exercise those options.

The lease conditions, including pricing, extension and early termination conditions, and terms vary. Some leases include payments that can be increased based on the change in the consumer price index. When the lease payments increase due to a change in the consumer price index, the lease liability is recalculated and the carrying amount of the right-of-use asset is adjusted.

The group does not have any right-of-use asset leases with variable payments other than those linked to changes in the consumer price index.

Rights to use land (rights of superficies)

€ thousand	
At 1 January 2023	
Cost	5,000
Accumulated depreciation	(762)
Carrying amount	**4,239**
2023	
Additions	5,316
Depreciation for the period	(453)
Other changes	(5)
Carrying amount	**9,097**
At 31 December 2023	
Cost	10,317
Accumulated depreciation	(1,220)
Carrying amount	**9,097**
2024	
Additions	5
Depreciation for the period	(432)
Other changes	(145)
Carrying amount	**8,525**
At 31 December 2024	
Cost	10,177
Accumulated depreciation	(1,652)
Carrying amount	**8,525**

Lease expenses recognised in the group's profit or loss:

€ thousand	2024	2023
Interest expense	483	485
Lease expenses (note 25)	2,825	2,348

See note 25 for information on short-term leases, leases of low-value assets and variable lease payments and note 17 for total cash outflow for leases.

Note 7. Property, Plant and Equipment

€ thousand	Land	Buildings	Facilities	Machinery and equip-ment	Assets under construction	Prepayments	TOTAL
Carrying amount at 31 December 2022							
Cost	63,953	25,573	42,218	751,521	203,637	19,412	1,106,314
Accumulated depreciation	0	(10,385)	(25,014)	(274,615)	(18)	0	(310,032)
Carrying amount at 1 January 2023	**63,953**	**15,188**	**17,204**	**476,906**	**203,619**	**19,412**	**796,282**
Movements in 2023							
Additions (note 5)	0	153	497	5,273	292,537	57,222	355,682
Depreciation (notes 4 and 5)	0	(743)	(1,321)	(37,824)	0	0	(39,888)
Disposal of subsidiaries (note 9)	(89)	0	0	(17,836)	(303)	0	(18,228)
Classified as held-for-sale	(43)	(2,252)	(1,036)	(9,421)	(194)	(10)	(12,956)
Exchange differences	0	11	51	705	545	13	1,325
Transfers (note 8)	161	154	3,962	54,570	(37,370)	(21,489)	(12)
Property, plant and equipment at 31 December 2023							
Cost	63,982	22,299	44,796	747,900	458,834	55,148	1,392,959
Accumulated depreciation	0	(9,788)	(25,439)	(275,527)	0	0	(310,754)
Carrying amount at 31 December 2023	**63,982**	**12,511**	**19,357**	**472,373**	**458,834**	**55,148**	**1,082,205**
Movements in 2024							
Additions (notes 5 and 10)	419	3,054	376	951	383,669	1,167	389,636
Refund of overpaid connection fees (note 30)	0	0	0	0	(2,208)	0	(2,208)
Depreciation (notes 4 and 5)	0	(586)	(1,593)	(36,384)	0	0	(38,563)
Sales at carrying amount	0	0	0	(130)	(8)	0	(138)
Exchange differences	0	12	30	308	69	3	422
Other movements (note 10)	0	0	0	(495)	0	0	(495)
Transfers (notes 8 and 10)	0	0	13,202	88,690	(82,090)	(18,782)	1,020
Property, plant and equipment as at 31 December 2024							
Cost	64,401	25,365	58,404	837,224	758,266	37,536	1,781,196
Accumulated depreciation	0	(10,374)	(27,032)	(311,911)	0	0	(349,317)
Carrying amount at 31 December 2024	**64,401**	**14,991**	**31,372**	**525,313**	**758,266**	**37,536**	**1,431,879**

In 2024, the group invested €389,636k in property, plant and equipment (2023: €355,682k). The largest investments were made in the Sopi-Tootsi wind farm (€200,918k), the Kelmė I, Kelmė II and Kelmė III wind farms (€102,657k) and the Sopi solar farm (€28,409k).

The Tolpanvaara wind farm in Finland was recognised in spring 2024 at an amount of €88m.

Property, plant and equipment includes assets leased out with a carrying amount of €974k (31 December 2023: €1,040k). Assets leased out consist of land and facilities (67% and 33%, respectively, at the end of both 2024 and 2023) which are used partly in own operating activities and partly to generate rental income. The cost and depreciation of those items are calculated in proportion to the parts of the assets leased out.

IMPAIRMENT TESTS

Wind farms

The group performed impairment tests on the Nelja Energia[1] and the Paldiski and Narva wind farms to determine whether or not the goodwill acquired in the business combinations is impaired. In addition, 4 operating wind farms[2] were tested for impairment on the basis of a potential value decline due to changes in the market prices of electricity. The Akmenė, Šilale II (not yet available for use), Tolpanvaara and Purtse wind farms were tested for impairment on the basis of a potential value decline due to changes in the market prices of electricity and the impacts of PPAs. The group's wind farms were tested for impairment by estimating the recoverable amounts of the assets based on the discounted future cash flows of each cash-generating unit. The cash flows of each cash-generating unit were projected until the end of the useful life of the underlying wind farm. Every wind farm was treated as a separate cash-generating unit.

At 31 December 2024, the total carrying amount of the property, plant and equipment and intangible assets of the group's wind farms was €1,236,573k (31 December 2023: €935,014k), of which assets of €613,874k were tested for impairment, including the group's new wind farm assets[3] of €266,222k. The amount of goodwill allocated to these cash-generating units was €23,641k (31 December 2023: €23,641k) (note 8).

The impairment tests performed in 2024 and 2023 did not indicate a need for recognising an impairment loss for the wind farms.

[1] Virtsu I, Virtsu II, Virtsu III, Esivere, Tooma I, Tooma II, Pakri, Ojaküla, Sudenai, Mockiai, Šilale, Ciuteliai, Šilute
[2] Virtsu, Aulepa, Viru-Nigula, Aseriaru
[3] Purtse, Tolpanvaara, Akmene and Šilale II

The recoverable amounts of the wind farm assets were estimated based on their value in use. The carrying amounts together with the goodwill allocated to the cash-generating unit were compared to the recoverable amounts. In forecasting the market price of electricity, the wind discount rate (reflecting what percentage of the forecast average market price is captured by a typical wind energy production profile) and the discount rate, the group took into account forward market prices, the estimates of third-party experts and the PPAs already secured. It was forecast that from 2025 to 2054 (2023: 2024–2054) the electricity price would be in the range of €77–93/MWh (2023: from 2024 the electricity price would be in the range of €65–108/MWh) in Estonia, €77–97/MWh (2023: €66–106/MWh) in Lithuania and €43–94/MWh (2023: €44–101/MWh) in Finland. The final period for a price forecast depends on the useful life of the wind farm. In the case of the Akmenė, Šilale II and Tolpanvaara wind farms the longest useful lives extend to 2054.

It was forecast that from 2025 to 2054 (2023: 2024–2054) the wind discount rate would be in the range of -28% to -15% (2023: -28% to -13%) in Estonia, -29% to -16% (2023: -24% to -11%) in Lithuania and -30% to -17% (2023: -36% to -17%) in Finland.

The expected future cash flows were discounted by applying a discount rate of 6.9% for wind farms located in Lithuania and 7.0% for wind farms located in Estonia and Finland (2023: a discount rate of 8.1% for wind farms located in Lithuania and 8.2% for wind farms located in Estonia).

The smallest changes in key inputs that would result in an impairment loss are the following:

	Change in WACC		Change in wind discount		Change in price of electricity	
	2024	2023	2024	2023	2024	2023
Estonia	+0.02 pp	+1.09 pp	+0.10 pp	+2.21 pp	(0.16)%	(3.83)%
Lithuania	+2.02 pp	+3.06 pp	+6.31 pp	+10.12 pp	(9.12)%	(13.62)%
Finland	+2.29 pp	+0.70 pp	+10.94 pp	+3.75 pp	(22.73)%	(9.27)%

The future expected cash flows of the wind farms are most sensitive to possible changes in the electricity price, the wind discount rate and the estimated discount rate. For our production volumes, we use long-term expectations of average wind yields. As a result, we do not use weather-dependent production volume fluctuations as inputs to impairment tests, as these only impact individual years, but do not change the long-term average.

If the expected market prices of electricity were 20% lower than the electricity prices used in the impairment tests, the recoverable amounts would decrease by €39,503k for the Estonian wind farms, €77,332k for the Lithuanian wind farms and €21,259k for the Finnish wind farm. This would result in a total impairment of €13,577k for the Estonian wind farms and €3,428k for the Lithuanian wind farms.

If the expected wind discount rate were 10 percentage points[4] higher than the assumption applied in the impairment tests, the recoverable amounts would decrease by €35,422k for the Estonian wind farms, €77,347k for the Lithuanian wind farms and €22,099k for the Finnish wind farm. This would result in an impairment of €10,048k for the Estonian wind farms and €1,164k for the Lithuanian wind farms.

If the expected discount rate were 1 percentage point higher than the assumption applied in the impairment tests, the recoverable amounts would decrease by €11,831k for the Estonian wind farms, €33,668k for the Lithuanian wind farms and €11,678k for the Finnish wind farm. This would result in an impairment of €616k for the Estonian wind farms.

[4] For example, if the base assumption is a wind discount rate of 10%, the electricity price is the price forecast x (100% – 10%). An increase in the discount rate by 20 percentage points would mean that the electricity price would be the price forecast x (100% – 30%).

Solar farms

The group's solar farms in Poland were tested for impairment in 2024. The impairment test did not indicate a need for recognising an impairment loss (2023: the test did not indicate a need for recognising an impairment loss). The cash flows of the cash-generating units included in the test were projected until the end of their useful lives. The expected future cash flows were discounted by applying a discount rate of 9.7% (2023: 10.7%). In forecasting the market price of electricity, the group took into account forward market prices and the estimates of third-party experts. It was forecast that from 2025 to 2049 the electricity price would be in the range of €96–109/MWh (2023: from 2024 to 2049 the electricity price would be in the range of €113–145/MWh).

At 31 December 2024, the total carrying amount of the group's Polish solar farm tangible fixed assets was €9,629k (31 December 2023: €10,321k) and the carrying amount of the goodwill allocated to the cash-generating units, which was €2,194k (31 December 2023: €2,194k). The total carrying amount was €11,823k (31 December 2023: €12,515), against which cashflows were tested.

The recoverable amounts of the Polish solar farms are sensitive to changes in the electricity price, the discount rate and the solar discount rate. If the expected market prices of electricity were 20% lower than the assumptions applied in the impairment tests, the recoverable amounts would decrease by €576k (2023: €475k decrease). If the expected discount rate were 1 percentage point higher than the discount rate used in the impairment tests, the recoverable amounts would decrease by €755k (2023: €848k decrease). If the expected solar discount rate were 10 percentage points higher, the recoverable amounts would decrease by €1,679k (2023: €1,945k). In the first two cases, the assets' value in use would still exceed their carrying amounts, but a 10 percentage point increase in the solar discount rate would result in an impairment loss of €187k.

The smallest changes that would result in an impairment loss are as follows: if the expected discount rate were 2.1% higher or if the expected electricity prices were 52% lower or if the expected solar discount rate were 9 percentage points higher than the assumptions applied in the impairment test. For our production volumes, we use long-term expectations of average solar yields. As a result, we do not use weather-dependent production volume fluctuations as inputs to impairment tests, as these only impact individual years, but do not change the long-term average.

Note 8.
Intangible Assets

€ thousand	Goodwill	Computer software	Other intangible assets	TOTAL
Intangible assets at 31 December 2022				
Cost	58,601	1,086	1,498	61,807
Accumulated amortisation	0	(470)	(333)	(803)
Carrying amount at 1 January 2023	**58,601**	**615**	**1,166**	**60,382**
Movements in 2023				
Additions (note 5)	0	0	23	23
Amortisation (note 5)	0	(144)	(20)	(164)
Prior period corrections	(54)	0	0	(54)
Classified as held-for-sale	(300)	0	(8)	(308)
Transfers (note 7)	0	16	(4)	12
Intangible assets at 31 December 2023				
Cost	58,247	1,068	1,364	60,679
Accumulated amortisation	0	(580)	(208)	(788)
Carrying amount as at 31 December 2023	**58,247**	**487**	**1,157**	**59,891**
Movements in 2024				
Additions (note 5)	0	0	12	12
Amortisation (note 5)	0	(130)	(13)	(143)
Transfers	0	(4)	(28)	(32)
Other adjustments	0	0	(1)	(1)
Intangible assets at 31 December 2024				
Cost	58,247	1,064	1,347	60,658
Accumulated amortisation	0	(710)	(221)	(931)
Carrying amount at 31 December 2024	**58,247**	**354**	**1,126**	**59,727**

Allocation of goodwill to cash-generating units

€ thousand	31 December	
	2024	2023
Goodwill acquired on the acquisition of Nelja Energia	19,877	19,877
Goodwill acquired on the acquisition of solar farms in Poland	2,194	2,194
Goodwill acquired on the acquisition of the Iru CHP plant	32,412	32,412
Goodwill acquired on the acquisition of the Paldiski and Narva wind farms	3,764	3,764
Total goodwill	**58,247**	**58,247**

Goodwill was tested for impairment as at the reporting date by evaluating the recoverable amounts of goodwill acquired in business combinations. The recoverable amounts of the underlying cash-generating units were estimated based on their value in use.

The cash flows of the cash-generating units included in the test were projected until the end of their useful lives. According to management's assessment, the selection of a longer period was justified due to the nature of the production assets.

Based on the impairment tests performed, no impairment was identified in 2024 for any of the cash-generating units (2023: no impairment was identified for any of the cash-generating units).

GOODWILL ACQUIRED ON THE ACQUISITION OF THE IRU CHP PLANT

The expected future cash flows of the cash-generating unit to which the goodwill recognised on the acquisition of the Iru CHP plant has been allocated were discounted by applying an 7.0% discount rate (2023: 8.2%). At a 1 percentage point higher discount rate, the carrying amount (including goodwill) of the cash-generating unit would not exceed its recoverable amount. The carrying amount of goodwill allocated to the cash-generating unit was €32,412k (31 December 2023: €32,412k). At 31 December 2024, the total carrying amount of the property, plant and equipment of the Iru CHP plant was €58,483k (31 December 2023: €63,006k).

The cash flows of the cash-generating unit to which the goodwill of the Iru CHP plant has been allocated are sensitive to changes in the price of heat and the waste reception fee (the price range used in the 2024 impairment test for the period 2025–2038 was €62.6/t – €79.6/t and the price range used in the 2023 impairment test for the period 2024–2035 was €62.8/t to €75.0/t). The price of heat was forecast based on the maximum heat price approval principles of the Competition Authority and the price regulation set out in the sales agreement (the agreement is valid until 15 February 2027). The waste reception fee was forecast based on current agreements and indexed to inflation. The output of the cash-generating unit to which the goodwill of the Iru CHP plant has been allocated was forecast considering the base quantity fixed in the current heat sales agreement. If both the price of heat and the waste reception fee decreased by 10%, the carrying amount (including goodwill) of the cash-generating unit would not exceed its recoverable amount, because according to section 8 (3) of the District Heating Act, the price of heat must be cost based.

Allocation of goodwill acquired on the acquisition of Nelja Energia

€ thousand	31 December	
	2024	2023
Ciuteliai	5,397	5,397
Mockiai	1,556	1,556
Šilale	719	719
Šilute	8,277	8,277
Sudenai	719	719
Esivere	217	217
Ojaküla	300	300
Pakri	529	529
Tooma I	833	833
Tooma II	629	629
Virtsu I	28	28
Virtsu II	287	287
Virtsu III	386	386
Total goodwill acquired on the acquisition of Nelja Energia	**19,877**	**19,877**

GOODWILL ACQUIRED ON THE ACQUISITION OF NELJA ENERGIA

Goodwill of €19,877k (31 December 2023: €19,877k) has been allocated to the wind farms acquired on the acquisition of Nelja Energia AS (the acquisition was in November 2018, the company was merged with Enefit Green AS in April 2019).

The expected future cash flows of the cash-generating units are sensitive to changes in the forecasts of the market price of electricity, the wind discount rate and the discount rate. The impairment tests on goodwill were carried out together with the impairment tests on the property, plant, and equipment of the underlying units. See note 7 for further information about significant inputs and their sensitivity.

GOODWILL ACQUIRED ON THE ACQUISITION OF THE PALDISKI AND NARVA WIND FARMS

Goodwill of €3,764k (31 December 2023: €3,764k) has been allocated to the Paldiski and Narva wind farms. At 31 December 2024, the total carrying amount of Paldiski and Narva wind farms was €76,747k (31 December 2023: €81,063k). The Paldiski and Narva wind farms were tested for impairment in 2024. The impairment test did not indicate a need for recognising an impairment loss. The recoverable amounts of the Paldiski and Narva wind farms are sensitive to changes in the electricity price, the wind discount rate and the discount rate.

If the expected market prices of electricity were 20% lower than the electricity prices used in the impairment tests, the recoverable amounts would decrease by €15,837k. If the expected wind discount rates were 10 percentage points higher than the wind discount rates used in the impairment tests, the recoverable amounts would decrease by €13,615k.

If the expected discount rate were 1 percentage point higher than the discount rate used in the impairment tests, the recoverable amounts would decrease by €4,283k. In all cases the assets' value in use would still exceed their carrying amounts.

GOODWILL ACQUIRED ON THE ACQUISITION OF SOLAR FARMS IN POLAND

The group's solar farms in Poland were tested for impairment in 2024. The impairment test did not indicate a need for recognising an impairment loss (2023: the test did not indicate a need for recognising an impairment loss). See note 7 for further information about significant inputs and their sensitivity.

Impairment test values at 31 December

€ thousand	Carrying amount		Goodwill allocated		Discounted cash flows	
	2024	2023	2024	2023	2024	2023
Operating wind farms in Estonia[5]	202,203	187,529	6,972	6,972	249,288	253,306
Operating wind farms in Lithuania[6]	176,209	187,518	16,668	16,668	219,653	254,904
Operating wind farm in Finland	86,158	84,486	-	-	110,330	92,388
Wind farms in final stage of construction[7]	149,304	142,974	-	-	231,627	238,767
Iru CHP plant	58,483	63,006	32,412	32,412	150,460	156,228
Solar farms in Poland	9,629	10,321	2,194	2,194	13,316	14,525

5 Virtsu, Aulepa, Viru-Nigula, Aseriaru, Virtsu I, Narva, Paldiski, Virtsu II, Virtsu III, Esivere, Tooma I, Tooma II, Pakri, Ojaküla and Purtse
(During 2023 Purtse wind farm was not tested for impairment on the basis of potential value decline, therefore the carrying amount and discounted cash flow does not include Purtse wind farm information)

6 Sudenai, Mockiai, Šilale, Ciuteliai and Šilute.

7 Akmenė and Šilale II
(2023 carrying value and discounted cash flow does not include Purtse wind farm information)

Note 9. Subsidiaries

The group's subsidiaries at 31 December 2024 and 31 December 2023

Name of subsidiary	Domicile	Nature of business	Ordinary shares held by the group (%)	
			31 December	
			2024	2023
Hiiumaa Offshore Tuulepark OÜ	Estonia	Offshore wind farm development	100.0	100.0
Tootsi Tuulepark OÜ	Estonia	Wind farm development	100.0	100.0
Enefit Wind OÜ	Estonia	Production of wind power	100.0	100.0
Enefit Wind Purtse AS	Estonia	Wind farm development	100.0	100.0
Tootsi Windpark OÜ	Estonia	Wind farm development	100.0	100.0
Enefit Green Solar OÜ	Estonia	Solar farm development	100.0	100.0
Liivi Offshore OÜ	Estonia	Offshore wind farm development	100.0	100.0
Enefit Power & Heat Valka SIA	Latvia	Production and sale of heat and electricity	0	100.0
Enefit Green SIA (until 31 December 2023 Enercom SIA)	Latvia	Wind and solar farm development	100.0	100.0
Šilalės vėjas UAB	Lithuania	Wind farm development	100.0	100.0
Šilutės vėjo parkas 2	Lithuania	Wind farm development	100.0	100.0
Šilutės vėjo parkas 3	Lithuania	Wind farm development	100.0	100.0
Energijos Žara	Lithuania	Wind farm development	100.0	100.0
Vėjo Parkai UAB	Lithuania	Wind farm development	100.0	100.0
Enefit Wind UAB	Lithuania	Electricity production	100.0	100.0
Enefit Green UAB	Lithuania	Wind farm construction and operation	100.0	100.0
Baltic Energy Group UAB	Lithuania	Research into offshore wind farm development	100.0	100.0
UAB Vejoteka	Lithuania	Wind farm development	100.0	100.0
UAB Kelmes vejo energija	Lithuania	Wind farm development	100.0	100.0
Enefit Green sp. z o.o.	Poland	Solar energy production	100.0	100.0
PV Plant Zambrow Sp. z o.o.	Poland	Solar farm development	100.0	100.0
PV Plant Debnik Sp. z o.o.	Poland	Solar farm development	100.0	100.0
Tolpanvaara Wind Farm OY	Finland	Wind farm development	100.0	100.0

On 29 November 2023, Enefit Green AS signed an agreement to sell its district heating businesses in Paide (Estonia) and Valka (Latvia) to Utilitas, the largest district heating company in Estonia. The contractual value of the transaction was €15,885k. The final sales price, which was determined in Q1 2024 after a post-closing adjustment depending on the level of cash working capital in the business, was €16,411k. At 31 December 2023, the transaction was awaiting approval by the Estonian Competition Authority and the Consumer Protection and Technical Regulatory Authority and thus the related assets and liabilities were recorded as a disposal group. The transaction gave rise to a gain on the sale of the subsidiaries of €4,958k.

Net assets of subsidiary sold

€ thousand	**1 March 2024**
Assets	
Property, plant and equipment	13,049
Intangible assets	942
Inventories	638
Trade receivables, other receivables and prepayments	1,213
Cash and cash equivalents	359
Liabilities	
Governments grants	(3,463)
Trade payables and other payables	(593)
Net assets of subsidiary sold	**12 146**
Sales price	**15,885**
Post transaction correction	**526**
Profit from the sale	**4,266**
Cash received	
Cash received from the sale	**16,411**
Cash and cash equivalents of subsidiary	(359)
Total cash received from the sale	**16,052**

On 29 December 2023, Enefit Green AS signed an agreement to sell two Latvian subsidiaries – Technological Solutions SIA and Enefit Green SIA (the companies holding a CHP plant and a pellet factory in Brocēni, Latvia) – to the Estonian pellet producer Warmeston. The contractual price of the transaction was €32,000k. The final sales price was subject to a post-closing adjustment. At 31 December 2023, the group estimated that the adjustment would be approximately €1,470k (recognised in 'Other receivables' at 31 December 2023). As part of the transaction, the group sold net assets of €32,510k and the sale of the subsidiaries gave rise to a gain of €960k. The final sales price was €33,351k.

Net assets of subsidiary sold

€ thousand	**29 December 2023**
Assets	
Property, plant and equipment	18,148
Intangible assets	12,225
Inventories	4,146
Trade receivables, other receivables and prepayments	1,453
Liabilities	
Trade payables and other payables	(3,559)
Net assets of subsidiary sold	**32,413**
Sales price	**32,000**
Post transaction correction (recognized as other receivables as of 31 December 2023)	**1,351**
Profit from the sale	**938**
Cash received	
Cash received from the sale	**32,000**
Cash and cash equivalents of subsidiary	(1,453)
Post transaction correction (recognized as other receivables as of 31 December 2023)	1,351
Total cash received from the sale	**30,547**

Note 10. Inventories

€ thousand	31 December	
	2024	2023
Raw materials and consumables		
Fuel	126	0
Total raw materials and consumables	**126**	**0**
Spare parts	1,885	3,180
Total inventories	**2,011**	**3,180**

The group did not recognise any material inventory write-downs in 2024 and 2023.

The decrease in the inventory balance is due to the reclassification of inventories of €988k to property, plant and equipment. The items were reclassified because they are intended to be used for a period exceeding one year and, therefore, they meet the definition of property, plant and equipment. See also note 7.

Property, plant and equipment in the amount of 495k was reclassified into inventories in 2024.
See also note 7.

Note 11. Trade and Other Receivables and Prepayments

€ thousand	31 December	
	2024	2023
Receivables		
Trade receivables	10,151	8,669
Allowance for expected credit losses	0	(51)
Total trade receivables	**10,151**	**8,618**
Receivables from related parties (note 30)	13,277	9,884
Other receivables	14	6,496
Prepayments	7,814	30,084
Total current receivables	**31,256**	**55,082**
Non-current receivables		
Receivables from related parties (note 30)	304	0
Other non-current receivables	1,026	0
Total non-current receivables	**1,330**	**0**

The balance of other receivables has decreased in connection with the refund of security deposits (in the total amount of €2,904,000) by the transmission system operator Elering in March 2024 in exchange for letters of guarantee provided by Enefit Green. The remaining amounts are classified as non-current receivables. The balance of other receivables was also impacted by the post-closing adjustment of items related to the sale of two subsidiaries. See also note 9.

Prepayments as at 31 December 2024 and 31 December 2023 comprise prepaid taxes and prepaid expenses. Prepayments do not qualify as financial assets. Prepayments have decreased due to a decrease in VAT prepayments related to large development projects (wind farms and solar farms) reaching the stage of completion.

The group's receivables and prepayments are predominantly denominated in euros.
All receivables are measured at amortised cost.

Information about the credit quality of receivables is disclosed in note 13.

Note 12. Financial Instruments by Category

Financial assets in the statement of financial position

€ thousand	Derivative financial instruments for which hedge accounting is applied	Financial assets measured at amortised cost	TOTAL
At 31 December 2024			
Financial assets in the statement of financial position			
Trade and other receivables excluding prepayments (notes 3.1.2 and 11)	0	12,387	12,387
Receivables from related parties (notes 3.1.2, 11 and 30)	0	13,581	13,581
Cash and cash equivalents (notes 3.1.2, 3.2 and 14)	0	44,023	44,023
Derivative financial instruments (notes 3.3 and 15)	6,674	0	6,674
Total financial assets in the statement of financial position	**6,674**	**69,991**	**76,665**
At 31 December 2023			
Financial assets in the statement of financial position			
Trade and other receivables excluding prepayments (notes 3.1.2 and 11)	0	13,707	13,707
Receivables from related parties (notes 3.1.2, 11 and 30)	0	9,884	9,884
Cash and cash equivalents (notes 3.1.2, 3.2 and 14)	0	65,677	65,677
Derivative financial instruments (notes 3.3 and 15)	8,860	0	8,860
Total financial assets in the statement of financial position	**8,860**	**89,258**	**98,128**

Financial liabilities in the statement of financial position

€ thousand	Financial liabilities measured at amortised cost	TOTAL
At 31 December 2024		
Financial liabilities in the statement of financial position		
Borrowings (notes 3.1.3, 3.2 and 17)	734,413	734,413
Trade and other payables (notes 3.1.3 and 18)	57,128	57,128
Payables to the parent company (notes 3.1.3, 18 and 30)	3,328	3,328
Total financial liabilities in the statement of financial position	**794,869**	**794,869**
At 31 December 2023		
Financial liabilities in the statement of financial position		
Borrowings (notes 3.1.3, 3.2 and 17)	486,398	486,398
Trade and other payables (notes 3.1.3 and 18)	53,644	53,644
Payables to the parent company (notes 3.1.3, 18 and 30)	2,195	2,195
Total financial liabilities in the statement of financial position	**542,237**	**542,237**

Note 13. Credit Quality of Financial Assets

TRADE RECEIVABLES

For all trade receivables, the group applies the practical expedient permitted by IFRS 9 and recognises the loss allowance at an amount equal to lifetime expected credit losses. The expected credit losses on such financial assets are estimated using a provision matrix, which is based on the group's historical credit loss experience, adjusted for factors specific to the debtors, general economic conditions, an assessment of both the current and forecast direction of conditions at the reporting date, and, if necessary, the time value of money.

Analysis of trade receivables

€ thousand	31 December	
	2024	2023
Trade receivables		
Trade receivables	10,151	8,669
Expected credit loss allowance	0	(51)
Total trade receivables	**10,151**	**8,618**

31 December 2024 *€ thousand*	**TOTAL**	**Not past due**	**1-30 days past due**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days past due**
Trade receivables – gross carrying amount	10,151	9,154	970	0	25	2
Expected credit loss rate		0.00%	0.00%	0.00%	0.00%	100%
Expected credit loss	**0**	**0**	**0**	**0**	**0**	**2**

31 December 2023 *€ thousand*	**TOTAL**	**Not past due**	**1-30 days past due**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days past due**
Trade receivables – gross carrying amount	8,669	8,160	458	0	0	51
Expected credit loss rate		0.00%	0.00%	0.00%	0.00%	100%
Expected credit loss	**0**	**0**	**0**	**0**	**0**	**51**

Changes in the expected credit loss allowance recognised for trade receivables

€ thousand	**31 December**	
	2024	**2023**
Expected credit loss allowance at the beginning of the period	**(51)**	**(14)**
Items considered doubtful and doubtful items collected during the period	32	(39)
Items written off as uncollectible	19	2
Expected credit loss allowance at the end of the period (note 15)	**0**	**(51)**

RECEIVABLES FROM RELATED PARTIES AND OTHER RECEIVABLES

Receivables from related parties at 31 December 2024 of €13,581k consist mainly of electricity sales receivables from the parent company of €12,318k, loan and finance lease receivables from other group companies of €374k and receivables from other group companies of €889k.

For other receivables (including other receivables and receivables from related parties), the group recognises the loss allowance at an amount equal to 12-month expected credit losses if the credit risk on them has not increased significantly since initial recognition. If the credit risk has increased significantly, the group recognises the loss allowance at an amount equal to lifetime expected credit losses. According to the group's assessment, other receivables and receivables from related parties as at 31 December 2024 and 31 December 2023 are not exposed to significant credit risk as there is no indication of potential credit-impairment or default by the counterparty. The expected credit loss is therefore zero or negligible.

CASH AND CASH EQUIVALENTS

Although cash and cash equivalents are also subject to the expected credit loss model under IFRS 9, their identified credit loss at 31 December 2024 and 31 December 2023 was not material.

At 31 December 2024 and 31 December 2023, the group had current accounts with SEB, Swedbank and OP bank in Estonia and SEB AB S.A and mBank S.A in Poland. The current account balances with Swedbank and SEB in Estonia exceeded 10% of the group's total current accounts at banks.

€ thousand	31 December	
	2024	2023
Current accounts		
At banks with Moody's credit rating Aa3	44,023	65,677
Total current accounts (note 14)	**44,023**	**65,677**
Derivative financial instruments		
Derivatives with a positive fair value with Moody's credit rating Aa3	5,779	8,860
Total derivative financial instruments with a positive fair value (notes 15 and 20)	**5,779**	**8,860**

Note 14. Cash and Cash Equivalents

€ thousand	31 December	
	2024	2023
Current accounts at banks	44,023	65,677
Total cash and cash equivalents (notes 3.1.3, 3.2)	**44,023**	**65,677**

Cash and cash equivalents by currency

€ thousand	31 December	
	2024	2023
€	41,452	61,427
PLN	2,571	4,250
Total cash and cash equivalents (notes 3.1.3, 3.2)	**44,023**	**65,677**

Note 15. Contract Liability, Derivative Financial Instruments and Hedge Accounting

CONTRACT LIABILITY

In 2021, the group hedged its exposure to electricity price volatility with baseload swap derivative contracts. Under the given derivatives, the group was the payer of the floating price and the counter-party was the payer of the fixed price. The group applied hedge accounting to this cash flow hedge.

The group agreed with the counterparty (Eesti Energia AS) to terminate the derivative contracts and replace them with fixed price physical delivery contracts (EFET agreements) with the same volumes, prices and periods.

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 the trade date and 17 August 2021. The derivative financial instruments were measured at fair value until the date of conclusion of the EFET General Agreement (measurement date 17 August 2021). Their carrying amount, classified as a contract liability, did not change until 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 with the revenue recognised at a fixed per-unit price 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 contract liability, which will gradually increase recognised revenue until the EFET General Agreement is fulfilled. The 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 was recognised directly in equity. See note 20 for further information about reserves. At 31 December 2024, the remaining liability of €12,411k was classified into current and non-current portions of €6,066k and €6,345k, respectively.

The electricity supply period under the EFET agreements began on 1 January 2023. Accordingly, the balance of the contract liability decreased by €5,674k in 2024 and was €(12,411)k at 31 December 2024 (31 December 2023: €(18,086)k). Respective changes were also made to the group's cash flow hedge reserve and income statement. Detailed information on changes in 2024 and the changes to be made in the period 2025–2027 are presented in the following table:

€ thousand	Note	2024	2025	2026–2027
Decrease of contract liability		(5,674)	(6,066)	(6,345)
Decrease of electricity cash flow hedge reserve	20	3,303	3,491	2,834
Increase of revenue	21	5,674	6,066	6,345
Decrease of revenue	21	(3,303)	(3,491)	(2,834)

ELECTRICITY PRICE SWAP TRANSACTIONS

In 2024, the group used electricity price swaps to manage its short-term electricity portfolio. At 31 December 2024, the group had entered into electricity price swaps for the purchase of 80.2 GWh of electricity in the Estonian and Lithuanian price areas in the period January to March 2025. At the end of the year, the market value of the contracts was €895k.

INTEREST RATE SWAP TRANSACTIONS

At 31 December 2024, the group had three interest rate swap agreements in place to hedge the exposure to the interest rate risk of three loans:

- An interest rate swap with a notional amount of €66,087k (31 December 2023: €73,043k) whereby the group receives interest at a rate equal to 6 month EURIBOR and pays a fixed rate of interest of 1.1%. The swap is designed to hedge the exposure to the interest rate risk of a floating-rate loan taken out on 30 September 2022.
- An interest rate swap with a notional amount of €44,792k (31 December 2023: €48,958k) whereby the group receives interest at a rate equal to 3 month EURIBOR and pays a fixed rate of interest of 1.049%. The swap is designed to hedge the exposure to the interest rate risk of a floating-rate loan taken out on 24 September 2022.
- An interest rate swap with a notional amount of €31,668k (31 December 2023: €35,834k) whereby the group receives interest at a rate equal to 6 month EURIBOR and pays a fixed rate of interest of 1.125%. The swap is designed to hedge the exposure to the interest rate risk of a floating-rate loan taken out on 30 June 2022.

The interest rate swaps have been designated as hedging instruments in cash flow hedges. There is an economic relationship between the hedging instruments (interest rate swaps) and the hedged items (the loan agreements) because at 31 December 2024 the main terms of the interest rate swaps matched the terms of the loans (i.e. their notional amounts, currencies, maturities, and payment dates). The forward hedges have a hedge ratio of one to one. To test the hedge effectiveness, the group uses the hypothetical derivative method and compares the changes in the fair values of the interest rate swaps against the changes of the hypothetical derivative.

Hedge ineffectiveness can arise from the following sources:

- A change in the credit risk of the group or the counterparty of the interest rate swap. The effect of credit risk may cause an imbalance in the economic relationship between the hedging instrument and the hedged item so that the values of the hedging instrument and the hedged item no longer move in opposite directions. According to the assessment of the group's management, it is highly unlikely that credit risk will cause significant hedge ineffectiveness.

The effect of the hedging instruments on the group's statement of financial position as at 31 December 2024 was as follows. See also note 20.

€ thousand	Change in fair value used to measure ineffectiveness	Amounts recognised in hedge reserve
Floating-rate loans	5,779	5,779

Note 16. Equity

Enefit Green AS had 264,276,232 registered shares at 31 December 2024 (31 December 2023: 264,276,232 registered shares). The par value of each share is 1 euro.

Enefit Green has been listed on the Nasdaq Tallinn stock exchange since 21 October 2021.

At 31 December 2024, 77.17% of the shares were held by the controlling shareholder Eesti Energia AS.

At 31 December 2024, the statutory capital reserve of Enefit Green AS amounted to €8,291k (31 December 2023: €5,556k) and the group's retained earnings amounted to €263,502k (31 December 2023: €223,718k).

On making a dividend distribution to the shareholders, the group will have to pay income tax of 22% (calculated as 22/78 of the net distribution). The 14% tax rate for regular dividend distributions (the amount of tax payable was calculated as 14/86 of the net dividend) was abolished from 1 January 2025. See note 27 for further information about income tax on dividends.

In 2024, the group distributed a dividend of €27,749k, the dividend per share was €0.105 (2023: €54,970k, €0.208 per share).

Retained earnings, maximum possible net dividend and maximum income tax on dividends:

€ thousand	31 December	
	2024	2023
Retained earnings	263,502	223,718
of which retained earnings subject to income tax of 14% (not applicable to 2024)	0	23,322
of which retained earnings subject to income tax of 20% (not applicable to 2024)	0	197,667
of which retained earnings subject to income tax of 22% (applicable to 2024)	249,021	0
of which tax exempt retained earnings	14,481	2,729
Income tax payable on the distribution of the entire retained earnings	(54,785)	(42,798)
Maximum possible net dividend	**208,717**	**180,920**

Basic earnings per share have been calculated by dividing profit for the period attributable to shareholders of the parent company by the weighted average number of ordinary shares outstanding during the period. Since the group has no potential ordinary shares, diluted earnings per share equal basic earnings per share.

€ thousand	1 January – 31 December	
	2024	2023
Profit attributable to shareholders of the parent (€ thousand)	70,268	55,793
Weighted average number of ordinary shares outstanding (thousand)	264,276	264,276
Basic earnings per share (€)	0.27	0.21
Diluted earnings per share (€)	**0.27**	**0.21**

The group's equity also includes the following reserves (see also note 20):

a) foreign currency translation reserve
b) hedge reserve for cash flow hedges for electricity price risk
c) hedge reserve for cash flow hedges for interest rate risk
d) initial fair value of derivative transactions with the parent company
e) voluntary financing reserve

The use of the voluntary financing reserve is restricted by the Commercial Code, which states that this reserve can be used only to:

- cover accumulated losses;
- increase share capital through a bonus issue.

Note 17. Borrowings

Borrowings measured at amortised cost

€ thousand	Short-term borrowings			Long-term borrowings		TOTAL
	Interest	Bank loans	Lease liabilities*	Bank loans	Lease liabilities*	
Borrowings at amortised cost at 31 December 2022 (notes 3.1.3, 3.2 and 12)	**554**	**23,396**	**412**	**251,577**	**4,178**	**280,117**
Movements in 2023						
Cash movements						
Addition of borrowings	15,989	82,000	124	220,000	5,188	323,301
Repayments of borrowings	(12,569)	(104,571)	(324)	0	(35)	(117,499)
Non-cash movements						
Transfers	0	26,550	798	(26,550)	(798)	0
Amortisation of borrowing costs	0	0	0	(284)	0	(284)
Other movements	(7)	39	(265)	431	565	763
Total movements in 2023	**3,413**	**4,018**	**333**	**193,597**	**4,920**	**206,281**
Borrowings at amortised cost at 31 December 2023 (notes 3.1.3, 3.2 and 12)	**3,967**	**27,414**	**745**	**445,174**	**9,098**	**486,398**
Movements in 2024						
Cash movements						
Addition of borrowings	0	67,500	0	287,520	0	355,020
Repayments of borrowings	(27,624)	(88,467)	(714)	(20,000)	0	(136,805)
Non-cash movements						
Addition of borrowings	29,260	0	4	0	516	29,780
Transfers	188	52,557	225	(52,713)	(257)	0
Amortisation of borrowing costs	0	0	0	55	0	55
Other movements	7	23	75	72	(152)	25
Total movements in 2024	**1,831**	**31,613**	**(410)**	**214,934**	**107**	**248,075**
Borrowings at amortised cost at 31 December 2024 (notes 3.1.3, 3.2 and 12)	**5,798**	**59,027**	**335**	**660,108**	**9,205**	**734,473**

* Repayments of lease liabilities of €714k include repayments of both lease principal of €259k and interest of €455k.

In 2024, the total amount of interest accrued on bank loans was €29,260k and interest paid on bank loans was €27,624k. In 2024, proceeds from realised interest rate swaps amounted to €4,250k. In 2023, the total amount of interest accrued on bank loans was €15,989k and interest paid on bank loans was €12,569k. In 2023, proceeds from realised interest rate swaps amounted to €2,707k.

Enefit Green AS made regular scheduled repayments of €48,467k and an early loan repayment of €60,000k in 2024 (2023: scheduled repayments of €42,571k and an early loan repayment of €62,000k).

In June 2024, the group amended the loan agreement with Swedbank, increasing the loan amount by €50,000k. In August, the group signed a €100,000k loan agreement with the EBRD and extended a €10,000k revolving credit facility agreement with SEB. In September, a €20,000k revolving credit facility agreement was signed with the Estonian branch of OP Corporate Bank.

A three-year €20,000k loan agreement with AB SEB Bankas expired in September 2024.

Enefit Green has three revolving credit facilities in the total amount of €50,000k, which mature in the period 2026–2027. At 31 December 2024, all revolving credit facilities were undrawn (31 December 2023: three revolving credit facilities in the total amount of €50,000k and all undrawn).

At 31 December 2024, the group had undrawn investment loans of €165,000k (31 December 2023: €285,000k).

Fair values of bank loans

€ thousand	31 December	
	2024	2023
Nominal value of floating-rate bank loans (note 3.1)	576,701	314,854
Fair value of floating-rate bank loans (note 3.3)	576,701	314,854
Nominal value of bank loans with interest rate risk hedged with interest rate swaps	142,434	157,734
Fair value of bank loans with interest rate risk hedged with interest rate swaps	142,434	157,734
Total fair value of bank loans	**719,135**	**472,588**

According to management's assessment, the fair values of loans with floating interest rates as at the end of the reporting period do not differ from their carrying amounts as the risk margins have not changed.

Bank loans at carrying amounts by maturity

€ thousand	31 December	
	2024	2023
< 1 year	59,027	27,414
1–5 years	443,968	310,240
> 5 years	216,140	134,934
Total	**719,135**	**472,588**

The loans are denominated in euros and in Polish zloty (one loan from the EBRD). The balance of the loan denominated in Polish zloty was €5,601 (23,944k Polish zloty) at 31 December 2024 and €6,340k (27,512k Polish zloty) at 31 December 2023.

Weighted average effective interest rates of borrowings

€ thousand	31 December	
	2024	2023
Bank loans	3.90%	4.09%
Lease liabilities	5.0%	5.0%

The weighted average interest rate of bank loans takes into account the effect of interest rate swaps.

Net debt*

€ thousand	31 December	
	2024	2023
Cash and cash equivalents (note 14)	44,023	65,677
Short-term interest liabilities	(5,798)	(3,967)
Short-term lease liabilities	(335)	(745)
Long-term lease liabilities	(9,205)	(9,098)
Short-term bank loans	(59,027)	(27,414)
Long-term bank loans	(660,108)	(445,174)
Net debt	**(690,450)**	**(420,721)**
Cash and cash equivalents (note 14)	44,023	65,677
Short-term interest liabilities	(5,798)	(3,967)
Short-term lease liabilities	(335)	(745)
Long-term lease liabilities	(9,205)	(9,098)
Floating-rate liabilities	(576,701)	(314,854)
Liabilities with interest rate risk hedged with interest rate swaps	(142,434)	(157,734)
Net debt	**(690,450)**	**(420,721)**

* Net debt – borrowings less cash and cash equivalents, see also note 3.2.

Note 18. Trade and Other Payables

€ thousand	31 December	
	2024	2023
Trade and other payables – financial liabilities		
Trade payables	36,926	29,464
Accrued expenses	2,936	1,783
Payables to the parent company (note 30)	3,328	2,195
Other payables	17,266	22,397
Total trade and other payables – financial liabilities (notes 3.1 and 12)	**60,456**	**55,839**
Payables to employees	1,811	1,740
Tax liabilities	2,168	2,105
Total trade and other payables	**64,435**	**59,684**
of which current portion	**56,376**	**54,445**
of which non-current portion	**8,059**	**5,239**

Trade payables at 31 December 2024 have increased due to payables for the purchase of property, plant and equipment. The relevant balance at 31 December 2024 was €29,941k (31 December 2023: €14,338k).

The largest item in other payables is related to the construction of the Kelmė II and III wind farms of €14,566k (31 December 2023: €17,771k). Payments made for those wind farms in 2024 totalled €6,237k.

Other payables at 31 December 2024 also include payables to other companies of the Eesti Energia group of €107k (31 December 2023: €62k) and payables to associates of €541k (31 December 2023: €311k) (note 30).

Note 19. Government Grants

€ thousand	31 December	
	2024	2023
Government grants at the beginning of the period	**3,102**	**7,115**
Recognised as other operating income (notes 22 and 28)	(293)	(504)
Transfers to liabilities directly associated with assets classified as held for sale	0	(3,513)
Other	0	4
Government grants at the end of the period	**2,809**	**3,102**

The balance of government grant liability as of 31 December 2024 consists of government grant received from the Green Investment Fund for the "Ojaküla Wind Farm" project and the foreign aid received in 2017 for the Narva Wind Farm. The balance at the end of 2023 also includes the grants received for the Paide CHP plant and the construction of a biomass CHP plant in Latvia. All government grants are grants related to assets.

To avoid the repayment of the grants received, the group must comply with certain conditions: maintain project documentation, submit project reports when requested and, in the case of some projects, meet certain technical requirements.

Note 20. Other Reserves

€ thousand	31 December		Note
	2024	2023	
Other reserves at the beginning of the period	**163,289**	**165,657**	
of which foreign currency translation reserve	(162)	(762)	
of which hedge reserve for cash flow hedges for interest rate risk	8,860	14,626	
of which hedge reserve for cash flow hedges for electricity price risk	(9,628)	(12,426)	
of which initial fair value of derivative transactions with the parent company	(10,781)	(10,781)	
of which voluntary financing reserve	175,000	175,000	
Change in fair value of cash flow hedges			
of which hedge reserve for cash flow hedges for interest rate risk	967	(2,221)	15
Recognised as a decrease of a contract liability	3,303	2,798	15
Reclassification from other comprehensive income, recognised as a decrease in interest ex-pense	(4,048)	(3,545)	26
Exchange differences on the translation of foreign operations	344	600	
Other reserves at the end of the period	**163,855**	**163,289**	
of which foreign currency translation reserve	182	(162)	
of which hedge reserve for cash flow hedges for interest rate risk	5,779	8,860	
of which hedge reserve for cash flow hedges for electricity price risk	(6,325)	(9,628)	15
of which initial fair value of derivative transactions with the parent company	(10,781)	(10,781)	15
of which voluntary financing reserve	175,000	175,000	

Note 21. Revenue

€ thousand	1 January – 31 December	
	2024	**2023**
Revenue by activity		
Sale of goods		
Pellets	0	31,985
Scrap metal	431	726
Other goods	88	62
Total sale of goods	**519**	**32,773**
Sale of services		
Electricity	162,040	146,021
Waste reception	14,969	16,304
Heat	7,044	8,601
Asset rental and maintenance	517	694
Other services	400	1,364
Total sale of services	**184,970**	**172,984**
Total revenue (note 5)	**185,489**	**205,757**

Pellet sales revenue for the reporting period was zero because the group sold its pellet plant and the Brocēni CHP plant at the beginning of 2024.

Electricity sales revenue also includes the realised hedge reserve of €(3,303)k (2023: €(2,798)k) and a realised contract liability of €5,674k (2023: €5,121k) (note 15). The reasons for the decrease in revenue are explained in note 1.1.

Note 22. Renewable Energy Support and Other Operating Income

€ thousand	1 January – 31 December	
	2024	2023
Support for electricity produced from renewable sources (note 30)	22,522	21,303
Government grants (notes 19 and 28)	251	504
Income from derivative financial instruments	893	0
Gain on the sale of a business (notes 1.1 and 9)	4,958	960
Other income	6,788	1,540
Total renewable energy support and other operating income (note 5)	**35,412**	**24,307**

In addition to the market price of electricity, the group's solar farms, Estonian wind farms and Iru CHP plant whose eligibility period has not expired receive renewable energy support in the form of feed-in premium (FiP) at a rate of €53.7/MWh. In addition, the Iru CHP plant receives support for electricity generated in an efficient cogeneration process at the rate of €32/MWh. The Purtse wind farm started to receive support from Q2 2024 and the eligibility period of the Aseriaru wind farm ended in Q4 2024.

Other operating income has increased significantly due to a settlement reached by Enefit Green and GE Vernova as a result of which the parties agreed on an amendment to the Akmenė wind farm turbine supply agreement, including compensation of €8,185k, of which €3,857k was paid by GE Vernova to Enefit Green in cash and the remaining amount was offset against reciprocal receivables and liabilities. Of the €8,185k, €5,290k was recognised as other operating income and €1,610k as a reduction of previously made investments. GE Vernova and Enefit Green also entered into additional agreements totalling €1,285k, which did not affect Enefit Green's financial results.

The gain on the sale of a business has increased in connection with the sale of some subsidiaries. See note 9 for further information.

Note 23. Raw Materials, Consumables and Services Used

€ thousand	1 January – 31 December	
	2024	2023
Technological fuel	2,141	27,033
Maintenance and repairs	17,019	17,514
Electricity	55,494	48,394
Services related to ash treatment	1,776	1,965
Materials and spare parts for production operations	1,681	2,067
Transport services for the sale of finished goods	0	1,920
Other raw materials, consumables and services used	1,041	588
Transmission services	1,403	518
Environmental pollution charges	1,417	325
Resource charges for natural resources	3	6
Total raw materials, consumables and services used	**81,975**	**100,330**

Technological fuel costs decreased in 2024 due to the sale of the biomass CHP plants. Other cost items, including materials and spare parts for production operations, transport services for the sale of finished goods and resource charges for natural resources, decreased for the same reason.

Electricity costs include the cost of electricity purchased for PPAs as well as balancing energy and other electricity purchases. Electricity costs have increased due to growth in the volume of electricity purchased; the purchase price of electricity decreased compared to the previous year. The volume of electricity purchased increased due to purchases related to the PPAs as well as due to production growth, which increased other electricity purchases. Electricity purchases to meet the obligations under the PPAs were higher than expected in 2024 due to delays in the start of electricity production at the wind farms under construction.

Transmission costs increased in 2024 due to an increase in network charges by the Estonian transmission system operator and recalculations resulting from the Polish national support scheme. In addition, the commissioning of new wind farms also had an impact on the cost increase.

Amendments to the Estonian Environmental Charges Act took effect on 1 July 2024, increasing the rates of pollution charges for the release of pollutants into the ambient air (section 19 (1) of the Act). In particular, the charge for the emission of carbon dioxide (CO_2) into the ambient air increased tenfold for heating companies.

Note 24. Payroll Expenses

€ thousand	1 January – 31 December	
	2024	**2023**
Wages, salaries, additional remuneration, bonuses and vacation pay	6,807	8,367
Other payments and benefits to employees	340	211
Payroll taxes	1,931	2,229
Total payroll expenses	**9,078**	**10,807**
of which remuneration of the management and supervisory boards of the Enefit Green group (note 30)	633	534
of which remuneration	488	485
of which bonuses	39	49
of which other payments	*106*	*0*
Average number of employees during the period	128	190

Note 25. Other Operating Expenses

€ thousand	1 January – 31 December	
	2024	2023
Expenses on buildings and facilities	1,777	1,010
Lease of real estate	2,825	2,348
Security and general insurance services	1,555	1,359
Consulting expenses	2,091	2,775
Other office expenses	2,236	2,047
Financial and accounting services	476	718
Support and donations	278	247
Research and development expenses	1,397	1,659
Legal services	465	644
Taxes	109	81
Other expenses	1,828	2,331
Total other operating expenses	**15,037**	**15,237**

Lease expenses (see note 6) include variable lease payments of €2,287k (2023: €1,805k) which have not been included in the measurement of lease liabilities and expenses on low-value leases of €538k (2023: €543k).

Other expenses include expenses on personal protective equipment, notary fees, fines, business travel and other items.

Note 26. Net Finance Income and Costs

€ thousand	1 January – 31 December	
	2024	**2023**
Finance income		
Interest income	1,064	825
Foreign exchange gain	243	1,135
Total finance income	**1,307**	**1,960**
Finance costs		
Interest expense		
Interest expense on borrowings	(29,817)	(16,876)
Effect of interest rate swaps (note 20)	4,048	3,545
Capitalised borrowing costs	24,503	12,078
Total interest expense	**(1,266)**	**(1,253)**
Foreign exchange loss	(154)	(605)
Total finance costs	**(1,420)**	**(1,858)**
Net finance income (costs)	**(113)**	**102**

The weighted average capitalisation rate of borrowing costs in 2024 was 4.25% (2023: 3.72%).

Note 27. Income Tax Expense

Under the Estonian Income Tax Act, corporate profit is taxed when it is distributed. From 2019 to 1 January 2025, regular dividend distributions were subject to a lower, 14% income tax rate (the amount of tax payable was calculated as 14/86 of the net distribution). Thus, in calculating the income tax payable on dividends, a resident company could apply a lower tax rate of 14% and the standard tax rate of 20% (the amount of tax payable was calculated as 20/80 of the net distribution). The more favourable tax rate could be applied to a dividend distribution that amounted to up to three preceding financial years' average distribution of retained earnings on which the company has paid income tax. From 1 January 2025, the standard income tax rate in Estonia is 22% instead of the previous 20%, and the reduced tax rate of 14% and the income tax of 7% that had to be withheld on dividends paid to individuals have been abolished.

Dividends distributed from the dividends received from another entity are not subject to income tax, provided that the recipient of the dividends had at least a 10% interest in the entity that distributed the dividend at the time the dividend was distributed.

€ thousand	1 January – 31 December	
	2024	2023
Income tax expense	4,539	10,233
Change in deferred income tax assets and liabilities	793	(517)
Total corporate income tax expense	**5,332**	**9,716**

Average effective tax rate

€ thousand	1 January – 31 December	
	2024	2023
Estonia		
Net amount of dividends	27,749	54,970
of which dividends taxed at 14% (14/86 of net distribution)	20,057	6,642
of which dividends taxed at 20% (20/80 of net distribution)	5,012	33,602
of which tax exempt dividends	2,680	14,726
Theoretical tax expense	4,518	9,482
Actual income tax on dividends	4,518	9,482
Average effective tax rate	16.28%	17.25%
Income tax expense of subsidiaries	21	751
Income tax expense	**4,539**	**10,233**
Deferred income tax expense (income)	793	(517)
of which deferred income tax income	(846)	(1,619)
of which deferred income tax expense	1,639	1,102
Total income tax expense	**5,332**	**9,716**

Dividends paid to shareholders in 2024 and 2023 were distributed from the retained earnings of an Estonian subsidiary and from the retained earnings of a Lithuanian subsidiary on which income tax had already been paid.

At 31 December 2024, the group had deferred tax liabilities of €12,484k (31 December 2023: €12,497k), of which €9,078k (31 December 2023: €9,700k) was attributable to the difference between the fair values and carrying amounts of wind farms located in Lithuania, which was recognised during the purchase price allocation performed on the acquisition of Nelja Energia AS (note 8).

Note 28. Cash Generated from Operations

€ thousand	1 January – 31 December	
	2024	2023
Profit before tax	**75,600**	**65,509**
Adjustments for		
Depreciation and impairment of property, plant and equipment (notes 6 and 7)	39,007	39,944
Amortisation and impairment of intangible assets (note 8)	130	617
Amortisation of government grants related to assets (note 22)	(252)	(500)
Interest and other finance costs (note 26)	1,069	1,252
Gain on disposal of subsidiaries	(4,959)	(960)
Share of profit of equity-accounted associates	(1)	(66)
Gains and losses on disposal of property, plant and equipment	104	(2)
Interest and other finance income (note 26)	(1,065)	(826)
Gains and losses on other non-cash transactions	(117)	26
Foreign exchange loss on loans provided and received in foreign currency	96	470
Combined impact of release of contract liability and electricity hedge reserve (notes 15 and 20)	(3,172)	(2,323)
Unpaid / unsettled loss / revenue on derivatives	(801)	0
Compensation received	(1,433)	0
Adjusted profit before tax	**105,009**	**103,141**
Net change in current assets related to operating activities		
Change in trade receivables (note 11)	(1,582)	(1,407)
Change in inventories (note 10)	(1,752)	(2,283)
Change in other receivables related to operating activities (note 11)	22,919	(15,687)
Change in assets classified as held for sale	0	(429)
Total net change in current assets related to operating activities	**19,585**	**(19,806)**
Net change in current liabilities related to operating activities		
Change in provisions	187	3
Change in trade payables (note 18)	(7,964)	9,480
Net change in other payables related to operating activities	325	2,385
Change in liabilities directly associated with assets classified as held for sale	0	(285)
Total net change in liabilities related to operating activities	**(7,452)**	**11,583**
Cash generated from operations	**117,142**	**94,918**

Note 29. Contingencies and Commitments

CONTINGENT LIABILITIES ARISING FROM POTENTIAL TAX AUDITS

Estonia

The tax administrator has neither initiated nor conducted any tax audits or single case audits at any group company. The tax administrator may audit a company's tax accounting within five years after the deadline for the submission of a tax return. If misstatements are detected, the tax administrator may charge additional tax, late payment interest and penalties. According to management's assessment, there are no circumstances that would cause the tax administrator to assess a significant amount of additional tax to be paid by the group.

Foreign jurisdictions

The tax administrator has neither initiated nor conducted any tax audits or single case audits at any foreign group company. In Latvia, Lithuania and Poland, the tax administrator may audit a company's tax accounting within up to five years after the deadline for the submission of a tax return. According to management's assessment, there are no circumstances that would cause the tax administrator to assess a significant amount of additional tax to be paid by the group.

Contingent liabilities related to pending legal disputes

At 31 December 2024 and 31 December 2023, the group did not have any pending legal disputes that could have a negative effect on the group's financial statements.

Loan covenants

The group's loan agreements contain some covenants, which set certain limits to the group's consolidated financial indicators. The group did not breach any covenants in 2024 or 2023 (note 17).

Commitments under the construction contracts of new wind and solar farms

At 31 December 2024, the group had committed to future capital expenditures of €92,493k (2023: €368,932k) under construction contracts signed with the counterparties.

Commitments under contracts for the acquisition of development projects

At 31 December 2024, the group had committed to future capital expenditures of €83,587k (31 December 2023: €17,400k) under contracts signed with the counterparties.

Variable lease payments

Where the right to use land (the right of superficies) is based on variable lease payments which do not depend on an index or a rate (e.g. the payments are based on a percentage of the sale of the assets located on the land or the value of the cadastral unit), the lease is not accounted for by recognising a right-of-use asset and a lease liability in accordance with the requirements of IFRS 16, but it is accounted for by recognising the payments as operating expenses. According to the group's assessment, at 31 December 2024 the discounted future payments over the remaining terms of such leases amounted to €6,598k (2023: €7,005k). Actual lease payments are affected by changes in the values of cadastral units, electricity prices and production volumes.

Note 30. Related Party Transactions

The parent company of Enefit Green AS is Eesti Energia AS. The sole shareholder of Eesti Energia AS is the Republic of Estonia.

For the purposes of these consolidated financial statements, related parties include owners that have control or significant influence, other companies belonging to the same group (group companies), associates and joint ventures, members of the executive and higher management as well as 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 the disclosure of insignificant transactions and balances with the government and other related parties that are under the control, common control or significant influence of the state.

Transactions with the parent company

€ thousand	1 January – 31 December	
	2024	2023
Purchases of property, plant and equipment (note 7)	0	6,174
Purchases of services	21,165	17,804
Sales of electricity	83,876	78,713

Enefit Green AS and its subsidiaries produce renewable energy that is sold directly to third parties (including the Nord Pool power exchange). The parent company, Eesti Energia AS, provides Enefit Green AS with some administration services required for energy sales. The services include settlement and payment management, communication with Nord Pool and regulators, and preparation of regulatory reporting for electricity production and sales transactions. The costs of those services along with the costs of other centrally arranged services provided by Eesti Energia AS are presented in ‘Purchases of services’.

At 31 December 2024, Enefit Green was committed to deliver to its parent company, Eesti Energia AS, electricity of 7,429 GWh (31 December 2023: 8,562 GWh) to be supplied in the Lithuanian, Estonian, Finnish and Polish electricity networks in the period 2025–2033 under long-term fixed-price PPAs. The PPAs have been signed for the supply of both annual and monthly baseload energy. The weighted average price of electricity to be supplied under the long-term agreements for the physical delivery of electricity is €68.9/MWh (31 December 2023: €68.1/MWh). Further information about changes in the sales of services is provided in note 1.1.

At 31 December 2024, Enefit Green had also entered into short-term contracts for difference with Eesti Energia AS to manage its electricity portfolio, with a total volume of 20 GWh and a reference period of 2025.

Receivables from and payables to the parent company

€ thousand	31 December	
	2024	2023
Receivables (note 11)	12,318	9,497
Payables (note 18)	3,328	2,195
Contract liability (note 15)	12,434	18,086

Transactions and balances with companies belonging to the same consolidation group as Eesti Energia AS

€ thousand	1 January – 31 December	
	2024	2023
Purchases of services	65	3,357
Sales of services	3,709	4,208

€ thousand	31 December	
	2024	2023
Receivables (note 11)	889	314
Finance lease receivables (note 11)	374	51
Payables (note 18)	107	62
Lease liabilities (note 18)	21	0

Transactions and balances with other related parties (including associates)

€ thousand	1 January – 31 December	
	2024	2023
Purchases of services	2,195	1,908
Sales of services	24	18

€ thousand	31 December	
	2024	2023
Receivables (note 11)	0	22
Payables (note 18)	541	311

Purchase and sales transactions with related parties have been conducted at prices approved by the Competition Authority or at market prices.

Transactions with companies under the control or significant influence of the Republic of Estonia

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

Transactions with Elering AS

€ thousand	1 January – 31 December	
	2024	2023
Connection fees	220	18,652
Other purchases	1,154	340
Support for electricity produced from renewable sources (note 22)	21,913	21,281
Sales of other services	103	74

In addition to the above, Elering refunded overpaid connection fees of €2,208k to Enefit Green in 2024. The significant decrease in connection fees in 2024 is due to the fact that the projects are in the completion phase and no new connection contracts have been signed. Connection fees are recognised as property, plant and equipment.

Other purchases in 2024 consist mainly of a capacity fee of €302k, transmission services of €637k and gas purchases of €116k.

Receivables from and payables to Elering AS

€ thousand	31 December	
	2024	2023
Receivables	3,546	5,629
Payables	186	33

Note 31. Going Concern

At 31 December 2024, the group's current liabilities exceeded current assets by €47,140k (31 December 2023 current assets exceeded current liabilities by €45,912k). The group's financial statements have been prepared on going concern basis.

According to the management, negative working capital will not cause financial difficulties for the group in 2025, as the group's cash flow from operating activities is positive, €84,462k in 2024. The working capital was negative as of 31 December 2024 as the group has several large-scale investment projects in the construction phase, for the implementation of which loan capital has been raised.

The balance of short-term borrowings in the amount of €65,160k as of 31 December 2024 has increased significantly compared to 31 December 2023, as the repayments of several investment loans will start in 2025. Of the current liabilities, payables to suppliers for the acquisition of fixed assets amount to €36,677k are, including liabilities recorded under other liabilities in the amount of €6,736k which are related to the construction of the Kelme III wind farm.

With the completion of several large investment projects in 2025, payments to suppliers for the acquisition of fixed assets will decrease, and the completion of new assets will ensure a higher positive cash flow from operating activities going forward. The projected cash flows from operating activities for 2025 are sufficient to cover the current liabilities recognised on the balance sheet as at 31 December 2024.

Note 32. Supplementary Information About the Parent Company

In accordance with the Estonian Accounting Act, the notes to the consolidated financial statements have to include the separate primary financial statements of the consolidating entity (the parent company). The primary financial statements of the parent company have been prepared using the same accounting policies and measurement bases as those applied in the preparation of the consolidated financial statements. In the parent company's primary financial statements disclosed in the notes to the consolidated financial statements, investments in subsidiaries are accounted for as required by IAS 27 *Separate Financial Statements*.

In the parent company's primary financial statements disclosed in this note, investments in subsidiaries are measured at cost less any impairment losses.

Income statement

€ thousand	1 January – 31 December	
	2024	2023
Revenue	132,475	134,860
Renewable energy support and other operating income	6,304	7,953
Raw materials, consumables and services used	(98,147)	(95,850)
Payroll expenses	(6,977)	(6,786)
Depreciation, amortisation and impairment losses	(6,251)	(6,789)
Other operating expenses	(6,890)	(7,294)
Gain on disposal of subsidiaries	6,846	0
Operating profit	**27,360**	**26,094**
Finance income	63,899	50,923
Finance costs	(25,154)	(12,894)
Net finance income	**38,745**	**38,029**
Share of profit of equity-accounted associates	**38**	**66**
Profit before tax	**66,143**	**64,188**
Corporate income tax expense	(4,518)	(9,482)
Profit for the year	**61,625**	**54,707**

Statement of comprehensive income

€ thousand	Note	1 January – 31 December	
		2024	2023
Profit for the year		**61,625**	**54,707**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Remeasurement of hedging instruments in cash flow hedges (incl. reclassifications to profit or loss)	15	223	(2,968)
Other comprehensive income (loss) for the year		223	(2,968)
Total comprehensive income for the year		**61,848**	**51,739**

Statement of financial position

€ thousand	31 December	
	2024	2023
Assets		
Non-current assets		
Property, plant and equipment	91,793	98,997
Intangible assets	36,372	36,750
Investments in subsidiaries	345,154	331,153
Investments in associates	548	548
Loans provided to subsidiaries	109,711	117,681
Derivative financial instruments	3,400	5,054
Total non-current assets	**586,978**	**590,183**
Current assets		
Inventories	1,348	1,111
Trade and other receivables and prepayments	865,398	527,587
Derivative financial instruments	3,274	3,806
Cash and cash equivalents	39,364	59,611
	909,384	**592,115**
Assets classified as held for sale	0	10,144
Total current assets	**909,384**	**602,259**
Total assets	**1,496,362**	**1,192,442**

€ thousand	31 December	
	2024	2023
Equity		
Share capital	264,276	264,276
Share premium	60,351	60,351
Statutory capital reserve	8,291	5,556
Other reserves	163,675	163,451
Retained earnings	121,546	90,406
Total equity	**618,139**	**584,040**
Liabilities		
Non-current liabilities		
Borrowings	660,107	445,175
Government grants	225	92
Provisions	8	8
Contract liability	6,345	12,412
Total non-current liabilities	**666,686**	**457,687**
Current liabilities		
Borrowings	64,825	31,381
Provisions	8	6
Trade and other payables	140,544	111,937
Contract liability	6,161	5,674
	211,536	**148,998**
Liabilities directly associated with assets classified as held for sale	0	1,717
Total current liabilities	**211,537**	**150,715**
Total liabilities	**878,223**	**608,402**
Total equity and liabilities	**1,496,362**	**1,192,442**

Translation of the AS Enefit Green's consolidated financial statements in pdf-format without European Single Electronic Format (ESEF) markups.
The original document is digitally signed and submitted in machine-readable .xhtml format to the Nasdaq Tallinn Stock Exchange
(Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3100137985/reports).

Statement of cash flows

€ thousand	31 December	
	2024	2023
Cash flows from operating activities		
Profit before tax	**66 143**	**64 189**
Adjustments for		
Depreciation, amortisation and impairment losses	6,251	6,789
Amortisation of government grants related to assets	(27)	(160)
Loss on sale of non-current assets	104	0
Impact of the application of the equity method	(0.5)	(66)
Foreign exchange gains and losses on loans denominated in foreign currency	96	470
Gain on disposal of subsidiaries	(6,846)	(1,630)
Interest expense on borrowings	25,154	12,898
Interest and other finance income	(61,243)	(36,238)
Elimination of dividend income	(2,656)	(14,688)
Realised gains from derivative financial instruments	(3,172)	(2,323)
Adjusted profit before tax	**23,804**	**29,241**
Net change in current assets related to operating activities		
Change in receivables related to operating activities	(606)	(1,519)
Change in inventories	(211)	(401)
Change in assets classified as held for sale	0	256
Net change in other current assets related to operating activities	(667)	410
Total net change in current assets related to operating activities	**(1,484)**	**(1,254)**

€ thousand	31 December	
	2024	2023
Net change in liabilities related to operating activities		
Change in provisions	1	3
Change in trade payables	(1,965)	1,049
Net change in other liabilities related to operating activities	9,844	(3,976)
Total net change in liabilities related to operating activities	**7,880**	**(2,924)**
Interest and borrowing costs paid	(30,199)	(12,321)
Interest received	60,102	33,839
Income tax paid	(4,518)	(9,482)
Net cash generated from operating activities	**55,585**	**37,099**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	27	0
Paid for purchase of property, plant and equipment and intangible assets	(610)	(14,674)
Contribution to the share capital of a subsidiary	(9,600)	(21,674)
Dividends received from associates	0	24
Dividends received from subsidiaries	2,656	14,688
Proceeds from disposal of subsidiaries	17,762	32,000
Net cash generated from investing activities	**10,235**	**10,364**
Cash flows from financing activities		
Net change in an intragroup liability	(309,121)	(241,725)
Bank loans received	355,020	302,000
Repayments of bank loans	(108,467)	(104,571)
Dividends paid	(27,749)	(54,970)
Proceeds from realisation of interest rate swaps	4,250	2,707
Net cash used in financing activities	**(86,067)**	**(96,559)**
Net cash flow	**(20,247)**	**(49,120)**
Cash and cash equivalents at the beginning of the period	59,611	108,731
Cash and cash equivalents at the end of the period	39,364	59,611
Change in cash and cash equivalents	**(20,247)**	**(49,120)**

Statement of changes in equity

€ thousand	Share capital	Statutory capital reserve	Share premium	Other reserves	Retained earnings	TOTAL
Equity at 1 January 2023	**264,276**	**3,259**	**60,351**	**166,419**	**92,966**	**587,272**
Profit for the year	**0**	**0**	**0**	**0**	**54,707**	**54,707**
Other comprehensive loss for the year	0	0	0	(2,968)	0	(2,968)
Dividends paid (note 16)	0	0	0	0	(54,970)	(54,970)
Increase of statutory capital reserve	0	2,297	0	0	(2,297)	0
Total contributions by and distributions to shareholders of the company, recognised directly in equity	**0**	**2,297**	**0**	**0**	**(57,267)**	**(54,970)**
Equity at 31 December 2023	**264,276**	**5,556**	**60,351**	**163,451**	**90,406**	**584,040**
Profit for the year	**0**	**0**	**0**	**0**	**61,625**	**61,625**
Other comprehensive income for the year	0	0	0	223	0	223
Dividends paid (note 16)	0	0	0	0	(27,749)	(27,749)
Increase of statutory capital reserve	0	2,735	0	0	(2,735)	0
Total contributions by and distributions to sharehold-ers of the company, recognised directly in equity	**0**	**2,735**	**0**	**0**	**(30,484)**	**(27,749)**
Equity at 31 December 2024	**264,276**	**8,291**	**60,351**	**163,675**	**121,546**	**618,139**

In accordance with the Estonian Accounting Act, adjusted unconsolidated retained earnings are the amount that a company may use to make distributions to shareholders. A reconciliation of the parent company's equity with its adjusted unconsolidated equity is presented in the table below.

€ thousand	31 December	
	2024	2023
Equity of the parent company	618,139	584,041
Carrying amount of interests under control and significant influence	(345,702)	(331,701)
Value of interests under control and significant influence under the equity method	508,588	469,747
Adjusted unconsolidated equity	**781,025**	**722,087**

Note 33. Events After the Reporting Period

ENGAGING A CONSULTANT TO IMPLEMENT CHANGES TO THE PRODUCTION AND DEVELOPMENT PORTFOLIO

Having assessed the situation in the group's core markets, the appropriateness of the group's short-term development portfolio and the existing production portfolio in the current market situation, as well as the financing possibilities, the management board of Enefit Green has decided to look for opportunities to exit the Finnish market and to sell some non-strategic development projects if suitable offers are received.

In the future development of Enefit Green, the management board intends to focus on larger wind and hybrid projects in the core markets of the Baltic countries and Poland.

To support these changes, Enefit Green has engaged the Norwegian investment bank Arctic Securities AS to find potential buyers for the 72 MW Tolpanvaara wind farm in Finland and partners for the development of the 150 MW Kelmė III wind farm in Lithuania. As of the time of signing of this annual report, prospective transaction counterparties have not yet been established. Thus related assets have not been recognised as assets for sale in the financial statements.

DEVELOPMENT OF THE GULF OF RIGA OFFSHORE WIND FARM

Enefit Green and Sumitomo Corporation have entered into a partnership for the development of the Gulf of Riga offshore wind farm (also known as the Liivi offshore wind farm). Enefit Green has signed an agreement with Sumitomo Corporation, a leading Fortune 500 global trading and business investment company. Under the agreement, Enefit Green will sell a 50% stake in the Gulf of Riga offshore wind project company Liivi Offshore OÜ.

According to the agreement, the closing of the transaction is subject to the approval of the Consumer Protection and Technical Regulatory Authority. The transaction will not have a material impact on Enefit Green's financial results.

VOLUNTARY TAKEOVER OFFER FOR ACQUIRING SHARES OF ENEFIT GREEN AS

On March 27, 2025, the parent company of Enefit Green AS, Eesti Energia AS, announced its intention to make a voluntary takeover offer to the minority shareholders of Enefit Green with the goal of fully acquiring Enefit Green and transforming it into an integrated energy group. The offer requires approval from the Financial Supervision and Resolution Authority. Eesti Energia aims to increase its stake in Enefit Green to at least 90%. Following a successful offer, Eesti Energia intends to request the acquisition of the remaining shares in exchange for financial compensation and to begin proceedings to delist Enefit Green's shares from the main list of the Nasdaq Tallinn Stock Exchange. The event described above may impact Enefit Green’s future dividend policy and payments.

Remuneration Report

The report on the remuneration of Enefit Green's management board has been prepared in accordance with the principles of remuneration of the members of the management board, approved by the supervisory board on 10 September 2021 and by the general meeting on 14 September 2021, and the provisions of the Estonian Securities Market Act.

The amount of the performance-related remuneration depends on the achievement of the goals set for the financial year and the respect of the group's values. The supervisory board (for the chairman of the management board) and the chairman of the management board (for the other members of the management board) set specific goals and performance criteria (financial and non-financial criteria such as EBITDA, return on invested capital, availability of production facilities, production capacity of development projects, lost time injury frequency rate (LTIFR), management index) for each financial year together with weights that reflect Enefit Green's strategy and action plan for the year.

The goals, performance criteria and weights take into account, in particular, Enefit Green's business and risk strategy and the long-term interests of Enefit Green and its shareholders. The supervisory board assesses the achievement of the goals after the end of the financial year. The maximum amount of performance-related remuneration for a year is four times the monthly basic remuneration as at the end of the financial year.

After assessing the performance of the management board in 2024 against the established performance criteria, the supervisory board allocated the performance-related remuneration for 2024 as follows:

- Andres Maasing, member of the management board – 2 times the monthly basic remuneration
- Innar Kaasik, member of the management board – 1 time the monthly basic remuneration

Aavo Kärmas, the chairman of the management board, stepped down from the management board with effect from 1 July 2024 and the supervisory board decided to pay him termination benefits of 4 times his last basic monthly remuneration.

Aavo Kärmas received additional compensation for the non-competition clause that applied after the termination of his service contract.

The mandate of Veiko Räim, member of the management board, expired on 24 September 2024 and Veiko Räim also received compensation for the non-competition clause in force after the expiry of his service contract.

The remuneration paid to the members of the management board in 2024 complies with the adopted remuneration principles and ensures the achievement of Enefit Green's long-term strategic goals through the contribution of highly qualified and results-oriented management board members. The total amount of the remuneration is reasonable in view of the responsibilities of the members of the management board and the financial position of Enefit Green.

No shares or share options have been granted or offered to the members of the management board.

No performance-related remuneration was recovered in 2024.

The adopted remuneration principles were applied without exception in 2024.

Remuneration paid to the members of the management board of Enefit Green in 2024

Name	Position	Basic remuneration (€)	Performance-related remuneration[1] (€)	Other remuneration (€)	Total remuneration (€)	Share of performance-related remuneration (%)
Aavo Kärmas[2]	Chairman of the Management Board	86,474	-	91,000	177,474	0.0%
Veiko Räim[3]	Member of the Management Board, Chief Financial Officer	92,872	-	15,000	107,872	0.0%
Innar Kaasik	Member of the Management Board, Chief Operating Officer	129,083	13,000	-	142,083	9.1%
Andres Maasing	Member of the Management Board, Chief Development Officer	135,643	26,000	-	161,643	16.1%
Juhan Aguraiuja[4]	Chairman of the Management Board	44,348	-	-	44,348	0.0%
TOTAL		**488,420**	**39,000**	**106,000**	**633,420**	**6.2%**

1 Performance-related remuneration, determined by the supervisory board by a resolution adopted on 21 February 2025 based on performance in 2024, which is to be paid out in 2025.
2 Aavo Kärmas was the chairman of the management board until 30 June 2024.
3 Veiko Räim was a member of the management board until 24 September 2024.
4 Juhan Aguraiuja has been a member of the management board since 14 October 2024.

The members of the management board did not receive any remuneration from other companies of the Enefit Green group.

Management board members' performance criteria and the weights assigned to them in 2024

Performance criteria and sub-criteria	**Innar Kaasik** *Chief Operating Officer and Head of Asset Management*	**Andres Maasing** *Chief Development Officer*
Profitability and efficiency		
• Group EBITDA • Return on invested capital • Availability of production facilities	**55%**	**40%**
Growth		
• Production capacity of development projects	**5%**	**60%**
Management quality and employee satisfaction		
including lost time injury frequency rate (LTIFR)	**10%**	**10%**
Development of production operations and asset management		
• Development of a new strategy for the Iru CHP plant • Implementation of the digitalisation strategy • Smooth operation of the monitoring and control centre • Desynchronisation without loss of production	**30%**	**–**

Comparison of EBITDA as the main KPI and the remuneration of management board members and full-time employees in 2020–2024

	Unit	2020	2021	2022	2023	2024
EBITDA	€m	110.2	121.5	154.8	105.9	114.8
Change	%	22.0%	10.3%	27.4%	(31.6)%	8.4%
EBITDA per full-time employee	€k	717.9	750.9	907.9	558.8	898.3
Change	%	14.6%	4.6%	20.9%	(38.5)%	60.8%
Number of full-time employees (average)		153.5	161.8	170.5	189.5	127.8
Of which number of management board members (average)		4.0	4.0	3.6	3.8	3.4
Basic and additional remuneration, bonuses, vacation pay	€k	4,669.2	5,231.5	7,063.6	8,366.9	6,807.1
Of which remuneration paid to management board members[1]	€k	390.6	550.2	525.0	534.3	633.4
Of which remuneration paid to the chairman of the management board[2]	€k	123.8	168.0	185.4	169.0	221.8
Average annual remuneration of full-time employees (excl. the management board)	€k	28.6	29.7	39.2	41.3	49.6
Change	%	(2.1)%	3.7%	32.1%	5.4%	20.0%
Average remuneration of the members of the management board	€k	97.7	137.6	145.8	142.5	186.3
Change	%	0.5%	40.9%	6.0%	(2.3)%	30.7%
Ratio of remuneration of the chairman of the management board to average remuneration of a full-time employee	ratio	4.3:1	5.7:1	4.7:1	4.1:1	6.3:1

1 Including the members and the chairman of the management board.

2 Including the remuneration of both Aavo Kärmas and Juhan Aguraiuja.

Management Board's Confirmation to the 2024 Annual Report

The Management Board has prepared the consolidated annual report of AS Enefit Green for the financial year 2024, which covers the period that ended on 31 December 2024.

The members of the Management Board declare and confirm that, to the best of their knowledge, the consolidated financial statements for 2024 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and economic performance of Enefit Green AS and the companies involved in the consolidation as a whole.

The members of the Management Board declare and confirm that, to the best of their knowledge, the 2024 Management Report gives a true and fair view of the development and results of the business and financial position of Enefit Green AS and the companies involved in the consolidation as a whole, and includes a description of the main risks and doubts.

31 March 2025

Juhan Aguraiuja
Chairman of the Management Board

Argo Rannamets
Member of the Management Board, Chief Financial Officer

Innar Kaasik
Member of the Management Board, Chief Operating Officer

Independent Auditor's Report

Independent auditor's report

To the Shareholders of Enefit Green AS

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Enefit Green AS (the "Company") and its subsidiaries (together – the "Group") as at 31 December 2024, and the Group´s consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee dated 14 March 2025.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated income statement for the year ended 31 December 2024;
- the consolidated statement of comprehensive income for the year ended 31 December 2024;
- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

AS PricewaterhouseCoopers
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Translation note:

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Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company and its parent and subsidiaries are in accordance with the applicable law and regulations in the Republic of Estonia and that we have not provided non-audit services that are prohibited under § 59[1] of the Auditors Activities Act of the Republic of Estonia.

The non-audit services that we have provided to the Company and its parent and subsidiaries in the period from 1 January 2024 to 31 December 2024 are disclosed in the sustainability report.

Our audit approach

Overview

- Overall group audit materiality is EUR 2.8 million, which represents approximately 2.5% of underlying earnings before interest, tax, depreciation, amortization and impairment, foreign exchange gains or losses and share of results of associates ("EBITDA").
- We tailored our audit scope based on the risk and size of entities within the Group and performed either a full scope audit or specific audit procedures over material income statement or statement of financial position line items. At the Group level we tested the consolidation process and performed separate analytical procedures over the components not covered by the above procedures to confirm our conclusion that no material misstatements exist that may affect the consolidated financial statements.
- Assessment of potential impairment of goodwill and property, plant and equipment

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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Management Board made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group audit materiality	EUR 2.8 million
How we determined it	We used our professional judgement to determine overall Group materiality. As a basis for our judgment, we used 2.5% of EBITDA. EBITDA is defined by the Group as earnings before interest, tax, depreciation, amortisation and impairment, foreign exchange gains or losses and share of results of associates. EBITDA is a non-IFRS performance measure as disclosed in Note 5 of the consolidated financial statements. Management is responsible for defining and establishing this measure, and the method of its calculation may vary from other entities' calculation of similar measures or the Group's use of the terms that comprise this measure may vary from similarly titled terms used by others.
Rationale for the materiality benchmark applied	We have applied EBITDA as the benchmark because, as described in Note 5 of the consolidated financial statements, it is one of the key measures the management uses to assess the Company's performance. We chose 2.5% which is consistent with quantitative materiality thresholds used for profit-oriented companies using performance measures like EBITDA.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Assessment of the potential impairment of goodwill and property, plant and equipment The significant assumptions used by management and their impact on the recoverable amount of goodwill and property, plant and equipment are described in Notes 4, 7 and 8 of the consolidated financial statements. As at 31 December 2024 the Group had property, plant and equipment in the amount of EUR 1,394.3 million and goodwill in the amount of EUR 58.2 million, the majority of which is related to the operational wind farms, wind farm development projects and the Iru co-generation power plant. Most of the group's wind farms and the Iru co-generation power plant were tested for impairment due to the goodwill balance associated with the given assets. Additionally four operating wind farms were tested for impairment due to adverse changes in electricity market prices and two wind farm development projects and two operating wind farms due to the combination of both adverse changes in electricity market prices and the contractual impact from long-term power purchase agreements signed by the Group for these wind farms. The recoverable amount of the Group's wind farms and the Iru co-generation power plant is determined based on their value in use which is supported by discounted future cash flows. The impairment assessment of these cash generating units is subjective and requires judgment due to an inherent uncertainty involved in the forecasting and discounting of the estimated future	We began our procedures by assessing whether impairment indicators exist for assets not identified by management. We used our knowledge of the Group and its business activities as well as our accumulated knowledge related to the industries where the Group operates. In addition, we performed inquiries with management and key employees and inspected internal documents of the Group. We evaluated management's key assumptions and estimates used in the calculation of the recoverable amount of the assets identified as potentially impaired, including the assumptions related to the operational performance, such as operating cost forecasts, electricity and/or heat production volumes and operational reliability of the production assets. We challenged management's assumptions by corroborating the information with the information received from operational level key personnel and by referencing them to the actual performance of the Group and to internal documents of the Group such as budget forecasts and minutes of meetings of Enefit Green AS Management and Supervisory Boards. Where management had used market and market derived inputs, such as electricity prices, we reconciled them to available third-party information sources. We involved PwC valuation experts to help us with assessing the reasonableness of the discount rates used by management. We benchmarked these to external data and challenged the assumptions based on our knowledge of the Group and the industries where the Group operates.

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cash flows. The key underlying assumptions, such as forecasted electricity prices, is impacted by the global and country-specific political and economic factors. Consequently, there is risk that due to the judgemental factors potential impairment may be unidentified or an impairment loss be miscalculated.

Assessment of the potential impairment of goodwill and property, plant and equipment is not considered to be an area of significant risk for our audit but as it requires considerable time and resources to audit due to its magnitude it is considered to be a key audit matter.

We also assessed the adequacy of the disclosures related to the property, plant and equipment and goodwill impairment testing in the consolidated financial statements.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Accordingly, based on the size and risk characteristics, we performed a full scope audit of the financial information for the following entities within the Group: Enefit Green AS (the Group's parent entity), Enefit Wind OÜ, Enefit Wind UAB and Enefit Wind Purtse AS.

In addition, specific audit procedures over significant balances and transactions were performed for subsidiaries: Tootsi Windpark OÜ, Enefit Green Solar OÜ, Liivi Offshore OÜ, Tolpanvaara Wind Farm Oy, UAB Energijos žara, UAB Vejo Parkai, UAB Šilalės Vėjas, Enefit Green sp. z.o.o., PV Plant Zambrow Sp. z o.o., Enefit Green UAB and UAB Vejoteka.

At the Group level we tested the consolidation process and performed separate analytical procedures over the components not covered by the above procedures to confirm our conclusion that no material misstatements exist that may affect the consolidated financial statements. Information describing the structure of the Group is included in Note 9 of the consolidated financial statements.

Reporting on other information including the Management report

The Management Board is responsible for the other information. The other information comprises the Management report, the Analysis of Financial Results and the the Remuneration report (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information, including the Management report.

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In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Management report, we also performed the procedures required by the Auditors Activities Act of the Republic of Estonia. Those procedures include considering whether the Management report is consistent, in all material respects, with the consolidated financial statements and is prepared in accordance with the requirements of the Accounting Act of the Republic of Estonia.

In accordance with the Securities Market Act of the Republic of Estonia with respect to the Remuneration Report, our responsibility is to consider whether the Remuneration Report includes the information in accordance with the requirements of Article 135^3 (3) of the Securities Market Act of the Republic of Estonia.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the Management report for the financial year for which the consolidated financial statements are prepared is consistent, in all material respects, with the consolidated financial statements;
- the Management report has been prepared in accordance with the requirements of the Accounting Act of the Republic of Estonia; and
- the Remuneration Report has been prepared in accordance with Article 135^3 (3) of the Securities Market Act of the Republic of Estonia.

If, based on the work we have performed on the Management report and other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement in the Management report or in this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management Board and those charged with governance for the consolidated financial statements

The Management Board is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Management Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Report on the compliance of the presentation of consolidated financial statements with the requirements of the European Single Electronic Format ("ESEF")

We have been engaged based on our agreement by the Management Board of the Parent Company to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the presentation of the consolidated financial statements of Enefit Green AS for the year ended 31 December 2024 (the "Presentation of the Consolidated Financial Statements").

Description of a subject matter and applicable criteria

The Presentation of the Consolidated Financial Statements has been applied by the Management Board of the Parent Company to comply with the requirements of art. 3 and 4 of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regards to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation"). The applicable requirements regarding the Presentation of the Consolidated Financial Statements are contained in the ESEF Regulation.

The requirements described in the preceding sentence determine the basis for application of the Presentation of the Consolidated Financial Statements and, in our view, constitute appropriate criteria to form a reasonable assurance conclusion.

Responsibility of the Management Board and those charged with governance

The Management Board of the Parent Company is responsible for the Presentation of the Consolidated Financial Statements that complies with the requirements of the ESEF Regulation.

Translation note:

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This responsibility includes the selection and application of appropriate markups in iXBRL using ESEF taxonomy and designing, implementing and maintaining internal controls relevant for the preparation of the Presentation of the Consolidated Financial Statements which is free from material non-compliance with the requirements of the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process, which should also be understood as the preparation of consolidated financial statements in accordance with the format resulting from the ESEF Regulation.

Our responsibility

Our responsibility was to express a reasonable assurance conclusion whether the Presentation of the Consolidated Financial Statements complies, in all material respects, with the ESEF Regulation.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (Estonia) 3000 (revised) "Assurance Engagements other than Audits and Reviews of Historical Financial Information" (ISAE (EE) 3000 (revised)). This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Presentation of the Consolidated Financial Statements complies, in all material aspects, with the applicable requirements.

Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance with ISAE (EE) 3000 (revised) will always detect the existing material misstatement (significant non-compliance with the requirements).

Quality management requirements and professional ethics

We apply the provisions of the International Standard on Quality Management (Estonia) 1 (revised), and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Summary of the work performed

Our planned and performed procedures were aimed at obtaining reasonable assurance that the Presentation of the Consolidated Financial Statements complies, in all material aspects, with the applicable requirements and such compliance is free from material errors or omissions. Our procedures included in particular:

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- obtaining an understanding of the internal control system and processes relevant to the application of the Electronic Reporting Format of the Consolidated Financial Statements, including the preparation of the XHTML format and marking up the consolidated financial statements;
- verification whether the XHTML format was applied properly;
- evaluating the completeness of marking up the consolidated financial statements using the iXBRL markup language according to the requirements of the implementation of electronic format as described in the ESEF Regulation;
- evaluating the appropriateness of the Group's' use of XBRL markups selected from the ESEF taxonomy and the creation of extension markups where no suitable element in the ESEF taxonomy has been identified; and
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, based on the procedures performed, the Presentation of the Consolidated Financial Statements complies, in all material respects, with the ESEF Regulation.

Appointment and period of our audit engagement

We were first appointed as auditors of Enefit Green AS, as a public interest entity for the financial year ended 31 December 2021, representing the total period of our uninterrupted engagement appointment for Enefit Green AS, as a public interest entity, of 4 years. In accordance with the Auditors Activities Act of the Republic of Estonia and the Regulation (EU) No 537/2014, our appointment as the auditor of Enefit Green AS can be extended for up to the financial year ending 31 December 2040.

AS PricewaterhouseCoopers

Original report is signed in Estonian language

Jüri Koltsov
Certified auditor in charge, auditor's certificate no.623

31 March 2025
Tallinn, Estonia

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