MANAGEMENT REPORT

FROM ELERING'S MISSION TO STRATEGIC GOALS

The availability of energy is often taken for granted, yet power outages can significantly disrupt the daily lives of Estonians and the operation of vital services. As Estonia's electricity and gas system operator, Elering ensures that lights stay on, and rooms remain warm–at all times and in all situations.

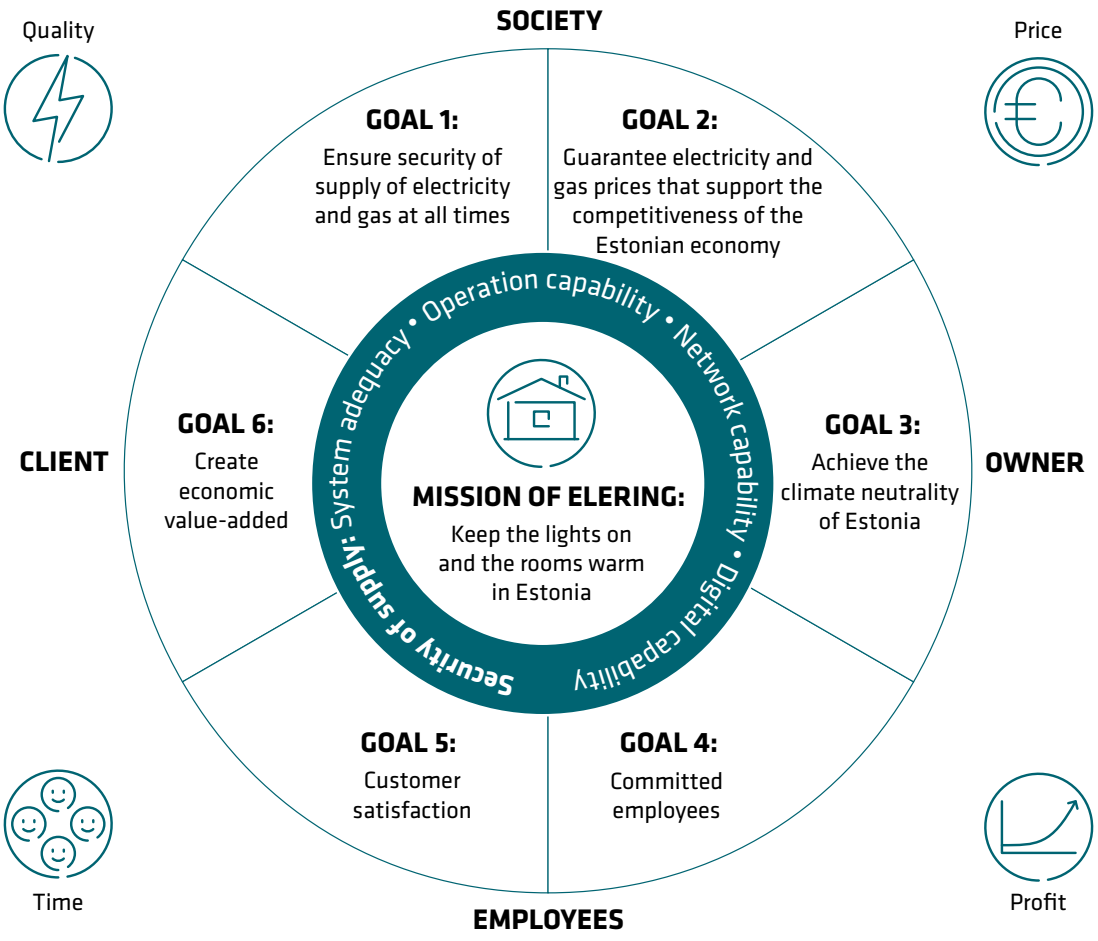
A rapidly changing external environment presents growing challenges, requiring adaptation to accelerating climate change and maintaining energy security in a complex geopolitical landscape.

Elering's vision is clear: security of supply in a climate-neutral manner, while supporting the competitiveness of the Estonian economy. Our primary objective is to ensure a continuous and stable energy supply. Therefore, the successful synchronization of the Estonian electricity system with the Continental European grid by early 2025 was a key goal. During this transition period, ensuring a reliable electricity supply remained crucial to maintaining an uninterrupted security of supply for consumers.

At the same time, we are committed to achieving Estonia's and the European Union's climate goals for 2030, 2035, and 2050, while safeguarding the competitiveness of the Estonian economy. To achieve this, we focus on developing and maintaining the transmission grid, increasing its capacity, and ensuring efficient and stable system management.

Elering's vision is clear: security of supply in a climate-neutral manner, while supporting the competitiveness of the Estonian economy.

To implement Elering's mission and vision, it is essential to balance the interests of multiple stakeholders–Estonian society, customers, employees, and the owner (the Estonian state). Guided by this principle, we have established six strategic goals that shape our operations, ensuring both security of supply and the efficient functioning of the energy system.



Objective 1: to ensure security of electricity and gas supply at all times

The security of supply value chain relies on four key pillars: control, network, system, and digital capabilities. Their effective management and continuous development are crucial for ensuring a stable and reliable energy supply. Therefore, our objective is to maintain and develop a well-functioning electricity and gas grid that meets both current and future needs.

We have set a target to keep the ten-year average of unsupplied electricity below 125 MWh. For consumers, the cause of an energy outage–whether due to equipment failure, system operation error, capacity shortage, or cyberattack–does not matter. What matters is that security of supply is guaranteed in all situations.

In 2024, we upheld high transmission network reliability, keeping the ten-year average of unsupplied energy low at 59 MWh (2023: 52 MWh). Over the year, a total of 71 MWh of electricity remained unsupplied (2023: 60 MWh), while the transmission system carried approximately 8 million MWh of electricity. This resulted in a 99.99% reliability rate for Elering's transmission network, ensuring a stable and dependable electricity supply.

In the gas system, there were no interruptions in 2024, with 0 MWh of unsupplied energy (2023: also 0 MWh). Gas supply security was fully maintained throughout the year, with the transmission network operating smoothly without any failures or accidents that could have disrupted supply.

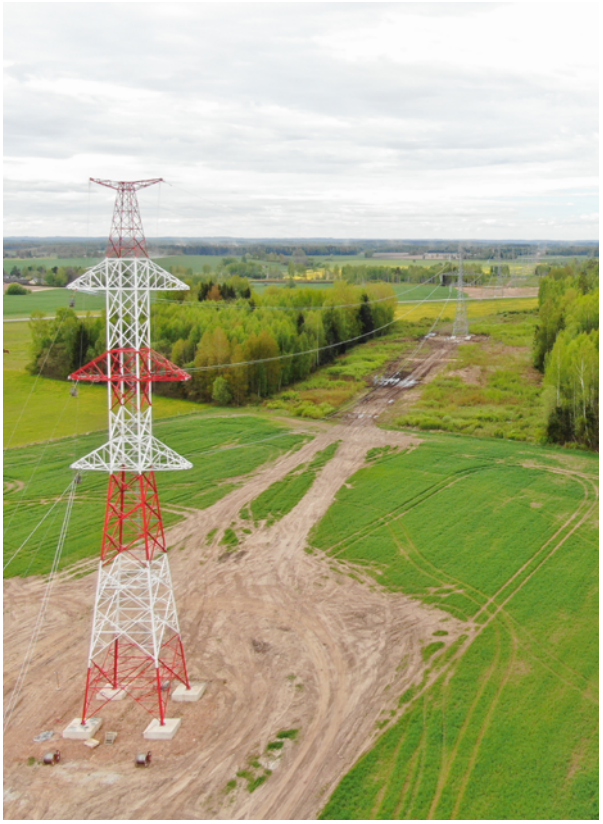
Despite the damage to the Balticconnector gas pipeline on 8 October 2023, which severed the gas connection between Estonia and Finland, gas supply security was upheld throughout 2024. The repair process took approximately seven months, but thanks to effective collaboration with partners, Balticconnector was restored and made available to market participants on 22 April 2024. During this period, we ensured uninterrupted gas supply to Estonian consumers through the Estonia-Latvia connection, maintaining security of supply even under challenging conditions.

Synchronization of the Baltic States with the Continental European frequency band

One of the biggest security of supply risks was the extraordinary separation of the Baltic countries from the Russian synchronous area, driven by developments in the Russian Integrated Power System (IPS/UPS) and the complex geopolitical situation. To mitigate this risk and ensure the stability and reliability of the electricity system, we set the goal of synchronizing the Baltic countries with the Continental European frequency area.

Initially, the plan was to complete synchronization by 2026, but in 2023, Estonia, Latvia, and Lithuania jointly decided to accelerate the project. The new objective is to integrate the Baltic electricity systems into the Continental European frequency band by February 2025, strengthening the region's energy security and independence.

As part of the synchronization project, we enhanced the capacity and resilience of the Baltic synchronous area to maintain electricity system stability. With additional developments and measures, we have achieved the capability for long-term synchronous operation, ensuring continuous electricity supply without automatic consumer curtailment under N-1 conditions (the failure of any single system element).



In 2024, we successfully completed all necessary infrastructure projects critical for the synchronization of the Baltic States with the Continental European frequency band. These developments are fundamental to ensuring security of supply and energy independence.

One of the most significant synchronization infrastructure projects was the reconstruction of the Viru-Tsirguliina 330 kV overhead line, which Elering completed in November 2024. This project is one of the largest and most critical investments for Estonia, playing a key role in facilitating the country's connection to the Continental European frequency band.

The reconstruction works for the Viru-Tsirguliina 330 kV overhead line began in June 2023 and were completed in October 2024. The project upgraded 244 km of high-voltage lines, replacing outdated Soviet-era wires and masts with modern infrastructure. As a result of the reconstruction, approximately 50 hectares of land within the protection zone was released, and 726 new 330 kV masts were installed.

The total project cost was approximately 87 million euros, ensuring greater reliability and resilience for the Estonian electricity grid in the future.

The Mustvee 330 kV distribution point, completed in 2024, represents a significant step in strengthening Estonia's electricity system and preparing for synchronization. Construction began in May 2023, during which a new distribution point, control building, and a 330 kV reactor were built.

The project's main contractor, Connecto Eesti AS, completed the work on schedule, ensuring a smooth transition to the new system. The completion of the Mustvee distribution point allows for the dismantling of approximately 80 km of the Viru-Mustvee overhead line, reducing land-use restrictions for property owners and optimizing electricity network operations.

The total cost of the Mustvee distribution point was approximately 11.9 million euros, contributing to a more efficient and reliable operation of the Estonian electricity system.

To successfully synchronize the Baltic power system with the Continental European power system, it is necessary to ensure sufficient inertia (17,100 MWs) to maintain system stability under both normal and emergency conditions. To achieve this, a total of nine synchronous compensators are being installed across the Baltic States, helping to regulate frequency and strengthen the power system.

In 2024, we completed all necessary preparations to enable Baltic System Operators (TSOs) to disconnect the Baltic region from the IPS/UPS system on February 8, 2025, and jointly conduct an islanding test—a critical step to validate independent system operation.

Three synchronous compensators were built in cooperation with Siemens Energy at the Püssi, Kiisa, and Viru substations. The first synchronous compensator was connected to the electricity grid in Püssi in May 2023, followed by the completion of the Kiisa compensator in January 2024. The final synchronous compensator at the Viru substation was successfully launched in June 2024.

Estonia led these developments in the Baltics, ensuring the system's readiness for synchronization well ahead of the planned transition in February 2025. Today, all three synchronous compensators are fully operational, playing a critical role in maintaining grid stability and security of supply.

In 2024, we continued to implement the system services framework and pre-qualify reserves to

support the seamless transition of the electricity system to the Continental European frequency band. Across the Baltics, we are actively developing and implementing the necessary capabilities in line with Continental European frequency reserve principles while also establishing local voltage management capabilities to further enhance system stability.

We have also upgraded existing management systems and implemented additional solutions to meet the technical and operational requirements of the Continental European frequency band. Additionally, we have prepared activities to launch the automatic frequency restoration reserve (aFRR) energy market in Estonia no later than the moment of synchronization with the Continental European frequency band. This step ensures the efficient and market-based operation of the electricity system.

Beyond the frequency reserve energy market, the opening of the frequency reserve capacity market is one of the key milestones in synchronizing the Baltic electricity systems with the Continental European frequency band. The goal of this market is to ensure that Baltic system operators have sufficient reserve capacity to maintain system balance in full compliance with the Continental European frequency band requirements.

Although the connection to the PICASSO market platform has been delayed across all Baltic countries due to technical reasons beyond the control of system operators, this delay does not impact the implementation of synchronization. The necessary measures have been put in place to ensure a smooth transition and system stability, even before integration with the market platform.

The common frequency reserve market will facilitate the daily procurement of automatic frequency restoration reserve (aFRR) and manual frequency restoration reserve (mFRR) from market participants. To enable the efficient allocation of reserves among Baltic system operators, transmission capacity will be reserved for these reserves at the Estonian-Latvian and Latvian-Lithuanian borders, allowing for more flexible and optimized system management.

In 2024, we completed all necessary preparations to enable Baltic System Operators (TSOs) to disconnect the Baltic region from the IPS/UPS system on February 8, 2025, and jointly conduct an islanding test–a critical step to validate independent system operation. This phase is a key milestone in the final preparations, leading up to February 9, 2025, when the Baltic power systems were fully synchronized with the Continental European frequency band, marking a major step toward energy independence and enhanced security of supply.

Energy system adequacy

EThe ambitious climate policy goals set by the European Union and its member states have raised a critical question regarding the security of electricity supply–how to ensure energy system adequacy when carbon-intensive, flexible generation capacities are being phased out of the market? While climate policies drive the energy market toward renewables, they also create the need for new solutions to guarantee a continuous and reliable electricity supply.

To address this challenge, we have established a minimum target to ensure that Estonia's electricity supply meets security of supply standards over a three-year period. At the beginning of 2024, the security of supply target values were set at 9 hours of Loss of Load Expectation (LOLE) per year and 6 GWh of Expected Energy Not Served (EENS) per year. However, in 2024, national regulatory changes were introduced, reducing the LOLE minimum target to 8 hours per year, further strengthening the reliability of Estonia's electricity system.

A three-year outlook for achieving security of supply objectives provides sufficient time to implement additional measures, if necessary, particularly if conventional market mechanisms are unable to fully cover system adequacy reserves.

In cooperation with ENTSO-E and other European system operators, we have conducted regular energy system adequacy analyses to evaluate system reliability and mitigate potential risks. Additionally, to ensure security of supply under more challenging conditions, we carried out a more conservative National System Capacity Analysis (NRAA), which provides a detailed assessment of the Estonian electricity system's capacity and strengthens energy security planning.

The 2024 National System Capacity Analysis (NRAA) confirms that Estonia will not face a security of supply issue at least until 2028, provided that at least 882 MW of firm capacity is maintained. According to the analysis results, LOLE stands at 6.2 hours per year, and EENS is 0.7 GWh per year, both of which are well within Estonia's security of supply standards.

There is a clear plan to ensure security of supply in Estonia. The Estonian electricity system requires approximately 1,000 MW of controllable generation capacity until 2030 and around 1,200 MW thereafter. Currently, Estonia has about 1,800 MW of installed controllable generation capacity, but due to reliability challenges and technical limitations, the actual available firm capacity is somewhat lower.

However, this remains sufficient to meet security of supply requirements in the short term.

At the same time, spare capacity in Estonia and the entire region is declining year by year, making it essential to maintain existing production capacities and invest in new solutions. Since some controllable generation capacities are not competitive under market conditions, a support mechanism is required to ensure their availability. According to the plan, an islanding reserve will be implemented from 2026, providing a rapidly deployable measure to strengthen security of supply. If state aid approval from the European Commission is received, which is expected in 2027, the islanding reserve may be replaced by a strategic reserve, offering a long-term solution to maintain controllable generation capacity and enhance system stability.

To further strengthen security of supply, we have announced a long-term procurement of frequency reserves, with results expected in the second half of 2025. Through this public procurement process, we will acquire up to 500 MW of generation and storage capacity from the electricity market. These reserves are crucial for independent frequency control of the Estonian electricity system following synchronization with the Continental European frequency band.

Additionally, the Baltic states received an exemption from the European Commission, allowing them to procure reserves up to eight years in advance, from the moment of synchronization with the Continental European frequency band until 2033. The procurement has generated significant interest, with 29 companies registered so far, demonstrating the strong commitment of market participants to providing essential solutions for ensuring security of supply.

Objective 2: ensure electricity and gas prices that support the competitiveness of the Estonian economy

As a system operator of the electricity and gas network, we can contribute to the price of electricity and gas through three parameters.

To equalize electricity prices with the Baltic Sea countries, existing cross-border capacities must be operated at maximum capacity.

To ensure electricity prices comparable to those of other Baltic Sea countries, it is essential to maintain cross-border connections at maximum capacity. High availability of interconnections helps keep electricity and gas prices in the Estonian price area as closely aligned as possible with those of neighbouring countries.

To achieve this, we focus on ensuring the reliability and efficiency of cross-border connections, optimizing their availability during peak hours to maximize their operational uptime. This approach helps reduce price fluctuations, enhances market stability, and strengthens the competitiveness of the Estonian energy system on an international level.

In January 2024, the EstLink 2 connection suffered a failure, causing it to cease operation. Prior to this, EstLink 2 was one of the most reliable direct current connections in the Baltic Sea region. The fault location was identified at the end of February in cooperation with Fingrid, the Finnish transmission system operator. The issue was located in Estonian coastal waters, making Elering responsible for the repair work.

To expedite the repair process, the necessary infrastructure was built in the coastal sea, enabling the cable to be restored as quickly as possible. A 300-meter section of the cable was replaced with a reserve cable and connected to the existing transmission line. In early August, the offshore connection sleeve was completed and installed on a platform in the coastal sea. On September 4, 2024, EstLink 2 was successfully restored, fully re-establishing the electricity connection between Estonia and Finland and reinforcing the security of supply in the Baltic region.

However, on December 25, 2024, the EstLink 2 connection was shut down again due to an emergency failure. The cause of the failure was identified as physical damage to the cable, located at the bottom of the Gulf of Finland. Since the damage occurred in Finnish waters, the responsibility for repairs lies with Fingrid, the Finnish system operator.

On December 26, 2024, Fingrid updated the market notice (Nord Pool - UMM Platform), stating that based on previous repair experiences, the work is expected to continue until August 1, 2025. If the repair timeline changes, the market notice will be updated accordingly.

We are doing everything possible to expedite the restoration of EstLink 2, as this connection is critical not only for the Estonian and Finnish price areas but also for the security of supply in the entire Baltic and Nordic electricity system.

Despite the failure of EstLink 2, this did not impact the planned disconnection of the Baltic States from the Russian-controlled frequency band or their integration into the Continental European electricity grid in early February 2025.

The Baltic States have sufficient controllable generation capacity and alternative external connections to ensure successful synchronization even without EstLink 2. The security of supply and the transition to the Continental European frequency band have been carefully planned, with risk mitigation measures and alternative solutions in place to maintain system stability.

Lean electrical network

Another key objective is to enhance the efficiency of the electricity grid and adapt it to long-term changes in production and consumption, while keeping the transmission grid tariff under control.

Our long-term strategy is to ensure that replacement investments over the next five years remain below the depreciation of regulated assets during the same period. This approach will help maintain network reliability and uptime, while reducing pressure on tariffs and ensuring the financial and technical sustainability of the electricity system.

To further reduce the volume of unsupplied energy, it is essential to implement more efficient and innovative technologies in network operations. To support this, we introduced a two-package capacity-based tariff component in January 2024, allowing for more precise targeting of network usage and improving security of supply.

This tariff reform is driven by the evolving role of the transmission network. With the expansion of distributed generation, the grid is shifting from being merely an energy carrier to a system that guarantees energy availability and reliability. Consequently, it is critical to obtain clearer data on customer capacity needs to effectively plan long-

term network development and ensure system stability in the future.

A capacity-based tariff model provides valuable insights into where the network needs reinforcement and where optimization is possible. It also supports the integration of energy storage solutions, as it allows for a more flexible and equitable cost allocation compared to a traditional energy-based tariff.

However, the transition to the new tariff model in 2024 has impacted Elering's revenues, as customers adjusted their usage capacities throughout the year, leading to lower network charges. As a result, it became necessary to adjust the network service tariff to ensure the long-term sustainability of the electricity grid and maintain security of supply.

Well-functioning market organization

The third key factor in ensuring competitive energy prices is the development of efficient market structures and platforms that enhance competition and create a broad, transparent energy market.

In November 2024, we successfully completed the replacement of the national electricity data exchange platform, the Data Warehouse. Originally launched in 2013, when the electricity market opened in Estonia, the system required a comprehensive upgrade to keep pace with the rapidly evolving energy sector.

The data exchange platform is a large-scale information system that centralizes data on network and supply contracts for electricity consumers and producers, as well as information on metering points and consumption/production. It serves as the official registration platform for network and supply contracts, facilitating data exchange between energy suppliers and network operators in accordance with the Electricity Market Act. This ensures both accurate billing and the ability for consumers to receive better offers from energy providers.

The updated platform significantly enhances efficiency, market transparency, and data management, improving services for both energy consumers and market participants. With this upgrade, Estonia's energy market operations are now better optimized, fostering increased competition, innovation, and improved accessibility for all stakeholders.

The platform upgrade was essential, as the previous version, in use since 2013, had become technologically outdated, while data volumes

had grown significantly over time. The old system could no longer meet the demands of the modern energy market, where rapid developments and increasing complexity required a more advanced and flexible solution.

One of the main drivers for transitioning to the new platform was the market structure change resulting from the electricity system balancing rule, which comes into effect on January 1, 2025. This change requires a transition to a 15-minute balancing period, meaning that from January 1, 2025, network operators will begin transmitting 15-minute metering data to the platform. This will enable more accurate billing and improved system balancing, optimizing energy market operations.

The development of the new data exchange platform began in 2022, and the system is designed to process data from over 767,600 electricity metering points. In addition to this electricity market upgrade, a similar transition is planned for gas metering points in 2025/2026. This will further streamline data management across the energy sector, enabling better digital solutions for both consumers and market participants.

New energy carriers

The Hydrogen Corridor project is a key component of Europe's transition to a sustainable and carbon-free economy, supporting the European Union's climate goals while enhancing the competitiveness of the region's economy. By establishing a coherent hydrogen supply chain, the project will strengthen energy security and security of supply in the Baltic Sea region and across Europe, linking current and future hydrogen consumers with renewable-energy-based hydrogen production.

The Hydrogen Corridor will play a crucial role in decarbonizing existing industries and creating new sustainable industrial sectors, contributing to Europe's green transition and ensuring energy independence.

In summer 2024, the ONTRAS gas transmission system operators of Finland, Estonia, Latvia, Lithuania, Poland, and Germany successfully completed the preliminary study phase of the Nordic–Baltic Hydrogen Corridor (NBHC). This marks a significant step forward in the development of hydrogen infrastructure, supporting Europe's transition to a clean energy system while enhancing regional energy security.

In April 2024, the European Commission granted the Nordic-Baltic Hydrogen Corridor project the status of a Project of Common Interest (PCI) under the Baltic Energy Market Interconnection Plan (BEMIP Hydrogen). This designation enables project

partners to apply for European co-financing, accelerating the implementation of planned activities.

In October 2024, TSOs submitted an application for feasibility study phase co-financing through the Connecting Europe Facility (CEF). The European funding decision is expected in the first quarter of 2025, which will determine the next steps and financing options for the project's future development.

The Hydrogen Corridor will play a crucial role in decarbonizing existing industries and creating new sustainable industrial sectors, contributing to Europe's green transition and ensuring energy independence.

Goal 3: Achieving climate neutrality in Estonia

Estonia has set an ambitious target of covering 100% of its total annual electricity consumption with renewable energy by 2030. To achieve this, the Estonian electricity grid must be capable of connecting at least 5,500 MW of generation capacity.

Since the development of transmission grid infrastructure—including the planning and construction of overhead lines and substations—is a long and complex process, extensive long-term preparation is essential. Current forecasts indicate that most new renewable energy developers will only begin Elering's connection process in 2027–2028, yet they expect grid connections to be completed by 2030, in line with national targets.

Under the existing connection system, where technical solutions, planning, procurement, and construction are implemented sequentially, the process would become a bottleneck, slowing down grid connections and hindering the rapid deployment of renewable energy.

To overcome this challenge, we began developing a new connection concept in 2023, enabling a planned and proactive approach to network development. This new model would also introduce a fixed-price connection option, offering greater certainty for developers and allowing for better long-term investment planning.

However, the implementation of this new model requires regulatory changes to allow for a faster, more flexible network development and connection process, ensuring that the grid is ready to support Estonia's 2030 renewable energy goals.

The first version of the electricity network development plan was completed in 2024, incorporating both the investments needed to meet Estonia's renewable electricity targets and the measures to enhance crisis preparedness. The development plan also includes cooperation with Elektrilevi, ensuring better coordination in network development, system stability, and efficiency.

The plan provides a detailed analysis of various scenarios for the expansion of renewable electricity generation on the Estonian mainland, while also considering offshore wind farms and solar energy production capacities. Until now, Elering has developed the network based on individual connection applications, but once the planned legislative changes take effect, proactive grid development will begin. This approach will accelerate the connection of new generation capacities and support the achievement of Estonia's renewable energy goals by 2030.

To meet this ambitious target, approximately 3,000 MW of new generation capacity will need to be connected in addition to the existing renewable electricity projects that are already in the connection process. The implementation of a new connection model and grid development strategy will help achieve this goal more efficiently, while maintaining grid reliability and long-term sustainability.

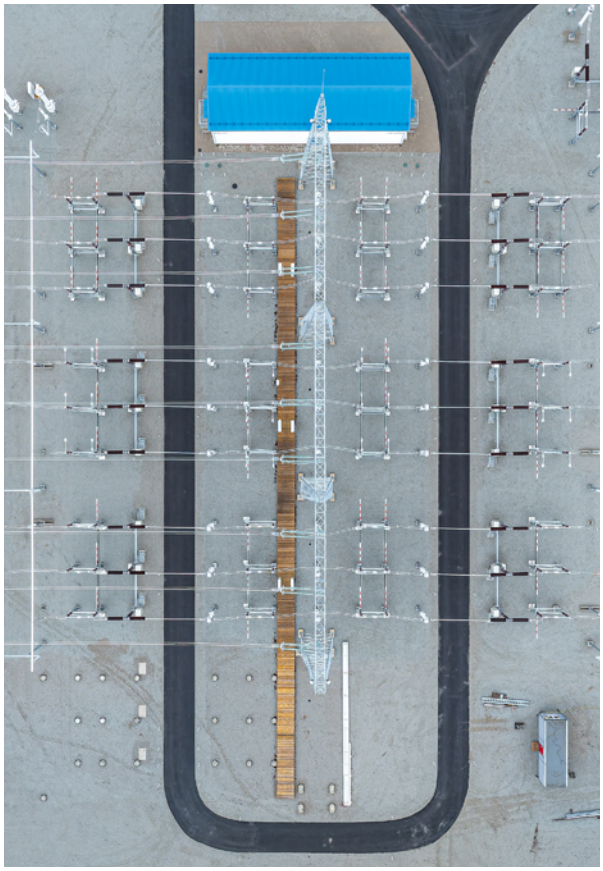
A key change in this new approach is that Elering will begin connecting new production capacities based on a fixed connection fee, giving subscribers clarity on connection costs and simplifying business planning and investment decisions. The fixed connection fee will be determined by whether the new power plant is connected to the transmission network at 330 kV or 110 kV.

If the Riigikogu adopts the necessary legislative amendments in the spring of 2025, Elering will submit the new standard connection conditions and methodology to the Competition Authority for approval. Under the current plan, the new system could take effect in autumn 2025, accelerating the connection process and supporting Estonia's renewable energy transition.

The 110 kV grid reinforcements in the Western and Islands region, carried out under the European Union Recovery Plan (RRF) package, include line reconstructions, new line construction, and gauge increases to enhance network reliability and capacity. Increasing the gauges and constructing new lines will reduce constraints on integrating new capacities and supporting load growth, which is critical for expanding renewable energy integration.

A key development in this process is the construction of the Lihula 330/110 kV substation, which will reduce the load on the 110 kV lines in Western Estonia. This will help minimize voltage drops and energy losses, improving the overall efficiency and stability of the electricity network. Through these investments, network capacity and reliability will be strengthened, aging infrastructure will be modernized, and bottlenecks will be eliminated. Additionally, the resilience of the electricity network to climate change will be improved, including better storm resistance.

In 2024, we launched procurements and began the implementation of RRF investments. By 2026, we will reconstruct the Kiisa–Rummu and Mustvee–Paide overhead lines, build the Võikü-la–Orissaare parallel line, install a second 100 kV submarine cable in the Väike Strait, and expand the 110 kV substations in Lihula and Orissaare. In addition, we are progressing with the reconstruction of the Paide–Kiisa 330 kV high-voltage line.



The RRF investments are scheduled for completion by the end of 2026, ensuring the stability of the electricity grid and supporting a modernized network infrastructure that facilitates new generation capacity and consumption growth.

To establish Elering as a leader in a carbon-neutral energy system, we have set a clear goal: achieving climate neutrality by 2030. This means reducing the carbon footprint of our operations and implementing measures to minimize the environmental impact of energy transmission.

To reach this objective, we are focusing on reducing the carbon footprint of network operations and development, enhancing energy efficiency, and deploying green energy solutions across the entire electricity and gas system. These initiatives will ensure that Elering actively supports Estonia's transition to a carbon-free energy future, while also maintaining security of supply and fostering a competitive energy market.

Goal 4: Committed employees

The high demand for talent in the energy sector, combined with low overall unemployment and payroll pressures, is making it increasingly challenging to retain skilled professionals. A strong team spirit and a positive work culture are essential to maintaining a high-performing team and achieving Elering's ambitious goals for the next five years. Engaged employees are happier in their roles, more productive, and better equipped to contribute to Elering's mission.

Managing employee engagement requires a results-driven approach that directly supports the company's strategic objectives. Elering conducts

an engagement survey every year, setting a target to maintain an engagement index above 70%. In 2024, the employee engagement index remained exceptionally high at 82% (2023: 84%), with an impressive 91% participation rate.

For the first time, Elering also measured the TRI*M index, which resulted in a score of 86, significantly exceeding the Estonian average for managers and top specialists (74). This underscores Elering's exceptional level of employee commitment and engagement.

The past few years have been intense and demanding, as Elering's specialists have implemented accelerated risk mitigation measures, working under heightened public scrutiny and in an environment of conflicting interests. To sustain and strengthen

our team's capabilities, we will continue to focus on developing middle management skills, improving leadership quality, and maintaining a unified corporate culture in the coming years.

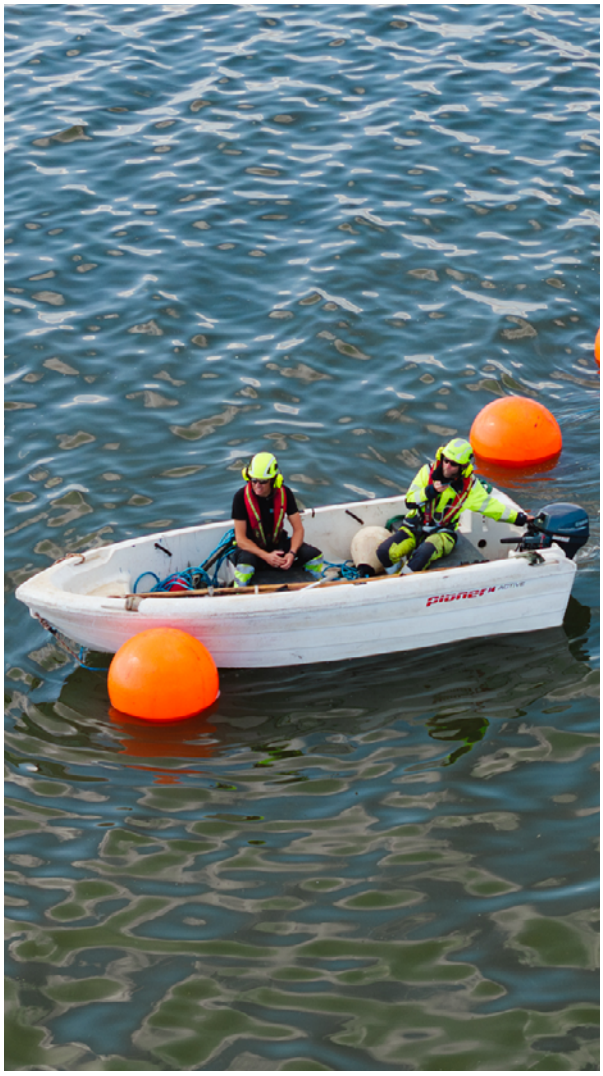
Goal 5: Customer satisfaction

Elering operates across four main service segments: electricity and gas network services, electricity and gas system connections, electricity and gas balancing services, and renewable energy support payments. As climate and geopolitical challenges drive significant changes in the energy system and markets, Elering's success is increasingly tied to customer satisfaction. In particular, new grid connection customers, including wind and solar energy producers, expect fast and efficient service to support the rapid expansion of renewable energy.

We have made significant efforts to foster a customer-centric work culture, conducting an annual customer feedback survey across all service segments. This allows us to assess both service accuracy and overall customer satisfaction, ensuring that we continuously improve our operations. Our target is to maintain customer satisfaction above 65%.

The 2024 customer satisfaction survey showed notable progress, with overall satisfaction rising to 75% (2023: 66%), demonstrating a clear improvement. The biggest increase in satisfaction came from balance service customers, driven by transparent communication regarding synchronization and new market developments.

Network service customers continue to prioritize service quality, and it is encouraging that this aspect also received the highest satisfaction ratings. Meanwhile, subscription service customers have the greatest expectations for improvements in connection speed and cost. To address this, we are introducing a fixed connection price model and a network development obligation in 2025, which will accelerate the connection process and provide greater certainty for renewable energy developers.



Although external factors influenced the 2024 results, we continue to optimize network services and market design to maintain economic sustainability and ensure long-term added value for owners

Objective 6: Creating economic added value

Every owner expects the capital invested in the company to generate value as intended. To assess this, we use the Economic Value Added (EVA) methodology, which compares the profit earned with the expected return for owners.

While EVA was positive in 2023, in 2024, EVA stood at -5.5 million euros. The main impacts stemmed from a decline in ITC (transmission capacity allocation revenue), which resulted from the failure of the EstLink 2 connection. Additionally, the transition to new electricity tariff price packages allowed customers to adjust their network connection volumes throughout the year, which further affected revenues. This required tariff adjustments and subsequent re-approval by the Competition Authority, leading to an additional financial impact.

Although external factors influenced the 2024 results, we continue to optimize network services and market design to maintain economic sustainability and ensure long-term added value for owners.